Esteemed Engineering
By Exceptional People

TEE International Limited
Annual Report 2008

Contents

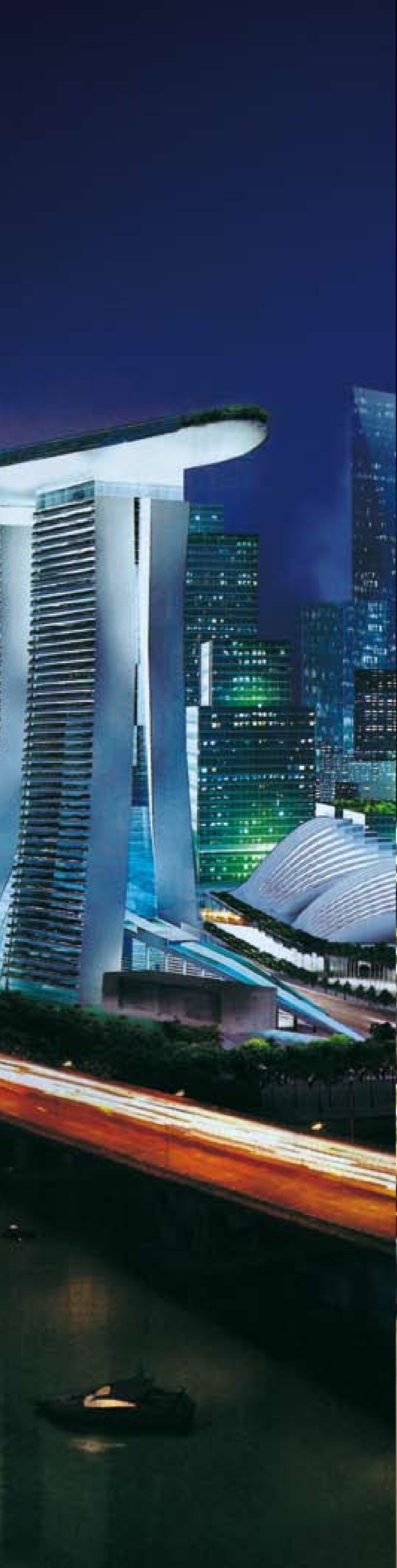
2008 was yet another milestone year in TEE's constant pursuit of engineering excellence. Notable involvements include the prestigious Marina Bay Sands™, Singapore's first integrated resort and the Fusionopolis, a R&D complex housed within One-North Business Park.

Away from home, we have been awarded with Infrastructure and Rebuilding projects and we are constantly making progressive inroads into other regions.

These high-value projects awarded are strong testaments to the growing capabilities of the outstanding team we have at TEE.

This year's annual report themed "Esteemed Engineering by Exceptional People", is a tribute to the strong leadership by our management team and all dedicated team players at TEE.

One exceptional individual, who will always be remembered and cherished, is Dr. Ong Chit Chung. Here we pay our tribute to this extraordinary man and celebrate the Group's continual growth in his honour. His dedication and beliefs will always ignite and inspire us to achieve more.




THE FULLERTON HOTEL

Corporate Profile

Our Mission

To be a leading Engineering Group recognised for our quality and value-added services, cost competitiveness; and backed by people with a devotion to quality service delivery and the tenacity to face challenges.

Our Vision

We aim to be the best, the only and premium choice in the industry.

Established in the 1980s, TEE International Limited has grown from being an electrical and engineering services provider to a niche engineering specialist with operations spanning Singapore, Malaysia and Thailand. TEE's five key businesses are: -

- Infrastructure Engineering
- Rebuilding Engineering
- Property Investment and Development
- Estate and Facilities Upgrading
- Security and Control Engineering

Igniting Bright Ideas

Boon Choon Kiat, *CFA, CPA*

Executive Director
Thailand Operations

We are strengthening our foothold in Thailand with more exciting projects in the pipeline.

Sim Geok Soon

Executive Director
Infrastructure Engineering

Passion and commitment are key elements that drive us to perform better.

Saw Chin Choo

Executive Director
Rebuilding Engineering

Our proven track record is a strong testament of our capability in delivering performance and results.

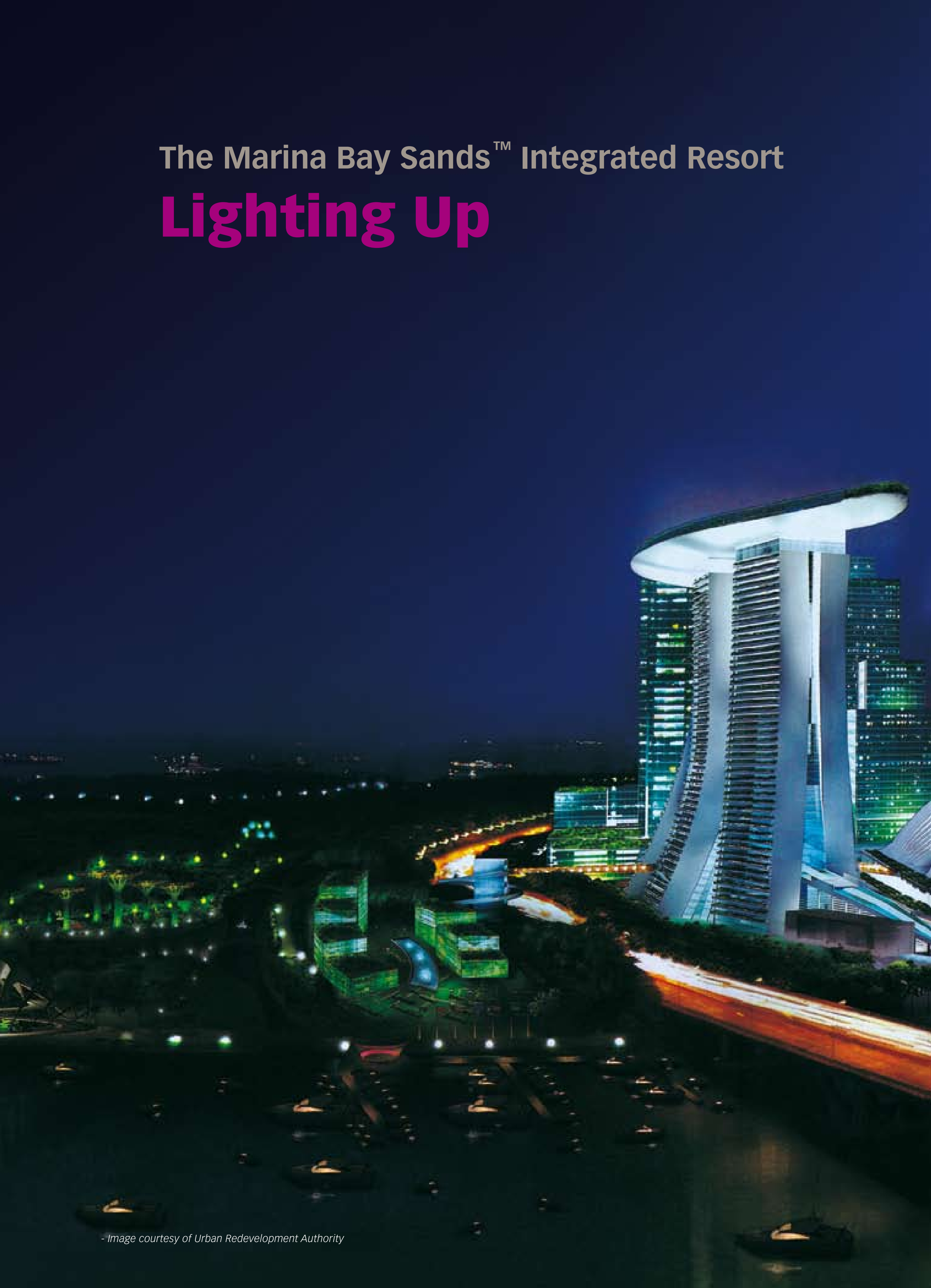
Phua Cher Chew

General Manager
Business / Property Development

Property Investment and Development will continue to give TEE more growth dimension in years to come.

The Marina Bay Sands™ Integrated Resort

Lighting Up



- Image courtesy of Urban Redevelopment Authority

We light up part of the most anticipated *landmark of Singapore*

Located along the Marina Bay waterfront, the Marina Bay Sands™ is Singapore's most anticipated entertainment landmark. The vision of this distinctive integrated development will seamlessly combine business and leisure into a singular destination unlike any other.

Its magnificent architecture will feature three cascading hotel towers topped by a characteristic sky park, "floating" crystal pavilions and a lotus-inspired ArtScience Museum.

Aside from the stunning design, the Marina Bay Sands™ will bring with it a vibrant diversity of attractions and facilities, including Las Vegas-style gaming, state-of-the-art theatres, and an unparalleled spread of shopping and dining outlets. Business visitors can also enjoy the world-class Meetings, Incentives, Conventions and Exhibitions (MICE) facilities featuring flexible exhibition and convention space which can accommodate approximately 2,000 exhibition booths, 200 meeting rooms and over 45,000 delegates.

TEE was awarded a contract worth S$109 million for the Electrical Installation Works for the North and South Podium.

Inspiring Excellence

Yeo Ai Mei, *CPA*

Group Finance Controller
Accounts, Finance and Human Resource

To generate sustainable growth and value for our stockholders, we have put in place time-tested operational and finance strategies.

Phua Cher Chuan

Executive Director
System Engineering

Through innovation of technology, we strive to improve the quality of life.

Tan Peng Boon

Executive Director
Malaysia Operations

Malaysia is always an important market for the TEE Group.

Phua Boon Kin

Executive Director
Mechanical and Electrical /
Rebuilding Engineering

At TEE, we go the extra mile to achieve clients and stakeholders' expectations.

Poh Sing Tong

Senior Logistics and
Purchasing Manager
Logistics and Purchasing

Our suppliers and subcontractors are always our valued business partners.

A Touch of Class

Fusionopolis - Singapore's science, technology and media powerhouse

A living space for new technologies, the Fusionopolis will be where world class talent and organisations congregate. Housed within One-North business park, it provides a multi-faceted working and living space for high-tech companies, government agencies and various research organisations like the Agency for Science, Technology and Research (A*STAR).

Tanjong Pagar Xchange – Entrance to Singapore's Commercial Hub

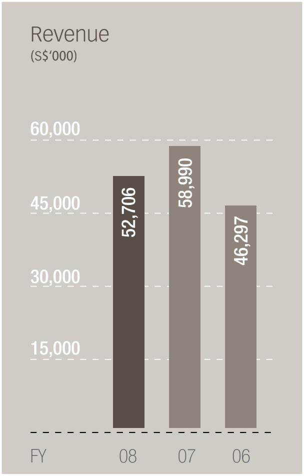
Following the impressive commencement of the Dhoby Ghaut Xchange, TEE has gone on to a subsequent success with Tanjong Pagar Xchange. Situated in the commercial hub of Singapore and within steps from the Tanjong Pagar MRT station, the Tanjong Pagar Xchange welcomes visitors with its retail, services and F&B outlets.

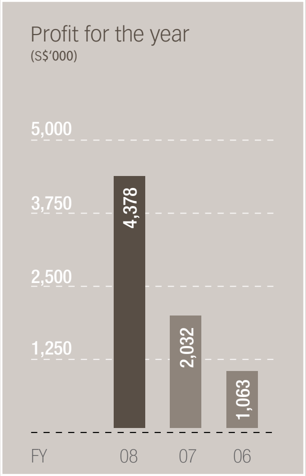
Having been awarded the S$33 million contract for the proposed outfitting and relocation of A*STAR at the Fusionopolis, TEE complemented the existing state-of-the-art infrastructure with modern interior and outfitting works. Within four months, the space was ready for occupancy.

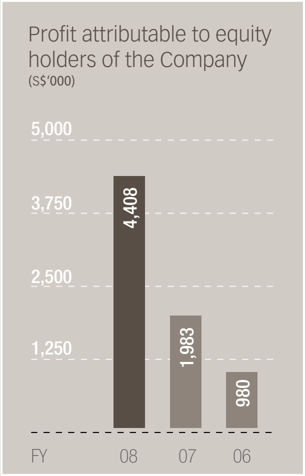
Due to Tanjong Pagar Xchange's propensity for high human and train traffic in the day, TEE was only able to work four hours every day. Despite the limited time frame, productivity was always maximised.

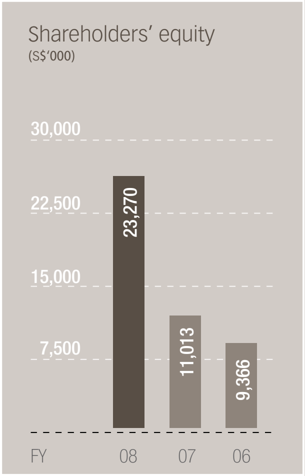
With TEE's outfitting works, an area of contemporary convenience was created. The keen execution of ornamental lighting fixtures and quality fittings further enhanced the visitor's experience.

Financial Highlights









Return on shareholders' equity (%)

2008
18.94

2007 18.01
2006 10.47

Net asset value per share (cents)

2008
16.59

2007 12.00
2006 11.39

Earnings per share (cents)

2008
3.60

2007 2.09
2006 1.39

Dividend per share after tax (cents)

2008
0.95

2007 1.07
2006 0.78

Dividend cover (times)

2008
3.79

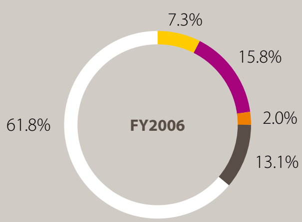
2007 2.18
2006 1.78

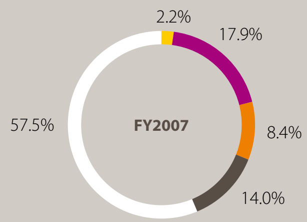
Interest cover (times)

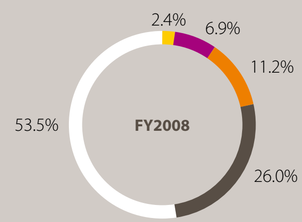
2008
3.98

2007 3.90
2006 3.30

TURNOVER BY BUSINESS SEGMENT







FY2006	(S$'000)	
Infrastructure	6,079	13.1%
Rebuilding	28,591	61.8%
New Building and Property Development	3,363	7.3%
Security and Control	7,333	15.8%
Miscellaneous	931	2.0%
	46,297	

FY2007	(S$'000)	
Infrastructure	8,237	14.0%
Rebuilding	33,937	57.5%
New Building and Property Development	1,276	2.2%
Security and Control	10,582	17.9%
Miscellaneous	4,958	8.4%
	58,990	

FY2008	(S$'000)	
Infrastructure	13,695	26.0%
Rebuilding	28,223	53.5%
New Building and Property Development	1,278	2.4%
Security and Control	3,617	6.9%
Miscellaneous	5,893	11.2%
	52,706	

FINANCIAL CALENDAR

10 January 2008	Announcement of 2008 Half-Year Results
31 May 2008	Financial Year End
29 July 2008	Announcement of 2008 Full-Year Results
10 September 2008	Despatch of Report to Shareholders
25 September 2008	Annual General Meeting
Book Closure Date on 4 November 2008, 5 p.m. Payable on 25 November 2008	2008 Proposed first and final tax exempt (one-tier) Dividend

Chairman's Message

Dear Fellow Shareholders,

I am pleased to report that my first address to our shareholders speaks of the Group's excellent performance in the financial year ("FY") ended 31 May 2008. This FY marked not only the closure of a productive and rewarding year, but also the beginning of brighter things to come.

