集永成机构有限公司
Chip Eng Seng Corporation Ltd

Annual Report 2010

Contents

Corporate Profile

Chip Eng Seng Corporation Ltd ("CES") is one of Singapore's leading construction and property groups. The Group was listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST") in 1999. Its core businesses are Construction and Property Development and Investments.

Creating
New Value

Corporate Profile (continued)

CES was founded by Mr Lim Tiam Seng in the 1960s, as a building subcontractor for conventional landed properties. In 1982, the company successfully ventured into the public housing market when it won its first Housing and Development Board (HDB) project as a main contractor. Over the years, the group's design-and-build capabilities has established CES as a leading main contractor for public and private construction projects. In the 1990s, CES expanded into property investment and development of residential, commercial and industrial properties.

The Group's construction business is undertaken by Chip Eng Seng Contractors (1988) Pte Ltd ("CESC") and CES Engineering & Construction Pte Ltd ("CESE") while CEL Development Pte Ltd ("CEL") is its property investment and development arm.

Construction

CESC is registered with the Building and Construction Authority of Singapore ("BCA") under the A1 classification for general building and A1 classification for civil engineering, which allows the group to tender for public sector projects of unlimited value. It has completed a wide range of public and private construction projects, which include HDB projects, residential and commercial properties, institutional buildings, industrial buildings, columbarium, shop houses, and precast projects. The precast activities are handled by CES-Precast Pte Ltd ("CESP") which is registered with BCA under the L6 classification for precast concrete work, which allows CESP to tender for public sector projects of unlimited value.

CESC has a strong record in building public housing in Singapore. In 2005, CESC was accorded the Housing & Development Board's (HDB) "Quality Award 2005". In 2010, CESC was awarded the HDB Construction Award for its Sembawang Green project, and the HDB Construction Award (Special Achievement) for The Pinnacle@Duxton. The Pinnacle@Duxton is a highly prestigious and iconic project as it is HDB's first 50-storey integrated housing development with special features such as sky bridges and sky gardens. The awards are a strong testament to our group's commitment to engineering innovation and to delivering the highest quality homes to our customers.

Property Development & Investment

Since 2000, CEL has developed and invested in properties in Singapore, Australia and Vietnam. It has successfully developed and marketed several residential property projects in partnership with reputable foreign funds such as Lehman Brothers Real Estate Partner II and Citadel Equity Fund Ltd, as well as with local developers such as NTUC ChoiceHomes Co-operative Ltd and Keppel Land Limited. CEL's current development property portfolio includes mid-market and high-end prime properties in excellent locations.

The Group's current investment properties comprise shophouses and industrial properties.

Corporate Transparency Award

CES is committed to the highest standards of corporate governance and transparency. In 2010, CES was conferred the Most Transparent Company Award (Runner-up) for the Construction Category by the Securities Investors Association (Singapore). This is also the sixth time that CES has either emerged as a winner or runner-up for this award since 2004.

Chairman's Message

Financial Performance

2010 marked a historical milestone for Chip Eng Seng as we delivered new highs for our revenue and net profit. Group revenue was up 26.7% to $477.0 million while net profit was up 45.6% to $109.7 million. The record performance was achieved mainly on the back of property development profits from our wholly-owned project, Oasis@Elias and a significantly better performance at our construction division.

As a result of the robust performance and dividend income from our associated companies, our cash position improved to $133.6 million, up significantly from $76.1 million previously. Our shareholders' funds also expanded from $257.5 million to $348.3 million while net asset value per share rose from 39.0 cents to 52.8 cents.

Construction Division

During 2010, our Construction division completed The Parc Condominium and CityVista Residences. We were also awarded several new projects which include the HDB project in Hougang N9C12 contract and Privé, our joint venture executive condominium project in Punggol. As at 31 December 2010, our construction orderbook stood at $333.0 million.

We have also expanded our precast operations with the acquisition of a 11.9 acre plot of industrial land in Senai Industrial Park in Johor, Malaysia.

Property Division

Landbanking

Encouraged by the much improved economic environment and market sentiment, Chip Eng Seng had a very active year replenishing our landbank. For future private residential projects, we acquired a 126,940 sq ft plot of land in Simei Street 3 and a plot comprising 16 units of freehold terrace houses at Fort Road. For public residential projects, we won our very first public housing project under the Design, Build and Sell Scheme for a 179,417 sq ft land parcel at Bedok Reservoir Crescent.

We also continued to work closely with strategic partners in property development. In 2010, we partnered NTUC ChoiceHomes again in successfully tendering for two plots of land for executive condominiums, in Punggol and Pasir Ris. These two projects will be our fourth and fifth joint venture projects respectively with NTUC ChoiceHomes.

Update on Development Projects

Singapore

Our wholly-owned project, Oasis@Elias, which was re-launched in 2010, is now more than 99% sold. During the year, we also sold the remaining units at our joint-venture project, CityVista Residences at Peck Hay Road.

In December 2010, we launched Privé, our joint venture executive condominium project with NTUC ChoiceHomes in Punggol. Response to the 680-unit project has been very good and to date, 88% has been sold based on options granted.

Three of our joint-venture projects have obtained their TOPs, namely The Parc Condominium and CityVista Residences in 3Q 2010 and Grange Infinite in 1Q 2011. The Parc Condominium and CityVista Residences are both 100% sold while Grange Infinite is 99% sold. Our wholly owned project, Oasis@Elias is expected to obtain its TOP in 2011.

Australia

Besides replenishing our landbank in Singapore, we were also active in Australia where we have a good track record in property development.

In 2010, we successfully tendered for a 20,000 sq ft plot of freehold land in the heart of the Melbourne CBD for AUD20.2 million. We have launched a 388-

unit condominium on the plot and to date, more than 85% of the project has already been sold.

In Perth, we acquired a 1.02 hectare plot of land in the city of Scarborough, located 40 minutes away from Perth City for AUD20 million. We intend to develop a mixed-use project at the site.

Property Investments

Our Property Investment Division continued to expand its portfolio in 2010. Last year we acquired No. 98 and No. 100 Pasir Panjang Road for $62.8 million. We intend to amalgamate these two plots and redevelop them into a light industrial building.

Awards

Our construction company, Chip Eng Seng Contractors (1988) Pte Ltd has garnered accolades from the HDB in 2010 for two of its projects. The company was awarded the HDB Construction Award for its outstanding project management, construction quality and innovation for its Sembawang Green Project. It was also awarded the HDB Construction Award (Special Achievement), in recognition for its excellence in construction and achievement for The Pinnacle@Duxton. This is a strong testament to our group's commitment to innovation and to delivering the highest quality homes to our customers.

As we continue to grow our earnings year after year, we are also committed to observe the best practices in corporate transparency. Last year, Chip Eng Seng was conferred the Most Transparent Company Award (Runner-Up) for the Construction Category by the Securities Investors Association Singapore (SIAS). It is also the sixth time that Chip Eng Seng has been acknowledged for excellence in corporate transparency and governance since 2004.

Dividend

To celebrate this excellent performance and to reward our shareholders for their continuing support and confidence, the board of directors is recommending a first and final dividend of 4 cents per ordinary share (tax-exempt one-tier). The dividend payable is subject to shareholders' approval at the Annual General Meeting.

Outlook

To stabilise home prices, the Singapore government has announced new property cooling and stabilisation measures in January 2011, its fourth in 16 months. This coupled with a more moderate and sustainable growth of 4-6% in the Singapore economy in 2011 is likely to impact market sentiments in the short term. Nonetheless, we remain positive on the long term outlook for the Singapore property market.

We have built up a landbank of well-located sites. We believe that with their excellent locations and our track record in developing attractive homes, our projects will continue to find favour with home buyers and investors. The group will also continue to maintain a balanced and diversified portfolio of projects, locally and overseas.

In February 2011, we launched Phase 1 or 150 units of our 301-unit condominium project, "My Manhattan" in Simei St 3. Depending on market conditions, we expect to launch our condominium project at Fort Road, our joint venture Executive Condominium project at Pasir Ris and our maiden DBSS project at Bedok Reservoir Crescent in 2011. In Australia, we will also launch a mixed-use project in Scarborough, Perth.

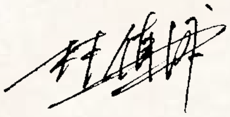
Given our longstanding track record in public housing, our Construction Division is well-positioned to gain from HDB's building programme; in 2011, HDB expects to offer up to 22,000 new flats under the Build-To-Order Scheme, up from 17,700 flats in 2010. Our expanding precast division will also provide a new area of growth for our Construction Division.

Appreciation

I extend my heartfelt appreciation to our shareholders, contractors, architects, material suppliers, bankers and professionals in the industry and our valued strategic partners for their unwavering support and confidence in Chip Eng Seng.

I would also like to thank our management and staff for their hard work and loyalty. They have been invaluable in helping us excel year after year.

I am grateful to the board of directors for their time and contributions to our company. I would like to thank them for their invaluable counsel and support to the group.



Lim Tiam Seng PBM
Executive Chairman
31 March 2011

主席致辞

财经分析

2010 年是集永成另一个历史性的里程碑，集团的全年收入及净利都创历史新高。集团总收入上升26.7%至4亿7700万元，净利增长45.6%至1亿970万元。这优异的表现主要归功于集团全资房地产发展项目—“绿景苑”所得利润，以及建筑部的表现与去年同时期相比有了显著的进步。

强劲的表现以及来自联营公司的股息收入，集永成现金持有额从去年的7610万元提升至1亿3360万元；股东资金也从2亿5750万元扩张至3亿4830万元，而每股净资产从去年的39分增加至今年的52.8分。

建筑部

集永成建筑部在2010成功完成并交接了“柏景苑”以及“晶景苑”。除此之外，集永成也获颁几项新工程，如建屋局的后港N9C12，以及集团在榜鹅的合资执行共管公寓项目—Privé。截至2010年12月31日，集永成的未完成建筑合约总额为3亿3300万元。

我们也在马来西亚柔佛州的士乃工业园购买一幅11.9 英亩的工业用地，以扩充集团的预制业务。

房地产部

受到经济环境以及市场气氛改善的鼓舞，集永成在这一年里活跃于填补集团的土地储备。集团购买了一幅位于四美第3街、面积为126, 940平方英尺的地皮，以及位于炮台路的16间永久地契排屋，作为集团未来私人住宅发展项目用途。在公共住宅方面，集永成将发展一幅位于勿洛水池湾、地皮总面积为179，417平方英尺的地皮；这也是集团首个在建屋局私人发展商设计、兴建和销售计划（Design, Build and Sell Scheme, 简称 DBSS）下标的的项目。

在房地产发展方面，我们也将继续与战略伙伴紧密合作。在2010年，我们再次与职总安居合作，成功标到两块分别位于榜鹅和白沙适用于发展执行共管公寓的地皮。这两个项目分别是我们与职总安居联手合作开发的第四和第五个项目。

房地产发展项目进展报告

新加坡

我们的独资项目，“绿景苑”于2010年重新推出市场，至今已售出超过99%。另外，我们也成功售出了于碧霞路的晶景苑的其余单位。

集永成在2010年12月推出了与职总安居合资开发的执行共管公寓发展项目—Privé。公众对于这个坐落于榜鹅，并拥有680单位的发展项目的反应非常良好，根据所授出的期权，这个发展项目至今已售出了88%。

集永成的三个合资项目，“柏景苑”和“晶景苑”以及“格兰芝公寓”， 分别在2010年第三季获及2011年第一季获得临时入伙准证。我们的绿景苑也即将在2011年获得临时入伙准证。至今，“柏景苑”和“晶景苑”已售罄，而“格兰芝公寓”也已售出了99%。

澳大利亚

除了在新加坡填补土地库存，集永成也活跃于澳大利亚， 并在当地享有良好的房地产发展纪录。

2010年，集永成以2020万澳元成功标得一幅总面积为20，000平方英尺、位于墨尔本中央商业区地带的永久地契地皮，并且推出了388个单位供公众选购。到目前为止，超过85%的单位已经售出。

除此之外，集团也成功在位于离珀斯40分钟车程的斯卡堡市，以2000万澳元购得一幅1.02公顷的土地。 我们将在这发展一座商住综合项目。

房地产投资

集永成的房地产投资部在2010年持续地扩大其投资项目；我们以6280万元买下了巴西班让路第98和100号，并打算把它们重建，然后发展成一座轻型工业大厦。

奖项

我们的建筑子公司，集永成建筑工程（1988）私人有限公司所承包的两项工程中，在2010年从建屋发展局获得了两项殊荣。 首先，公司因优秀的项目管理，高品质的施工以及创新，以Sembawang Green 工程夺下了建屋发展局建筑奖项。另外，公司也获颁建屋发展局建筑奖项（特别成就奖）以表彰公司在建造达士岭组屋时卓越的施工与成就。这些奖项都证明了集永成对于技术创新、以我们对客户提供最高素质的家园的承诺。

随着集团收入一年比一年地增长，我们仍然致力于维持企业透明度的最佳作业方式。去年，集永成荣获新加坡证券投资者协会颁发建筑行业组 “ 最透明公司奖 ” 的亚军。这是也是集永成自2004年以来第六次因在公司透明度与治理方面的优异表现而获得认可。

股息

鉴于2010财政年度杰出的表现，并奖励股东们持续的支持与信任，董事局建议派发每股4分的年终免税股息。应付股息将会通过股东常年会议批准。

前景

新加坡政府为了稳定房价，在2011年1月，也就是16个月以内的第4次采取了一系列的房地产降温措施。在新加坡经济将在2011 年以较温、 可持续性的4-6%的增长前提下，市场气氛在短期内将会受到影响。尽管如此，我们对新加坡房地产市场的长远前景仍感到乐观。

集永成建立了一个拥位于优异地段的土地库存。我们相信以这些土地的优质地段，以及集团在开发优质房地产项目的优良记录，集团所发展住宅项目将继续深受购屋者及投资者的亲睐。集永成也将在本地及海外，继续保持一个平衡与多元化的投资项目。

我们于2011年2月，向市场推出了150间为于四美第3街 “ My Manhattan ” 的单位；这项目共有301间单位。我们将根据市场情况，陆续在2011年里推出在炮台路的共管公寓项目、与职总安居合资位于 白沙的执行共管公寓项目，以及集团的第一项位于勿洛水池湾的DBSS项目。在澳大利亚， 我们也将在珀斯的斯卡堡市推出一项综合发展项目。

鉴于集团在公共住屋方面悠久、良好的记录，我们的建筑部将能从建屋发展局的建设计划中获益； 建屋发展局预计将在预购组屋计划下，在2011年提供多达22,000的新组屋单位，比2010年多了24%。集团的预制部也将为建筑部带来新一剂的增长。

感言

在此，我衷心感谢我们的股东、承包商、建筑师、供应商，银行界的朋友们、顾问们，以及商业伙伴对集永成坚定不移地支持和信任。

我也要感谢集团的管理团队和员工们所付出的幸劳和对集团的忠诚。集团能一年比一年有优异的表现，他们的功劳功不可没。

我非常感激董事会成员给集团带来的贡献。他们提供了宝贵的咨询和支持团，我对此表示万分谢意。

林镇成PBM
执行主席
2011年3月31日

Financial Review

Revenue and Profitability

The Group achieved an all-time high revenue of $447.0 million in FY2010, a 26.7% increase over FY2009. The stellar performance was mainly due to a 296.5% rise in property development revenue to $169.7 million, on the back of the recognition of sales of units at its wholly-owned project, Oasis@Elias. Construction revenue was 7.9% lower at $305.2 million due to lower revenue recognised on two major projects which were in the last stages of completion in FY2010, namely The Parc Condominium and CityVista Residences. Property investment revenue remained stable at $1.6 million.

Gross profit increased more than seven-fold from $7.1 million to $58.6 million due to the progressive recognition of profits from the sale of units in Oasis@Elias, contributions from completed and on-going construction projects, and a $15.2 million reversal of provision for foreseeable losses for construction projects.

Group pre-tax profit increased 43.6% to $112.5 million while net profit rose 45.6% to $109.7 million, another record achievement for the Group.

Revenue
↑26.7%

Profit before tax
↑43.6%

Profit after tax
↑45.6%

Net Asset Value per share

+13.8 cents

Operating Expenses

Overall operating expenses rose by $9.1 million from $24.0 million to $33.1 million in FY2010, mainly due to marketing expenses incurred for two wholly-owned development projects, Oasis@Elias in Singapore and 33M in Melbourne, Australia.

Share of Results of Associates

Share of results of associates was slightly lower by 7.2% to $79 million, primarily due to lesser share of results from a joint venture project, The Parc Condominium, which obtained TOP in 3Q and was fully sold. The decrease was also due to share of losses from property development projects in Vietnam.

