BOARD OF DIRECTORS

Executive
Tan Mok Koon (Managing Director)

Non-Executive
Lim Ming Seong (Chairman)
Goh Boon Seong (Independent)
Phillip Lee Soo Hoon (Independent)
Dr. Lim Boh Soon (Independent)
Sin Boon Ann (Independent)

NOMINATING COMMITTEE
Lim Ming Seong (Chairman)
Goh Boon Seong
Phillip Lee Soo Hoon

AUDIT COMMITTEE
Phillip Lee Soo Hoon (Chairman)
Dr. Lim Boh Soon
Sin Boon Ann

COMPENSATION COMMITTEE
Lim Ming Seong (Chairman)
Goh Boon Seong
Tan Mok Koon

SECRETARIES
Sebastian Tan Cher Liang
Tan San-Ju

REGISTERED OFFICE
3 Church Street #08-01,
Samsung Hub,
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

BUSINESS OFFICE
No. 2, Ubi View
Singapore 408556
Tel: 65-6512 0333
Fax: 65-6742 9179

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd
3 Church Street #08-01,
Samsung Hub,
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

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

Audit Partner-in-charge:
Tan Chian Khong
(Appointment since 2006)

BANKERS
Arab Bank plc
Bank of China Ltd
Development Bank of Singapore Ltd
Deutsche Bank
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Ltd
Rabobank International
RHB Bank Berhad
Societe Generale
Standard Chartered Bank
The Bank of East Asia, Ltd
The Hong Kong and Shanghai Banking Corporation Ltd
United Overseas Bank Ltd
CSE Global Limited (CSE) is a leading systems integrator with an international presence spanning Americas, Asia Pacific, Europe, Africa and the Middle East. The Group employs over 1,500 people worldwide, with over 85 percent representing its design, engineering and project management capability and experience. That makes CSE one of the largest independent systems integrators of its kind.

For over 20 years, we have been delivering cost-effective control & automation, telecommunication & security surveillance, electrical engineering, thermal engineering and healthcare information technology solutions to the satisfaction of our clients. Our strength in turnkey project management attracts an ever-increasing portfolio of blue-chip clients in the energy, chemical/petrochemical, utilities, financial and public sectors like transport authorities, amongst others.

CSE commenced operations in 1985 as the engineering projects division of Chartered Electronics Industries, the electronics arm of Singapore Technologies (ST). As part of the ST Group’s corporate strategy of encouraging a higher level of management participation and ownership in selective companies, a management buy-out was successfully concluded in January 1997.

In February 1999, CSE became a public listed company and its shares are traded on the main board of the Singapore Exchange.

CSE has adopted a global approach to growth. Since 2000, the Group has acquired United States based W-Industries and Control Concept Technologies, British systems integrator, Servelec, telecommunications provider, Transtel Engineering, and ttc s.r.o. in Slovakia. These acquisitions not only expand our core capabilities but also provides a broad international platform for sustained growth.

In 2004, the Group acquired Uniserve Corporation, an electrical engineering solutions company for the power & water utility, and mining industries in Australia, and RTUnet, a manufacturer and distributor of the Kingfisher remote telemetry units for industrial application, also in Australia.

In 2006, the Group acquired CSE-Semaphore, a Belgium-based company that develops and sells telemetry and telecontrol solutions for various industries, including oil & gas, irrigation, utilities, railways and building automation, and CSE-Controls Ltd, a Scotland-based company that provides system integration services for customers in the oil, gas and power sector.

In 2008, the Group acquired W Arthur Fisher (WAF), a New Zealand-based company that provides control and electrical engineering services, and Hankin Acquisition Corp, a US-based company that designs and installs high temperature thermal process and incineration systems for the industrial and environmental markets.

The Group now operates a network of 36 offices in 20 countries, generating more than 95 percent of its revenues outside its home market. In line with our global ambitions, we have adopted the ISO 9001 Quality Management System as certified by Lloyd’s Register Quality Assurance (LRQA) and DNV.
Operating Entities

**W-Industries, Inc.** || America 100%
- W-Industries - Louisiana || America 100%
- BOSCO LLC || America 100%

**Transtel Engineering Pte Ltd** || Singapore 100%
- PT Transtel Engineering || Indonesia 100%
- Transtel Engineering Nigeria Ltd || Nigeria 80%
- Transtel Engineering Kish Co Ltd || Iran 49%
- Transtel Engineering (Tiajin) Co. Ltd || China 100%
- CSE-Transtel Engineering (Europe) Ltd || UK 100%
- Transtel Engineering Qatar || Qatar 49%
- Transtel Engineering & Co LLC || Oman 49%
- Transtel Engineering (Thailand) Co Ltd || Thailand 40%
- Transtel Engineering (M) Sdn Bhd || Malaysia 40%
- Transtel Engineering Pty Ltd || Australia 100%