The Group witnessed considerable growth in profit and equity as compared to the previous year. Profit for the year increased by a significant 115.5% to S$4.38 million. Alongside this growth, the Directors are pleased to recommend the payment of a first and final tax exempt (one-tier) dividend of 0.95 cents per ordinary share, at the forthcoming Eighth Annual General Meeting.

Inspired towards Domestic Progress

With Singapore's overall economy set to expand at a healthy rate, we are looking confidently towards optimistic prospects for our Group and the industry.

According to the Economic Survey of Singapore executed by the Ministry of Trade & Industry, the full year of 2007 saw growth in the construction sector reach 20%. This was a significant increase from the 3.6% growth reported for the previous year, and it was largely due to broad-based growth in construction demand.

As per the previous year, the demand for construction continued to surge, increasing by 46% to S$24.5 billion. This was mainly due to a record-high demand for private sector construction. The demand for public sector construction was also strengthened from the increased number of contracts for public housing, institutional and civil engineering projects. Private commercial construction demand in particular, swelled 122% to a record of S$5.1 billion, fuelled by developments such as the Marina Bay Sands™ Integrated Resort, which our Group is much involved in.

Looking at how robust the industry and economy is on the whole, the Building and Construction Authority predicts that the construction demand for 2008 will be between S$23 billion to S$27 billion. This projection looks set to be highly favourable for our Group.

" The Group witnessed considerable growth in profit and equity as compared to the previous year. Profit for the year increased by a significant 115.5% to S$4.38 million. "

Ignited for Regional Growth

The constant monitoring of market situations and growth prospects are fundamental to produce optimum growth strategies. Having already expanded substantially into regional countries like Thailand and Malaysia, our Group is in prime position to continue leveraging on these regional business ventures. Next, we are exploring other regions for larger Mechanical and Electrical contracts.

To Honour and Appreciate

On behalf of the Board of Directors, I would like to extend my heartfelt thanks to all shareholders, customers and business associates for the trust and support they have endowed us with over the years.

Last but not least, I graciously take this opportunity to express our sincere gratitude to the late Executive Chairman, Dr. Ong Chit Chung. Entrusted with our Group's business development and strategic direction and planning, Dr. Ong was highly instrumental in the success of the Group subsequent to his inception. His influence and presence will always be treasured and remembered.

Our team will continue making leaps of progress and strengthen our position in the industry as a consistent and competitive player. With this commitment to growth and engineering quality, we can focus on retaining clients and expanding the customer base, and reach new heights of engineering excellence.

Bertie Cheng
Non-Executive Chairman

Group Chief Executive & Managing Director's Message

With the closure of the financial year ("FY") ended 31 May 2008, it brings me great joy to share with you the fruits of our labour. Not only did we continue to thrive and prosper within our core engineering sectors, we simultaneously expanded our capabilities further into the field of property investment and development. Our footsteps into the region have also seen light with major developments evolving.

Financial Highlights

The Group's turnover decreased by 10.7%, from S$58.99 million to S$52.71 million. This was mainly due to the Group's use of its construction capacities for its own property development projects.

Profit before tax on the other hand, increased by 83.2% from S$2.80 million to S$5.13 million. Similarly, net profit after tax rose remarkably by 115.5%, from S$2.03 million to S$4.38 million. This was in large part credit to improved margins and change in the fair value of investment property.

In conjunction with the marked rise in profit, the net asset value per share for the Group increased by 38.3% from 12.00 cents to 16.59 cents and earnings per share grew 72.2% from 2.09 cents to 3.60 cents.

Following this growth is the profit attributable to equity holders of the Company, which escalated by 122.3%. Likewise, shareholders' equity strengthened by 111.3%, while return on shareholders' equity increased by 5.2%.

To support our acquisitions and respond to institutional investors' interest, the Group undertook several fund-raising exercises during the FY2008.

Funding Our Growth - Tapping the Capital Markets

For the FY2008, the Group issued 27,300,000 new ordinary shares for cash via 2 placement exercises. Total net proceeds of the 2 placements were about S$7.3 million. Part of the total proceeds were deployed for capital injection into our wholly-owned subsidiaries, Trans Equatorial Engineering Pte Ltd and TEE Development Pte Ltd. The remaining proceeds were deployed for development properties acquisitions for our wholly-owned subsidiary, TEE Development Pte Ltd and investment into associate company, Chewathai Ltd.

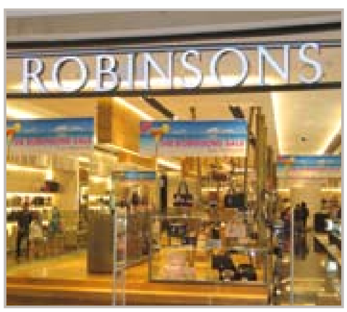


from left: *Cantiz @ Rambai (Artist's impression)*

On 30 April 2008, there was a bonus issue of 3 bonus shares for every 20 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The number of bonus shares issued was 16,863,250. The expenses incurred for the bonus shares issued was approximately S$35,000.

On 2 May 2008, there were bonus warrants issued on the basis of 1 warrant for every 5 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The number of bonus warrants issued was 22,484,506 and the exercise price is at S$0.40 per warrant. The number of outstanding warrants as at FY2008 was 22,484,498. There was an increase of share capital arising from the exercise of 8 warrants. The warrants can be exercised within the period from 28 April 2008 to 27 April 2011.

During the FY2008, there was an increase of share capital arising from the exercise of 12,793,265 warrants. The exercise price is at S$0.13 per warrant. The number of outstanding warrants as at FY2008 was 913,285. The warrants can be exercised within the period from 12 April 2006 to 11 April 2009. Subsequently, the proceeds were fully deployed for the investment into associate company, Chewathai Ltd.



from left: *Robinsons outlet in Malaysia and Tampines Mall*


from left: The Fusionopolis and Tanjong Pagar Xchange

More than Just Numbers

Even as we continue venturing into property development, engineering remains the main bulk of the Group's business. Armed with an outstanding engineering order book of S$150 million as well as anticipated orders in the pipeline, our core engineering business is expected to continue to flourish in the forthcoming financial year.

An aspect that may pose to be less optimistic is the continuously fluctuating costs of raw materials. This will be a central challenge for the Group as we sought to manage costs while at the same time, deliver consistently good quality to our customers.

Although raw materials are undergoing high price volatility, our outlook remains bright due to the ongoing and upcoming projects, such as the Marina Bay Sands™ contract. For a total contract sum of S$109 million, it has played a positive role in the net tangible assets per share and earnings per share of the Group, and will continue to contribute positively to the first half of the financial year ending 31 May 2009.


from left: The Fusionopolis and Tanjong Pagar Xchange

from left: *Chewathai Ratchaprarop launch event at the Four Seasons Hotel and the Chewathai Ratchaprarop (Artist's impression)*

Diversifying for Growth

Aside from the consistent contributions from the construction sector, we expect the support from the property development sector to be comparatively larger than the previous year's.

Building on our fundamental core strength of construction and design, we have ventured successfully into property development and investment. We look upon this as a natural progression of our business but as with what we've done thus far, the Group will continue proceeding with intelligent caution.

The Group's taking on of the challenging business environment in Thailand has paid off, with the successful launch of Chewathai Ratchaprarop in Bangkok only on 26 July 2008. As of the date and time of print, the Group has sold more than 40% of its units.

Residential developments like The Thomson Duplex and Cantiz @ Rambai have also produced notable results, with approximately 60% of total developments sold. As the Group moves into new platforms, we will anticipate steady progress in our new developments.

NORDAM phase 2

from left: *The Thomson Duplex (Artist's impression)*

A Buoyant Outlook

The official forecast for the construction sector of Singapore also brings along positive news, with demand expected to go as high as S$27 billion, an increase of S$5 billion from the previous year. Even though our order book is already of sizeable volume, this increasing demand looks set to expand our order book further.

In line with the Group's emphasis on talent recruitment, retention and development, we will continue to uncover talents from both Singapore and abroad as the Group heads toward international expansion. That aside, we constantly enrich our team as they grow to take on greater responsibilities.

A Tribute to the People

As good corporate citizens, we believe wholeheartedly in giving back to society through involvement in community service. This year was no different as we greeted the Lunar New Year at an old folks' home. New community projects are also being lined up for the near future.

Lastly but most importantly, let me take this opportunity to pay tribute to our late Executive Chairman Dr. Ong Chit Chung, and express sincere gratitude for his contributions to the Group. His presence will always be cherished as we take the Group to new heights.

C K Phua
Group Chief Executive & Managing Director

Remembering A True Friend

Dr. Ong Chit Chung

Former Executive Chairman of TEE International Limited

Remembering A True Friend

Dr. Ong Chit Chung's untimely departure was a grievous loss to TEE International Limited. Since joining us as Executive Chairman in 2000, the Group has transformed from a local electrical and engineering service provider, to an integrated engineering group with operations spanning Singapore, Malaysia and Thailand.

He was instrumental in building the Group's capabilities. Today, TEE International Limited has five key businesses in Infrastructure Engineering, Rebuilding Engineering, Property Investment and Development, Estate and Facilities Upgrading; and Security and Control Engineering.

Dr. Ong was more than an exceptional leader; he was a caring family man, an insightful friend who never ran out of good advice, and simply good company to have around, no matter who he was with.

Dr. Ong may have left behind many friends mourning his sudden departure, but he has lived a full life and made significant contributions to the Group and to Singapore. We will always remember Dr. Ong as our source of courage and inspiration to move forward and make a difference, be it to the Group, to our society and to the people around us.

C K Phua


Mr. Bertie Cheng Shao Shiong | Mr. Phua Chian Kin

Ms. Saw Chin Choo | Mr. Phua Boon Kin | Mr. Tan Boen Eng



Board of Directors

Mr. Bertie Cheng Shao Shiong
Independent and Non-Executive Chairman

Mr. Cheng was appointed as an Independent and Non-Executive Director of our Company on 5 March 2001 and was last re-elected as a Director of the Company on 27 September 2007. With effect from 1 September 2008, he is appointed as Non-Executive Chairman of the Company and Chairman of Executive Committee. Mr. Cheng is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee. He is also a Company Director of Chewathai Ltd in Thailand.

Mr. Cheng retired as a Chief Executive Officer of POSBank in July 1997. He holds and has held directorships, in both listed and unlisted companies. Currently, he is Chairman of TeleChoice International Limited. He is also a Director of CFM Holdings Limited, Hong Leong Finance Limited, Pacific Andes (Holdings) Limited, Singapore Petroleum Company Limited and Thomson Medical Centre Limited. Other appointments include being a Board Trustee of the Home Nursing Foundation and Board Member of NTUC Childcare Co-operative Limited. He is also Chairman of the Medifund Committee in Singapore General Hospital.

Mr. Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001.

Mr. Phua Chian Kin
Group Chief Executive & Managing Director

Mr. Phua has been the Group Chief Executive and Managing Director of TEE International since 1993. As the Managing Director of the Company, he is not subject to retirement by rotation and submission for re-election at the Annual General Meeting pursuant to the Articles of the Association of the Company. He is instrumental in spearheading the expansion and growth of our Group and is also responsible for the Group's overall management, investment decisions, direction and policy decision-making.

Mr Phua was appointed as a member of the Remuneration Committee with effect from 1 September 2008. He is also a member of the Executive Committee.

Mr. Phua has over 22 years of experience in the Mechanical and Electrical engineering industry, starting his career with Danish multi-national LK-NES (S.E.A.) Pte Ltd where he was later promoted to General Manager and Director, responsible for three of LK-NES' subsidiaries. He joined Trans Equatorial Enterprises (S.E.A.) Pte Ltd in 1990 as director, and took over the Group during a management buyout in 1993.

Mr. Phua graduated in 1979 from the Singapore Polytechnic with a Diploma in Electrical Engineering. He received the Public Service Medal in 2007.

Ms. Saw Chin Choo
Executive Director

Ms. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected as a Director of the Company on 27 September 2007. As an Executive Director, she is responsible for the management and administration of the Rebuilding Projects within the Group.

Ms. Saw has over 23 years of project engineering experience, starting her career with Neo Corporation Pte Ltd as Quantity Surveyor. She had held various positions in companies such as Specon Builders Pte Ltd as Project Co-ordinator and Vantage Construction Pte Ltd as Manager and Company Director. She currently holds a position as a Company Director in Oscar Design & Decoration Co., Ltd. in Thailand, PBT Engineering Pte Ltd, TEE Development Pte Ltd and TEE Realty Pte Ltd.

Ms. Saw holds a Technician Diploma Certificate in Building and Advance Diploma in Building Surveying and Inspection from Ngee Ann Polytechnic.

Mr. Phua Boon Kin
Executive Director

Mr. Phua was appointed to the Board of Directors on 1 September 2008 and to be re-elected as a Director of the Company on 25 September 2008. As an Executive Director, he is responsible for the management and administration of the Mechanical and Electrical / Rebuilding Engineering Projects within the Group.

Mr. Phua was instrumental in the set up of the two main subsidiaries of the Group, namely Trans Equatorial Engineering Pte Ltd in 1991 and PBT Engineering Pte Ltd in 1996. He has since been with the Group for the past 17 years and has held various appointments in both of these subsidiaries. With more than 23 years of experience in project execution and project management, he is currently a Company Director in Oscar Estate Management Co., Ltd. in Thailand, PBT Engineering Pte Ltd, TEE Development Pte Ltd and TEE Realty Pte Ltd.

Mr. Phua holds a Technician Diploma Certificate in Mechanical Engineering from Singapore Polytechnic.

Mr. Tan Boen Eng
Independent and Non-Executive Director

Mr. Tan was appointed as an Independent and Non-Executive Director on 5 March 2001 and was last re-elected as a Director of the Company on 27 September 2007. With effect from 1 September 2008, he is appointed Chairman of the Audit Committee. Mr. Tan is the Chairman of the Nominating Committee and a member of the Remuneration Committee.

Mr. Tan has extensive experience in both the public and private sectors. He was a director of a listed company in healthcare business and is currently holding directorships in several listed and non-listed companies from various industries, ranging from business consultancy and training to management consultancy. He has previously held the position of Senior Deputy Commissioner of Inland Revenue Authority of Singapore and was a Director of Singapore Pools Pte Ltd and was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University. Mr. Tan has been the President of the Institute of Certified Public Accountants of Singapore since 1995. He was a Board member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a member of the Singapore Sports Council. He is currently a Board member of the Tax Academy of Singapore.

Mr. Tan holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He is also a Fellow of the Institute of Certified Public Accountant and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

Sharing the Spirit

Being socially responsible corporate citizens, the team of TEE believes in sharing our vibrant spirit through involvement in community activities. This year was no different as we organised and participated in events at the Villa Francis Home.

We work hard, but we play hard too. With this spirit in mind, we embarked on a company retreat to Bintan Lagoon where once again, team-building activities further enhanced our sense of camaraderie.