Balance Sheet Review

Assets

The Group's total assets increased from $592.3 million to $871.0 million, mainly due to increases in investment properties, development properties and cash.

Development Properties

Development properties rose from $118.6 million to $318.8 million. The increase was due to the on-going construction costs incurred for a 100% owned property development project, Oasis@Elias, and land acquisitions in Singapore and Australia for property development projects.

Investment Properties

Investment properties increased from $30.2 million to $96.5 million as a result of the acquisition of freehold industrial land at No. 98 and No. 100 Pasir Panjang Road.

Investment in Associates

Investment in associates declined from $170.5 million to $138.1 million. The decrease was mainly due to dividend received from associates upon the completion of two joint venture projects. The decrease was offset by the group's share of results of associates for the current year.

Cash and Cash Equivalents

The Group's cash position strengthened significantly from $76.1 million to $133.6 million as at 31 December 2010. This was the result of the group's strong earnings performance in FY2010 and dividend income received from associates following the completion of two projects, The Parc Condominium and CityVista Residences.

Borrowings

The Group's total borrowings increased from $113.5 million to $284.9 million. The increase was mainly due to financing obtained for the Group's land acquisition activities in Singapore and Australia as well as for its investment property in Singapore. Consequently, the Group's net gearing rose from 0.15 to 0.43. However, interest cover was a very healthy 74 times, up from 22 times a year ago.

Shareholders' Equity

Shareholders' equity expanded from $257.5 million to $348.3 million as a result of the group's record performance in FY2010. Net asset value per share rose from 39.0 cents to 52.8 cents.

Operations Review

Construction

The Group's construction revenue decreased by 7.9% to $305.2 million for FY2010 compared to $331.3 million for FY2009. The decrease was due mainly to lower revenue recognised from two major projects, The Parc Condominium and CityVista Residences which were both completed in 3Q2010. During the year, the construction division was also busy with ongoing projects such as its HDB projects in Queenstown RC25, Sengkang N4C3, Punggol West C25 and its private residential projects, Grange Infinite and Oasis@Elias.

For the year ended 31 December 2010, the group made a reversal of provision for foreseeable losses of $15.2 million on some projects. The provision was reversed as the group was able to realise cost savings upon completion of these construction projects.

In 2010, the Group's Construction Division was also awarded a $90 million HDB project in Hougang N9C12 and a $142.1 million executive condominium project in Punggol, its joint venture project. As at 31 December 2010, the Group's outstanding construction order book stood at $333.0 million.

Property Development

The Group's Property Development revenue rose by 296.5% to $169.7 million in FY2010, compared to $43.5 million for FY2009. The significant increase was due mainly to the progressive recognition of sales of units in its wholly-owned private residential project, Oasis@Elias, which was re-launched for sales in 2010.

Property development profits from joint venture projects were a key contributor to overall group earnings, accounting for 70.2% of group pretax profits. Share of results from associates decreased by 7.2% to $79.0 million for FY2010 compared to $85.2 million for FY2009. The decrease was due to a lesser share of results from the joint venture project, The Parc Condominium, which had obtained its Temporary Occupation Permit in 3Q2010 and was fully sold. The decrease was also due to share of losses from its property development projects in Vietnam.

The Group acquired two plots of land for private residential development - a 126,940 sq ft plot of land in Simei Street 3 and a plot that comprises 16 units of freehold terrace houses at Fort Road. It also successfully bidded for its first public housing project under the Design, Build and Sell Scheme, a 179,417 sq ft land parcel at Bedok Reservoir Crescent.

The Group, together with its strategic partner, NTUC ChoiceHomes, successfully bidded for two plots of land for the development of executive condominiums – a 242,159 sq ft plot in Punggol and a 162,989 sq ft plot in Pasir Ris.

The 388-unit Oasis@Elias which was re-launched in 2010 was more than 99% sold to date. The project is expected to obtain its Temporary Occupation Permit (TOP) in 3Q2011. The Group also sold the remaining 30 units at its joint-venture project, CityVista Residences at Peck Hay Road. In December 2010, the Group and NTUC ChoiceHomes launched Privé. The joint venture comprised of 680-unit executive condominium project in Punggol. The project was well-received and to date, 88% has been sold based on options granted.

Two of the Group's joint-venture projects also obtained their TOPs in 2010; the 659-unit The Parc Condomium in West Coast Road and 70-unit CityVista Residences in Peck Hay Road. Both are 100% sold.

Australia

Besides replenishing its landbank in Singapore, the Group was also active in Australia where it enjoys a good track record in property development. In 2010, the Group successfully tendered for a 20,000 sq ft plot of freehold land in the heart of the Melbourne CBD and has launched a 388-unit condominium project there. The project, 33M, has been very well-received by home buyers and investors. To date, more than 85% of the project has already been sold.

In Perth, the Group has acquired a 1.02 hectare plot of land in the city of Scarborough, located minutes away from Perth City. It intends to develop a mixed-use project on the land.

Property Investments

The Group's Property Investment Division continued to expand its portfolio in 2010. Last year it acquired No. 98 and No. 100 Pasir Panjang Road for $62.8 million. The Group intends to amalgamate these two plots and redevelop them into a light industrial building.

Projects Portfolio

Construction

Completed Projects in 2010

	Description	Owner
The Parc Condominum at West Coast Road/Walk	659-unit condominium in seven 24-storey residential building with basement carpark, swimming pool and other communal facilities	CES-West Coast Pte Ltd (a 50:50 joint venture company between CEL and WP Mauritius Holdings)
CityVista Residences at Peck Hay Road	70-unit condominium in a block of 20-storey apartment with basement carpark, swimming pool and other communal facilities	PH Properties Pte Ltd (a 50:50 joint venture company between CEL and VM Mauritus Holdings)

Major On-Going Projects

	Description	Owner
Grange Infinite Condominium at Grange Road	68-unit condominium in a block of 36-storey apartment with carpark, swimming pool and other communal facilities	Grange Properties Pte Ltd (a 25:75 joint venture company between CEL and Asdew Acquisitions Pte Ltd)
Queenstown Re-development Contract 25	Re-development building works of 1,394 dwelling units	HDB
Building works at Sengkang Neighourhood 4 Contract 3	Building works of 698 dwelling units	HDB
Design & Build of Public Housing at Punggol West Contract 25	Design and Build of Public Housing in Punggol West	HDB
Building works at Hougang Neigbourhood 9 Contract 12	Building works of 699 dwelling units	HDB
Oasis@Elias at Pasir Ris	388 residential units with full condominium facilities	CES Land Pte Ltd
Privé	680 executive condominium units with full condominium facilities	Punggol Field EC Pte Ltd (a 40:60 joint venture between CEL Development Pte Ltd and Choicehomes Investments Pte Ltd

Projects Portfolio

Property Development

Completed Development in 2010

	Location	Description	No of units	Tenure	TOP	% of equity held
The Parc Condominium	1, 3, 5, 7, 9 , 11, 15 West Coast Walk, Singapore	Condominium	659	Freehold	Jul-10	50%
CityVista Residences	No. 21 Peck Hay Road, Singapore	Condominium	70	Freehold	Aug-10	50%

Current Development

	Location	Description	No of units	Tenure	Expected TOP	% of equity held
Grange Infinite	No. 27 Grange Road, Singapore	Condominium	68	Freehold	2011	25%
Oasis@Elias	Elias Road, Singapore	Condominium	388	99 years	2011	100%
33M	MacKenzie Street, Melbourne, Australia	Residential Apartment with amenities	388	Freehold	2013	100%
Privé	Punggol Field Road, Singapore	Executive Condominium	680	99 years	2014	40%
My Manhattan	25, 27, 29, 31, 33, 35 Simei Street 3, Singapore	Condominium	301	99 years	2015	100%

Proposed Development

	Location	Description	No of units	Tenure	Expected TOP	% of equity held
Development in Pasir Ris	Pasir Ris E3, Singapore	Executive Condominium	320	99 years	2015	40%
Development in Perth, Western Australia	West Coast Highway, Perth, Australia	Mixed development	239	Freehold	2013	75%
Development in Fort Road	No. 29 to 59 Fort Road, Singapore	Condominium	130	Freehold	2014	100%
Development in Bedok	Bedok Reservoir Crescent, Singapore	Design, Build & Sell Scheme	520	99 years	2014	100%

Significant Events

FEBRUARY 2010

Full Year Financial Statement Announcement

The Company released its full year results for FY2009 on 10 February 2010, and held an analysts briefing on 11 February 2010.

MARCH 2010

Award of Land Parcel at 27-39 Mackenzie Street, Melbourne, Australia – AUD20.2 Million

Wholly-owned subsidiary, CES-McKenzie (VIC) was awarded the tender for a land parcel at 27-39 Mackenzie Street in Melbourne, Australia to build a 388-unit condominium in a 32-storey block.

Option Grant for Fort Road – $86.0 Million

Wholly-owned subsidiary, CEL Development Pte Ltd was granted an option to purchase 16 units of freehold terrace houses at No. 29 to No. 59 Fort Road. The option has been exercised subsequently.

APRIL 2010

Annual General Meeting

The Company held the meeting on 26 April 2010 and all routine and special businesses as set forth in the notice of AGM dated 9 April 2010 were duly passed by the shareholders of the Company.

Option Granted to Purchase Industrial Land in Senai Industrial Park, Johor, Malaysia

Wholly-owned subsidiary, CES-Precast Sdn Bhd was granted an option to purchase a 11.9 acre industrial land in Senai Industrial Park, Johor, Malaysia. The option has been exercised subsequently.

MAY 2010

Acquisition of Land in Perth with Joint Venture Partner – AUD20.0 Million

50% owned associate, 242 West Coast Highway Scarborough Pty Ltd partnered a prominent Australian developer to acquire a 1.02 hectare land parcel at 242 West Coast Highway, Scarborough, in Perth, Western Australia.

The proposed development, will have a mixed development comprising of three blocks of 12-storey building with approximately 150 residential apartments, 80 service apartments, 9 townhouses, commercial offices, retail shops and parking facilities. The Group increased its stake to 75% subsequently.

First Quarter Financial Statement Announcement

The Company released its first quarter financial statement announcement for FY2010 on 12 May 2010.

Award of Tender for Land Parcel 771 at Simei Street 3 for Condominium Housing Development – $152.7 Million

Wholly-owned subsidiary, CEL Development Pte Ltd was awarded the tender for Land Parcel 771 at Simei Street 3 for a condominium housing development. The project, My Manhattan, comprising 301 residential units ranging from studio apartments to 4-bedroom apartments was launched for sales on 19 February 2011.

JUNE 2010

Award of Tender for Land Parcel at Punggol E4 for Executive Condominium Housing Development – $223.7 Million

Wholly-owned subsidiary, CEL Development Pte Ltd ("CEL") and ChoiceHomes Investment Pte Ltd ("CHI") jointly tendered for and were awarded the land parcel at Punggol E4 for an executive condominium housing development. CEL and CHI hold 40% and 60% respectively in this joint venture. The project, Privé, comprising 680 residential units, was launched for sales to first-timers in December 2010.

JULY 2010

The Parc Condominium obtained Temporary Occupation Permit (TOP)

The Company's joint-ventire project, The Parc Condominium at West Coast Walk, obtained its TOP. The project is 100% sold.

AUGUST 2010

Second Quarter Financial Statement Announcement

The Company released its second quarter financial statement announcement for FY2010 on 13 August 2010, and held an analysts briefing on 16 August 2010.

Awarded Building Works Contract for the Proposed Executive Condominium Housing Development at Punggol Field / Punggol Road – $142.1 Million
Wholly-owned subsidiary, CES Engineering and Construction Pte Ltd was awarded a $142.1 million building works contract from Punggol Field EC Pte Ltd for the erection of 10 blocks of 17 storey apartments comprising 680 residential units with landscaped decks, common basement carparks and communal facilities at Punggol Field / Punggol Road.

CityVista Residences obtained Temporary Occupation Permit (TOP)
The Company's joint-venture project, CityVista Residences at Peck Hay Road, obtained its TOP. The project is 100% sold.

SEPTEMBER 2010

Option to Purchase No. 98 and No. 100 Pasir Panjang Road – $62.8 Million
Wholly-owned subsidiary, Evervit Development Pte Ltd entered into an option to purchase a freehold industrial land at No. 98 and No. 100 Pasir Panjang Road for $62.8 million.The site has a land area of approximately 54,201 sq ft and can be developed into an industrial building. The option has been exercised subsequently.

Award of Contract by Housing & Development Board for Building Works at Hougang Neighbourhood 9 Contract 12 – $90.0 Million
Wholly-owned subsidiary, Chip Eng Seng Contractors (1988) Pte Ltd was awarded a $90.0 million building works contract by the Housing & Development Board to construct 6 blocks of residential buildings with 699 dwelling units, a multi-storey carpark and communal facilities at Hougang.

OCTOBER 2010

Most Transparent Company Award – Construction Category (Runner-Up)
The Company was conferred Runner-Up for the Most Transparent Company (Construction Category) on 5 October 2010 by Securities Investors Association Singapore (SIAS). This is the 6th time that the Company either emerged as the Winner or Runner-Up in the construction category.

Award of Tender for Land Parcel at Pasir Ris E3 for Executive Condominium Housing Development – $89.9 Million
Wholly-owned subsidiary, CEL Development Pte Ltd ("CEL") and ChoiceHomes Investment Pte Ltd ("CHI") jointly tendered for and were awarded the land parcel at Pasir Ris E3 for an executive condominium housing development. CEL and CHI hold 40% and 60% respectively in this joint venture. The proposed development, with condominium facilities, will comprise approximately 320 residential units.

NOVEMBER 2010

Award of Tender for Land Parcel Bedok PH1 at Bedok Reservior Crescent for Public Housing Development under The Design, Build & Sell Scheme – $112.7 Million
Wholly-owned subsidiary, CEL Development Pte Ltd tendered for and was awarded the land parcel Bedok PH1 at Bedok Reservoir Crescent for public housing development under the Design, Build & Sell Scheme.

Third Quarter Financial Statement Announcement
The Company released its third quarter financial statement announcement for FY2010 on 9 November 2010.

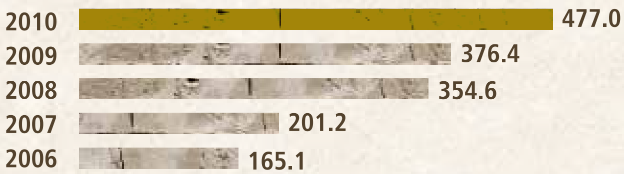
FEBRUARY 2011

Full Year Financial Statement Announcement
The Company released its full year financial statement announcement for FY2010 on 22 February 2011, and held an analysts briefing on 23 February 2011.

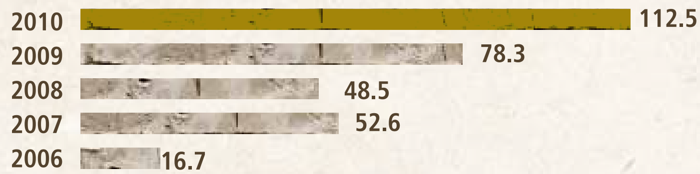
Grange Infinite obtained Temporary Occupation Permit (TOP)
The Company's Joint-venture project, Grange Infinite at Grange Road obtained its TOP. The project is 99% sold.