**CSE Technology (Beijing) Co. Ltd.** || China 100%

**CSE-Infotech Limited** || Singapore 100%
- CSE-ITS Pte Ltd || Singapore 100%
- eBworx Berhad || Malaysia 26.3%
- CSE Global Belgium SA || Belgium 35.6%
  » CSE Semaphore || Belgium 100%

**CSE-IAP Pte Ltd** || Singapore 100%

**CSE-EIS Pte Ltd** || Singapore 100%

**RTUNet (Asia) Pte Ltd** || Singapore 100%
- CSE Global Belgium SA || Belgium 64.4%
  » CSE Semaphore || Belgium 100%

**CSE-Myers Pte Ltd** || Singapore 100%

**CSE Systems & Engineering (India) Pte Ltd** || India 100%

**CSE-Global (UK) Ltd** || United Kingdom 100%
- CSE-Servelec Ltd || United Kingdom 100%
- CSE-Seprol Ltd || United Kingdom 100%
- CSE-Controls s.r.o. || Slovakia 100%
- CSE-Controls Ltd || Scotland 100%

**CSE-Global (Australia) Pty Ltd** || Australia 100%
- CSE-Universal Corporation Pty Ltd || Australia 100%
  » CSE W. Arthur Fisher Ltd || New Zealand 100%
  » CSE-University Pty Ltd || Australia 100%
  » CSE-University Engineering Pty Ltd || Australia 100%

**CSE Environment Systems Inc** || America 100%

**CSE Systems & Engineering (Thailand) Ltd** || Thailand 100%
- Transtel Engineering (Thailand) Co Ltd || Thailand 60%

**CSE-EIS (M) Sdn Bhd** || Malaysia 100%

**CSE-Hankin Inc** || United States 100%
Solutions of CSE Global

With a keen understanding of client needs coupled with strong domain expertise, we excel in delivering reliable and cost effective systems integration services and IT solutions that are customized to meet the stringent requirements of our clients whatever the industry.

From offshore oil and gas platforms to onshore plant information systems, CSE designs, delivers, commissions as well as provides comprehensive maintenance to a wide array of industrial systems. In addition, CSE develops, manufactures and distributes its Kingfisher and Sepro brands of Remote Terminal Units (RTU) products for SCADA applications.

Our impeccable track record is second to none. We have proven expertise in deploying basic monitoring systems as well as complex applications. We integrate industrial technology solutions for clients from a wide spectrum of process industries.

“A wealth of experience in deploying complete and comprehensive mission critical solutions.”
Control & Automation Solutions

PROCESS CONTROL SYSTEM
Hybrid or PLC-based system which monitors and controls the facility and auxiliary processing equipment. The system includes visualization of human machine interface (HMI), third-party control system interface and database management.

SAFETY SHUTDOWN SYSTEM
PLC-based or proprietary hardware(SIL) based system which monitors and controls the critical aspects of the facility hydrocarbon and auxiliary processing equipment. The system will initiate orderly process shutdown in the event of serious process upset.

FIRE & GAS DETECTION SYSTEM
PLC-based or proprietary hardware based system which monitors combustible gas, toxic gas, smoke and fire throughout the production facility, and provides control action for suppression, alarming and process shutdown.

SCADA/TELEMETRY
SCADA, which stands for Supervisory Control & Data Acquisition, refers to an industrial control computer system that monitors and controls an industrial infrastructure or facility, from a central location via remotely connected field PLCs or RTUs. The system also integrates the real time database with business system to provide totally managed asset based solutions and automated predictive based decisions.

PIPELINE CONTROL SYSTEM
The system, applicable to oil and products pipeline, maintains correct pressure along the pipeline for the smooth flow of the fluid via the pumping stations control. The system monitors the block value station and initiates shutdown in the event of process upset and leak detection. The system also provides modeling and simulation, batch & pig tracking, and training simulation.

WELLHEAD CONTROL SYSTEM
The system, hydraulic and/or pneumatic, is to control dry wellhead valves and flowlines, in single or multi-headed wellhead systems. The wellhead control panel logic is often interfaced to and/or controlled by the facility safety system.

SUBSEA CONTROL SYSTEM
(MCS, EPU & HPU)
The Master Control System (MCS) is a PLC-based control system, which is installed on production facility, to monitor and control subsea wellheads. System includes visualization, data management, and interface to facility topsides control system.