Movie Screening at Villa Francis Home

Chinese New Year Celebration at Villa Francis Home

Memorial Run for Dr. Ong Chit Chung

Mizuno Run 2008 at Temasek Polytechnic

Company Retreat at Bintan Lagoon

Corporate Structure

TEE International Limited

Singapore

Trans Equatorial Engineering Pte Ltd	**100%**
PBT Engineering Pte Ltd	**100%**
TEE Aerospace Industries Pte Ltd	**100%***
Security Pro-Telco Pte Ltd	**100%**
NexFrontier Solutions Pte Ltd	**100%**
TEE Development Pte Ltd	**100%**
TEE Realty Pte Ltd	**100%**

Thailand

Trans Equatorial Indochina Co., Ltd	**49%***
Oscar Estate Management Co., Ltd	**73.99%***
Oscar Property Management Co., Ltd	**73.99%***
Oscar Design & Decoration Co., Ltd	**69.09%***
Chewathai Ltd	**49%***

Malaysia

Multi Amp Engineering Sdn Bhd	**60%**
Foremost Prestige Sdn Bhd	**25%**
PBT Engineering Sdn Bhd	**100%***

Philippines

Trans Equatorial Philippines Inc	**40%***

Cambodia

TEE Chem Pte Ltd	**70%**

* *Total effective interest held by TEE International Limited*

Corporate Information

Board of Directors
Mr. Bertie Cheng Shao Shiong
(Independent and Non-Executive Chairman)
Mr. Phua Chian Kin
(Group Chief Executive & Managing Director)
Ms. Saw Chin Choo
(Executive Director)
Mr. Phua Boon Kin (*Appointed on 1 September 2008*)
(Executive Director)
Mr. Tan Boen Eng
(Independent and Non-Executive Director)
Mr. Lee Yeow Seng *(Resigned on 1 September 2008)*
Dr. Ong Chit Chung *(Demised on 14 July 2008)*

Company Secretary
Ms. Sophia Lim Siew Fay

Company Registration No.
200007107D

Registered Address
Block 2024 Bukit Batok Street 23
#03-48 Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: enquiries@pbtintl.com.sg

Website
www.tee.com.sg

Share Registrar and Share Transfer Office
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Audit Committee
Mr. Tan Boen Eng *(Chairman)*
Mr. Bertie Cheng Shao Shiong
Dr. Ong Chit Chung *(Deceased)*

Nominating Committee
Mr. Tan Boen Eng *(Chairman)*
Mr. Bertie Cheng Shao Shiong
Dr. Ong Chit Chung *(Deceased)*

Remuneration Committee
Mr. Bertie Cheng Shao Shiong *(Chairman)*
Mr. Tan Boen Eng
Mr. Phua Chian Kin
Dr. Ong Chit Chung *(Deceased)*

Executive Committee
Mr. Bertie Cheng Shao Shiong *(Chairman)*
Mr. Phua Chian Kin
Ms. Yeo Ai Mei
Dr. Ong Chit Chung *(Deceased)*

Auditors
Deloitte & Touche LLP
Public Accountants and Certified Public Accountants
6 Shenton Way
#32-00
DBS Building Tower Two
Singapore 068809

Audit Partner-in-charge:
Mr. Michael Kee Cheng Kong
Appointed with effect from FY2007

Principal Bankers
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

Report on Corporate Governance

The Board of Directors continues to be committed to upholding the highest standards of corporate governance, and believes those sound corporate governance principles and practices will sustain and improve corporate performance, accountability, audibility, transparency, building trust and confidence in the Group, safeguarding the interests of all shareholders and promote investors' confidence in the Group.

The Company confirms that it has complied with the Code of Corporate Governance 2005 (the Code) except where otherwise explained. In areas where we have not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

This Report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs
The Board assumes responsibility for setting strategic direction, establishing pertinent policies, corporate governance and overseeing proper management of the Group. Their responsibilities apart from statutory responsibility also extend to the following functions:

- Providing entrepreneurial leadership;
- Reviewing the Group's financial and management performance;
- Identifying principal risks of the Group's businesses;
- Approval of half year and full year results announcements;
- Approval of annual report and accounts;
- Declaration of interim dividends and proposals of final dividends;
- Convening of shareholders' meetings;
- Approval of annual budget, material acquisitions and disposal of assets;
- Approval of nominations for the Board by the Nominating Committee and endorsing the appointments of the key management team and/or external auditors; and
- Reviewing recommendations made by the Remuneration Committee and approving the remuneration packages for the Board and key management team.

The Board meets regularly at least two times within each financial year and at other times as appropriate, to consider and resolve major financial and business matters of the Group. To facilitate effective management, the day-to-day management of the Group's businesses and affairs are entrusted to the directors and executives, including the senior management.

The Company's Articles of Association provide for the Board to convene meetings via conference telephone, video conferencing or other audio or audio-visual communications equipment.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. The Board Committees consist of the Audit Committee, Nominating Committee, Remuneration Committee and Executive Committee. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

Report on Corporate Governance

The details of the frequency of Board and Board Committee meetings held during the financial year ended 31 May 2008 and the attendance of every Board member at those meetings are set out below:

Name of Director	Board of Directors Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr. Bertie Cheng Shao Shiong	2	2	2	2	1	1	2	2
Mr. Tan Boen Eng	2	2	2	2	1	1	2	2
Dr. Ong Chit Chung[1]	2	2	2	2	1	1	2	2
Mr. Phua Chian Kin	2	2	2*	2*	1*	1*	2*	2*
Ms. Saw Chin Choo	2	2	–	–	–	–	–	–
Mr. Lee Yeow Seng[2]	2	2	–	–	–	–	–	–
Mr. Phua Boon Kin[3]	–	–	–	–	–	–	–	–

1 Demised on 14 July 2008

2 Resigned on 1 September 2008

3 Appointed on 1 September 2008

* Attendance by invitation

Directors' Training

Orientation and an education programme will be organised for new Directors to ensure that incoming Directors are familiar with the Company's key business and governance practices. Prior to their appointment, new Directors are also provided the relevant information on their duties as Directors, the Company's governance processes as well as relevant statutory and regulatory compliance issues. Directors may request further explanations, briefings and informal discussions on any aspects of the Company's operations or business issues.

Principle 2: Board Composition and Balance

The Board currently comprises of five Directors, of whom two are independent and non-executive directors. This composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of independent directors. The Board is made up of a team of high calibre leaders whose combined experience, knowledge and expertise contribute to effective decision making and direction for the Group. A profile of the directors is set out on page 28 and 29.

The composition of the Board is as follows:

Executive Directors

Mr. Phua Chian Kin (Group Chief Executive and Managing Director)
Ms. Saw Chin Choo
Mr. Lee Yeow Seng (Resigned on 1 September 2008)
Mr. Phua Boon Kin (Appointed on 1 September 2008)

Independent and Non-Executive Directors

Mr. Bertie Cheng Shao Shiong (Non-Executive Chairman) (Appointed on 1 September 2008)
Mr. Tan Boen Eng
Dr. Ong Chit Chung (Demised on 14 July 2008)

Report on Corporate Governance

There is a change in the Board of Directors with effect from 1 September 2008. Mr. Bertie Cheng Shao Shiong has been appointed as Non-Executive Chairman of the Company. Mr. Lee Yeow Seng has resigned and Mr. Phua Boon Kin has been newly appointed. The resignation and appointment are in line with the Company's practice to give the Board an exposure to different key executives within the Group.

The Company has orientated Mr. Phua Boon Kin, who does not have prior experience as director of a listed company, on his role and responsibilities as a director of a public listed company in Singapore. He will also be invited to participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Group.

The Board's structure and size are examined by the Nominating Committee to determine the impact of the number upon effectiveness and is of the view that the current composition and Board size of 5 Directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group. The Company has the intention to appoint a new independent and non-executive director and will announce the said appointment and the reconstitution of the Board Committees at an appropriate time.

Principle 3: Role of Chairman and Managing Director
The role of the Chairman and Managing Director are separated to ensure a balance of power and authority such that no individual represents a considerable concentration of power. Mr. Cheng, who is the Chairman, is responsible for, among others, exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board and ensuring compliance with the Group's guidelines on corporate governance. Mr. Phua Chian Kin who assumes the role of Group Chief Executive and Managing Director bears the responsibility for the day-to-day running of the Group's business.

For good practice, key executives including the senior management team who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting.

BOARD COMMITTEES

NOMINATING COMMITTEE

Principle 4: Board Membership
The Nominating Committee comprises of two independent and non-executive directors: -

Mr. Tan Boen Eng (Chairman)
Mr. Bertie Cheng Shao Shiong
Dr. Ong Chit Chung (Deceased)

Mr. Tan, the Chairman of the Nominating Committee is not associated with the substantial shareholder.

In view of the recent demise of Dr. Ong Chit Chung, the Company is currently assessing a potential candidate to be appointed as a member of the Nominating Committee. An appropriate announcement will be released by the Company when the appointment is finalised.

The Nominating Committee's primary function is to provide assistance to the Board in selecting suitable directors and making recommendations on all appointment of directors to the Board.

Report on Corporate Governance

In addition, the Nominating Committee also performs the following functions:

- Nominate directors to fill up any vacancies in the Board or the various Committees;
- Re-nominate existing directors, having regard to the director's contribution and performance including, if applicable, as an independent director;
- Review annually whether a director is independent;
- Ensure that where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties;
- Take into account the scope and nature of the operations of the Group to review and determine the appropriate size and structure of the Board; and
- Recommend directors who are retiring by rotation to be put forward for re-election.

Election and Re-election

All directors (excluding the Group Chief Executive and Managing Director) submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article of 89 of the Company's Articles of Association, one-third of the Board of directors (apart from Managing Director) are subject to retirement from office by rotation and be subject to the re-election at the Company's Annual General Meeting.

It was also provided in the Article 88 of the Company's Articles of Association that additional directors appointed during the year shall only hold office until the next Annual General Meeting and are subject to re-election by the shareholders.

The Nominating Committee has recommended the nomination of Directors retiring by rotation under Article 88 and Article 89 of the Company's Articles of Association, namely Mr. Phua Boon Kin and Ms. Saw Chin Choo, for re-election at the forthcoming Annual General Meeting.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Tan Boen Eng and Mr. Bertie Cheng Shao Shiong are subject to re-appointment as Directors of the Company to hold office until the next Annual General Meeting as they are over 70 years of age. Upon the re-appointment as Directors of the Company, Mr. Tan will remain as Chairman of the Audit and Nominating Committee and a member of the Remuneration Committee. Mr. Cheng will remain as Non-Executive Chairman of the Company, Chairman of the Remuneration and Executive Committee and a member of the Audit and Nominating Committee respectively.

Policy on External Appointments

The Group recognises that its executive directors may be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden the experience and knowledge of its executive directors which will benefit the Group. Executive directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interest.

The dates of initial appointment and last re-election of each director are set out below:

Name of Director	Age	Position	Date of Initial Appointment	Date of last re-election
Mr. Bertie Cheng Shao Shiong	71	Independent / Non-Executive	5 March 2001	27 September 2007
Mr. Tan Boen Eng	75	Independent / Non-Executive	5 March 2001	27 September 2007
Dr. Ong Chit Chung[1]	59	Independent / Executive	10 November 2000	28 September 2006
Mr. Phua Chian Kin	49	Non-independent / Executive	15 August 2000	Not applicable
Ms. Saw Chin Choo	46	Non-independent / Executive	10 September 2004	27 September 2007
Mr. Lee Yeow Seng[2]	48	Non-independent / Executive	10 September 2004	28 September 2004
Mr. Phua Boon Kin[3]	46	Non-independent / Executive	1 September 2008	-

Report on Corporate Governance

[1] Demised on 14 July 2008
[2] Resigned on 1 September 2008
[3] Appointed on 1 September 2008

Principle 5: Board Performance
In reviewing the re-appointment of any director, an evaluation on the performance of the Directors is done annually. Assessment on each Director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The Nominating Committee has conducted a Board performance evaluation to assess the effectiveness of the Board for the year.

New directors will be appointed by way of a board resolution after the Nominating Committee approves their appointment. Such new directors must submit themselves for re-election at the next Annual General Meeting as provided under Article 88 of the Company's Articles of Association.

Principle 6: Access to Information
Prior to each meeting, the members of the Board are provided with management accounts and other relevant information on material events and transactions with background and explanations to enable them to have a comprehensive understanding of the issues so as to make informed decisions. In between Board meetings, other important matters concerning the Group are also put to the Board for approval by way of circulating resolutions in writing and electronic communications. In view of the Group's size and nature of operations, half-yearly reports are considered adequate. The Directors have also been provided with the telephone numbers and electronic communication particulars of the Company's key executives including the senior management team and Company Secretary to facilitate access. Moreover, each Director can seek independent professional advice, at the Company's expense, concerning all aspects of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

REMUNERATION MATTERS

REMUNERATION COMMITTEE

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration
The Remuneration Committee comprises of a majority of whom two non-executive directors are independent of management and free from any business or other relationships. The members of the Remuneration Committee are: -

Independent and Non-Executive Directors
Mr. Bertie Cheng Shao Shiong (Chairman)
Mr. Tan Boen Eng
Dr. Ong Chit Chung (Deceased)

Executive Director
Mr. Phua Chian Kin

The responsibilities of the Remuneration Committee are as follows:

- Recommend a framework for remunerating the Board, both executive and non-executive directors and key executives, including senior management of the Group; and
- Review all matters relating to remuneration of the Board and key executives, including senior management of the Group.

Report on Corporate Governance

The recommendations of the Remuneration Committee would be submitted to the Board for endorsement.

The remuneration policy adopted by the Group comprises of a fixed component and a performance-related variable component. The variable component depends on the performance of each Company within the Group.

The Board also recommended a fixed fee for the effort, time spent and responsibilities of each independent and non-executive director. The independent directors' fees will be subject to shareholders' approval at the Annual General Meeting. They do not have any service contracts with the Company. The Company's Articles of Association and the requirements of the SGX-ST Listing Manual govern their terms of appointment. There are safeguards in place to ensure that no one individual represents a considerable concentration of power. The Remuneration Committee has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. No director is involved in the determination of his own remuneration.

The Group Chief Executive and Managing Director has a 3 years renewal service contract with the Company which has been renewed in July 2007.

A breakdown showing the level and mix of remuneration paid or proposed to be paid to each director of the Company (in percentage terms) for the financial year ended 31 May 2008 is as follows: -

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Director's fees %(1)	Base / Fixed Salary %(2)	Variable or Performance Related Income / Bonuses %(2)
S$250,000 to below S$500,000			
Mr. Phua Chian Kin	–	58	42
Below S$250,000			
Mr. Bertie Cheng Shao Shiong (S$35,000)	100	–	–
Mr. Tan Boen Eng (S$30,000)	100	–	–
Dr. Ong Chit Chung	–	100	–
Ms. Saw Chin Choo	–	74	26
Mr. Lee Yeow Seng	–	100	–
Mr. Phua Boon Kin	–	73	27

(1) The directors' fees will only be paid upon approval by the shareholders at the Eighth Annual General Meeting of the Company on 25 September 2008.
(2) The salaries and bonuses shown are inclusive of Central Provident Fund Contributions.

Report on Corporate Governance

Key Executives' Remuneration

The remuneration of each key executive including senior management team of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given that it is operating in highly competitive environments. The Company is disclosing the remuneration of the top 10 key executives who are not the Directors of the Company in bands of S$250,000 as shown below for the financial year ended 31 May 2008: -

Remuneration bands	FY2008	FY2007
S$500,000 and above	–	–
S$250,000 to below S$500,000	–	–
Below S$250,000	10	10

Out of the 10 key executives, Mr. Phua Cher Chuan and Mr. Phua Cher Chew are nephews of Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, whose remuneration did not exceed S$150,000.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Annual financial statements and half-yearly announcements are presented to the shareholders promptly upon approval and authorization given by the Board. The management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties.

The Directors aim to present a balanced and understandable assessment of the Group's position and prospects. During the preparation of financial statements, the Directors have ensured that all applicable financial reporting standards have been followed; made judgments and estimates are reasonable and prudent; and adopted appropriate accounting policies and applied them consistently.

AUDIT COMMITTEE

Principle 11: Audit Committee

Currently, the Audit Committee consists of two independent and non-executive directors: -

Independent and Non-Executive Directors

Mr. Tan Boen Eng (Chairman) (Appointed on 1 September 2008)
Mr. Bertie Cheng Shao Shiong
Dr. Ong Chit Chung (Deceased)

In view of the recent demise of Dr. Ong Chit Chung, the Company is currently assessing a potential candidate to be appointed as a member of the Audit Committee. An appropriate announcement will be released by the Company when the appointment is finalised.