Financial Highlights

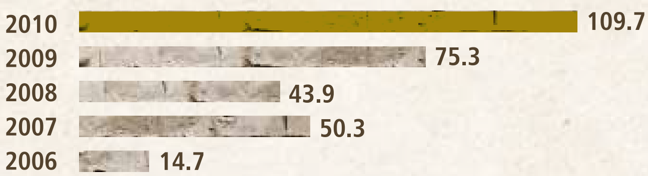
Turnover ($' million)



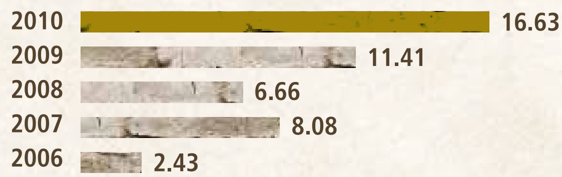
Profit before Tax ($' million)



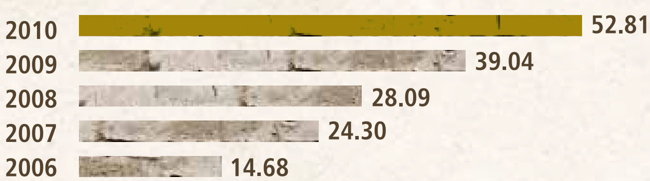
Profit after Tax ($' million)



Earnings per Share (cents)



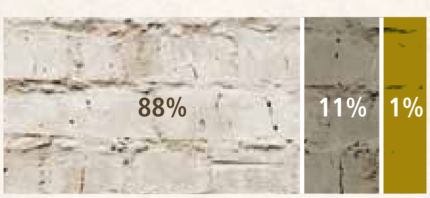
Net Asset Value Backing per Share (cents)



Net Dividend per Share (cents)

Revenue by Segment

FY2010

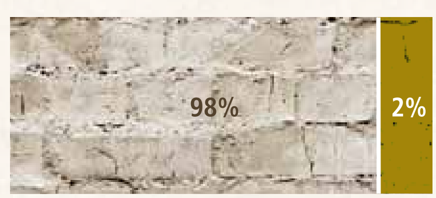


FY2009

Construction
Property Development
Property Investment

Result by Geographical Segment

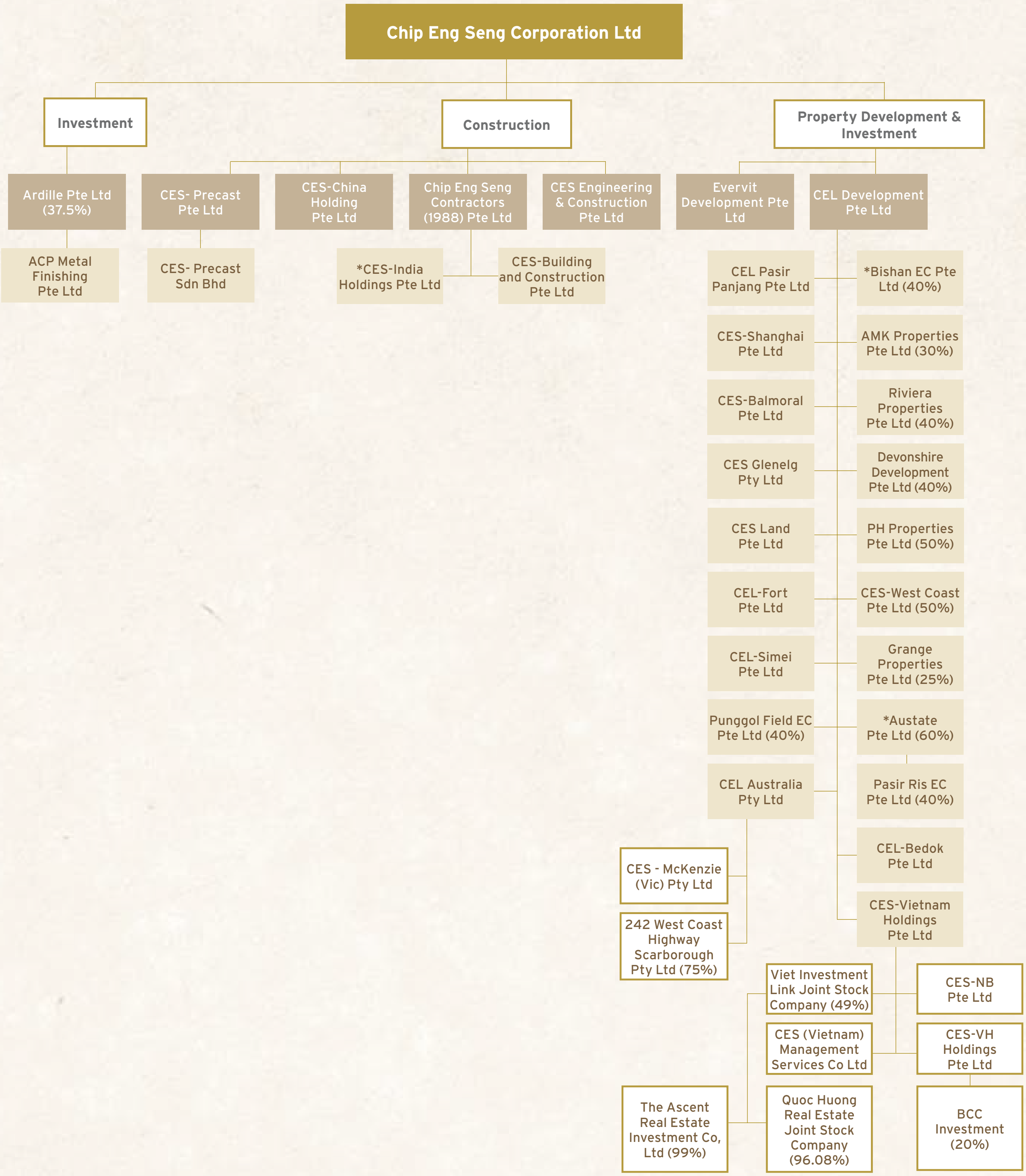
FY2010



FY2009

Singapore
Australia

Group Structure



* In the process of liquidation / de-registration

Board of Directors

Mr Lim Tiam Seng PBM,
Executive Chairman

Mr Lim Tiam Seng, 73, is the founder of CES. He has been a Director of the Company since 23 October 1998. He is also a Director of some of the Company's subsidiaries and associates. Mr Lim has been in the building and construction industry for more than 40 years and possesses considerable experience in setting up corporate objectives, strategies and making investment decisions for the Group. Mr Lim is also a Director on the board of Ngee Ann Kongsi, a charitable organization and a patron of Yio Chu Kang Citizen's Consultative Committee.

Mr Lim Tiang Chuan,
Executive Deputy Chairman

Mr Lim Tiang Chuan, 58, has been a Director of the Company since 23 October 1998. He also holds directorship in some of the Company's subsidiaries and associates. He joined the Group's Construction Division in 1982. He is responsible for the Group's overall operation and business expansion. Mr Lim became the Company's Executive Deputy Chairman on 6 June 2007 and continues to oversee the Group's overall operation and business expansion.

Mr Chia Lee Meng Raymond,
Group Chief Executive Officer

Mr Chia Lee Meng Raymond, 45, was appointed as a Director of the Company on 2 September 1999. In July 2006, he was appointed as Managing Director of CEL Development Pte Ltd. He is also a Director of several of the Group's subsidiaries and associates. Prior to joining CEL as a Project Manager in 1994, he was an Administrative Executive in T.C. Sin & Associates and a Senior Officer in the former Tat Lee Bank Ltd. Mr Chia holds a Bachelor Degree in Economics and Finance from Curtin University and a Master Degree in Finance from RMIT. On 6 June 2007, Mr Chia became the Group Chief Executive Officer. He is responsible for the overall Group's strategic operation and investment decision. Mr Chia is also the Chairman of Seacare Properties Pte Ltd, a wholly owned subsidiary of Seacare Co-operative Ltd and a director of Seacare Holdings Private Limited.

Miss Dawn Lim Sock Kiang,
Executive Director

Miss Dawn Lim Sock Kiang, 35, was appointed as an Executive Director of the Company and CEL Development Pte Ltd on 1 December 2009. Miss Lim holds a Bachelor Degree in Architecture (Honours) from Deakin University, Melbourne, Australia. Prior to joining CEL as a Project Director, she worked as a senior architect in Melbourne, Australia. Miss Lim is responsible for assisting the board in the business operation of the Company.

Mr Goh Chee Wee,
Independent Director

Mr Goh Chee Wee, 64, has been an Independent Director since 2 November 1999. He chairs the Audit and Remuneration Committees and is a member of the Nominating Committee. Mr Goh is currently a director of a number of public listed companies and NTUC Co-operatives. He was a former Minister of State for Trade & Industry, Labour & Communications and Member of Parliament for Boon Lay Constituency.

Mr Hoon Tai Meng,
Independent Director

Mr Hoon Tai Meng, 59, has been an Independent Director since 2 November 1999. He chairs the Nominating Committee and is a member of the Audit and Remuneration Committees. An Advocate and Solicitor, he is currently a Partner in KhattarWong. Mr Hoon holds a Bachelor of Commerce Degree in Accountancy from Nanyang University and a LLB (Honours) from the University Of London. He is a Fellow of the Chartered Institute of Management Accountants (UK), a Fellow of the Association of Chartered Certified Accountants (UK), a Fellow Certified Public Accountant in Singapore and a Barrister-At-Law (Middle Temple). He also sits on the boards of several other public and private companies.

Mr Ang Mong Seng,
Independent Director

Mr Ang Mong Seng, 61, has been an Independent Director since 19 March 2003. He is a member of the Audit, Remuneration and Nominating Committees. He is currently a Member of Parliament for Hong Kah GRC (Bukit Gombak), Chairman of Hong Kah Town Council, and Chief Operating Officer of EM Services Pte Ltd. Mr Ang has more than 30 years of experience in estate management. Mr Ang also serves as an Independent & Non-Executive Director on various public listed companies.

Executive Officers

Mr Yeo Siang Thong,
Managing Director

Mr Yeo joined the Group as Head of Construction Division. He is also the Managing Director of CESC. He holds an Honours Degree in Civil Engineering and a Master of Science (Civil Engineering) from the National University of Singapore. As a Registered Professional Engineer with the Professional Engineer Board, he spent a substantial amount of time in the Engineering and Project Departments for the Housing & Development Board and in the regional consultancy business for JTC International Pte Ltd.

Mr Koh Chin Hah,
General Manager

Mr Koh is our Director and General Manager of our wholly-owned precast subsidiary, CES-Precast Pte Ltd ("CESP"). Mr Koh is also a director of the wholly-owned subsidiary of CESP, CES-Precast Sdn Bhd. He has more than 20 years of experience in the precast industry spanning from HDB public housing to private condominiums, schools to flatted factories, as well as MRT tunnel segments to fast track semi conductor & solar plants, etc. Mr Koh holds a Bachelor Degree in Engineering (Civil) from the University of Strathclyde, UK. Prior to joining CESP in 2007, he worked in a similar industry as General Manager in a public listed company.

Mr Tan Swee Hong,
General Manager

Mr Tan Swee Hong is our General Manager in CEL and also a Director of CES-Balmoral Pte Ltd. Mr Tan has more than 25 years of experience in the construction industry. Prior to joining CEL, he worked as General Manager in the similar industry of a public listed company and Head of Construction Supervision Unit, under the Structural Engineering Department of HDB. As a General Manager, he oversees the management of all technical matters relating to CEL's development projects. Mr Tan holds a Bachelor Degree in Civil Engineering from the National University of Singapore and he is also a Professional Engineer with the Professional Engineers Board.

Mr Lim Tian Back,
Project Director

Mr Lim is our Project Director and he has more than 30 years of experience in the construction industry. He is also a director in some of the Company's subsidiaries. He joined Chip Eng Seng Contractors (1988) Pte Ltd as a Site Supervisor since its incorporation and was promoted to the position of Director in 1993. He is involved in project management and is responsible for handling all rectification work during the project defect liability period.

Mr Lim Tian Moh,
Project Director

Mr Lim is our Project Director and he has more than 20 years of experience in the construction industry. He holds directorship in some of the Company's subsidiaries. Mr Lim joined CESC as a Site Supervisor since its incorporation and was promoted to the position of Director in 1993. He is involved in project management and is responsible for handling all site administrative matters.

Mr Lim Beng Chuan,
Chief Financial Officer

Mr Lim joined the Group as our Chief Financial Officer. He is a Fellow Member of the Association of Chartered Certified Accountants (United Kingdom) and a Certified Public Accountant in Singapore. Prior to joining the Company, Mr Lim was an auditor with an international audit firm. He oversees the finance, accounting, tax and treasury functions of the Group and also assists the Group Chief Executive Officer in investment, investor relationship, human resource and business strategy matters.

Mr Nik Tan,
Financial Controller

Mr Tan joined the Group as our Regional Financial Controller. On 1 April 2011, Mr Tan has been re-designated as Financial Controller. He is a Fellow Member of the Association of Chartered Certified Accountants (United Kingdom) and a Certified Public Accountant in Singapore. Prior to joining the Group, Mr Tan was the Group Financial Controller for a company listed in the SGX. He is responsible for all financial matters, treasury functions, investment development in the region and the construction division. He also assists the Chief Financial Officer in investor relationship and strategic projects.

Corporate Governance Report

The Board of Directors of the Company (the "Board") continues to uphold high standards of corporate governance in compliance with the Code of Corporate Governance 2005 (the "Code"). The Board believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long term sustainability of the Company's businesses and performance, as well as protection of shareholders' interests.

This report sets out the Company's corporate governance processes, practices and activities that were in place throughout the financial year, with specific reference to the Code.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company.

The Board oversees the overall business directions, strategies and financial performances of the Group. The key roles of our Board are to:

- provide entrepreneurial leadership and set strategic directions for the Group;
- establish a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- review management performance and discuss financial and operational matters; and
- set values and standards to ensure obligations to shareholders are met.

The Board delegates the formulation of business policies and day-to-day management to the Executive Directors. The Executive Directors meet the key management on a monthly basis to review management performance and discuss financial and operational matters. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interest of the Company.

The Board meets quarterly each year to review the key activities and business strategies of the Group and as warranted by particular circumstances. Telephonic attendance and audio-video conferencing at Board meetings are allowed under Article 146 of the Company's Articles of Association.

The Directors' attendances at the meetings of the Board and Board Committees are shown below:

		Board Committee		
	Board	**Audit**	**Remuneration**	**Nominating**
No. of meetings held	**4**	**4**	**2**	**1**
		No. of meetings attended		
Directors				
Lim Tiam Seng	4	-	-	-
Lim Tiang Chuan	4	-	-	-
Chia Lee Meng Raymond	4	-	-	-
Dawn Lim Sock Kiang	4	-	-	-
Goh Chee Wee	4	4	2	1
Hoon Tai Meng	4	4	2	1
Ang Mong Seng	4	4	1	1

Corporate Governance Report (cont'd)

To assist in the execution of its responsibilities and enhancing the Group's corporate governance framework, the Board has established three Board Committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also monitored annually.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. During the year, the Board has met to review and approve amongst other matters, the approval of the quarterly, half year and full year results announcements prior to their release to the Singapore Exchange Securities Trading Limited ("SGX-ST"), Group's corporate strategies, major investments, acceptances of banking facilities, corporate guarantees, review of the Group's financial performance, interested parties transactions, recommendation of dividends, the approval of Directors' Report and Statement by the Directors, etc.

Upon appointment, a Director will receive a letter of appointment from the Board Chairman explaining his/her statutory duties and obligations as a Member of the Board. Apart from keeping the Board informed of all relevant new laws and regulations, the Directors are encouraged to attend training programmes conducted by the Singapore Institute of Directors in connection with their duties as Directors.

Board Composition and Guidance

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

The Board comprises 7 Directors, 3 of whom are Independent Directors. The Board has examined its size and is of the view that it is an appropriate size with the right mix of skills and experience given the scope and nature of the Group's operations. The Directors possess the necessary competencies to lead and govern the Group effectively. Details of the Directors' qualifications, business experience and other appointments are found at Board of Directors section of the Annual Report.

The Independent Directors also communicate regularly to review the Group's performance and discuss on any new business proposal and strategy.

The nature of the Directors' appointments on the Board, and details of their memberships in the Board Committees are set out below:

		Board Committee Membership		
Name of Directors	**Position**	**Audit**	**Remuneration**	**Nominating**
Lim Tiam Seng	Executive Chairman			
Lim Tiang Chuan	Executive Deputy Chairman			
Chia Lee Meng Raymond	Group Chief Executive Officer			
Dawn Lim Sock Kiang	Executive Director			
Goh Chee Wee	Independent Director	Chairman	Chairman	Member
Hoon Tai Meng	Independent Director	Member	Member	Chairman
Ang Mong Seng	Independent Director	Member	Member	Member

Corporate Governance Report (cont'd)

Chairman and Chief Executive Officer

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

The roles and responsibilities between the Chairman and the Group Chief Executive Officer ("CEO") of the Company are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Both are Executive Directors and are related. Mr Lim Tiam Seng, Executive Chairman, is the father-in-law of Mr Chia Lee Meng Raymond, the Group CEO of the Company.

The Executive Chairman takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and Management. He also ensures that Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions, promote constructive relations amongst Directors and the Management and ensure effective communication with the shareholders.

The primary role of the Group CEO is to effectively manage and supervise the day-to-day business operations of the Group in accordance with the strategies, policies, budgets and business plans approved by the Board. He is assisted by the Executive Directors, Managing Director, Chief Financial Officer, General Managers and Regional Financial Controller to oversee the daily running of the Group's operations and execution of strategies and policies.

Board Membership

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

The NC comprises of Mr Hoon Tai Meng, Mr Ang Mong Seng and Mr Goh Chee Wee, all of whom are Non-Executive and Independent Directors. The Chairman of the NC is Mr Hoon Tai Meng, who is not directly associated with any substantial shareholder.

The year of initial appointment and last re-election of the Directors is set out below:

Name of Directors	Position	Date of First Appointment	Date of Last Re-election	Due for Re-election at next AGM
Lim Tiam Seng	Executive Chairman	23 October 1998	26 April 2010	Retirement (Section 153 of the Companies Act, Cap. 50)
Lim Tiang Chuan	Executive Deputy Chairman	23 October 1998	26 April 2010	N.A
Chia Lee Meng Raymond	Group Chief Executive Officer	2 September 1999	25 April 2008	Retirement by rotation (Article 115)
Dawn Lim Sock Kiang	Executive Director	1 December 2009	26 April 2010	N.A
Goh Chee Wee	Independent Director	2 November 1999	27 April 2009	Retirement by rotation (Article 115)
Hoon Tai Meng	Independent Director	2 November 1999	27 April 2009	N.A
Ang Mong Seng	Independent Director	19 March 2003	26 April 2010	N.A.

Corporate Governance Report (cont'd)

During the year under review, the NC has met to review and perform the following:

a. Assessment of the Board's performance as a whole;
b. Recommendation for the re-election of Mr Lim Tiam Seng who is due for retirement pursuant to Section 153 of the Companies Act, Cap. 50;
c. Recommendation for the re-election of Mr Chia Lee Meng Raymond and Mr Goh Chee Wee who are due for retirement by rotation pursuant to Article 115 of the Company's Articles of Association at the forthcoming Annual General Meeting (having regard to their performance and contribution);
d. The skills and size required by the Board;
e. The independence of each Director, and that the Board comprises at least one-third Independent Directors; and
f. The multiple board representations of Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.

The NC holds at least 1 NC meeting within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the NC.

Process for appointment of new directors

In the nomination and selection process for new Directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. Thereafter, the NC makes recommendations to the Board for approval.

Key information regarding Directors such as academic and professional qualifications and directorships are found at Board of Directors section of the Annual Report.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC assesses the effectiveness of the Board as a whole on an annual basis. At the end of each year, each board member is required to complete a board appraisal form and Director's assessment form and send the forms to the NC Chairman within 5 working days before the NC meeting. Based on the returns, the NC Chairman will prepare a consolidated report and present the report to the Board at the board meeting to be held before the Annual General Meeting.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which allow for comparison to industry peers and which address how the Directors have enhanced long-term shareholders' value. It also considers the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark of its industry peers.

The Chairman would act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

Corporate Governance Report (cont'd)

Access to Information

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

Agenda and Board papers are sent to Directors at least 3 days in advance of these meetings to give the Directors sufficient time and relevant information for consideration and deliberation at the meeting. Key management who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

Directors have separate and independent access to the Chairman, Group CEO, Company's key management, the Company Secretary and the Internal and External Auditors via telephone, e-mail and face-to-face meetings.

The role of the Company Secretary is clearly defined. The Company Secretary is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole. The Company Secretary administers, attends and prepares minutes of all Board and specialised committee meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view to enhance long-term shareholders value. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its committees and between key management and Independent Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary is also the primary channel of communication between the Company and the SGX-ST.

In addition, the Directors can also either individually or as a group, in the furtherance of their duties, take independent advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises Mr Goh Chee Wee, Mr Hoon Tai Meng and Mr Ang Mong Seng, all of whom are Non-Executive and Independent Directors. The Chairman of the RC is Mr Goh Chee Wee.

During the year, the RC has met twice and carried out its duties in accordance with its terms of reference, which include reviews and recommendations on all matters concerning the remuneration packages of Executive Directors, staff related to Directors as well as certain key executives. The RC's recommendations were made in consultation with the Chairman of the Board and the Directors did not participate in any decision concerning their own remuneration. The RC has access to expert advice from time to time in areas of executive compensation.

Corporate Governance Report (cont'd)

Level and Mix of Remuneration

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

The Company has a framework of remuneration for the Board members, staff related to Directors and key management. Under this framework, the total remuneration comprises fixed and variable components. The fixed components are in the form of a base salary plus contractual bonus and fixed allowance, whilst variable components are in the form of non-contractual bonus plus profit sharing that is linked to the performance of the Group and individual. The Company also has an Employees' Share Option Scheme and Employees' Performance Share Plan, which aim to provide long-term incentive for Directors and key management to encourage loyalty and align the interest of the Directors and key management with those of the shareholders. The Employees' Share Option Scheme will expire in July 2011.

Directors' fees are paid to the Independent Directors and the level of fees paid takes into account the responsibilities that are required from them.

The RC is of the view that the remuneration packages offered by the Company are appropriate to attract, retain and motivate personnel of the required qualities to run the Company successfully. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's performance and the performance of individual Directors.

The service contracts for executive directors are for fixed appointment periods which are not excessively long and they do not contain onerous removal clauses. Notice periods are generally six months for Executive Directors. The RC is responsible for reviewing the compensation commitments arising from directors' contracts of service in the event of early termination.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report.

The level and mix of remuneration of Directors of the Company and the remuneration of the Group's top eight Key Executives (who are not Directors) for the year ended 31 December 2010 are as follows:

a. Directors

Remuneration Bands and Name of Directors	Base[1] Salary	Variable[2] Payment	Other[3] Benefits	Fees[4]
$1,000,000 and more				
Lim Tiam Seng	12%	88%	-	-
Lim Tiang Chuan	16%	84%	-	-
Chia Lee Meng Raymond	10%	90%	-	-
$400,000 to $999,999				
None				
$200,000 to $399,999	59%	37%	4%	–
Dawn Lim Sock Kiang				

Corporate Governance Report (cont'd)

Remuneration Bands and Name of Directors	Base[1] Salary	Variable[2] Payment	Other[3] Benefits	Fees[4]
Below $200,000				
Goh Chee Wee	-	18%	-	82%
Hoon Tai Meng	-	17%	-	83%
Ang Mong Seng	-	14%	-	86%

b. Top Eight Key Executives

Remuneration Bands and Name of Key Executives	Base[1] Salary	Variable[2] Payment	Other[3] Benefits	Fees[4]
$800,000 to $999,999				
Yeo Siang Thong	36%	62%	2%	-
$600,000 to $799,999				
None				
$400,000 to $599,999				
Koh Chin Hah	32%	67%	1%	-
$200,000 to $399,999				
Lim Ling Kwee	56%	30%	14%	-
Lim Tian Back	55%	34%	11%	-
Lim Tian Moh	55%	30%	10%	5%
Tan Swee Hong	73%	21%	4%	2%
Lim Beng Chuan	62%	36%	2%	-
Nik Tan	77%	18%	3%	2%
Below $200,000				
None				

1. Base salaries include contractual bonus.
2. Variable payment includes performance bonus, profit sharing, performance shares awarded and Employer's Central Provident Fund contribution.
3. Other benefits refer to benefit-in-kind such as car subsidy and car benefits made available as appropriate.
4. Proposed fee and additional fee are subjected to approval by shareholders of the Company/subsidiary/associated companies at their respective Annual General Meeting.

Employees whose remuneration exceed $150,000 and are immediate family members of a Director or the Group CEO.

Lim Tian Back and Lim Tian Moh are siblings of Executive Chairman and Executive Deputy Chairman; Lim Ling Kwee is son of Executive Chairman, nephew of Executive Deputy Chairman, brother-in-law of Group CEO and brother of Executive Director, Dawn Lim Sock Kiang; Lim Sock Joo is daughter of Executive Chairman, niece of Executive Deputy Chairman, wife of Group CEO and sister of Executive Director, Dawn Lim Sock Kiang. Their remuneration exceeded $150,000 during the year ended 31 December 2010.

The Board is of the opinion that it is not necessary that the remuneration policies be approved at the annual general meeting as the RC has reviewed it.

Corporate Governance Report (cont'd)

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board through its announcements of quarterly, half-yearly and full-year results aims to provide the shareholders with a balanced and understandable assessment of the Company's performances and prospects as timely as possible whilst striking a balance on cost. The Management provides the Board with a continual flow of relevant information on a timely basis and meets the Board regularly for discussion on operational and financial matters.

Audit Committee

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

The AC comprises Mr Goh Chee Wee, Mr Hoon Tai Meng and Mr Ang Mong Seng, all of whom are Non-Executive and Independent Directors. The Chairman of the AC is Mr Goh Chee Wee. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Directors to attend its meeting and reasonable resources to enable it to discharge its functions properly.

During the year under review, the AC met quarterly to review the following:

a. The annual audit plan of the Company's internal and external auditors and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's Management to the external and internal auditors;
b. The results of the external auditors' examination and their evaluation of the Group's internal control system;
c. The nature and extent of non-audit services provided by the external auditors - the AC was satisfied that the nature and extend of such services would not affect the independence of the external auditors;
d. The cost effectiveness and the independence and objectivity of the external auditors;
e. The recommendation for re-appointment of Messrs Ernst & Young LLP as auditors of the Company for the ensuing year;
f. The reports and findings from the internal auditors in respect of the adequacy of the Company's internal controls in management, business and service systems and practices; and
g. The results announcements of the consolidated financial statements of the Group before their submission to the Board of Directors for approval of release of the results announcement to the SGX-ST.

The 'whistle-blowing' framework was put in place, where all the employees of the Group may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters to the Group CEO.

Apart from the above, based on the recommendations made by the internal and external auditors, the AC has also reviewed the actions taken by the Management and their effectiveness on the areas involving financial, operational and risk management. The AC has also met with internal and external auditors, without the presence of the Company's Management to review the co-operation given by the Company's officers.

Corporate Governance Report (cont'd)

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investment and the assets of the Group. The AC, with the assistance of internal and external auditors has reviewed, and the Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Company's Management which was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes 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.

Internal Audit

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

The Group's internal audit function was outsourced to a professional firm that reports directly to the Chairman of the AC, and administratively to the Group CEO. During the year, the internal auditors carried out 2 visits to review and ascertain whether the internal control system established by the Management is adequate to address the risks associated with the business process selected for review and to highlight for the Management's action areas of weakness. Their reports that include findings and recommendations were tabled to the AC and Management.

COMMUNICATION WITH SHAREHOLDERS

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

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET, Press Releases, Annual Reports and Company's website at www.chipengseng.com.sg.

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

In addition, the Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Chairmen of the AC, the RC and the NC are usually available at the meeting to answer those questions relating to the work of these committees. The External auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Corporate Governance Report (cont'd)

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of transactions with interested persons and requires all such transactions to be at arm's length and be reviewed by the Audit Committee. The following were material interested party transactions as at the end of the financial year ended 31 December 2010.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review
Lim Tiang Chuan	S$ 593,000
Dawn Lim Sock Kiang	S$ 744,000

The above transactions relate to consideration for sales of units in an Australian development project (33M) to Directors of the Company.

MATERIAL CONTRACTS

Except as disclosed in Note 30 (Related Party Transactions) of the Notes to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the Group CEO, each director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DEALINGS IN COMPANY'S SECURITIES

The Company has issued an Internal Compliance Code on Dealings in Securities to Directors and key employees (including employees with access to price-sensitive information to the Company's shares) of the Group setting out the implications of insider trading.

Under this Code, the Directors and key employees covered by this Code are prohibited in dealing in the Company's shares at least two weeks before the release of the quarterly financial results and one month before the release of full year financial results to the SGX-ST, and ending on the release of such announcements.

In view of the processes in place, in the opinion of the Directors, the Company has complied with Listing Rule 1207(18) on Dealings in Securities.

RISK MANAGEMENT

The Board of Directors oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, appropriate risk management practices will be put in place to address these risks. Details on the risk management practices are outlined in Note 34 (Financial risk management objectives and policies) of the Notes to the Financial Statement.

Financial Statements

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2010.

Directors

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

Lim Tiam Seng	(Executive Chairman)
Lim Tiang Chuan	(Executive Deputy Chairman)
Chia Lee Meng Raymond	(Group Chief Executive Officer)
Dawn Lim Sock Kiang	
Goh Chee Wee	
Hoon Tai Meng	
Ang Mong Seng	

In accordance with Article 115 of the Company's Articles of Association, Chia Lee Meng Raymond and Goh Chee Wee retire and, being eligible, offer themselves for re-election.

Pursuant to Section 153 of the Singapore Companies Act, Cap. 50, Lim Tiam Seng retires and being eligible, offers himself for re-election.

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of the directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company, as stated below:

	Direct interest			Deemed interest		
Name of Directors	**At 1.1.2010**	**At 31.12.2010**	**At 21.01.2011**	**At 1.1.2010**	**At 31.12.2010**	**At 21.01.2011**
Ordinary shares						
Lim Tiam Seng	65,499,000	65,499,000	65,499,000	17,198,000	17,198,000	17,198,000
Lim Tiang Chuan	44,177,000	44,177,000	44,177,000	–	–	–
Chia Lee Meng Raymond	5,625,000	5,625,000	5,925,000	14,702,000	14,702,000	14,702,000
Dawn Lim Sock Kiang	15,377,000	15,377,000	15,377,000	–	–	–
Goh Chee Wee	1,062,500	1,062,500	1,106,500	–	–	–
Hoon Tai Meng	1,062,500	1,062,500	1,100,500	–	–	–
Ang Mong Seng	100,000	100,000	128,000	–	–	–

Directors' Report (cont'd)

Directors' interests in shares and debentures (cont'd)

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share plans

The Company has an Employees' Shares Option Scheme and a Performance Share Plan which are administered by the Remuneration Committee comprising three Directors namely Goh Chee Wee (Chairman), Hoon Tai Meng (Member) and Ang Mong Seng (Member). Details of the Employees' Shares Option Scheme and the Performance Share Plan are as follows:

(a) **Chip Eng Seng Employees' Shares Option Scheme 2001**

The Chip Eng Seng Employees' Shares Option Scheme 2001 ("ESOS") was approved at an Extraordinary General Meeting held on 18 July 2001. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) ***Employees and Directors***

Employees, executive directors and non-executive directors of the Group who are not on probation and have attained the age of 21 years on or before the Offering Date.

(ii) ***Controlling Shareholders and their Associates***

Controlling Shareholders or their Associates shall not participate in the ESOS.

No option has been granted since the approval of the ESOS. The ESOS will expire in July 2011.

(b) **Chip Eng Seng Performance Share Plan**

Objectives

The Chip Eng Seng Performance Share Plan ("CES Share Plan") was approved at an Extraordinary General Meeting held on 27 April 2007. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

Directors' Report (cont'd)

Share plans (cont'd)

(b) **Chip Eng Seng Performance Share Plan (cont'd)**

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:-

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribe performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent (25%) of the number of shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, including but not limited to the ESOS, shall not exceed fifteen per cent (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Directors' Report (cont'd)

Share plans (cont'd)

(b) **Chip Eng Seng Performance Share Plan (cont'd)**

Grant of Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

Acceptance of Share Plan

On 28 December 2010, 2,678,000 performance shares were granted conditionally under the CES Share Plan. The final number of performance shares awarded will depend on the achievement of performance conditions over a nine months period. On meeting the performance conditions for the performance period, 60% of the restricted shares will vest on 3 January 2011. The balance will vest equally on 1 April 2011 and 1 October 2011.

The details of the shares awarded under the CES Share Plan since its commencement, are as follows:

Date of grant	At date of grant	Vested	Cancelled	Balance at 31 December 2010
28 December 2010	2,678,000	–	–	2,678,000

The details of restricted shares granted to participants (who are Directors of the Company, Controlling Shareholders and their Associates) of the Company are as follows:

Name of participant	Conditional awards granted during the financial year 2010	Awards released during the financial year 2010	Aggregate awards not released at end of the financial year 2010
Chia Lee Meng Raymond	500,000	–	500,000
Goh Chee Wee	73,000	–	73,000
Hoon Tai Meng	63,000	–	63,000
Ang Mong Seng	46,000	–	46,000

Directors' Report (cont'd)

Audit Committee

The Audit Committee (the "AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's Management to the external and internal auditors
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors
- Meets with the external auditors, other committees and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviews the cost effectiveness, independence and objectivity of the external auditors
- Reviews the nature and extent of non-audit services provided by the external auditors
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's Management, at least once a year.