The role of the Audit Committee is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements to monitor and appraise whether Management has created and maintained an effective control environment in the Group, as well as providing a channel of communication between the Board, Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits. Each member of the Audit Committee shall abstain from voting any resolution in respect of matters of which he is interested in.

Report on Corporate Governance

The duties of Audit Committee include the following:

- Review findings, audit plan, including nature and scope of audit before the commencement of each audit, evaluation of the system of internal accounting controls, auditors' report and management letters with the internal and external auditors;
- Review half year and full year financial statements and announcements before submission to the Board for approval;
- Review the co-operation given by the management to the internal auditors and external auditors;
- Review the adequacy of internal audit function;
- Review and discuss with external auditors any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and management's response;
- Make recommendations to the Board on the appointment/re-appointment of the external and internal auditors, audit fees and matters relating to the resignation and dismissal of the auditors;
- Review the interested person transactions and potential conflicts of interest, if any; and
- Consider other matters as defined by the Board.

The Audit Committee has separate and independent access to the internal auditors and external auditors, and with full discretion to invite any executive directors or key management team to attend its meetings. During the year, the Audit Committee has held a separate meeting with the internal auditors and external auditors without the presence of Management to discuss the reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observation and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors.

The Audit Committee having reviewed the amount of non-audit related work which comprised of tax services rendered to the Group by the external auditors, Messrs Deloitte & Touche LLP, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, have recommended their re-nomination to the Board.

The Audit Committee is in the process of setting up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy will be made available to all employees, once implemented.

Principle 12: Internal Controls
The Board believes that the system of internal controls maintained by the Company's management which was in place throughout the financial year, provides reasonable, but not absolute, assurance against material financial misstatements or loss. Reviewing the system of internal controls includes ensuring the adequate safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and the identification and containment of business risk. The Board acknowledges that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principle 13: Internal Audit
The Company has appointed PKF-CAP LLP (PKF) to provide internal audit services within the Group. PKF met the standard set by internationally recognized professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

PKF will review key internal controls in selected areas in consultation with, but independent of the Management. In the review, PKF has reported their findings to the Audit Committee and has recommended a set of guidelines for areas of improvement to the Audit Committee for approval, so as to have better and more effective internal controls.

Report on Corporate Governance

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation
Disclosure of the information by the Company is made through communication channels such as corporate announcements via the SGX-ST's SGXNet broadcast network, the publication of the Annual Report and the holding of the Annual General Meeting.

All results, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. In addition to the issue of the Notice of Annual General Meeting and book closure date together with the Annual Report, the Notice of Annual General Meeting is also advertised in a major local newspaper and posted on the Company's website.

The Company acknowledges the importance of open and fair communication with stakeholders and has also taken efforts to maintain a high level of transparency by issuing announcements of important transactions through SGXNet, notwithstanding that some of these transactions may not require disclosure.

Shareholders can vote for Resolutions or appoint not more than two proxies to attend the meeting on their behalf in the event that they are unable to attend the meeting. Separate resolutions on each distinct issue are proposed at general meetings for approval.

The Chairman presides yearly over the Annual General Meeting and is accompanied by fellow Board members, the Group Chief Executive and Managing Director, the Chairmen of the Audit, Nominating, Remuneration and Executive Committee, the Company Secretary as well as other key executives. The Company's external auditors, Messrs Deloitte & Touche LLP, are also present to address relevant queries from the shareholders.

DEALING IN SECURITIES

The Company has adopted the SGX-ST's best practices guide with regard to dealings in the securities of the Company.

Directors and employees of the Group are advised not to deal in the Company securities during the periods commencing one month prior to the announcement of the Group's half-year and full-year results and ending on the date of the announcement of the results. They are also advised to observe insider-trading laws at all times even when dealing in securities within the permitted trading period.

Furthermore when the Company is involved in major corporate activities such as investment or divestment that could be price-sensitive in relation to the Company's securities, officers involved are advised not to deal in the Company's securities.

MATERIAL CONTRACTS

Other than as disclosed under Interested Person Transactions, no material contract involving the interests of the Group Chief Executive, any Director or controlling shareholder has been entered into by the Company or its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial period under review.

Report on Corporate Governance

INTERESTED PERSON TRANSACTIONS

The Group has adopted a policy in respect of any transactions with interested persons which requires all such transactions to be at arm's length and reviewed by the Audit Committee during the half-yearly meeting. For the financial year ended 31 May 2008, the transactions between a subsidiary of the Company and the interested person transactions are set out as follow:

Subsidiary	Interested person	S$'000
Trans Equatorial Engineering Pte Ltd	PBT Automobile and Credit Pte Ltd	171

The Audit Committee confirms that the said transaction was within the threshold limits set out under Chapter 9 of the SGX-ST Listing Manual and no announcement or shareholders' approval was, therefore, required. The transactions have been conducted on an arm's length basis.

RISK MANAGEMENT POLICIES AND PROCESSES

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks.

The Group's financial risk and management is discussed under Note 3 and 4 of the Notes to Financial Statements in the Annual Report.

EXECUTIVE COMMITTEE

The Executive Committee (EXCO) consists of three members:

Mr. Bertie Cheng Shao Shiong (Chairman) (Appointed on 1 September 2008)
Mr. Phua Chian Kin
Ms. Yeo Ai Mei (Group Finance Controller)
Dr. Ong Chit Chung (Deceased)

The Scope of the EXCO shall cover the following:

- Approval of property development projects commencing from land acquisition;
- Approval for acceptance of project of contract value exceeding S$2.5 million;
- Investment in new business of total investment exceeding S$0.5 million; and
- Single capital investment of value exceeding S$200,000.

The details of the frequency of EXCO meetings held during the financial year ended 31 May 2008 and the attendance of every EXCO member at those meetings are set out below:

Name of Member	EXCO Meeting	
	No. of meetings held	No. of meetings attended
Dr. Ong Chit Chung	2	2
Mr. Bertie Cheng Shao Shiong	2	2
Mr. Phua Chian Kin	2	2
Ms. Yeo Ai Mei	2	2

Financial Contents

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended May 31, 2008.

1 DIRECTORS

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

Mr. Bertie Cheng Shao Shiong
Mr. Tan Boen Eng
Mr. Phua Chian Kin
Ms. Saw Chin Choo
Mr. Lee Yeow Seng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate other than the options as mentioned in paragraph 3 below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of director and company in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year
The company				
TEE International Limited		Ordinary shares		
Mr. Bertie Cheng Shao Shiong	72,000	–	–	345,000
Mr. Tan Boen Eng	29,000	39,100	–	–
Dr. Ong Chit Chung (Deceased)	1,381,250	2,053,037	–	–
Mr. Phua Chian Kin	58,640,174	72,360,068	5,141,750	6,445,462
Ms. Saw Chin Choo	188,650	246,847	–	–

Report of the Directors

Name of director and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The company **TEE International Limited**	**Warrants to subscribe for ordinary shares at the exercise price of $0.13 each**			
Mr. Bertie Cheng Shao Shiong	12,000	–	–	–
Mr. Tan Boen Eng	5,000	–	–	–
Dr. Ong Chit Chung (Deceased)	148,000	–	–	–
Mr. Phua Chian Kin	10,015,425	103,000	351,000	–
Ms. Saw Chin Choo	10,000	–	–	–
The company **TEE International Limited**	**Warrants to subscribe for ordinary shares at the exercise price of $0.40 each**			
Mr. Bertie Cheng Shao Shiong	–	60,000	–	–
Mr. Tan Boen Eng	–	6,800	–	–
Dr. Ong Chit Chung (Deceased)	–	337,050	–	–
Mr. Phua Chian Kin	–	12,847,359	–	1,120,950
Ms. Saw Chin Choo	–	42,930	–	–

By virtue of Section 7 of the Singapore Companies Act, Mr. Phua Chian Kin is deemed to have an interest in all the shares of the subsidiaries of the company.

The directors' interests in shares and options of the company at June 21, 2008 were the same at May 31, 2008.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

Report of the Directors

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the company was granted, other than the warrants disclosed below:

Date of issue	Balance at June 1, 2007	Exercised during the year	Balance at May 31, 2008	Exercise price	Exercise period
				$	
TEE International Limited					
Warrants over Ordinary Shares					
March 20, 2006	13,706,550	(12,793,265)	913,285	0.13	April 12, 2006 to April 11, 2009
May 2, 2008	22,484,506	(8)	22,484,498	0.40	April 28, 2008 to April 27, 2011

(b) *Options exercised*

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares, other than the warrants disclosed above.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company under option, other than the warrants disclosed above.

6 AUDIT COMMITTEE

The Audit Committee comprised of three members as at the financial year end date. The members of the committee at the date of this report are:

Mr. Bertie Cheng Shao Shiong (Chairman and independent non-executive director)
Mr. Tan Boen Eng (Independent non-executive director)

Dr. Ong Chit Chung (Deceased) was also a member of the Audit Committee at the financial year end date.

The Audit Committee reviews the group's internal controls on behalf of the Board of Directors and performs the functions specified in Section 201B of the Singapore Companies Act.

The Audit Committee has held 2 meetings since the last report of the directors and has reviewed the following:

(a) the audit plans of the company's internal and external auditors, the results of the internal auditors' examination and evaluation of the group's system of internal accounting controls and the assistance given by the management to the internal and external auditors;

(b) the financial statements of the company and the consolidated financial statements of the group before their submission to the Board of Directors;

(c) interested person transactions; and

(d) the half yearly and annual announcements on the results and financial position of the company and the group.

The Audit Committee has full access to and co-operation of the company's management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend the meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming Annual General Meeting of the company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
August 29, 2008

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 50 to 97 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at May 31, 2008, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
August 29, 2008

Independent Auditors' Report

to the Members of TEE International Limited

We have audited the financial statements of TEE International Limited (the company) and its subsidiaries (the group) which comprise the balance sheets of the group and the company as at May 31, 2008, the profit and loss statement, 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 notes, as set out on pages 50 to 97.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 directors, 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,

(a) 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 May 31, 2008 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date; and

(b) 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.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Michael Kee Cheng Kong
Partner

Singapore
August 29, 2008

Balance Sheets

May 31, 2008

	Note	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
ASSETS					
Current assets					
Cash and bank balances	6	11,987,047	4,497,188	9,292,231	57,216
Trade receivables	7	20,684,172	15,853,645	1,148,458	535,116
Other receivables	8	6,161,568	7,767,544	5,770,805	229,994
Loans receivable from associates	9	258,030	974,040	–	–
Inventories	10	989,911	1,312,679	–	–
Construction work-in-progress in excess of progress billings	11	12,818,932	10,106,555	–	–
Development properties	18	50,273,816	8,293,638	9,003,905	4,739,549
Total current assets		103,173,476	48,805,289	25,215,399	5,561,875
Non-current assets					
Investment in associates	12	1,583,742	2,060,783	–	–
Investment in subsidiaries	13	–	–	18,391,024	13,391,124
Prepaid investment	14	621,108	621,108	–	–
Club memberships	15	41,308	45,000	41,308	45,000
Plant and equipment	16	773,573	1,082,560	–	–
Investment property	17	21,000,000	–	21,000,000	–
Development properties	18	–	12,500,034	–	12,500,034
Deferred tax assets	19	117,778	113,204	–	–
Total non-current assets		24,137,509	16,422,689	39,432,332	25,936,158
Total assets		127,310,985	65,227,978	64,647,731	31,498,033
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	20	21,901,956	26,614,499	1,000,000	1,000,000
Trade payables	21	14,665,176	11,169,538	12,843,378	–
Other payables	22	6,001,130	2,207,297	8,842,237	8,847,189
Progress billings in excess of construction work-in-progress	11	7,551,578	41,343	–	–
Provision for maintenance costs	23	496,918	814,545	–	–
Current portion of finance leases	24	72,895	113,662	–	–
Income tax payable		830,164	741,840	100,470	–
Total current liabilities		51,519,817	41,702,724	22,786,085	9,847,189
Non-current liabilities					
Finance leases	24	117,835	379,654	–	–
Long-term bank loans	25	51,972,433	11,638,500	21,993,652	11,638,500
Deferred tax liabilities	19	30,735	10,761	–	–
Total non-current liabilities		52,121,003	12,028,915	21,993,652	11,638,500

Balance Sheets

May 31, 2008

	Note	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
LIABILITIES AND EQUITY					
Capital and reserves					
Share capital	26	15,489,389	6,561,888	15,489,389	6,561,888
Currency translation reserve		(71,805)	4,649	11,873	11,903
Dividend reserve		1,332,716	801,629	1,333,834	801,629
Accumulated profits		6,519,824	3,644,662	3,032,898	2,636,924
Equity attributable to equity holders of the company		23,270,124	11,012,828	19,867,994	10,012,344
Minority interests		400,041	483,511	–	–
Total equity		23,670,165	11,496,339	19,867,994	10,012,344
Total liabilities and equity		127,310,985	65,227,978	64,647,731	31,498,033

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended May 31, 2008

	Note	Group 2008 $	Group 2007 $
Revenue	27	52,706,448	58,990,318
Cost of sales		(41,047,927)	(51,195,105)
Gross profit		11,658,521	7,795,213
Other operating income	28	1,715,527	65,803
Administrative expenses		(5,664,118)	(4,434,556)
Other operating expenses	29	(158,543)	(27,945)
Share of (loss) profit of associates	12	(702,799)	363,887
Finance costs	30	(1,722,208)	(964,048)
Profit before income tax		5,126,380	2,798,354
Income tax expense	31	(748,639)	(766,252)
Profit for the year	32	4,377,741	2,032,102
Attributable to:			
Equity holders of the company		4,407,644	1,983,318
Minority interests		(29,903)	48,784
		4,377,741	2,032,102
Earnings per share			
Basic (cents)	34	3.60	2.09
Diluted (cents)	34	3.53	2.04

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended May 31, 2008

	Share capital $	Currency translation reserve $	Dividend reserve $	Accumulated profits $	Equity attributable to equity holders of the company $	Minority interests $	Total $
Group							
Balance at June 1, 2006	6,411,824	(21,966)	513,286	2,462,992	9,366,136	435,420	9,801,556
Currency translation differences	–	26,615	–	–	26,615	(693)	25,922
Profit for the year	–	–	–	1,983,318	1,983,318	48,784	2,032,102
Total recognised income and expense for the year	–	26,615	–	1,983,318	2,009,933	48,091	2,058,024
Issue of shares arising from:							
- exercise of share options	149,674	–	–	–	149,674	–	149,674
- exercise of warrants	390	–	–	–	390	–	390
Dividends paid (Note 33)	–	–	(513,286)	(19)	(513,305)	–	(513,305)
Proposed final 2007 dividend (Note 33)	–	–	801,629	(801,629)	–	–	–
Balance at May 31, 2007	6,561,888	4,649	801,629	3,644,662	11,012,828	483,511	11,496,339
Balance at June 1, 2007	6,561,888	4,649	801,629	3,644,662	11,012,828	483,511	11,496,339
Currency translation differences	–	(76,454)	–	–	(76,454)	(53,567)	(130,021)
Profit for the year	–	–	–	4,407,644	4,407,644	(29,903)	4,377,741
Total recognised income and expense for the year	–	(76,454)	–	4,407,644	4,331,190	(83,470)	4,247,720
Issue of shares arising from:							
- share placement	7,572,350	–	–	–	7,572,350	–	7,572,350
- exercise of warrants	1,663,128	–	–	–	1,663,128	–	1,663,128
Share issue expenses	(307,977)	–	–	–	(307,977)	–	(307,977)
Dividends paid (Note 33)	–	–	(801,629)	(199,766)	(1,001,395)	–	(1,001,395)
Proposed final 2008 dividend (Note 33)	–	–	1,332,716	(1,332,716)	–	–	–
Balance at May 31, 2008	15,489,389	(71,805)	1,332,716	6,519,824	23,270,124	400,041	23,670,165

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended May 31, 2008

	Share capital $	Currency translation reserve* $	Dividend reserve $	Accumulated profits $	Total $
Company					
Balance at June 1, 2006	6,411,824	11,864	513,286	1,406,667	8,343,641
Currency translation differences	–	39	–	–	39
Profit for the year	–	–	–	2,031,905	2,031,905
Total recognised income and expense for the year	–	39	–	2,031,905	2,031,944
Issue of shares arising from:					
- exercise of share options	149,674	–	–	–	149,674
- exercise of warrants	390	–	–	–	390
Dividends paid (Note 33)	–	–	(513,286)	(19)	(513,305)
Proposed final 2007 dividend (Note 33)	–	–	801,629	(801,629)	–
Balance at May 31, 2007	6,561,888	11,903	801,629	2,636,924	10,012,344
Currency translation differences	–	(30)	–	–	(30)
Profit for the year	–	–	–	1,928,458	1,928,458
Total recognised income and expense for the year	–	(30)	–	1,928,458	1,928,428
Issue of shares arising from:					
- share placement	7,572,350	–	–	–	7,572,350
- exercise of warrants	1,663,128	–	–	–	1,663,128
Share issue expenses	(307,977)	–	–	–	(307,977)
Dividends paid (Note 33)	–	–	(800,511)	(199,768)	(1,000,279)
Proposed final 2008 dividend (Note 33)	–	–	1,332,716	(1,332,716)	–
Balance at May 31, 2008	15,489,389	11,873	1,333,834	3,032,898	19,867,994

* Currency translation reserve arises due to inclusion of the Shanghai Branch into the results of the company.