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

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Lim Tiam Seng
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Singapore
11 March 2011

Statement by Directors

We, Lim Tiam Seng and Lim Tiang Chuan, being two of the directors of Chip Eng Seng Corporation Ltd, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

On behalf of the board of directors:

Lim Tiam Seng
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Singapore
11 March 2011

Independent Auditors' Report

For the financial year ended 31 December 2010

To the members of Chip Eng Seng Corporation Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 40 to 112, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Independent Auditors' Report (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

11 March 2011

Consolidated Income Statement

For the financial year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Revenue	4	477,030	376,435
Cost of sales		(418,411)	(369,286)
Gross profit		58,619	7,149
Other items of income			
Interest income	5	4,628	5,235
Dividend income from investment securities		136	4
Other income	6	3,138	4,725
Other items of expense			
Marketing and distribution		(13,977)	(3,056)
Administrative expenses		(17,546)	(17,161)
Finance costs	7	(1,535)	(3,768)
Share of results of associates		79,048	85,209
Profit before tax	8	112,511	78,337
Income tax expense	9	(2,822)	(3,012)
Profit for the year		109,689	75,325
Attributable to:			
Equity holders of the Company		109,688	75,271
Non-controlling interests		1	54
		109,689	75,325
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic	10	16.63	11.41
Diluted	10	16.56	11.41

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	2010 $'000	2009 $'000
Profit for the year	109,689	75,325
Other comprehensive income:		
Net gain on fair value changes of available-for-sale financial assets	310	928
Foreign currency translation	(449)	913
Other comprehensive (loss)/income for the year, net of tax	(139)	1,841
Total comprehensive income for the year	109,550	77,166
Attributable to:		
Equity holders of the Company	109,549	77,112
Non-controlling interests	1	54
Total comprehensive income for the year	109,550	77,166

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

Balance Sheets

at 31 December 2010

		Group		Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current assets					
Property, plant and equipment	11	7,031	2,705	550	465
Investment properties	12	96,513	30,206	–	–
Intangible assets	13	79	92	3	3
Investment in subsidiaries	14	–	–	33,302	33,302
Investment in associates	15	138,081	170,517	650	650
Other receivables	16	43,317	34,758	45,101	74,816
Investments securities	17	2,740	2,337	2,559	2,119
Current assets					
Gross amount due from customers for contract work-in-progress	18	585	1,292	–	–
Completed properties held for sale	19	2,791	3,494	–	–
Development properties	20	318,753	118,644	–	–
Prepaid operating expenses		6,447	176	7	2
Trade and other receivables	16	121,058	151,938	67,750	10,664
Cash and short-term deposits	21	133,570	76,104	3,555	3,171
		583,204	351,648	71,312	13,837
Deduct: Current liabilities					
Loans and borrowings	22	115,600	24,500	–	–
Gross amount due to customers for contract work-in-progress	18	105,980	76,992	–	–
Provisions	23	634	633	–	–
Trade and other payables	24	99,343	120,672	10,429	8,816
Other liabilities	25	20,141	16,803	12,130	8,202
Derivatives		–	20	–	–
Income tax payable		5,860	4,782	543	479
		347,558	244,402	23,102	17,497
Net current assets/ (liabilities)		235,646	107,246	48,210	(3,660)

Balance Sheets (cont'd)

		Group		Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deduct: Non-current liabilities					
Loans and borrowings	22	169,265	89,048	–	–
Deferred tax liabilities	26	5,846	1,131	5	5
		175,111	90,179	5	5
Net assets		348,296	257,682	130,370	107,690
Equity attributable to equity holders of the Company					
Share capital	27(a)	79,691	79,691	79,691	79,691
Treasury shares	27(b)	(4,826)	(4,826)	(4,826)	(4,826)
Retained earnings		274,301	184,398	57,011	35,712
Other reserves	28	(878)	(1,810)	(1,506)	(2,887)
		348,288	257,453	130,370	107,690
Non-controlling interests		8	229	–	–
Total equity		348,296	257,682	130,370	107,690

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

Statements of Changes in Equity

for the financial year ended 31 December 2010

		Attributable to equity holders of the Company					
2010 Group	**Equity, total $'000**	**Equity attributable to equity holders of the Company, total $'000**	**Share capital (Note 27a) $'000**	**Treasury shares (Note 27b) $'000**	**Retained earnings $'000**	**Other reserves, total (Note 28) $'000**	**Non-controlling interests $'000**
Opening balance at 1 January 2010	257,682	257,453	79,691	(4,826)	184,398	(1,810)	229
Profit for the year	109,689	109,688	–	–	109,688	–	1
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	310	310	–	–	–	310	–
Foreign currency translation	(449)	(449)	–	–	–	(449)	–
Other comprehensive loss for the year, net of tax	(139)	(139)	–	–	–	(139)	–
Total comprehensive income for the year	109,550	109,549	–	–	109,688	(139)	1
Contributions by and distributions to equity holders							
Share-based payment	1,071	1,071	–	–	–	1,071	–
Dividend for 2009 - paid (first and final dividend of 3.00 cents per share, tax exempt, one-tier tax)	(19,785)	(19,785)	–	–	(19,785)	–	–
Dividend paid to a non-controlling interest	(222)	–	–	–	–	–	(222)
Total transactions with equity holders in their capacity as equity holders	(18,936)	(18,714)	–	–	(19,785)	1,071	(222)
Closing balance at 31 December 2010	348,296	348,288	79,691	(4,826)	274,301	(878)	8

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

Statements of Changes in Equity (cont'd)

2009 Group	Equity, total $'000	Equity attributable to equity holders of the Company, total $'000	Share capital (Note 27a) $'000	Treasury shares (Note 27b) $'000	Retained earnings $'000	Other reserves, total (Note 28) $'000	Non-controlling interests $'000
		Attributable to equity holders of the Company					
Opening balance at 1 January 2009	185,462	185,287	79,691	(4,826)	114,073	(3,651)	175
Profit for the year	75,325	75,271	–	–	75,271	–	54
Other comprehensive income							
Net gain on fair value changes on available-for-sale of financial assets	928	928	–	–	–	928	–
Foreign currency translation	913	913	–	–	–	913	–
Other comprehensive income for the year, net of tax	1,841	1,841	–	–	–	1,841	–
Total comprehensive income for the year	77,166	77,112	–	–	75,271	1,841	54
Contributions by and distributions to equity holder							
Dividend for 2008 - paid (first and final dividend of 0.75 cent per share, tax exempt, one-tier tax)	(4,946)	(4,946)	–	–	(4,946)	–	–
Total transactions with equity holders in their capacity as equity holders	(4,946)	(4,946)	–	–	(4,946)	–	–
Closing balance at 31 December 2009	257,682	257,453	79,691	(4,826)	184,398	(1,810)	229

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

Statements of Changes in Equity

for the financial year ended 31 December 2010

2010 **Company**	**Total** **$'000**	**Share capital (Note 27a)** **$'000**	**Treasury shares (Note 27b)** **$'000**	**Retained earnings** **$'000**	**Other reserves (Note 28)** **$'000**
Opening balance at 1 January 2010	107,690	79,691	(4,826)	35,712	(2,887)
Profit for the year	41,084	–	–	41,084	–
Other comprehensive income for the year, net of tax	310	–	–	–	310
Total comprehensive income for the year	41,394	–	–	41,084	310
Contributions by and distributions to equity holders					
Share-based payment	1,071	–	–	–	1,071
Dividend for 2009 - paid (first and final dividend of 3.00 cents per share, tax exempt, one-tier tax)	(19,785)	–	–	(19,785)	–
Total transactions with equity holders in their capacity as equity holders	(18,714)	–	–	(19,785)	1,071
Closing balance at 31 December 2010	130,370	79,691	(4,826)	57,011	(1,506)

2009 **Company**	**Total** **$'000**	**Share capital (Note 27a)** **$'000**	**Treasury shares (Note 27b)** **$'000**	**Retained earnings** **$'000**	**Other reserves (Note 28)** **$'000**
Opening balance at 1 January 2009	86,325	79,691	(4,826)	15,275	(3,815)
Profit for the year	25,383	–	–	25,383	–
Other comprehensive income for the year, net of tax	928	–	–	–	928
Total comprehensive income for the year	26,311	–	–	25,383	928
Contributions by and distributions to equity holders					
Dividend for 2008 - paid (first and final dividend of 0.75 cent *per share, tax exempt, one-tier tax)*	*(4,946)*	–	–	*(4,946)*	–
Total transactions with equity holders in their capacity as equity holders	(4,946)	–	–	(4,946)	–
Closing balance at 31 December 2009	107,690	79,691	(4,826)	35,712	(2,887)

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

Consolidated Cash Flow Statement

for the financial year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Operating activities			
Profit before tax		112,511	78,337
Adjustments for:			
Amortisation of intangible assets	13	13	12
Depreciation of property, plant and equipment	11	1,134	992
Interest income		(4,628)	(5,235)
Dividend income from investment securities		(136)	(4)
Finance costs		1,535	3,768
Net gain on disposal of property, plant and equipment		(521)	(86)
Foreign currency translation adjustment		(402)	916
Net fair value gain on investments securities		(41)	(194)
(Reversal of)/provision for foreseeable losses		(15,191)	706
Share of results of associates		(79,048)	(85,209)
Net fair value gain on investment properties		(1,500)	(400)
Gain on disposal of an associate		(350)	–
Impairment loss/(reversal of impairment loss) on receivables		1,911	(2,477)
Net fair value loss on interest rate swap		–	20
Share-based compensation expense		1,071	–
Operating cash flows before changes in working capital		16,358	(8,854)
Decrease in completed properties		703	3,408
(Increase)/decrease in development properties		(200,109)	14,480
(Increase)/decrease in prepaid operating expenses		(6,271)	25
(Increase)/decrease in trade and other receivables		(9,636)	11,374
Increase in gross amount due to customers for contract work-in-progress		44,887	57,974
Decrease in trade and other payables		(21,426)	(12,397)
Increase in other liabilities		3,338	7,539
Cash flows (used in)/from operations		(172,156)	73,549
Interest paid		(1,457)	(4,902)
Interest received		12,861	1,034
Income taxes refund/(paid)		2,972	(4,587)
Net cash flows (used in)/from operating activities		(157,780)	65,094

Consolidated Cash Flow Statemen (cont'd)

	2010 $'000	2009 $'000
Investing activities		
Purchase of property, plant and equipment	(5,693)	(757)
Proceeds from disposal of property, plant and equipment	718	155
Investment in associates	(400)	–
Dividend income from associates and investment securities	122,760	20,803
Proceeds from advances to associates	10,936	20,433
Proceeds from disposal of an associate	423	–
Net cash flows generated from investing activities	128,744	40,634
Financing activities		
Proceeds from/(repayment of) loans and borrowings	171,317	(72,552)
Dividends paid on ordinary shares	(19,785)	(4,946)
Dividend paid to a non-controlling interest	(222)	–
Additions to investment properties	(64,808)	–
Repayment of obligations under finance leases	–	(17)
Net cash flows from/(used in) financing activities	86,502	(77,515)
Net increase in cash and cash equivalents	57,466	28,213
Cash and cash equivalents at beginning of the year	76,104	47,891
Cash and cash equivalents at end of the year (Note 21)	133,570	76,104

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

1. Corporate information

Chip Eng Seng Corporation Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 69 Ubi Crescent, #06-01 CES Building, Singapore 408561.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed as below.

Details of the subsidiaries and associates as at 31 December 2010 are:

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	2009
Subsidiary companies				
Held by the Company				
^ Chip Eng Seng Contractors (1988) Pte Ltd.	Singapore	General building contractor	100	100
^ CEL Development Pte. Ltd.	Singapore	General building contractor, property developer and property investor	100	100
^ Evervit Development Pte Ltd.	Singapore	Property investor	100	100
^ CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
^ CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
^ CES-China Holding Pte. Ltd.	Singapore	Dormant	100	100
Held by the subsidiaries				
^ CES-Balmoral Pte. Ltd.	Singapore	Property developer	100	100
CES-Fort Pte. Ltd.	Singapore	Liquidated during the year	–	100
^ CES-Shanghai Pte. Ltd.	Singapore	Property developer	100	100
^ CES-India Holding Pte. Ltd.	Singapore	In the process of liquidation	100	100
Austate Pte. Ltd.	Singapore	In the process of liquidation	60	60

Notes to the Financial Statements (cont'd)

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	2009
	Subsidiary companies (cont'd)				
	***Held by the subsidiaries* (cont'd)**				
	Astate Properties Pty Ltd	Australia	Deregistered during the year	–	60
*	CES Glenelg Pty Ltd	Australia	Property developer	100	100
^^	CES-Precast Sdn. Bhd.	Malaysia	Manufacturing and trading of precast products	100	–
^	CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Land Pte. Ltd.	Singapore	Property developer	100	100
^	CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
^	CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CEL-Bedok Pte. Ltd. (formerly known as AMK Development Pte. Ltd.)	Singapore	Property developer	100	100
^	CES Building and Construction Pte. Ltd.	Singapore	General building engineering services	100	100
^^	CES (Vietnam) Management Services Co., Ltd.	Vietnam	Project management and consultancy	100	100
^^	CEL Australia Pty Ltd (formerly known as CES Corporation Australia Pty Ltd)	Australia	Investment holding	100	–
^^	CES-McKenzie (VIC) Pty Ltd	Australia	Property developer	100	–
^	CEL-Simei Pte. Ltd. (formerly known as FlexiDesign Pte Ltd)	Singapore	Property developer	100	100+
^	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	–
^	CEL Pasir Panjang Pte. Ltd.	Singapore	Property investor	100	–

Notes to the Financial Statements (cont'd)

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	2009
	Associated companies				
	Held by the company				
**	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by associated companies				
**	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
	Held by subsidiaries				
	Bishan EC Pte Ltd	Singapore	In the process of liquidation	40	40
***	AMK Properties Pte. Ltd.	Singapore	Property developer	30	30
***	Riviera Properties Pte. Ltd.	Singapore	Property developer	40	40
^	Devonshire Development Pte. Ltd.	Singapore	Property developer	40	40
	Citicare Management Pte. Ltd.	Singapore	Liquidated during the year	–	41
***	PH Properties Pte. Ltd.	Singapore	Property developer	50	50
***	CES-West Coast Pte. Ltd.	Singapore	Property developer	50	50
^	Grange Properties Pte. Ltd.	Singapore	Property developer	25	25
^^	Viet Investment Link Joint Stock Company	Vietnam	Property developer	49	49
	JEKS Engineering Pte. Ltd.	Singapore	Disposed during the year	–	50
	TP Development Pte. Ltd.	Singapore	Strike off during the year	–	50
#	BCC Investment	Vietnam	Property developer	20	20
***	Punggol Field EC Pte. Ltd.	Singapore	Property developer	40	–

Notes to the Financial Statements (cont'd)

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	2009
	Associated companies (cont'd)				
	***Held by subsidiaries* (cont'd)**				
***	Pasir Ris EC Pte. Ltd.	Singapore	Property developer	40	–
^^	242 West Coast Highway Scarborough Pty Ltd	Australia	Property developer	50	–
	Quoc Huong Real Estate Joint Stock Company	Vietnam	In the process of deregistration	47	–
#	The Ascent Real Estate Investment Co. Ltd	Vietnam	Property developer	49	–

No audited accounts as company has not commenced business since incorporation/registration.
+ During the year, interest in subsidiary was transferred from Chip Eng Seng Corporation Ltd to a subsidiary company.
* Audited by BDO Chartered Accountants & Advisers in Australia.
** Audited by RSM Chio Lim LLP, Singapore, Certified Public Accountants.
*** Audited by Deloitte & Touche LLP, Singapore, Certified Public Accountants.
^ Audited by Ernst & Young LLP, Singapore, Certified Public Accountants.
^^ Audited by member firms of Ernst & Young Global in the respective countries.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors of its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Change in accounting policies

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

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendment to FRS 32 *Financial Instruments: Presentation - Classification of Rights Issues*	1 February 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
FRS 19 *The Limit on a Defined Benefit Asset, Minimum Requirements and their Interaction – Amendments relating to Prepayments of Minimum Funding Requirements*	1 January 2011
Improvements to FRSs 2010	1 January 2011, unless otherwise stated
Amendments to FRS 107 Disclosures – *Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 Deferred Tax – *Recovery of Underlying Assets*	1 January 2012

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

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

Business combinations from 1 January 2010

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations before 1 January 2010

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

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

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

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

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

(b) Group companies

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.22. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

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

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and construction equipment	-	2 to 5 years
Motor vehicles	-	5 years
Furniture, fixtures and fittings	-	5 years
Other equipment and computer	-	3 to 5 years
Container office	-	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 10 years.

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.11 Subsidiaries

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

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

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the equity method. The joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.14 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Subsequent measurement (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

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

Subsequent measurement (cont'd)

(d) Available-for-sale financial assets (cont'd)

interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

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

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

2.15 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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

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

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

(b) Financial assets carried at cost

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

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

2.18 Development properties

Development properties are properties held or developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs are of development properties include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.18 Development properties (cont'd)

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.19 Provisions

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

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

2.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.20 Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.21 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.23 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Chip Eng Seng Performance share plan ("CES Share Plan")

Employees received remuneration under the CES Share Plan in the form of fully-paid shares ("Awards") of the Company as consideration for services rendered.