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended May 31, 2008

	Group	
	2008	2007
	$	$
Operating activities		
Profit before income tax	5,126,380	2,798,354
Adjustments for:		
Change in fair value of investment property	(1,672,769)	–
Share of (loss) profit of associates	702,799	(363,887)
Impairment loss (Write back of) in value of club membership	3,692	(3,000)
Depreciation of plant and equipment	247,085	266,567
Plant and equipment written-off	623	–
Loss on disposal of plant and equipment	116,853	20,376
Allowance for doubtful trade receivables	569,326	–
Allowance for doubtful other receivables	140,338	178,592
Other receivables written off	–	178,592
Write back of allowance for doubtful trade receivables	(6,890)	(28,943)
Write back of allowance for other receivables due from associates	(2,560)	(8,294)
Allowance for inventory obsolescence	8,971	48,846
Provision for maintenance costs	50,483	732,367
Interest income	(2,550)	(42,933)
Interest expense	1,722,208	964,048
Operating cash flows before movements in working capital	7,003,989	4,740,685
Development properties	(40,922,110)	(8,207,084)
Trade receivables	(5,392,963)	(1,131,751)
Other receivables	1,468,198	(4,019,027)
Inventories	313,797	(266,044)
Construction work-in-progress in excess of progress billings	(2,712,377)	1,076,614
Trade payables	3,495,638	8,303,126
Other payables	3,793,833	911,010
Utilisation of provision for maintenance costs	(368,110)	(368,674)
Progress billings in excess of construction work-in-progress	7,510,235	(103,066)
Cash (used in) generated from operations	(25,809,870)	935,789
Interest paid	(2,780,276)	(1,050,602)
Income tax paid	(644,915)	(265,939)
Net cash used in operating activities	(29,235,061)	(380,752)

Consolidated Cash Flow Statement

Year ended May 31, 2008

	Group	
	2008	2007
	$	$
Investing activities		
Proceeds on disposal of plant and equipment	167,279	81,911
Purchase of plant and equipment	(239,910)	(255,085)
Development of investment property	(6,827,197)	(12,500,034)
Investment in associates	(225,758)	–
Loans receivable from associates	716,010	1,959,795
Interest received	2,550	42,933
Net cash used in investing activities	(6,407,026)	(10,670,480)
Financing activities		
Drawdown of long term bank loans	40,333,933	11,638,500
Drawdown of bank loans	20,502,409	8,456,766
Repayment of bank loans	(19,974,441)	(5,641,456)
Repayment of obligations under finance leases	(302,586)	(198,459)
Net proceeds from share issue	7,264,373	–
Net proceeds from share options	–	149,674
Net proceeds from warrants	1,663,128	390
Dividends paid	(1,001,395)	(513,305)
Net cash from financing activities	48,485,421	13,892,110
Net increase in cash and cash equivalents	12,843,334	2,840,878
Overdrawn at beginning of year	(2,142,870)	(5,008,611)
Effect of foreign exchange rate changes	(112,964)	24,863
Cash and cash equivalents (Overdrawn) at end of year (Note A)	10,587,500	(2,142,870)

A : Cash and cash equivalents (Overdrawn)

Cash and cash equivalents (Overdrawn) consist of:

	Group	
	2008	2007
	$	$
Cash and bank balances (Note 6)	11,987,047	4,497,188
Bank overdrafts (Note 20)	(1,399,547)	(6,640,058)
	10,587,500	(2,142,870)

See accompanying notes to financial statements.

Notes to Financial Statements

May 31, 2008

1 GENERAL

The company (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 2024 Bukit Batok Street 23, #03-48 Singapore 659529. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the company is investment holding.

The principal activities of its associates and subsidiaries are disclosed in Notes 12 and 13 respectively.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended May 31, 2008 were authorised for issue by the Board of Directors on August 29, 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after June 1, 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the financial statements, except as disclosed below:

FRS 107 - *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The group has adopted FRS 107 in the current financial year. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the group's financial instruments. The group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after January 1, 2007.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs that are relevant to the company and the group were issued but not effective:

FRS 1	-	Presentation of Financial Statements (Revised)
FRS 23	-	Borrowing costs (Revised)
FRS 108	-	Operating Segment
INT FRS 111	-	FRS 102 - Group and Treasury Share Transactions

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS, INT FRS and amendments of FRSs in future periods will have no material impact on the financial statements of the company and of the group in the period of their initial adoption.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

<u>Loans and receivables</u>
Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Derivative financial instruments
The group enters into certain derivative financial instrument transactions to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 36.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss, where the effect is significant.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor
Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee
Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss statement.

Rentals payable under operating leases are charged to the profit and loss statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers	-	$33^1/_3$%
Renovation	-	20%
Motor vehicles	-	10%
Machinery and tools	-	20%
Office equipment	-	20%

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss statement.

INVESTMENT PROPERTIES – Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

DEVELOPMENT PROPERTIES - Development properties are stated at lower of cost and net realisable value, which comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Profits on properties developed for sale are recognised on partly completed projects which have been sold and are based on the percentage of completion. The percentage of completion is deemed to be the construction and related overhead costs incurred to the balance sheet date divided by the expected construction and related overhead costs of the project. The percentage of sales is deemed to be the floor area sold at the balance sheet date divided by the floor area in the project offered for sale. Profit is taken up on the basis of the total expected profit of the area sold multiplied by the percentage of completion, less profit if any, taken up in previous periods. The expected profit is assessed having regard to the sale proceeds less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential cost over-runs and allowance for contingencies.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the group's normal operating cycle. All other development properties are classified as non-current.

CLUB MEMBERSHIPS - Investments in club membership held for long-term are stated at cost less any impairment in net realisable value.

IMPAIRMENT OF ASSETS - At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount and sales related tax.

Revenue from construction contract is recognised in accordance with the group's accounting policy on construction contracts (see above).

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Service revenue, as represented by the contract value of the services to be rendered, that are of short duration is recognised upon the completion of the services rendered.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Notes to Financial Statements

May 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Cash and cash equivalents
Cash and cash equivalents comprise of cash on hand and demand deposits, net of bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to Financial Statements

May 31, 2008

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) *Critical judgements in applying the entity's accounting policies*

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (except for those involving estimations, which are dealt with below).

b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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) Allowance for doubtful trade and other receivables

The allowance for doubtful trade and other receivables is based on the ongoing evaluation of recoverability and ageing analysis of the outstanding receivables and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. Management is of the view that the allowances of $622,818 (2007 : $60,382) and $345,781 (2007 : $208,003) are adequate and the carrying amounts of $20,684,172 (2007 : $15,853,645) and $6,161,568 (2007 : $7,767,544) for trade and other receivables respectively will be recovered in full. Adjustment will be made in future periods in the event that there is objective evidence of impairment resulting from future loss event.

ii) Allowance for inventory obsolescence

The policy for allowance for inventories of the group is based on management's judgement on the saleability of the inventories. Management is of the view that the inventory allowance of $10,867 (2007 : $48,846) is adequate and the carrying amount of inventory of $989,911 (2007 : $1,312,679) will be recovered in full.

iii) Impairment of investment in associates

Management exercises their judgement in estimating recoverable amounts of its investment in associates.

The recoverable amounts of the investments are reviewed at each balance sheet to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the carrying amounts of the investments are determined on the basis of the net recoverable amounts to determine the extent of the impairment loss.

iv) Recoverability of prepaid investment

The management is confident that the carrying amount of prepaid investment amounting to $621,108 (2007 : $621,108) will be recoverable. Adjustment will be made in future periods in the event that there is objective evidence of impairment resulting from future loss events.

Notes to Financial Statements

May 31, 2008

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

b) *Key sources of estimation uncertainty (Cont'd)*

v) Construction work-in-progress

The costs of uncompleted contracts are computed based on the estimates of total contract costs for the respective contracts.

Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the cost estimates to complete, the total contract costs and the profitability are realistic.

Based on the above studies, the management is of the opinion that the net carrying amount as at the balance sheet date of $5,267,354 (2007 : $10,065,212) is reasonable.

vi) Provision for maintenance costs

The group provides for maintenance costs based on management's best estimate of the group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects based on past experience.

Management is of the opinion that provision for maintenance cost as at the balance sheet date of $496,918 (2007 : $814,545) is reasonable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The financial instruments as at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	39,059,135	29,067,200	16,207,793	816,786
Financial liabilities				
Amortised cost	92,444,457	50,167,830	43,856,053	20,663,651

Financial assets consist of cash and bank balances, fixed deposits, trade receivables, other receivables and loans receivable from associates.

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, finance leases and long-term bank loans.

Notes to Financial Statements

May 31, 2008

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) ***Financial risk management policies and objectives***

The group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk, and fair value risk.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Foreign exchange risk management

The group transacts business in various foreign currencies, including United States Dollar, Malaysian Ringgit, Euro and Thai Baht and therefore is exposed to foreign exchange risk.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
United States dollar	259,611	318,641	453,479	532,429	–	–	10,908	–
Thai baht	–	–	5,941,595	8,739,348	–	–	–	–
Malaysia ringgit	–	–	157,424	160,643	–	–	157,424	160,643
Swiss franc	–	110,246	–	–	–	–	–	–
Euro	154,074	755,312	–	–	–	–	–	–

The company has a number of investments in Singapore and foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the group's profit or loss.

Notes to Financial Statements

May 31, 2008

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

Foreign currency sensitivity ***(Cont'd)***
If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	Thai Baht impact		M'sia Ringgit impact		US dollar impact		Euro impact	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Group								
Profit or loss	(594,160)	(873,935)	(15,742)	(117,965)	(19,387)	(21,383)	15,407	75,550

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	Thai Baht impact		M'sia Ringgit impact		US dollar impact		Euro impact	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Group								
Profit or loss	594,160	873,935	15,742	117,965	19,387	21,383	(15,407)	(75,550)

This is mainly attributable to the group's exposure to outstanding cash and bank balances, receivables and payables balances at year end.

The company is not exposed to significant foreign currency sensitivities as the majority of its transactions are denominated in its functional currency.

Interest rate risk management
The group has exposure to interest rate risk through the impact of floating interest rate on cash equivalents and borrowings. The group obtained financing through bank loans and the details of the group's interest rate exposure is disclosed in Notes 20 and 25.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended May 31, 2008 would decrease/increase by $176,000 (2007 : decrease/increase by $91,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Notes to Financial Statements

May 31, 2008

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

Interest rate sensitivity ***(Cont'd)***
The group's sensitivity to interest rates has increased during the current period mainly due to additional variable rate loans utilised during the year.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit for the year ended May 31, 2008 would decrease/increase by $62,000 (2007 : decrease/increase by $5,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

The company's sensitivity to interest rates has increased during the current period mainly due to additional variable rate loans utilised during the year.

Credit risk management
The group's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except for amounts due from related companies and related parties as disclosed in Notes 8 and 9.

Liquidity risk management
The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 20.

Non-derivative financial liabilities
The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

Notes to Financial Statements

May 31, 2008

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

Non-derivative financial liabilities *(Cont'd)*

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2008						
Non-interest bearing	N/A	18,379,338	–	–	–	18,379,338
Finance lease liability (fixed rate)	5.00	80,076	124,237	–	(13,583)	190,730
Variable interest rate instruments	4.73	29,478,039	18,871,782	20,919,940	(11,027,311)	58,242,450
Fixed interest rate instruments	4.25	16,296,296	–	–	(664,357)	15,631,939
2007						
Non-interest bearing	N/A	11,421,515	–	–	–	11,421,515
Finance lease liability (fixed rate)	5.10	133,111	375,697	35,393	(50,885)	493,316
Variable interest rate instruments	5.19	18,739,658	12,802,350	–	(1,745,775)	29,796,233
Fixed interest rate instruments	4.25	8,816,179	–	–	(359,413)	8,456,766
Company						
2008						
Non-interest bearing	N/A	20,862,401	–	–	–	20,862,401
Variable interest rate instruments	5.00	1,099,683	9,921,520	20,919,940	(9,947,491)	21,993,652
Fixed interest rate instruments	4.25	1,042,500	–	–	(42,500)	1,000,000
2007						
Non-interest bearing	N/A	8,025,151	–	–	–	8,025,151
Variable interest rate instruments	5.00	581,925	12,802,350	–	(1,745,775)	11,638,500
Fixed interest rate instruments	4.25	1,042,500	–	–	(42,500)	1,000,000

Notes to Financial Statements

May 31, 2008

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) *Financial risk management policies and objectives (Cont'd)*

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the balance sheet.

	Weighted average effective interest rate %	On demand or within 1 year $	Within 2 to 5 years $	After 5 years $	Adjustment $	Total $
Group						
2008						
Non-interest bearing	N/A	33,989,105	–	–	–	33,989,105
Fixed interest rate instruments	1.42	5,141,928	–	–	(71,898)	5,070,030
2007						
Non-interest bearing	N/A	28,093,160	–	–	–	28,093,160
Fixed interest rate instruments	6.25	1,034,918	–	–	(60,878)	974,040
Company						
2008						
Non-interest bearing	N/A	11,395,793	–	–	–	11,395,793
Fixed interest rate Instruments	1.16	4,867,771	–	–	(55,771)	4,812,000
2007						
Non-interest bearing	N/A	816,786	–	–	–	816,786

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

Fair value of financial assets and financial liabilities
The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provision and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Notes 20 and 25, cash and cash equivalents and equity attributable to equity holders of the company, comprising of issued capital, reserves and retained earnings.

The group's overall strategy with regards to capital risk management remains unchanged from 2007.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand, unless otherwise stated.

Notes to Financial Statements

May 31, 2008

5 RELATED PARTY TRANSACTIONS (Cont'd)

Significant related party transactions, not separately reported elsewhere in the financial statements:

	Group	
	2008	2007
	$	$
a) Transactions with associates		
Purchases from associates	2,565,900	–
b) Company with common directors		
Rental expenses	170,845	203,647

c) Compensation of directors and key management personnel

The remuneration of key management (including directors) during the year was as follows:

	Group	
	2008	2007
	$	$
Short-term benefits	2,098,075	1,508,677
Post-employment benefits	128,331	104,929

The remuneration of key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Cash at bank	6,361,231	4,443,208	3,916,221	57,216
Cash on hand	111,526	53,980	–	–
Project accounts	702,290	–	564,010	–
Fixed deposits	4,812,000	–	4,812,000	–
	11,987,047	4,497,188	9,292,231	57,216

Fixed deposits bear average effective interest rate of 1.2% (2007 : Nil%) per annum and for a tenure of approximately 275 days (2007 : Nil).

Included in cash and bank balances for the group and company are amounts of $702,290 (2007 : $Nil) and $564,010 (2007 : $Nil) respectively, which are subject to the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

6 CASH AND BANK BALANCES (Cont'd)

The group and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States dollar	272,970	119,944	–	–
Thai baht	218,530	1,029,293	–	–

7 TRADE RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Contract trade debtors	19,788,807	14,653,904	1,148,458	535,116
Retention sums	895,365	1,199,741	–	–
	20,684,172	15,853,645	1,148,458	535,116

The average credit terms on sale of goods and services is 45 days (2007 : 30 days). No interest is charged on the outstanding balances.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the group to third parties of $622,818 (2006 : $60,382). This allowance has been determined by reference to past default experience. Management believes that no allowance is required for the Company's trade receivables.

Included in the group's trade receivable balance are debtors with a carrying amount of $261,215 (2007 : $208,855) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables is 94 days (2007 : 128 days).

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in the allowances for doubtful debts

	Group	
	2008	2007
	$	$
Balance at beginning of the year	60,382	89,325
Amounts recovered during the year	(6,890)	(28,943)
Increase in allowance recognised in profit or loss	569,326	–
Balance at end of the year	622,818	60,382

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7 TRADE RECEIVABLES (Cont'd)

The group and company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States dollars	162,775	404,836	–	–

8 OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Associates (Note 12)	5,602,753	7,013,268	137,718	140,938
Advances to a former subsidiary	–	120,000	–	–
Dividends receivable from subsidiaries (Note 13)	–	–	19,706	19,706
Subsidiaries (Note 13)	–	–	5,607,380	63,310
Prepayments	31,682	25,217	3,701	5,540
Deposits	194,750	196,939	2,300	500
Others	332,383	412,120	–	–
	6,161,568	7,767,544	5,770,805	229,994

In determining the recoverability of other receivables, the group considers any change in the credit quality of the other receivables from the date credit was initially granted up to the reporting date. The majority of credit risk for other receivables for the group and company relate to amounts due from associates and amounts due from subsidiaries, respectively.

Management has assessed the credit worthiness of the associates and subsidaries and the group has made an allowance for estimated irrecoverable amounts for amounts due from associates and former subsidiaries of $26,851 and $318,930 (2007 : $29,411 and $178,592) respectively. These allowances have been determined by reference to past default experience. Management believes that no provision is required for amounts due from subsidiaries to the company.

Movement in the allowances for doubtful debts

	Group	
	2008	2007
	$	$
Balance at beginning of the year	208,003	37,705
Amounts recovered during the year	(2,560)	(8,294)
Increase in allowance recognised in profit or loss	140,338	178,592
Balance at end of the year	345,781	208,003

8 OTHER RECEIVABLES (Cont'd)

The group and company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States dollar	17,734	7,649	10,908	–
Malaysia ringgit	157,424	–	–	–
Thai baht	5,465,035	6,736,015	–	–

9 LOANS RECEIVABLE FROM ASSOCIATES

The unsecured loans receivable from associates are repayable on demand. Fixed interest of 6.25% (2007 : 6.25%) per annum is charged on the outstanding balance. Management has assessed the credit worthiness of the associates and believe that no provision is required for the loans receivable from associates.

The loans receivables from associates are denominated in Thai baht.

10 INVENTORIES

	Group	
	2008	2007
	$	$
Consumables and supplies	921,761	1,193,269
Finished goods	68,150	119,410
	989,911	1,312,679

11 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2008	2007
	$	$
Costs and recognised profits of uncompleted contracts in excess of progress billings:		
Accumulated costs	31,415,326	24,385,494
Recognised profits	3,983,409	2,854,898
Accumulated billings	(22,579,803)	(17,133,837)
	12,818,932	10,106,555

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11 CONSTRUCTION WORK-IN-PROGRESS (Cont'd)

	Group 2008 $	Group 2007 $
Billings on uncompleted contracts in excess of costs and recognised profits		
Accumulated billings	11,966,901	1,480,610
Recognised profits	(3,973,791)	(1,265,972)
Accumulated costs	(441,532)	(173,295)
	7,551,578	41,343
Net	5,267,354	10,065,212

12 INVESTMENT IN ASSOCIATES

	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
Unquoted equity shares, at cost	1,996,723	1,770,965	5,952	5,952
Share of post-acquisition (loss) profit	(412,981)	289,818	(5,952)	(5,952)
	1,583,742	2,060,783	–	–

Details of the group's significant associates as at May 31, 2008 are as follows:

Names of associates/ Country of incorporation and operations	Principal activities	Percentage of equity held by the group 2008 %	Percentage of equity held by the group 2007 %
Held by Trans Equatorial Engineering Pte Ltd			
Trans Equatorial Indochina Co., Ltd. Thailand [(1)]	Provision of marketing services in relation to mechanical and electrical engineering services	49	49
Oscar Estate Management Co., Ltd. Thailand [(1)]	Provision of estate management services	49 [(a)]	49 [(a)]
Oscar Design & Decoration Co., Ltd Thailand [(1)]	Provision of interior design, decoration and furnishing of commercial and residential interiors	49 [(b)]	49 [(b)]
Chewathai Ltd Thailand [(1)*]	Provision of development of real estate	49	–

12 INVESTMENT IN ASSOCIATES (Cont'd)

(a) Another 25% (2007 : 25%) of the shares are held by a 49%-held associate, Trans Equatorial Indochina Co., Ltd. As the group does not have legal control over the company, it is deemed as an associate of the group.

(b) Another 20.1% (2007 : 20.1%) of the shares are held by a 49%-held associate, Trans Equatorial Indochina Co., Ltd. As the group does not have legal control over the company, it is deemed as an associate of the group.

(1) Audited by another firm of auditors, Expert Audit Office Limited, Thailand.

* Newly incorporated during the financial year ended May 31, 2008

Summarised financial information in respect of the group's associates is set out below:

	Group	
	2008	2007
	$	$
Total assets	11,356,150	17,174,723
Total liabilities	(12,636,944)	(14,661,015)
Net assets	(1,280,794)	2,513,708
Group's share of associates' net assets	1,583,742	2,060,783
Revenue	16,175,219	16,178,134
Loss for the year	(4,131,838)	(990,458)
Group's share of associates' (loss) profit for the year	(702,799)	363,887

The group has not recognised losses amounting to $1,977,060 (2007 : $506,311) for Oscar Design & Decoration Co Ltd. The accumulated losses not recognised were $2,483,371 (2007 : $506,311).

13 INVESTMENT IN SUBSIDIARIES

	Group	
	2008	2007
	$	$
Unquoted equity shares, at cost	18,421,024	13,421,124
Impairment loss	(30,000)	(30,000)
	18,391,024	13,391,124

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13 INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the group's significant subsidiaries as at May 31, 2008 are as follows:

Names of subsidiaries/ Country of incorporation and operations	Principal activities	Effective equity interest held by the group 2008 %	2007 %
Trans Equatorial Engineering Pte Ltd Singapore [(1)]	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte Ltd Singapore [(1)]	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Development Pte Ltd* Singapore [(1)]	Development of properties for re-sale	100	–
TEE Realty Pte Ltd* Singapore [(1)]	Development of properties for re-sale	100	–
Multi Amp Engineering Sdn Bhd Malaysia [(2)]	Provision of security and control, mechanical and electrical engineering services	60	60

* Newly incorporated during the financial year ended May 31, 2008

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by S Y Kwong, Foong & Co., Malaysia.

14 PREPAID INVESTMENT

Prepaid investment represents an amount loaned to an employee of an associate of the group to invest in an associate. The company has an option to purchase all the employee's shares in the associate at the fair value at that point in time, when the regulations allow the associate to be majority foreign-owned.

15 CLUB MEMBERSHIPS

	Group and Company 2008 $	2007 $
Club memberships, at cost	72,500	72,500
Impairment loss	(31,192)	(27,500)
	41,308	45,000

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16 PLANT AND EQUIPMENT

	Computers $	Renovation $	Motor vehicles $	Machinery and tools $	Office equipment $	Total $
Group						
Cost:						
At June 1, 2006	407,468	137,906	1,464,975	51,270	252,274	2,313,893
Foreign exchange adjustment	604	522	3,281	369	1,251	6,027
Additions	69,210	121,723	430	7,500	56,222	255,085
Disposals	–	(1,250)	(197,426)	–	(4,521)	(203,197)
At May 31, 2007	477,282	258,901	1,271,260	59,139	305,226	2,371,808
Foreign exchange adjustment	23,870	(1,451)	(21,317)	(2,470)	(38,121)	(39,489)
Additions	147,433	23,328	–	25,436	43,713	239,910
Disposals	(71,382)	–	(432,966)	–	(45,433)	(549,781)
At May 31, 2008	577,203	280,778	816,977	82,105	265,385	2,022,448
Accumulated depreciation:						
At June 1, 2006	333,930	94,958	485,110	32,728	171,897	1,118,623
Foreign exchange adjustment	1,333	240	2,430	215	750	4,968
Charge for year	55,802	30,540	147,603	5,108	27,514	266,567
Disposals	–	(500)	(98,451)	–	(1,959)	(100,910)
At May 31, 2007	391,065	125,238	536,692	38,051	198,202	1,289,248
Foreign exchange adjustment	13,788	(640)	(5,137)	(688)	(29,755)	(22,432)
Charge for year	69,252	42,124	95,013	7,276	33,420	247,085
Disposals	(69,859)	–	(155,086)	–	(40,081)	(265,026)
At May 31, 2008	404,246	166,722	471,482	44,639	161,786	1,248,875
Carrying amount:						
At May 31, 2008	172,957	114,056	345,495	37,466	103,599	773,573
At May 31, 2007	86,217	133,663	734,568	21,088	107,024	1,082,560

The carrying amount of the group's motor vehicles includes an amount of $345,205 (2007 : $734,233) which are held under finance leases (Note 24).

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May 31, 2008

17 INVESTMENT PROPERTY

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
At fair value				
Transfer from development properties (Note 18)	19,327,231	–	19,327,231	–
Gain from fair value adjustments included in profit and loss (Note 28)	1,672,769	–	1,672,769	–
Balance at end of year	21,000,000	–	21,000,000	–

The investment property held by the group and the company is a 4-storey leasehold factory building for industrial use, with ancillary offices located at 33 Changi North Crescent, Singapore.

The fair value of the investment property at May 31, 2008 has been determined on the basis of valuation carried out at the year end date by independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property was pledged to a bank to secure long-term bank loans granted to the group (Note 25).

The property rental income from the group's investment property, which is leased out under an operating lease, amounted to $1,301,274 (2007 : $Nil). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $215,919 (2007 : $Nil).

18 DEVELOPMENT PROPERTIES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
At beginning of the year	20,793,672	–	17,239,583	–
Additions during the year	48,807,375	20,793,672	11,091,553	17,239,583
Transfer to investment property (Note 17)	(19,327,231)	–	(19,327,231)	–
	50,273,816	20,793,672	9,003,905	17,239,583
Analysed as:				
Current	50,273,816	8,293,638	9,003,905	4,739,549
Non-current	–	12,500,034	–	12,500,034
	50,273,816	20,793,672	9,003,905	17,239,583

Notes to Financial Statements

May 31, 2008

18 DEVELOPMENT PROPERTIES (Cont'd)

Details of the group's development properties as at May 31, 2008 are as follows:

a) Proposed erection of one block of 5-storey freehold residential flats (total 6 units) with attic and swimming pool located at 323B Thomson Road, Singapore. The Temporary Occupation Permit is expected to be issued in the second half of 2009.

b) Proposed erection of two blocks of condominium buildings on the freehold properties located at 47, 51, 57 and 59 Cairnhill Circle.

c) Proposed erection of one block of 5-storey freehold residential flats (total 12 units) with attic, surface car-parking and swimming pool located at 21 Rambai Road, Singapore. The Temporary Occupation Permit is expected to be issued in the second half of 2009.

d) Proposed two units of 2-storey freehold strata bungalows located at 31 Dunsfold Drive, Singapore.

e) Proposed additions and alterations works to existing 2-storey freehold semi-detached dwelling house located at 558 Sixth Avenue, Singapore. The Temporary Occupation Permit is expected to be issued in the second half of 2008.

Certain development properties were pledged to a bank to secure long-term bank loans granted to the group (Note 25).

Finance costs capitalised as cost of development properties during the year amounted to $1,058,068 (2007 : $86,554). The rate of interest relating to finance costs capitalised in development properties for the Group and the company during the year is ranging from 3.8% to 5.0% (2007 : 5.0%) per annum.

19 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the year:

Deferred tax assets

	Provisions $	Tax loss carryforwards $	Total $
Group			
At June 1, 2006	93,128	899	94,027
Charge (Credit) to profit and loss for the year	20,076	(899)	19,177
At May 31, 2007	113,204	–	113,204
Charge (Credit) to profit and loss for the year	4,574	–	4,574
At May 31, 2008	117,778	–	117,778

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19 DEFERRED TAX (Cont'd)

Deferred tax liabilities

	Accelerated tax depreciation $
Group	
At June 1, 2006	7,820
Charge to profit and loss for the year	2,941
At May 31, 2007	10,761
Charge to profit and loss for the year	19,974
At May 31, 2008	30,735

20 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2008 $	2007 $	2008 $	2007 $
Bank loans (a)	15,631,939	8,456,766	1,000,000	1,000,000
Bank overdrafts (b)	1,399,547	6,640,058	–	–
Bills payable (c)	4,870,470	11,517,675	–	–
	21,901,956	26,614,499	1,000,000	1,000,000

a) i) The group's and company's bank loan amounting to $1,000,000 (2007 : $1,000,000) is unsecured, repayable on demand and bears interest at 2.25% (2007 : 2.25%) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 4.59% (2007 : 5.79%) per annum;

ii) The group's bank loan amounting to $1,000,000 (2007 : Nil) is unsecured, repayable on demand and bears interest at 2.0% (2007 : Nil) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 3.62% (2007 : Nil) per annum;

iii) The group's bank loans amounting to $13,543,739 (2007 : $5,271,208) represent Account Receivables Financing facilities which are secured against the corporate guarantees from the company and two of its subsidiaries and a negative pledge from the company. These bank loans bear interest at an average rate of 5.25% (2007 : 5.25%) per annum and for a tenure of approximately 90 days (2007 : 90 days);

iv) The group's bank loans amounting to $88,200 (2007 : $1,640,359) represent Account Receivables Financing facilities which are secured against a corporate guarantee and a negative pledge from the company. These bank loans bear interest at an average rate of 5.25% (2007 : 5.25%) per annum and for a tenure of approximately 90 days (2007 : 90 days); and

v) The group's bank loans in 2007 included amounts of $545,199 representing Account Receivables Financing facilities which were secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary. These bank loans bore interest at an average rate of 4.03% per annum and for tenure of approximately 90 days.