The fair value of the employee services received in exchange for the award of the performance shares is recognised as an expense in the profit or loss with a corresponding increase in share-based compensation reserve. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the date of the date of the award and the number of performance shares expected to be vested by vesting period. At every balance sheet date, the Group revises its estimate of the number of performance shares that are expected to vest on vesting date. Any revision of this estimate is included in the profit or loss and a corresponding adjustment to share-based compensation reserve over the remaining vesting period.

Where treasury shares are re-issued pursuant to the CES Share Plan, the cost of the treasury shares is reversed from the treasury account against the related balances previously recognised in the share-based compensation reserve. The resulting realised gain or loss on re-issue net of any directly attributable incremental transaction costs and related income tax, is taken to the treasury shares reserve of the Company.

2.24 Leases

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.24 Leases (cont'd)

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Construction revenue

Accounting policy for recognising construction contract revenue is stated in Note 2.17.

(b) Sale of development properties

Revenue from property development is recognised upon signing of sales and purchase agreement with customers. 20% of the total estimated profit attributable to the actual contracts signed is recognised. Subsequent recognition of revenue and profit are based on the progress of construction work. The progress of construction work is determined based on the stage of completion certified by an architect or quantity surveyor. All losses are provided for as they become known.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.25 *Revenue* (cont'd)

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.26 *Taxes*

(a) Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

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

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

(c) Sales tax

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

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

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(c) Sales tax (cont'd)

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

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

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

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

2.29 Treasury shares

When shares are re-acquired by the Company, the amount of consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company or against the retaining earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or re-issued pursuant to the Chip Eng Seng Performance Share Plan, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax is taken to the treasury shares reserve of the Company.

2.30 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (cont'd)

2.30 Contingencies (cont'd)

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

(a) Impairment of available-for-sale investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2010, there is no impairment loss recognised for available-for-sale financial assets.

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the

Notes to the Financial Statements (cont'd)

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

(b) Determination of functional currency (cont'd)

country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(d) Warranty

A warranty provision is made for completed construction projects that are under warranty at the balance sheet date based on best estimate from past experience.

(e) Liquidated damages

Provision for liquidated damages is made in respect of anticipated claims from project owners for construction contracts of which deadlines are overdue or not expected to be completed on time in accordance with contractual obligations.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of each reporting period disclosed in Note 16 to the financial statements. There is no material impact to the Group's profit for the year if the present value of estimated future cash flows decreased by 10% from management's estimate.

Notes to the Financial Statements (cont'd)

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 18 to the financial statements.

(c) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Revenue

	Group	
	2010	2009
	$'000	$'000
Construction revenue	305,150	331,318
Sale of development properties	169,727	42,808
Rental income from investment properties (Note 12)	1,562	1,585
Management fees	591	724
	477,030	376,435

5. Interest income

	Group	
	2010	2009
	$'000	$'000
Interest income from loan and receivables	4,628	5,235

Notes to the Financial Statements (cont'd)

6. Other income

	Group	
	2010	**2009**
	$'000	**$'000**
Net gain from fair value adjustment of investment properties (Note 12)	1,500	400
Net gain on disposal of property, plant and equipment	521	86
Net fair value gain on investment securities	41	194
Deposits forfeited from buyers	73	426
Management fee received from an associate	17	61
Grant income from jobs credit scheme	131	693
Reversal of impairment loss on trade receivables	–	2,477
Net gain on disposal of an associate	350	–
Others	505	388
	3,138	4,725

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (Scheme). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. During the financial year, the Group received grant income of $131,000 (2009: $693,000) under the Scheme.

7. Finance costs

	Group	
	2010	**2009**
	$'000	**$'000**
Interest expense on bank loans and borrowings	5,167	5,886
Less: Interest expense capitalised in		
- Development properties (Note 20)	(3,471)	(2,118)
- Investment properties (Note 12)	(161)	–
	1,535	3,768

Notes to the Financial Statements (cont'd)

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2010	2009
	$'000	$'000
Depreciation of property, plant and equipment	1,134	992
Amortisation of intangible assets (Note 13)	13	12
(Reversal of)/provision for foreseeable losses	(15,191)	706
Non-audit fee paid to other auditors	24	22
Net foreign exchange loss	356	928
Employee benefits expense (Note 29)	39,916	38,915
Operating lease expense (Note 31(b))	738	1,018
Impairment loss on receivables (Note 16)	1,911	–
Fair value loss on interest rate swap	–	20
Direct operating expenses arising from investment properties (Note 12)	420	417

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group	
	2010	2009
	$'000	$'000
Statement of comprehensive income:		
Current income tax		
- current income taxation	6,605	2,761
- (Over)/under provision in respect of prior years	(4,131)	243
	2,474	3,004
Deferred income tax		
- origination and reversal of temporary differences	348	8
Income tax expense recognised in profit or loss	2,822	3,012

Notes to the Financial Statements (cont'd)

9. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group	
	2010	**2009**
	$'000	**$'000**
Accounting profit before tax	**112,511**	**78,337**
Tax at the domestic rates applicable to profits in the countries where the Group operates	22,643	18,900
Adjustments:		
Non-deductible expenses	1,443	3,039
Income not subject to taxation	(3,038)	(388)
Deferred tax assets not recognised	4,559	1,475
Effect of partial tax exemption and tax relief	(352)	(256)
(Over)/under provision in respect of previous years	(4,131)	243
Share of results of associates	(18,300)	(19,990)
Others	(2)	(11)
Income tax expense recognised in profit or loss	**2,822**	**3,012**

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

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

10. Earnings per share

The basic and diluted earnings per share are calculated by dividing profit for the year, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

Notes to the Financial Statements (cont'd)

10. Earnings per share (cont'd)

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group 2010 '000	Group 2009 '000
Profit for the year, net of tax, attributable to ordinary equity holders of the Company used in the computation of basic earnings per share	$109,688	$75,271
Weighted average number of ordinary shares for basic earnings per share computation	659,515	659,515
Effects of dilution		
- Performance shares	2,678	–
Weighted average number of ordinary shares for diluted earnings per share computation	662,193	659,515

Since the end of the financial year, the Company transferred 1,608,000 (2009: Nil) treasury shares to its employees pursuant to the Chip Eng Seng Performance Share Plan. There have been no other transactions involving ordinary shares or treasury shares since the reporting date and before the completion of these financial statements.

11. Property, plant and equipment

Group	Freehold land $'000	Buildings $'000	Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost							
At 1 January 2009	–	268	9,554	2,666	1,089	1,313	14,890
Additions	–	–	136	482	104	35	757
Disposals	–	–	(4,286)	(463)	(178)	–	(4,927)
At 31 December 2009 and 1 January 2010	–	268	5,404	2,685	1,015	1,348	10,720
Additions	3,399	–	1,622	445	226	1	5,693
Disposals	–	–	(1,482)	(553)	(73)	(16)	(2,124)
Exchange differences	(29)	–	(13)	2	5	(1)	(36)
At 31 December 2010	3,370	268	5,531	2,579	1,173	1,332	14,253

Notes to the Financial Statements (cont'd)

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

Group	Freehold land $'000	Buildings $'000	Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Accumulated depreciation							
At 1 January 2009	–	268	9,087	1,258	640	627	11,880
Depreciation charge for the year	–	–	148	422	236	186	992
Disposals	–	–	(4,286)	(396)	(175)	–	(4,857)
At 31 December 2009 and 1 January 2010	–	268	4,949	1,284	701	813	8,015
Depreciation charge for the year	–	–	221	494	230	189	1,134
Disposals	–	–	(1,430)	(419)	(72)	(6)	(1,927)
At 31 December 2010	–	268	3,740	1,359	859	996	7,222
Net carrying amounts							
At 31 December 2009	–	–	455	1,401	314	535	2,705
At 31 December 2010	3,370	–	1,791	1,220	314	336	7,031

Notes to the Financial Statements (cont'd)

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

Company	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost				
At 1 January 2009	860	122	460	1,442
Additions	273	–	1	274
Disposals	(307)	–	–	(307)
At 31 December 2009 and 1 January 2010	826	122	461	1,409
Additions	315	5	1	321
Disposals	(237)	–	–	(237)
At 31 December 2010	904	127	462	1,493
Accumulated depreciation				
At 1 January 2009	557	103	430	1,090
Depreciation charge for the year	141	11	9	161
Disposals	(307)	–	–	(307)
At 31 December 2009 and 1 January 2010	391	114	439	944
Depreciation charge for the year	174	6	9	189
Disposals	(190)	–	–	(190)
At 31 December 2010	375	120	448	943
Net carrying amount				
At 31 December 2009	435	8	22	465
At 31 December 2010	529	7	14	550

12. Investment properties

	Group 2010 $'000	Group 2009 $'000
At 1 January	30,206	29,806
Net gains from fair value adjustments recognised in profit or loss	1,500	400
Additions	64,807	–
At 31 December	96,513	30,206
Borrowing costs capitalised during the year	161	–

Notes to the Financial Statements (cont'd)

12. Investment properties (cont'd)

The investment properties held by the Group as at 31 December are as follows:

Description	Location	Tenure	Existing Use
2 adjoining units of 2-storey pre-war shophouses with an attic	6, 6A, 6B Perak Road, Singapore	99 years from 12 October 1995 (84 years remaining)	Shops and offices
2 adjoining units of 3-storey shophouses	86, 86A, 86B Tanjong Pagar Road, Singapore	99 years from 27 September 1988 (77 years remaining)	Shops and offices
A part 2/part 4-storey commercial building comprising an eating house and lock-up shop on the 1st storey and offices on the upper storey	161 Geylang Road, Singapore	99 years from 4 May 1993 (82 years remaining)	Shops and offices
Retained units in a 6-storey light industrial building with a basement carpark	69 Ubi Crescent, Singapore	60 years from 5 July 1997 (47 years remaining)	Light industrial building
3 adjoining units of 2-1/2 storey shophouses with 4-storey rear extension comprising a restaurant on the 1st storey and a 27-room boarding house on the upper storey	115 Geylang Road, Singapore	Freehold	Boarding hotel
4-storey industrial building with a basement carpark	98 & 100 Pasir Panjang Road, Singapore	Freehold	Light industrial building

Borrowing costs capitalised during the year were from loans borrowed specifically for the investment properties. Interest rate for borrowing costs capitalised during the year was 1.71% (2009: Nil).

Properties pledged as securities

Certain investment properties amounting to $90,993,000 (2009: $21,406,000) are mortgaged to secure banking facilities (Note 22).

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on desktop valuations performed as at 17 January 2011 except for the purchase of investment property at Pasir Panjang during the year. The purchase was completed in December 2010. The desk-top valuation performed as at 23 September 2010 amount to $62,800,000 compared to the year end value of $64,807,000. The difference of $2,007,000 was mainly due to payment of stamp duty. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The desktop valuations are based on direct comparison method/ investment method.

Notes to the Financial Statements (cont'd)

12. Investment properties (cont'd)

As disclosed in Note 4, the property rental income earned by the Group for the year ended 31 December 2010 from its investment properties, almost all of which are leased out under operating leases, amounted to $1,562,000 (2009: $1,585,000). Direct operating expenses (including repairs and maintenance, property tax, etc.) arising on the rental-earning investment properties amounted to $420,000 (2009: $417,000).

13. Intangible assets

	Club membership $'000
Group	
Cost	
At 1 January and 31 December 2009 and 2010	129
Accumulated amortisation	
At 1 January 2009	25
Amortisation for the year	12
At 31 December 2009 and 1 January 2010	37
Amortisation for the year	13
At 31 December 2010	50
Net carrying amount	
At 31 December 2009	92
At 31 December 2010	79
Company	
Cost and net carrying amount	
At 1 January and 31 December 2009 and 2010	3

The amortisation of club membership is included in the "Administrative expenses" line item in profit or loss.

14. Investment in subsidiaries

	Company	
	2010 $'000	**2009 $'000**
Shares, at cost	33,602	33,602
Impairment losses	(300)	(300)
	33,302	33,302

Details regarding subsidiaries are set out in Note 1.

The Group's contingent liabilities in respect of its investment in subsidiaries are disclosed in Note 32.

Notes to the Financial Statements (cont'd)

15. Investment in associates

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Shares, at cost	7,981	7,551	650	650
Share of post-acquisition reserves	130,100	162,966	–	–
	138,081	170,517	650	650

Details regarding associates are set out in Note 1.

The Group's contingent liabilities in respect of its investment in associates are disclosed in Note 32.

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

	Group	
	2010	2009
	$'000	$'000
Assets and liabilities:		
Total assets	997,106	1,196,388
Total liabilities	626,313	793,871
Results:		
Revenue	689,932	623,656
Profit for the year	206,232	207,777

16. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	48,407	79,113	–	–
Refundable deposits	1,363	1,090	7	10
Recoverables	9,198	5,615	–	–
Deposit for investment in a joint venture company	–	2,198	–	–
Deposit for land purchase	36,772	–	–	–
Amount due from minority shareholder of a subsidiary company	2	1	–	–
Amounts due from subsidiaries, trade	–	–	61,924	7,469
Amount due from a subsidiary, non-trade	–	–	5,819	3,185
Amounts due from associates, non-trade	25,316	63,921	–	–
	121,058	151,938	67,750	10,664

Notes to the Financial Statements (cont'd)

16. Trade and other receivables (cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables (non-current):				
Amounts due from subsidiaries, non-trade	–	–	45,101	74,816
Amounts due from associates, non-trade	44,317	34,758	–	–
	44,317	34,758	45,101	74,816
Total trade and other receivables (current and non-current)	165,375	186,696	112,851	85,480
Add: Cash and short-term deposits (Note 21)	133,570	76,104	3,555	3,171
Total loans and receivables	298,945	262,800	116,406	88,651

Trade receivables and amount due from subsidiaries, trade

These amounts are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Recoverables

Recoverables relate mainly to payment for purchases made on behalf of sub-contractors.

Amounts due from a subsidiary, non-trade (current)
Amounts due from subsidiaries, non-trade (non-current)

The non-trade amounts due from subsidiaries are unsecured and non-interest bearing, except for loans amounting to $12,991,000 (2009: Nil) at 1.25% p.a. above SIBOR.

Amounts due from associates, non-trade (current)
Amounts due from associates, non-trade (non-current)

Included in amounts due from associates are loans amounting to $55,814,000 (2009: $81,592,000) which bear interest between 2% to 7% p.a. (2009: 6% to 7% p.a.) and are subordinated to the bank borrowings of the associated companies.

The remaining balances are unsecured and non-interest bearing.

Except for the current amounts due from associates amounting to $25,316,000, the remaining amounts are not expected to be repaid within the next 12 months.

Notes to the Financial Statements (cont'd)

16. Trade and other receivables (cont'd)

Trade receivables that are past due but not impaired

The Group and Company has no significant trade receivables past due that were not impaired.

Receivables that are impaired

The Group's receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010	**2009**
	$'000	**$'000**
Receivables – nominal amounts	1,911	–
Less: Allowance for impairment	(1,911)	–
	–	–
Movement in allowance accounts:		
At 1 January	–	2,477
Charge/(write-back) for the year	1,911	(2,477)
At 31 December	1,911	–

17. Investment securities

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale financial assets				
Quoted shares, at fair value	2,325	1,964	2,325	1,964
Held for trading investments				
Quoted shares, at fair value	415	373	234	155
	2,740	2,337	2,559	2,119

Notes to the Financial Statements (cont'd)

18. Gross amount due from/(to) customers for contract work-in-progress

	Group 2010 $'000	Group 2009 $'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	659,022	673,980
Less: Progress billings	(764,417)	(749,680)
	(105,395)	(75,700)
Presented as:		
Gross amount due from customers for contract work	585	1,292
Gross amount due to customers for contract work	(105,980)	(76,992)
	(105,395)	(75,700)
Retention sums on construction contract included in trade receivables	19,763	21,003

19. Completed properties held for sale

	Group 2010 $'000	Group 2009 $'000
Freehold properties, at cost	3,141	3,844
Less: Write-down of properties held for sale	(350)	(350)
	2,791	3,494

20. Development properties

	Group 2010 $'000	Group 2009 $'000
Freehold land, at cost	27,971	–
Leasehold land, at cost	261,187	108,499
Development costs	121,000	44,054
	410,158	152,553
Add: Recognised profits	34,550	4,829
Less: Progress billings	(125,955)	(38,738)
	318,753	118,644
Borrowing costs capitalised during the year	3,471	2,118

Notes to the Financial Statements (cont'd)

20. Development properties (cont'd)

The above relates to the following property in the course of development:

Description	Location	Percentage of completion	Date/ expected date of completion	Site area (sq m)	Gross floor area (sq m)	Interest held by the Group
Leasehold residential apartments	Elias Road, Singapore	71.7%	Dec 2011	14,126	44,953	100%
Leasehold residential apartments	Simei Street 3, Singapore	–	Dec 2013	11,793	27,124	100%
Freehold residential apartments	27-39 MacKenzie Street, Melbourne, Australia	–	Nov 2012	1,857	36,380	100%

Borrowing costs capitalised during the year were from loans borrowed specifically for the development properties. Interest rate for borrowing costs capitalised during the year range from 1.18% to 1.58% (2009: 1.29% to 2.55%) per annum.

The development properties of $287,210,000 (2009: $118,644,000) are subject to legal mortgages for the purpose of securing the bank loans (Note 22).

RAP 11 Pre-Completion Contracts for the Sale of Development Property

RAP 11 is still applicable in Singapore as IFRIC 15 has not been adopted by the Accounting Standards Council. It was issued by the Institute of Certified Public Accountants of Singapore in October 2005. In the RAP, it is mentioned that a property developer's sale and purchase agreement is not a construction contract as defined in FRS 11 and the percentage of completion ("POC") method of recognising revenue, which is allowed under FRS 11 for construction contracts, may not be applicable for property developers. The relevant standard for revenue recognition by property developers is FRS 18, which addresses revenue recognition generally for all types of entities. However, there is no clear conclusion in FRS 18 whether the POC method or the completion of construction ("COC") method is more appropriate for property developers.

The Company uses the POC method for recognising revenues from partly completed residential projects which are held for sale. Had the COC method been adopted, the impact on the financial statements will be as follows:

	2010 $'000	2009 $'000
Decrease in revenue recognised for the year	(168,884)	(35,037)
Decrease in opening retained earnings	(146,367)	(97,802)
Increase/(decrease) in profit for the year	78,884	(43,737)
Decrease in carrying value of development properties		
Balance at 1 January	(4,829)	–
Balance at 31 December	(34,550)	(4,829)
Decrease in investment in associates		
Balance at 1 January	(141,538)	(97,802)
Balance at 31 December	(32,933)	(141,538)

Notes to the Financial Statements (cont'd)

20. Development properties (cont'd)

INT FRS 115 Agreements for the Construction of Real Estate

On 26 August 2010, the Accounting Standards Council issued INT FRS 115 Agreements for the Construction of Real Estate, with an accompanying rate to be read together with INT FRS 115. INT FRS superseded RAP 11. An entity shall apply INT FRS 115 for annual periods beginning on or after 1 January 2011.

21. Cash and short-term deposits

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash at banks and on hand	95,627	56,928	3,544	3,159
Short-term deposits	26,716	10,012	11	12
Project account – cash at bank	11,227	9,164	–	–
	133,570	76,104	3,555	3,171

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 7 days and a month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates as at 31 December 2010 for the Group and the Company range from 0.03% to 4.40% (2009: 0.19% to 1.28%) and from 0.19% to 4.40% (2009: 0.99% to 1.28%) respectively.

As required by the Housing Developers (Project Account) Rules, project accounts are maintained with financial institutions for housing development projects undertaken by the Group. The operation of a project account is restricted to the specific project and governed by rules and regulations stipulated by the Housing Developers (Project Account) Rules. As at 31 December 2010, the project accounts have a total balance of $11,227,000 (2009: $9,164,000).

Cash and short-term deposits denominated in foreign currency as at 31 December is as follows:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Australian Dollar	6,915	649	11	9
Malaysian Ringgit	1,059	–	–	–

Notes to the Financial Statements (cont'd)

22. Loans and borrowings

	Maturity	Group 2010 $'000	Group 2009 $'000
Current:			
Bank loans:			
- SGD revolving short term loan at cost of fund + 2% p.a.	2010	–	12,500
- SGD revolving short term loan at 3.4%	2010	–	10,000
- SGD revolving short term loan at 2.52%, unsecured	2010	–	2,000
- SGD revolving short term loan at 1.5% p.a. above Swap Offer Rate	2011	30,000	–
- SGD land and development charge loan at 1% p.a. above Swap Offer Rate	2011	85,600	–
		115,600	24,500
Non-current:			
Bank loans:			
- SGD land and development charge loan at 1% p.a. above Swap Offer Rate	2011	–	85,600
- SGD construction loan at 1% p.a. above Swap Offer Rate	2011	–	3,448
- SGD land loan at 1.28% above Swap Offer Rate	2014	122,265	–
- SGD land loan at 1.4% p.a. above Swap Offer Rate	2013	47,000	–
		169,265	89,048
Total loans and borrowings		284,865	113,548

SGD land and development charge loan at 1% p.a. above Swap Offer Rate
SGD land loan at 1.28% p.a. above Swap Offer Rate

These bank loans relate to the land parcel purchased for development properties at Pasir Ris and Simei and are repayable in full on the date falling 48 months or 42 months after the drawdown date or 3 months after obtaining Temporary Occupation Permit, whichever is the earlier. These bank loans are secured by:

(a) a legal mortgage on the development properties (Note 20);
(b) subordination of shareholder's loan from CEL Development Pte Ltd to its subsidiary companies, CES Land Pte Ltd and CEL-Simei Pte Ltd;
(c) assignment of proceeds from the sale of the property;
(d) assignment of all rights, titles, interests and benefits under contracts in respect of the development property; and
(e) corporate guarantee from the Company.

SGD land loan at 1.4% p.a. above Swap Offer Rate

This bank loan relates to the purchase of an investment property at Pasir Panjang and is repayable in full not later than 30 September 2013 or 6 months after the completion of the re-development of the property.

Notes to the Financial Statements (cont'd)

22. Loans and borrowings (cont'd)

This bank loan is secured by:

(a) a legal mortgage on the investment property (Note 12);
(b) assignment of present and future tenancy and sale agreements;
(c) assignment of construction contracts, performance bonds and fire insurance policy; and
(d) corporate guarantee from the Company.

SGD revolving short-term loan at 1.5% p.a. above Swap Offer Rate

This term loan is fully repaid after year end and is secured by:

(a) assignment of dividends to be received from its 50% associated company;
(b) charge of a bank account with the banker; and
(c) corporate guarantee from the Company.

23. Provisions

	Group	
	2010	**2009**
	$'000	**$'000**
At 1 January	633	850
Arose during the financial year	1	130
Unused amounts reversed	–	(347)
At 31 December	634	633

The above provision relates to warranty provision.

24. Trade and other payables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	99,343	120,672	787	345
Amount due to subsidiaries, non-trade	–	–	9,642	7,811
Amount due to a subsidiary, trade	–	–	–	660
Total trade and other payables	99,343	120,672	10,429	8,816
Add:				
- Other liabilities (Note 25)	20,141	16,803	12,130	8,202
- Loans and borrowings (Note 22)	284,865	113,548	–	–
Total financial liabilities carried at amortised cost	404,349	251,023	22,559	17,018

Notes to the Financial Statements (cont'd)

24. Trade and other payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Amount due to subsidiaries, non-trade

Amount due to subsidiaries (non-trade) are unsecured, non-interest bearing except for an amount of $2,950,000 (2009: Nil) at 1.25% p.a. above SIBOR. These amounts are repayable within the next 12 months.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2010	2009
	$'000	$'000
Australian Dollar	6,365	–

25. Other liabilities

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Accrued operating expenses	19,860	16,467	12,130	8,202
Rental deposits	281	336	–	–
	20,141	16,803	12,130	8,202

26. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation	162	8	5	5
Deferred tax liabilities on development properties	5,175	808	–	–
Revaluations to fair value of investment properties	509	315	–	–
	5,846	1,131	5	5

Notes to the Financial Statements (cont'd)

26. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $18,261,000 (2009: $7,925,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequence of proposed dividends

There are no income tax consequences (2009: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 37).

27. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2010		2009	
	No. of Shares '000	$'000	No. of Shares '000	$'000
Issued and fully paid ordinary shares				
At the beginning and end of the year	667,515	79,691	667,515	79,691

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

(b) Treasury shares

	Group and Company			
	2010		2009	
	No. of Shares '000	$'000	No. of Shares '000	$'000
At the beginning and end of the year	(8,000)	(4,826)	(8,000)	(4,826)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

Notes to the Financial Statements (cont'd)

27. Share capital and treasury shares (cont'd)

(b) Treasury shares (cont'd)

The Company acquired 8,000,000 shares in the Company through purchases on the Singapore Exchange in the financial year ended 31 December 2007. The total amount paid to acquire the shares was $4,826,000 and this was presented as a component within shareholders' equity.

The Company did not purchase any treasury shares since the financial year ended 31 December 2007.

Subsequent to year end, 1,608,000 (2009: Nil) treasury shares were reissued pursuant to the performance shares plan.

28. Other reserves

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Fair value adjustment reserve	(2,577)	(2,887)	(2,577)	(2,887)
Foreign currency translation reserve	(46)	403	–	–
Capital reserve	674	674	–	–
Share-based compensation reserve	1,071	–	1,071	–
	(878)	(1,810)	(1,506)	(2,887)

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	(2,887)	(3,815)	(2,887)	(3,815)
Available-for-sale financial assets:				
- net gain on fair value changes during the year	310	928	310	928
At 31 December	(2,577)	(2,887)	(2,577)	(2,887)

Notes to the Financial Statements (cont'd)

28. Other reserves (cont'd)

(b) Foreign currency translation reserve

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

	Group	
	2010	**2009**
	$'000	**$'000**
At 1 January	403	(510)
Net effect of exchange difference arising from translation of financial statements of foreign operations	(449)	913
At 31 December	(46)	403

(c) Capital reserve

	Group	
	2010	**2009**
	$'000	**$'000**
At beginning and end of the year	674	674

(d) Share-based compensation reserve

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	–	–	–	–
Share-based payments	1,071	–	1,071	–
At 31 December	1,071	–	1,071	–

Notes to the Financial Statements (cont'd)

29. Employee benefits

	Group 2010 $'000	Group 2009 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	36,557	36,137
Central Provident Fund contributions	1,977	2,408
Share-based payments (CES Share Plan)	1,071	–
Other short term benefits	311	370
	39,916	38,915

30. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group 2010 $'000	Group 2009 $'000
Interest income from associates	(4,420)	(5,187)
Management and other fees from associates	(608)	(785)
Contract service provided to associates	(77,684)	(104,378)
Sale of development properties to directors of the Company and subsidiary companies	(1,337)	(2,335)

(b) *Compensation of key management personnel*

	Group 2010 $'000	Group 2009 $'000
Short-term employee benefits	15,977	10,557
Central Provident Fund contributions	95	52
Other short-term benefits	160	152
Share-based payments	529	–
	16,761	10,761
Comprise amounts paid to		
- Directors of the Company	13,460	8,892
- Other key management personnel	3,301	1,869
	16,761	10,761

Notes to the Financial Statements (cont'd)

31. Commitments

(a) Capital commitments

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

	Group	
	2010	**2009**
	$'000	**$'000**
Capital commitment in respect of leasehold and freehold development properties	161,916	–
Contribution to a project to be injected as capital contribution for a joint venture company	–	8,640
	161,916	8,640

(b) Operating lease commitments – as lessee

The Group has entered into industrial property lease on a pre-cast yard. Operating lease payments recognised in the consolidated profit or loss during the year amounted to $738,000 (2009: $1,018,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2010	**2009**
	$'000	**$'000**
Not later than one year	430	780
Later than one year but not later than five years	107	537
	537	1,317

(c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Notes to the Financial Statements (cont'd)

31. Commitments (cont'd)

(c) Operating lease commitments – as lessor (cont'd)

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2010	**2009**
	$'000	**$'000**
Not later than one year	1,268	1,375
Later than one year but not later than five years	747	1,206
	2,015	2,581

32. Contingent liabilities

The Group has provided the following guarantees at the balance sheet date:

(a) It has guaranteed the banking facilities of $728,523,000 (2009: $313,725,000) granted to its subsidiaries. At 31 December 2010, the amount utilised was $345,688,000 (2009: $169,472,000);

(b) It has guaranteed performance bonds of $25,764,000 (2009: $25,764,000) provided by insurance company;

(c) It has guaranteed part of the banking facilities of an associate to a maximum amount of $43,250,500 (2009: $43,240,500); and

(d) For banking facilities of $Nil (2009: $496,839,000) and $172,962,000 (2009: $172,962,000) granted to three associates, the Company has guarantee to meet 50% and 25% respectively of the interest expense. The Company has also guarantee to complete construction of the development projects and to meet any cost overrun on the development projects.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

Notes to the Financial Statements (cont'd)

33. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
2010				
Financial assets:				
Held for trading investments (Note 17)	415	–	–	415
Available-for-sale financial assets (Note 17)				
- Equity instruments (quoted)	2,325	–	–	2,325
At 31 December	2,740	–	–	2,740
2009				
Financial assets:				
Held for trading investments (Note 17)	373	–	–	373
Available-for-sale financial assets (Note 17)				
- Equity instruments (quoted)	1,964	–	–	1,964
At 31 December	2,337	–	–	2,337

Notes to the Financial Statements (cont'd)

33. Fair value of financial instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

There have been no transfers between Level 1 and Level 2 during the financial years ended 2010 and 2009.

Determination of fair value

Quoted equity instruments (Note 17): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Movements in level 3 financial instruments measured at fair value

There have been no transfers between Level 1 and Level 2 to Level 3 during the financial years ended 2010 and 2009.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables, Non-current other receivables (Notes 16 and 24), Accrued operating expenses (Note 25), and Non-current loans and borrowings at floating rate (Note 22)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values for the non-trade amounts due from subsidiaries (Note 16) are not determined as the timing of the future cash flow arising from the amounts cannot be estimated reliably.

Notes to the Financial Statements (cont'd)

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in Note 34(a) Credit risk section.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and

- corporate guarantee provided by the Company for banking facilities granted to subsidiaries (Note 32).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

Notes to the Financial Statements (cont'd)

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

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2010		2009	
	$'000	% of total	$'000	% of total
By country:				
Singapore	48,308	100	79,078	100
Other countries	99	–	35	–
	48,407	100	79,113	100
By industry sectors:				
Construction	47,716	99	76,904	97
Property development	691	1	1,737	2
Property investment	–	–	472	1
Corporate and others	–	–	–	–
	48,407	100	79,113	100

At the end of the reporting period, approximately 67% (2009: 74%) of the Group's trade receivables were due from 5 major customers who are located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 41% (2009: 22%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements (cont'd)

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

(b) Liquidity risk (cont'd)

Analysis of financial instrument by remaining contractual maturities

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

	Group			
	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2010				
Financial assets:				
Trade and other receivables	84,286	44,317	–	128,603
Cash and short-term deposits	133,570	–	–	133,570
Total undiscounted financial assets	217,856	44,317	–	262,173
Financial liabilities:				
Trade and other payables	99,343	–	–	99,343
Other liabilities	20,141	–	–	20,141
Loans and borrowings	119,468	174,511	–	293,979
Total undiscounted financial liabilities	238,952	174,511	–	413,463
Total net undiscounted financial liabilities	(21,096)	(130,194)	–	(151,290)
2009				
Financial assets:				
Trade and other receivables	151,938	34,758	–	186,696
Cash and short-term deposits	76,104	–	–	76,104
Total undiscounted financial assets	228,042	34,758	–	262,800
Financial liabilities:				
Trade and other payables	120,672	–	–	120,672
Other liabilities	16,803	–	–	16,803
Loans and borrowings	25,968	90,455	–	116,423
Derivatives	20	–	–	20
Total undiscounted financial liabilities	163,463	90,455	–	253,918
Total net undiscounted financial assets/ (liabilities)	64,579	(55,697)	–	8,882

Notes to the Financial Statements (cont'd)

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

(b) Liquidity risk (cont'd)

	Company			
	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2010				
Financial assets:				
Trade and other receivables	67,750	45,101	–	112,851
Cash and short-term deposits	3,555	–	–	3,555
Total undiscounted financial assets	71,305	45,101	–	116,406
Financial liabilities:				
Trade and other payables	10,429	–	–	10,429
Other liabilities	12,130	–	–	12,130
Total undiscounted financial liabilities	22,559	–	–	22,559
Total net undiscounted financial assets	48,746	45,101	–	93,847
2009				
Financial assets:				
Trade and other receivables	10,664	74,816	–	85,480
Cash and short-term deposits	3,171	–	–	3,171
Total undiscounted financial assets	13,835	74,816	–	88,651
Financial liabilities:				
Trade and other payables	8,816	–	–	8,816
Other liabilities	8,202	–	–	8,202
Total undiscounted financial liabilities	17,018	–	–	17,018
Total net undiscounted financial (liabilities)/ assets	(3,183)	74,816	–	71,633

Notes to the Financial Statements (cont'd)

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

(b) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Group and Company			
2010	**One year or less $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Financial guarantees	170,192	215,535	–	385,727
2009				
Financial guarantees	55,650	182,827	–	238,477

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The interest charge for loan and borrowings are based on floating rate (Note 22). The floating rate loans are contractually repriced at intervals of 1 month to 3 months. The interest rate charge for loans to associates is at fixed rate (Note 16).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2009: 75) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $2,136,000 (2009: $707,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities are primarily SGD, US dollar (USD), Australian dollar (A$), Vietnamese Dong (VND) and Malaysian Ringgit (MYR). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in A$ and MYR) amount to $7,974,000 (2009: (mainly in A$) $649,000) for the Group.