20 BANK LOANS AND OVERDRAFTS (Cont'd)

b) i) Bank overdrafts amounting to $481,761 (2007 : $1,934,762) are secured against corporate guarantees from the company and two of its subsidiaries and a negative pledge from the company;

ii) Bank overdrafts amounting to $662,177 (2007 : $3,195,701) are secured against a corporate guarantee from the company and a negative pledge from the company;

iii) Bank overdrafts amounting to $255,609 (2007 : $1,210,543) are secured against corporate guarantees from the company and a subsidiary and a negative pledge from the company;

iv) Bank overdrafts in 2007 amounting to $299,052 were secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary; and

v) Interest is charged on daily balances at rates ranging from 0.25% to 1.25% (2007 : 0.25% to 1.25%) per annum over the bank's Singapore dollar prime lending rate, resulting in an effective interest rate ranging from 5.0% to 6.0% (2007 : 5.5% to 6.0%) per annum.

c) The average credit terms on the bills payable ranged from 30 to 90 days (2007 : 30 to 90 days). Interest is charged at range ranging from 3.42% to 5.75% (2007 : 4.39% to 5.75%) per annum.

At May 31, 2008, the group had available $41.0m (2007 : $7.6m) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

The group's and company's bank loans and overdrafts that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States dollars	96,585	–	–	–
Euro	154,074	755,312	–	–
Swiss franc	–	110,246	–	–

21 TRADE PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Subsidiaries	–	–	12,827,905	–
Outside parties	14,665,176	11,169,538	15,473	–
	14,665,176	11,169,538	12,843,378	–

The average credit terms on purchase of goods and services ranged from 30 to 90 days (2007 : 30 to 90 days). No interest is charged in the outstanding balance. The group has financial risk management policies in place to ensure that all payables are within the credit terms.

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21 TRADE PAYABLES (Cont'd)

The group's and company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States dollars	163,026	155,987	–	–

22 OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Subsidiaries (Note 13)	–	–	6,900,029	8,020,511
Directors	1,122	9,919	–	–
Accrued expenses	2,286,968	1,955,320	823,214	822,038
Other payables	3,713,040	242,058	1,118,994	4,640
	6,001,130	2,207,297	8,842,237	8,847,189

23 PROVISION FOR MAINTENANCE COSTS

	Group	
	2008	2007
	$	$
Balance at beginning of year	814,545	450,852
Charge to profit and loss for the year	50,483	732,367
Utilised	(368,110)	(368,674)
Balance at end of year	496,918	814,545

The provision for maintenance costs expense charged to the profit and loss statement is included under cost of sales.

The provision for maintenance costs represents management's best estimate of the group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

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24 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	2008	2007
	$	$	$	$
Group				
Amounts payable under finance leases:				
Within one year	80,076	133,111	72,895	113,662
In the second to fifth years inclusive	124,237	375,697	117,835	345,479
After five years	–	35,393	–	34,175
	204,313	544,201	190,730	493,316
Less: Future finance charges	(13,583)	(50,885)	–	–
Present value of lease obligations	190,730	493,316	190,730	493,316
Less: Amount due for settlement within 12 months (shown under current liabilities)			(72,895)	(113,662)
Amount due for settlement after 12 months			117,835	379,654

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 7 years. For the year ended May 31, 2008, the average effective borrowing rate was 5.0% (2007 : 5.1%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into our contingent rental payments.

The fair value of the group's lease obligations approximate their carrying amount.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

25 LONG TERM BANK LOANS

The group and company have six (2007: two) and two (2007: two) principal bank loans respectively:

a) The company has a loan of $6,497,400 (2007 : $5,542,400). The loan is to be repaid in October 2009 or six months from the date of issuance of Temporary Occupation Permit for the development property at 323B Thomson Road, Singapore (Note 18);

b) The company has a loan of $15,496,252 (2007 : $6,096,100). The loan was converted during the year to a 12 year term loan upon the date of issuance of Temporary Occupation Permit for the investment property at 33 Changi North Crescent, Singapore (Note 17);

c) The group's loan of $21,420,000 (2007 : Nil) was raised in October 2007 for the development property at 47, 51, 57 and 59 Cairnhill Circle, Singapore (Note 18). The loan is expected to be repaid after June 2009;

d) The group's loan of $2,800,000 (2007 : Nil) was raised in September 2007 and is to be repaid in September 2009 for the development property at 21 Rambai Road, Singapore (Note 18);

e) The group's loan of $4,560,000 (2007 : Nil) was raised in May 2008 and is to be repaid in May 2010 for the development property at 31 Dunsfold Drive, Singapore (Note 18); and

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25 LONG TERM BANK LOANS (Cont'd)

f) The group's loan of $1,776,000 (2007 : Nil) was raised in September 2007 and during the year was converted to a 2 year term for the development property at 558 Sixth Avenue, Singapore (Note 18). During the year, the repayment of the loan was $577,219.

The group and company's long term bank loans are secured against the development properties and bear effective interest ranging from 3.8% to 5.0% (2007: 5%) per annum. The directors estimate the fair value of the group and company's long term bank loans to be approximately equal to the carrying amount.

26 SHARE CAPITAL

	Group and Company			
	2008	2007	2008	2007
	Number of ordinary shares		$	$
Issued and fully paid:				
At beginning of year	83,329,400	82,257,300	6,561,888	6,411,824
Issued on exercise of warrants	12,793,273	3,000	1,663,128	390
Issued on exercise of share options	–	1,069,100	–	149,674
Bonus share issue (3 for 20)	16,863,250	–	–	–
Issued for cash	27,300,000	–	7,572,350	–
Share issue expenses	–	–	(307,977)	–
At end of year	140,285,923	83,329,400	15,489,389	6,561,888

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

During the year, the company issued 22,484,506 bonus warrants on the basis of one warrant for every existing five warrants, with an exercise price of $0.40 and exercisable from April 28, 2008 to April 27, 2011.

As at May 31, 2008, the company has 913,285 (2007 : 13,706,550) and 22,484,498 (2007 : Nil) outstanding warrants which carry the right to subscribe for one ordinary share of the company with exercise prices of $0.13 and $0.40 per ordinary share and with exercise dates up to April 11,2009 and April 27, 2011 respectively.

During the year, 12,793,265 (2007 : 3,000) and 8 warrants (2007 : Nil) were exercised at prices of $0.13 and $0.40 respectively.

27 REVENUE

	Group	
	2008	2007
	$	$
Revenue from construction contracts	46,970,511	56,589,162
Sales of goods	4,434,663	2,401,156
Rental income	1,301,274	–
	52,706,448	58,990,318

28 OTHER OPERATING INCOME

	Group	
	2008	2007
	$	$
Interest income	2,550	42,933
Change in fair value of investment property	1,672,769	–
Gain arising from forfeiture of deposits	29,080	–
Others	11,128	22,870
	1,715,527	65,803

29 OTHER OPERATING EXPENSES

	Group	
	2008	2007
	$	$
Foreign currency exchange adjustment loss	41,067	7,569
Loss on disposal of plant and equipment	116,853	20,376
Plant and equipment written off	623	–
	158,543	27,945

30 FINANCE COSTS

	Group	
	2008	2007
	$	$
Interest on bank borrowings	2,766,948	1,021,266
Interest on obligations under finance leases	13,328	29,336
Total borrowing costs	2,780,276	1,050,602
Less: Amounts included in the cost of qualifying assets	(1,058,068)	(86,554)
	1,722,208	964,048

31 INCOME TAX EXPENSE

	Group	
	2008	2007
	$	$
Current:		
– On the profit for the year	818,500	818,005
– Over provision in prior years	(85,261)	(35,517)
Deferred (Note 19)	15,400	(16,236)
	748,639	766,252

Domestic income tax is calculated at 18% (2007 : 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to Financial Statements

May 31, 2008

31 INCOME TAX EXPENSE (Cont'd)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2008	2007
	$	$
Profit before income tax	5,126,380	2,798,354
Add (Less): Share of profit (loss) of associates	702,799	(363,887)
	5,829,179	2,434,467
Tax at the domestic income tax rate of 18% (2007 : 18%)	1,049,252	438,204
Tax effect of expenses that are not (allowable) deductible in determining taxable profit	(161,642)	370,836
Effect of different tax rates of overseas operations	6,224	11,402
Exempt income	(88,657)	(76,104)
Over provision in prior years	(85,261)	(35,517)
Others	28,723	57,431
	748,639	766,252

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2008	2007
	$	$
Directors' fees	65,000	65,000
Directors' remuneration:		
Directors of the company	797,562	712,632
Directors of the subsidiaries	625,551	430,808
Employee benefits expense (including directors' remuneration)	7,932,596	8,216,196
Costs of defined contribution plans included in employee benefits expense	467,084	438,208
Non–audit fees paid to auditors of the company	36,075	20,500
Increase in allowance recognised in profit or loss from trade receivables	569,326	–
Increase in allowance recognised in profit or loss from other receivables	140,338	178,592
Other receivables written off	–	178,592
Write back of allowance for doubtful trade receivables	(6,890)	(28,943)
Write back of allowance for doubtful other receivables due from associates	(2,560)	(8,294)
Impairment loss (Write back of) in value of club membership	3,692	(3,000)
Allowance for inventory obsolescence	8,971	48,846
Provision for maintenance costs	50,483	732,367
Cost of inventories recognised as expense	680,798	1,326,849

Notes to Financial Statements
May 31, 2008

33 DIVIDENDS

i) During the financial year ended May 31, 2008, the company declared and paid a final dividend of $0.0060 per ordinary share less tax at 18% totalling $1,001,395 in respect of the financial year ended May 31, 2007 on the ordinary shares of the company.

ii) Subsequent to May 31, 2008, the directors of the company recommended that a final tax exempt dividend be paid of $0.0095 per ordinary share totalling $1,332,716 for the financial year just ended, on the ordinary shares of the company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events after the balance sheet date, but recorded as dividend reserve in equity.

34 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the group profit after income tax and minority interests of $4,407,644 (2007 : $1,983,318) divided by the weighted average number of ordinary shares of 122,281,978 (2007 : 94,803,393) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 124,939,658 (2007 : 97,075,602) ordinary shares assuming the full exercise of warrants outstanding during the year and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

The weighted average number of shares on a basic and diluted basis for the current and previous year, have been adjusted retrospectively for the effects of the bonus issue which occurred on April 30, 2008, whereby the company issued 3 bonus ordinary shares for every 20 existing ordinary shares.

	Group			
	2008		2007	
	Basic $	Diluted $	Basic $	Diluted $
Net profit attributable to shareholders of the company	4,407,644	4,407,644	1,983,318	1,983,318
	Number of shares		Number of shares	
Weighted average number of ordinary shares	122,281,978	122,281,978	94,803,393	94,803,393
Adjustment for potential dilutive ordinary shares	–	2,657,680	–	2,272,209
Weighted average number of ordinary shares used to compute earnings per share	122,281,978	124,939,658	94,803,393	97,075,602
Earnings per share (cents)	3.60	3.53	2.09	2.04

Notes to Financial Statements

May 31, 2008

35 CONTINGENT LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Performance bonds	8,157,529	7,387,057	692,800	–
Bankers' guarantees (a)	23,094,671	3,558,772	21,802,936	–
Bankers' guarantees to associates (b) (Note 12)	1,616,449	2,682,946	–	–
	32,868,649	13,628,775	22,495,736	–

The group contingent liabilities as at May 31, 2008 comprise:

a) i) Bankers' guarantees amounting to $138,878 (2007 : $375,163) are secured against corporate guarantees from the company and a subsidiary and a negative pledge from the company;

ii) Bankers' guarantees amounting to $687,800 (2007 : $2,420,915) are secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary;

iii) Bankers' guarantees amounting to $11,441,657 (2007 : $762,694) are secured against a corporate guarantee and a negative pledge from the company; and

iv) Bankers' guarantees amounting to $10,826,336 (2007 : $Nil) are secured against a corporate guarantee from the company and subsidiaries and a negative pledge from the companies.

b) i) Bankers' guarantees to associates amounting to Nil (2007 : $821,800) are secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary; and

ii) Bankers' guarantees to associates amounting to $1,616,449 (2007 : $1,861,146) are secured against a corporate guarantee and a negative pledge from the company.

36 COMMITMENTS

Forward foreign exchange contracts

In the normal course of business, the group enters into foreign exchange forward contracts to hedge the currency exposure arising from certain purchase of consumables and supplies.

Notes to Financial Statements

May 31, 2008

36 COMMITMENTS (Cont'd)

As at the year–end date, there are no outstanding forward foreign exchange contracts for the company. The group has the following outstanding forward foreign exchange contracts:

	2008		2007	
	Contract sum	Fair value asset $	Contract sum	Fair value asset $
Foreign exchange forward contracts				
a) Buy	–	–	EUR 40,000	(20)
Sell	–	–	SGD 82,200	–
Total		–		(20)

The group did not adjust for the financial effect arising from the fair value difference of forward foreign exchange contracts for the current or prior financial year as the amount involved is not significant.

37 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group 2008 $	Group 2007 $
Minimum lease payments under operating leases recognised as expense in the year	186,779	167,763

At the balance sheet date, the group has outstanding commitments under non–cancellable operating leases, which fall due as follows:

	Group 2008 $	Group 2007 $
Within one year	153,944	159,931
In the second to fifth years inclusive	121,938	155,591
	275,882	315,522

Operating lease payments represent rentals payable by the group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 5 years.

The group as lessor

The group rents out its investment property in Singapore. Property rental income earned during the year was $1,301,274 (2007 : $Nil).

Notes to Financial Statements

May 31, 2008

37 OPERATING LEASE ARRANGEMENTS (Cont'd)

At the balance sheet date, the group has contracted with a tenant for the following future minimum lease payments:

	Group	
	2008	2007
	$	$
Within one year	1,890,657	–
In the second to fifth years inclusive	7,562,628	–
	9,453,285	–

38 SEGMENT INFORMATION

For management purposes, the group is organised into five major operating divisions – Infrastructure, Rebuilding, New Building and Property Development, Security and Control; and Miscellaneous. The divisions are the basis on which the group reports its primary segment information.

Infrastructure involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure. Rebuilding involves retrofitting, upgrading, improving and converting existing buildings to other new uses. New Building and Property Development involves construction and development of residential, commercial and industrial buildings. Security and Control involves providing security control systems to new and existing buildings. Miscellaneous involves providing other engineering services, water tanks supply and installation, property rental services; and system engineering services.

(a) Analysis By Business Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement 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.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, construction work-in-progress in excess of progress billings, inventories, development properties; and plant and equipment, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of operating payables, progress billings in excess of construction work-in-progress; and provision for maintenance costs. Capital expenditure includes the total cost incurred to acquire plant and equipment.

Inter–segment transfers: Segment revenue and expenses include transfers between business segments. Inter–segment sales are charged at cost plus a percentage profit mark–up. These transfers are eliminated on consolidation.

Investment in associates: Income from associates are not allocated as they are not specifically attributable to any of the major business segments and correspondingly the investments in associates are included as unallocated assets of the group.