Notes to the Financial Statements (cont'd)

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

(d) *Foreign currency risk* (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Vietnam and Malaysia. The Group's net investments in Australia, Vietnam and Malaysia are not hedged as currency positions in A$, VND and MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, A$, Vietnamese Dong (VND) and Malaysian Ringgit (MYR) exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Profit before tax	
	2010	**2009**
	$'000	**$'000**
USD		
- strengthened 3% (2009: 3%)	+453	+505
- weakened 3% (2009: 3%)	-453	-505
A$		
- strengthened 3% (2009: 3%)	-248	+107
- weakened 3% (2009: 3%)	+248	-107
VND		
- strengthened 3% (2009: 3%)	+47	+74
- weakened 3% (2009: 3%)	-47	-74
MYR		
- strengthened 3% (2009: 3%)	-30	–
- weakened 3% (2009: 3%)	+30	–

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and the HoChiMinh Stock Exchange in Vietnam. These are classified as held for trading or available-for-sale financial assets.

At the end of the reporting period, 85% (2009: 84%) of the Group's equity portfolio consists of quoted investment in Vietnam.

Notes to the Financial Statements (cont'd)

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

(e) *Market price risk* (cont'd)

Sensitivity analysis for equity price risk

At the end of the reporting period, if the STI and the HoChiMinh Stock Exchange had been 2% (2009: 2%) higher/lower with all other variables held constant, the Group's profit before tax would have been $8,000 (2009: $6,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been $47,000 (2009: $39,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

35. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and short-term deposits. Capital includes equity attributable to the equity holders of the Company less the fair value adjustment reserve.

	Group	
	2010	**2009**
	$'000	**$'000**
Loans and borrowings (Note 22)	284,865	113,548
Trade and other payables (Note 24)	99,343	120,672
Other liabilities (Note 25)	20,141	16,803
Less: Cash and short-term deposits (Note 21)	(133,570)	(76,104)
Net debt	270,779	174,919
Equity attributable to the equity holders of the Company	348,288	257,453
Add/(less):		
- Fair value adjustments reserve (Note 28(a))	2,577	2,887
Total capital	350,865	260,340
Capital and net debt	621,644	435,259
Gearing ratio	44%	40%

Notes to the Financial Statements (cont'd)

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

1. The construction segment is in the business of general building contractors.

2. The property development segment is in the business of developing properties and management of development projects.

3. The property investment segment is in the business of leasing out of investment properties and the management of properties.

4. The corporate segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements (cont'd)

36. Segment information (cont'd)

Year ended 31 December 2010	Construction $'000	Property developments $'000	Property investment $'000	Corporate and others $'000	Adjustments and eliminations $'000	Notes	Total $'000
Revenue:							
External customers	305,150	169,727	1,562	591	–		477,030
Intersegment sales	98,822	122,453	433	57,026	(278,734)	A	–
Total revenue	403,972	292,180	1,995	57,617	(278,734)		477,030
Interest income	109	4,505	–	14	–		4,628
Dividend income	8	–	–	128	–		136
Finance costs	–	(1,516)	(19)	–	–		(1,535)
Depreciation and amortisation	(697)	(245)	(3)	(202)	–		(1,147)
Share of results of associates	12	78,741	–	295	–		79,048
Fair value gain on investment properties	–	–	1,500	–	–		1,500
Other non-cash items:						B	
Net fair value (loss)/gain on investment securities	(37)	–	–	78	–		41
Reversal of provision for foreseeable losses	15,191	–	–	–	–		15,191
Impairment loss on receivables	–	(1,911)	–	–	–		(1,911)
Share-based compensation expenses	(536)	(171)	–	(364)	–		(1,071)
Segment profit	23,785	84,213	2,944	1,163	406	C	112,511
Assets and liabilities:							
Investment in associates	–	136,164	–	1,917	–		138,081
Additions to non-current assets	5,197	17	64,855	479	–	D	70,548
Segment assets	162,821	612,043	102,807	11,877	(18,583)		870,965
Segment liabilities	201,474	264,096	47,954	13,584	(4,439)		522,669

Notes to the Financial Statements (cont'd)

36. Segment information (cont'd)

Year ended 31 December 2009	Construction $'000	Property developments $'000	Property investment $'000	Corporate and others $'000	Adjustments and eliminations $'000	Notes	Total $'000
Revenue:							
External customers	331,318	42,808	1,585	724	–		376,435
Intersegment sales	54,820	43,160	433	36,417	(134,830)	A	–
Total revenue	386,138	85,968	2,018	37,141	(134,830)		376,435
Interest income	18	5,217	–	–	–		5,235
Dividend income	4	–	–	–	–		4
Finance costs	(27)	(3,512)	(229)	–	–		(3,768)
Depreciation and amortisation	(597)	(244)	(3)	(160)	–		(1,004)
Share of results of associates	426	84,543	–	240	–		85,209
Fair value gain on investment properties	–	–	400	–	–		400
Other non-cash items:						B	
Net fair value gain on investment securities	122	–	–	72	–		194
Provision for foreseeable losses	(706)	–	–	–	–		(706)
Reversal of impairment loss on trade receivables	–	2,477	–	–	–		2,477
Fair value loss on derivatives	–	(20)	–	–	–		(20)
Segment (loss)/profit	(1,664)	79,390	1,477	1,993	(2,859)	C	78,337
Assets and liabilities:							
Investment in associates	538	168,024	–	1,955	–		170,517
Additions to non-current assets	299	180	4	274	–	D	757
Segment assets	156,397	407,962	32,648	8,345	(13,089)		592,263
Segment liabilities	200,070	120,289	6,820	9,037	(1,635)		334,581

Notes to the Financial Statements (cont'd)

36. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist of provisions, share-based payments, and impairment of financial assets as presented in the respective notes to the financial statements.

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 $'000	2009 $'000
Share of results of associates	79,048	85,209
Profit from inter-segment sales	406	(2,357)
Finance costs	(1,535)	(3,768)

D Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore $'000	Other countries $'000	Total $'000
Year ended 31 December 2010			
Revenue	476,187	843	477,030
Non-current assets	103,467	156	103,623
Year ended 31 December 2009			
Revenue	369,764	6,671	376,435
Non-current assets	32,986	17	33,003

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Notes to the Financial Statements (cont'd)

36. Segment information (cont'd)

Information about a major customer

Revenue from one major customer amount to $76,722,000 (2009: $70,301,000), arising from revenue by the construction segment.

37. Dividend proposed

The Directors propose that a tax exempt one-tier first and final dividend of 4.0 cents per share, amounting to $26,444,926 (2009: tax exempt one-tier first and final dividend of 3.0 cents per share amounting to $19,785,455) be paid for the year ended 31 December 2010.

38. Subsequent events

Subsequent to year end, the Company's wholly-owned subsidiary, CEL Australia Pty Ltd increased its shareholding in its associated company, 242 West Coast Highway Scarborough Pty Ltd from 50% to 75% which resulted it becoming a subsidiary of the Group.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 11 March 2011.

Statistics of Shareholdings

As at 17 March 2011

Share Capital

Issued and fully-paid capital	:	$79,690,709
Class of Shares	:	Ordinary share
Voting rights	:	One vote for each share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	31	0.33	9,934	0.00
1,000 - 10,000	5,150	53.94	29,628,229	4.48
10,001 - 1,000,000	4,324	45.29	253,251,353	38.31
1,000,001 and above	42	0.44	378,233,645	57.21
Total :	9,547	100.00	661,123,161	100.00

Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Lim Tiam Seng (1)	65,499,000	9.91	17,198,000	2.60
Lim Tiang Chuan	44,177,000	6.68	-	-
Kwee Lee Keow (2)	17,198,000	2.60	65,499,000	9.91

Notes :

1 Mr Lim Tiam Seng's deemed interests include 17,198,000 shares held by Madam Kwek Lee Keow (wife).

2 Madam Kwek Lee Keow's deemed interests include the shares held by Mr Lim Tiam Seng (husband).

Statistics of Shareholdings (cont'd)

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Lim Tiam Seng	65,499,000	9.91
2	Lim Tiang Chuan	44,177,000	6.68
3	Lim Tian Back	22,003,000	3.33
4	Lim Ling Kwee	20,605,000	3.12
5	Lim Tian Moh	18,853,000	2.85
6	HSBC (Singapore) Nominees Pte Ltd	17,943,000	2.71
7	Kwek Lee Keow	17,198,000	2.60
8	OCBC Securities Private Ltd	15,472,000	2.34
9	Dawn Lim Sock Kiang	15,377,000	2.32
10	Lim Sock Joo	14,702,000	2.22
11	Kim Eng Securities Pte. Ltd.	13,452,000	2.03
12	DBS Nominees Pte Ltd	12,734,250	1.93
13	UOB Kay Hian Pte Ltd	10,595,000	1.60
14	Citibank Nominees S'pore Pte Ltd	8,892,998	1.35
15	CIMB Securities (S'pore) Pte Ltd	8,035,000	1.22
16	United Overseas Bank Nominees Pte Ltd	7,941,500	1.20
17	Phillip Securities Pte Ltd	7,618,595	1.15
18	Chia Lee Meng Raymond	5,925,000	0.90
19	DBS Vickers Securities (S) Pte Ltd	5,652,000	0.85
20	Hong Leong Finance Nominees Pte Ltd	3,791,000	0.57
Total :		336,466,343	50.88

Percentage of Shareholdings in Public's Hand

Approximately 65.71% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

CHIP ENG SENG CORPORATION LTD (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Emerald Suite, Golf Clubhouse - Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Wednesday, 27 April 2011 at 10.00 a.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2010 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2010 (2009: Tax Exempt One-Tier First and Final Dividend of 3.0 cents per ordinary share). **(Resolution 2)**

3. To re-elect Mr Chia Lee Meng Raymond, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Goh Chee Wee, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (ii)] **(Resolution 4)**

5. To re-appoint Mr Lim Tiam Seng as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting. [See Explanatory Note (iii)] **(Resolution 5)**

6. To approve the payment of additional Directors' fees of S$120,000 for the financial year ended 31 December 2010. **(Resolution 6)**

7. To approve the payment of Directors' fees of S$245,000 for the financial year ending 31 December 2011, to be paid quarterly in arrears. (2010: S$185,000) **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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

AS SPECIAL BUSINESS:

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

10. "SHARE ISSUE MANDATE

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

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

Notice of Annual General Meeting (cont'd)

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

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 that 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:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

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

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (iv)] **(Resolution 9)**

Notice of Annual General Meeting (cont'd)

11. "CHIP ENG SENG PERFORMANCE SHARE PLAN

That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the Chip Eng Seng Performance Share Plan (the "Performance Share Plan") and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the Performance Share Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of shares excluding treasury shares of the Company from time to time." [See Explanatory Note (v)] **(Resolution 10)**

12. "SHARE PURCHASE MANDATE

That the Directors of the Company be and are hereby authorised to make purchases of shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary share capital of the Company as at the date of this Resolution, excluding any shares held as Treasury Shares, at the price of up to but not exceeding the Maximum Price as set out in Page 12 of the Circular dated 2 April 2007 to the shareholders of the Company and this mandate shall unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. (Refer to attached Appendix A)." [See Explanatory Note (vi)] **(Resolution 11)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 8 April 2011

Notice of Annual General Meeting (cont'd)

Notes:

1. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 69 Ubi Crescent #06-01, CES Building, Singapore 408561, not less than 48 hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES:

(i) Mr Chia Lee Meng Raymond, upon re-election as a Director of the Company, will remain as the Group Chief Executive Officer of the Company.

(ii) Mr Goh Chee Wee, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating Committee. Mr Goh is an Independent Director.

(iii) Mr Lim Tiam Seng, upon re-election as a Director of the Company, will remain as an Executive Chairman.

(iv) **Resolution 9** is to empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 9 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 9, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 9, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(v) **Resolution 10** is to authorise the Directors to offer and grant awards in accordance with the provisions of the Chip Eng Seng Performance Share Plan and to allot and issue shares thereunder.

(vi) **Resolution 11** is to renew the Shares Purchase Mandate, which was originally approved by the shareholders on 27 April 2007. The Company bought 8,000,000 ordinary shares of the Company during the financial year 2007. Detailed information on the Renewal of the Share Purchase Mandate is set out in Appendix A.

Proxy Form

(Please see notes overleaf before completing this Form)

CHIP ENG SENG CORPORATION LTD

(Incorporated in Singapore)
(Registration No. 199805196H)

IMPORTANT:
1. For Investors who have used their CPF monies to buy Chip Eng Seng's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____

of ____

being a member/members of Chip Eng Seng Corporation Ltd (the "Company"), hereby appoint:

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

and/or failing him/her (delete as appropriate)

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

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Emerald Suite, Golf Clubhouse – Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Wednesday, 27 April 2011 at 10.00 a.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	ROUTINE BUSINESS		
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2010 **(Resolution 1)**		
2	Payment of a proposed first and final dividend **(Resolution 2)**		
3	Re-election of Mr Chia Lee Meng Raymond as a Director **(Resolution 3)**		
4	Re-election of Mr Goh Chee Wee as a Director **(Resolution 4)**		
5	Re-appointment of Mr Lim Tiam Seng as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 **(Resolution 5)**		
6	Approval of additional Directors' fees amounting to S$120,000 for the financial year ended 31 December 2010 **(Resolution 6)**		
7	Approval of Directors' fees amounting to S$245,000 for the financial year ending 31 December 2011, to be paid quarterly in arrears **(Resolution 7)**		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 8)**		
9	Any other business		
	SPECIAL BUSINESS		
10	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 9)**		
11	Authority for Directors to offer and grant awards and issue shares in accordance with the provisions of the Chip Eng Seng Performance Share Plan **(Resolution 10)**		
12	Approval of the renewal of the Share Purchase Mandate **(Resolution 11)**		

* Please indicate your vote "For" or "Against" with a tick (v) within the box provided.

Dated this __________ day of __________________ 2011

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

Total Number of Shares held in:	
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 69 Ubi Crescent #06-01, CES Building, Singapore 408561 not less than 48 hours before the time set for the meeting.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

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

Corporate Information

EXECUTIVE DIRECTORS

Lim Tiam Seng PBM
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Chia Lee Meng Raymond
Group Chief Executive Officer

Dawn Lim Sock Kiang
Executive Director

INDEPENDENT DIRECTORS

Goh Chee Wee
Hoon Tai Meng
Ang Mong Seng

AUDIT COMMITTEE

Goh Chee Wee
Chairman

Hoon Tai Meng
Ang Mong Seng

REMUNERATION COMMITTEE

Goh Chee Wee
Chairman

Hoon Tai Meng
Ang Mong Seng

NOMINATING COMMITTEE

Hoon Tai Meng
Chairman

Ang Mong Seng
Goh Chee Wee

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: 65365355
Fax: 65361360

REGISTERED OFFICE

69 Ubi Crescent #06-01
CES Building
Singapore 408561
Tel: 68480848
Fax: 68480838
Email: enquiry@chipengseng.com.sg
Website: www.chipengseng.com.sg

AUDITORS

Ernst & Young LLP
Public Accountants & Certified Public Accountants
One Raffles Quay
North Tower
Level 18
Singapore 048583

AUDIT-PARTNER-IN CHARGE

Low Yen Mei
Since financial year ended 31 December 2010

COMPANY SECRETARIES

Abdul Jabbar Bin Karam Din, LLB(Hons)
Loh Lee Eng, ACIS

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited
Malayan Banking Berhad
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
RHB Bank Berhad
Oversea-Chinese Banking Corporation Limited

集永成机构有限公司
Chip Eng Seng Corporation Ltd

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Co. Reg. No. 199805196H