Notes to Financial Statements

May 31, 2008

38 SEGMENT INFORMATION (Cont'd)

(a) Analysis By Business Segments (Cont'd)

	Infrastructure		Rebuilding		New building and property development		Security and control	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Revenue								
External sales	13,695,080	8,237,440	28,223,436	33,936,716	1,278,194	1,275,893	3,617,291	10,581,927
Inter–segment sales	11,992,287	97,600	13,063,397	9,578,793	8,091,807	13,803,194	1,103,875	4,433,989
Total revenue	25,687,367	8,335,040	41,286,833	43,515,509	9,370,001	15,079,087	4,721,166	15,015,916
Result								
Segment result	1,391,199	736,734	3,345,577	2,889,563	250,109	(520,860)	(445,757)	4,938
Finance costs								
Share of results of associates								
Profit before income tax								
Income tax expense								
Profit for the year								
Balance Sheet								
Segment assets	7,471,663	3,732,584	23,879,249	12,821,852	72,647,693	23,372,232	5,747,502	8,662,848
Unallocated corporate assets								
Consolidated total assets								
Segment liabilities	8,663,275	3,298,175	12,751,644	17,417,417	55,777,140	18,200,081	898,562	4,291,756
Unallocated corporate liabilities								
Consolidated total liabilities								
Other information								
Capital expenditure	50,713	52,979	71,596	60,606	31,774	71,842	7,629	28,281
Depreciation expense	5,941	31,937	110,755	91,623	42,683	62,242	43,740	52,006

Notes to Financial Statements

May 31, 2008

38 SEGMENT INFORMATION (Cont'd)

(a) Analysis By Business Segments (Cont'd)

	Miscellaneous		Elimination		Group	
	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$
Revenue						
External sales	5,892,447	4,958,342	–	–	52,706,448	58,990,318
Inter–segment sales	1,716,211	2,811,039	(35,967,577)	(30,724,615)	–	–
Total revenue	7,608,658	7,769,381	(35,967,577)	(30,724,615)	52,706,448	58,990,318
Result						
Segment result	3,010,259	288,140	–	–	7,551,387	3,398,515
Finance costs					(1,722,208)	(964,048)
Share of results of associates					(702,799)	363,887
Profit before income tax					5,126,380	2,798,354
Income tax expense					(748,639)	(766,252)
Profit for the year					4,377,741	2,032,102
Balance Sheet						
Segment assets	2,955,864	1,311,022	–	–	112,701,971	49,900,538
Unallocated corporate assets					14,609,014	15,327,440
Consolidated total assets					127,310,985	65,227,978
Segment liabilities	2,595,496	1,475,935	–	–	80,686,117	44,683,364
Unallocated corporate liabilities					22,954,703	9,048,275
Consolidated total liabilities					103,640,820	53,731,639
Other information						
Capital expenditure	78,198	41,377	–	–	239,910	255,085
Depreciation expense	43,966	28,759	–	–	247,085	266,567

38 SEGMENT INFORMATION (Cont'd)

b) Analysis by geographical segment:

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire plant and equipment.

	Revenue		Assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$
Singapore	48,416,216	55,820,208	125,211,668	62,994,133	236,891	228,047
Malaysia	4,290,232	3,170,110	2,099,317	2,233,845	3,019	27,038
	52,706,448	58,990,318	127,310,985	65,227,978	239,910	255,085

39 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year financial statements.

As a result, certain line items have been amended on the face of the balance sheet and cash flow statements, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	2007	2007
	$	$
Bank loans and overdrafts	15,096,824	26,614,499
Trade payables	22,687,213	11,169,538

The group and company also reclassified development properties from non–current assets to current assets in the prior year's financial statements amounting to $8,293,638 and $4,739,549 respectively.

40 EVENTS AFTER THE BALANCE SHEET DATE

On June 3, 2008, the company's subsidiary increased its investment in its associate, Chewathai Ltd, by acquiring additional shares amounting to 44.1 million Thai baht (approximately $1.9 million). Subsequent to this investment, the group's effective equity interest in the associate remains at 49%.

Shareholders' Information

As at 20 August 2008

Issued and fully paid-up capital	:	S$15,489,389.15
No. of shares issued	:	140,285,923 shares
Class of share	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	116	8.82	21,096	0.02
1,000-10,000	848	64.49	3,728,613	2.66
10,001-1,000,000	329	25.02	20,347,972	14.50
1,000,001 and above	22	1.67	116,188,242	82.82
Grand Total	**1,315**	**100.00**	**140,285,923**	**100.00**

TOP TWENTY LARGEST SHAREHOLDERS

S/No.	Name of Shareholders	No. of Shares Held	%
1	Phua Chian Kin	28,232,358	20.12
2	Hong Leong Finance Nominees Pte Ltd	22,452,450	16.00
3	CIMB Bank Nominees (S) Sdn Bhd	11,960,000	8.53
4	SBS Nominees Pte Ltd	9,384,000	6.69
5	HSBC (Singapore) Nominees Pte Ltd	6,040,950	4.31
6	Kim Eng Securities Pte Ltd	3,882,020	2.77
7	Phillip Securities Pte Ltd	3,611,981	2.57
8	Wong Poh Leng	3,450,000	2.46
9	4P Investments Pte Ltd	3,340,462	2.38
10	DBS Vickers Secs (S) Pte Ltd	3,230,000	2.30
11	Tay Kuek Lee	3,105,000	2.21
12	Citibank Nominees Singapore Pte Ltd	2,961,250	2.11
13	Tan Soon Hoe	2,814,900	2.01
14	Ong Pang Aik	2,061,000	1.47
15	OCBC Securities Private Ltd	1,912,600	1.36
16	Merrill Lynch (Singapore) Pte Ltd	1,195,000	0.85
17	Ong Chit Chung	1,183,637	0.84
18	DBS Nominees Pte Ltd	1,151,681	0.82
19	Royal Bank of Canada (Asia) Ltd	1,125,000	0.80
20	HL Bank Nominees (S) Pte Ltd	1,050,490	0.75
Total		**114,144,779**	**81.35**

Shareholders' Information

As at 20 August 2008

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin	72,437,068	51.64	6,445,462	4.59
Tay Kuek Lee	3,105,000	2.21	72,437,068	51.64

Note: -

Mr. Phua Chian Kin is deemed to have an interest in the 3,105,000 ordinary shares held by his spouse, Mdm. Tay Kuek Lee, and in the 3,340,462 ordinary shares held by 4P Investments Pte Ltd where he is a shareholder. A total of 44,204,710 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Bank Nominees (S) Sdn Bhd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd; and OCBC Nominees Singapore Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 20 August 2008, approximately 40.08% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

Warrantholders' Information

As at 20 August 2008

DISTRIBUTION OF WARRANTHOLDINGS - TEEW090411

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1-999	17	13.93	6,211	0.68
1,000-10,000	89	72.95	206,000	22.56
10,001-1,000,000	16	13.12	701,074	76.76
Grand Total	122	100.00	913,285	100.00

TOP TWENTY LARGEST WARRANTHOLDERS

S/No.	Name of Warrantholders	No. of Warrants Held	%
1	Phua Joo Khing	145,237	15.90
2	Phua Yang Khing	145,237	15.90
3	OCBC Nominees Singapore Pte Ltd	103,000	11.28
4	Mayban Nominees (S) Pte Ltd	54,000	5.91
5	Koh Cheoh Liang Vincent	40,000	4.38
6	DBS Nominees Pte Ltd	34,000	3.72
7	Moh Fong Kee @ Lee Kwok Hong	25,000	2.74
8	Lim Cheng Hiau or Lee Yoke Yong	23,000	2.52
9	Caroline Wee	21,600	2.36
10	Lai Weng Chee @ Lai Kok Chye	21,000	2.30
11	Koh Chee Lip	19,000	2.08
12	Goh Pau Wah	18,000	1.97
13	Koh Nai Lieu	15,000	1.64
14	Jasper Tan San Shuan	13,000	1.42
15	Tee Poi Teng	13,000	1.42
16	Chen Siek Chen	11,000	1.20
17	Leong Lay Hong	10,000	1.10
18	Tan Kwong Huat Benny	10,000	1.10
19	UOB Kay Hian Pte Ltd	8,000	0.88
20	Goh Gek Lee	7,000	0.77
Total		736,074	80.59

Warrantholders' Information

As at 20 August 2008

DISTRIBUTION OF WARRANTHOLDINGS - TEEW110427

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1-999	395	54.26	94,788	0.42
1,000-10,000	259	35.58	986,400	4.39
10,001-1,000,000	68	9.34	6,474,631	28.80
1,000,001 & above	6	0.82	14,928,679	66.39
Grand Total	728	100.00	22,484,498	100.00

TOP TWENTY LARGEST WARRANTHOLDERS

S/No.	Name of Warrantholders	No. of Warrants Held	%
1	Phua Chian Kin	5,772,279	25.67
2	Hong Leong Finance Nominees Pte Ltd	3,208,600	14.27
3	CIMB Bank Nominees (S) Sdn Bhd	2,080,000	9.25
4	SBS Nominees Pte Ltd	1,632,000	7.26
5	Tan Soon Hoe	1,185,200	5.27
6	HSBC (Singapore) Nominees Pte Ltd	1,050,600	4.67
7	Phillip Securities Pte Ltd	610,775	2.71
8	Wong Poh Leng	600,000	2.67
9	4P Investments Pte Ltd	580,950	2.58
10	Tay Kuek Lee	539,910	2.40
11	Citibank Nominees Singapore Pte Ltd	447,000	1.99
12	Ong Pang Aik	400,000	1.78
13	Ong Chit Chung	205,850	0.92
14	DBS Nominees Pte Ltd	181,162	0.81
15	OCBC Nominees Singapore Pte Ltd	180,602	0.80
16	Lee Puay Keng	180,000	0.80
17	Ng Chin Hock	159,040	0.71
18	Kim Eng Securities Pte. Ltd.	149,004	0.66
19	Laurie Kelvin Laxon	133,000	0.59
20	HL Bank Nominees (S) Pte Ltd	131,389	0.58
Total		**19,427,361**	**86.39**

Notice of Eighth Annual General Meeting

TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)
(Company Registration No. 200007107D)

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of TEE International Limited (the "Company") will be held at Orchard Parade Hotel, Antica II, Level 2, 1 Tanglin Road, Singapore 247905 on 25 September 2008 at 2.30 p.m. 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 31 May 2008 together with the Auditors' Report thereon. (Resolution 1)

2. To declare first and final tax exempt (one-tier) dividend of 0.95 cents per ordinary share for the year ended 31 May 2008 (previous year: 0.60 cents per ordinary share less income tax of 18% and 0.47 cents per ordinary share tax exempt). (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 88 and Article 89 of the Company's Articles of Association:
   Mr. Phua Boon Kin (Retiring under Article 88) (Resolution 3)
   Ms. Saw Chin Choo (Retiring under Article 89) (Resolution 4)

4. To re-appoint the following directors retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   Mr. Tan Boen Eng (Resolution 5)
   Mr. Bertie Cheng Shao Shiong (Resolution 6)
   [See Explanatory Note (i)]

   Mr. Tan will, upon re-appointment as an Independent and Non-Executive Director of the Company, remains as Chairman of the Audit and Nominating Committee and a member of the Remuneration Committee.

   Mr. Cheng will, upon re-appointment as an Independent and Non-Executive Director of the Company, remains as Non-Executive Chairman of the Company, Chairman of the Remuneration and Executive Committee and a member of the Audit and Nominating Committee respectively.

5. To approve the payment of Directors' fees of S$110,000 for the year ending 31 May 2009 to be paid quarterly in arrears (previous year: S$65,000). (Resolution 7)

6. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

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

Notice of Eighth Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company

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, the Directors be authorised and empowered to:

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

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

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

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

provided that:

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

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

Notice of Eighth Annual General Meeting

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note (ii)] (Resolution 9)

By Order of the Board

Sophia Lim
Company Secretary

Singapore
10 September 2008

Explanatory Notes:

(i) The effect of the Ordinary Resolutions (5) and (6) is to re-appoint a director who is over 70 years of age.

(ii) The Ordinary Resolution (9), if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

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. A member of the Company, which is a corporation, is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Block 2024 Bukit Batok Street 23, #03-48, Singapore 659529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Notice of Books Closure and Dividend Payment Dates

TEE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Company Registration No. 200007107D)

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 4 November 2008 for the purpose of determining the Members' entitlements to the dividend to be proposed at the Eighth Annual General Meeting of the Company to be held on 25 September 2008.

Duly completed registrable transfers in respect of ordinary shares in the Company received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to close of business at 5.00 p.m. on 4 November 2008 will be registered to determine Members' entitlements to the said dividend. Members whose Securities Accounts maintained with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 4 November 2008 will be entitled to the proposed dividend.

The proposed dividend if approved at the Eighth Annual General Meeting will be paid on 25 November 2008.

TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)
(Company Registration No. 200007107D)

IMPORTANT:
1. For investors who have used their CPF monies to buy TEE International 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of TEE International 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 the person, or either or both of the persons, referred to above, 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 25 September 2008 at 2.30 p.m. 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 31 May 2008		
2	Payment of proposed first and final tax exempt (one-tier) dividend		
3	Re-election of Mr. Phua Boon Kin as an Executive Director		
4	Re-election of Ms. Saw Chin Choo as an Executive Director		
5	Re-appointment of Mr. Tan Boen Eng as Independent and Non-Executive Director		
6	Re-appointment of Mr. Bertie Cheng Shao Shiong as Independent and Non-Executive Director		
7	Approval of Directors' fees amounting to S$110,000 for the year ending 31 May 2009 payable quarterly in arrears		
8	Re-appointment of Deloitte & Touche LLP as Company's Auditors		
9	Authority to issue new shares		

Dated this ____________ day of ________________ 2008

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

____

Signature of Shareholder(s)
Or, Common Seal of Corporate Shareholder

Notes:

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

2. Where a member appoints more than one proxy, he should specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all shares held by the member.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 2024 Bukit Batok Street 23, #03-48, Singapore 659529 not less than 48 hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A Corporation, which is a member, may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore authorise by resolution of its directors or other governing body such person, as it thinks fit to act as its representative at the Meeting.

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

Singapore

Trans Equatorial Engineering Pte Ltd
TEE Aerospace Industries Pte Ltd
PBT Engineering Pte Ltd
Security Pro-Telco Pte Ltd
NexFrontier Solutions Pte Ltd
TEE Development Pte Ltd
TEE Realty Pte Ltd
Block 2024, Bukit Batok Street 23,
#03-48, Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738

Thailand

Trans Equatorial Indochina Co., Ltd
Oscar Property Management Co., Ltd
Oscar Design & Decoration Co., Ltd
Chewathai Ltd
1168 / 80 Lumpini Tower,
27th Floor, Unit D, Rama IV Road,
Kwaeng Tungmahamek, Khet Sathorn,
Bangkok 10120, Thailand
Tel: (662) 679 8870 / 1 / 2 / 3 / 4
Fax: (662) 679 8875

Oscar Estate Management Co., Ltd
121 Moo 4, Rom Klao Road, Kwaeng
Klong Song Ton Nun,
Khet Lat Krabang,
Bangkok 10520, Thailand
Tel: (662) 543 0844 / 5
Fax: (662) 543 0846

Philippines

Trans Equatorial Philippines, Inc
Room 503 Fil-Am Resources
Building, 231 Binondo,
Manila, Philippines
Tel: (632) 242 1689
Fax: (632) 242 1772

Cambodia

TEE Chem Pte Ltd
No. 32Eo, Road 144,
Sangkat Phsar Thmey III,
Khan Daun Penh, Cambodia
Tel: (855) 1133 8833
Fax: (855) 2399 3932

Malaysia

Multi Amp Engineering Sdn Bhd
Foremost Prestige Sdn Bhd
PBT Engineering Sdn Bhd
A1-00-11, Jalan SR 1 / 9,
Serdang Raya Seksyen 9,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia
Tel: (603) 8943 4950 / 8945 9125
Fax: (603) 8943 4935 / 8945 9325

TEE International Limited
(Incorporated in the Republic of Singapore)
Company Registration No.: 200007107D

Block 2024, Bukit Batok Street 23,
#03-48, Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: enquiries@pbtintl.com.sg
Website: www.tee.com.sg

cre8 Tel: (65) 63278398