The Electrical Power System (EPS) consists of power distribution and monitoring equipment as well as communication modems which facilitate the interface between the MCS and the intelligent wellhead system located on the ocean floor. The EPU is installed adjacent to the MCS on the production facility.

The Hydraulic Power Unit (HPU) is an equipment skid assembly which houses the hydraulic pumps, accumulators, reservoirs and the distribution circuitry. The HPU is typically controlled by the resident PLC system which is interfaced to the MCS.

CHEMICAL INJECTION SYSTEM
The chemical injection system, which consists of the skid assembly housing pumps, reservoirs, measurement & control devices and distribution circuitry, is to disperse a wide array of treatment chemicals into the production flow lines. Chemical injection is most often applied to subsea wellheads on offshore facilities.

INSTRUMENTATION & ELECTRICAL (I&E) CONSTRUCTION
I&E construction is performed in offshore fabrication yards and offshore sites, and consists of installing the facility electrical power distribution cabling, control system cabling, fire and gas detection system and cabling, lighting system and cabling, public system and cabling, communication network and cabling, and instrumentation tubing systems. Pre-commissioning, calibration services and commissioning services are also included.

PLANT INFORMATION MANAGEMENT SYSTEM (PIMS)
PIMS is the heart of an enterprise-wide real time information infrastructure that transforms real-time data into operation intelligence, and integrates production information with the enterprise business system. The system captures raw data from any control systems and, through a suite of user configurable reporting, analysis and web software tools, displays current and past operating conditions on the desktops for the enterprise. The information is also stored online at its original resolution for subsequent analysis.

DATA RECONCILIATION & YIELD ACCOUNTING
The system verifies data quality, and helps produce clean, consistent and reliable data. It uses a rigorous, mathematical approach to reconcile raw process data and generates a consistent set of unified operating data available and instantly accessible to other information systems. The system combines easy to use modeling tools and the most robust data reconciliation solver available to create a powerful toolkit for data analysis in the plant management information system.
LABORATORY INFORMATION MANAGEMENT SYSTEM (LIMS)
LIMS provides a centralized database repository for quality information in the laboratory and supports the management of the laboratory operations including sample management, sample tracking, integration with test instruments for automatic SQC analysis, and systematic dissemination of test result to the control system, PIMS and ERP systems.

TERMINAL AUTOMATION SYSTEM
The system automates the function of oil marketing terminals which perform loading, invoicing, tank farm control, order management, inventory management, and interfaces to the enterprise resource planning system.

REMOTE TELEMETRY UNIT (RTU) PRODUCTS
CSE-Semaphore offers 2 types of RTU products used for supervisory control and data acquisitions:

- T-Box, a world’s first RTU to integrate internet technology as standard, such as embedded WEB server, e-mail support, FTP and IP forward; and
- Kingfisher, another world’s first RTU that features an embedded programming environment that is compliant with both IEC 61131-3 and IEC 61499 programming languages, as well as, extended memory and power that go beyond the power of a PLC.

INTELLIGENT TRANSPORT SYSTEM (ITS)
ITS is an application of advanced technologies like electronics, communication, control and information technology for the benefit of more effective road transportation. CSE-ITS has built up and established its competency and capability to provide intelligent transportation solutions such as:

- Electronic Road Pricing System
- Urban Traffic Control System
- Electronic Toll Collection System
- Motorway and Tunnel Management System
- Communication Backbone System
- Electronic Information Display System
- Over-height Vehicle Detection System

Telecommunication & Security Surveillance Solutions
Design and provision of turnkey telecom infrastructures solutions in the oil & gas, and energy industries. The systems are custom designed, engineered and built for onshore and offshore facilities such as offshore platforms, onshore processing facilities like refineries, LNG plants, gas plants and petrochemical plants, and power generation plants. Services provided include:

- Satellite Communications Systems (VSAT) Fiber Optic Communication System Wireless Solutions
  - Microwave
  - Microwave radio system
  - Point-to-point and point-to-multipoint microwave radio system
  - Spread Spectrum radio system
- Radio systems
  - SSB
  - UHF/VHF digital radio system
  - Trunked radio system
- Other Systems
  - CCTV surveillance system
  - PABX telephone system
  - Public address & intercom system
  - Environmental monitoring system

Electrical Engineering Solutions

POWER CONVERSION
The power conversion business incorporates various electrical control equipment including low/medium voltage variable speed drives and solid state soft starters, slip energy recovery drive and liquid resistance starters, all centered around the starting, running and electronic speed control of low, medium and high electric motors.

POWER SYSTEM & CONTROL
The protection system mainly deploys the GE Multilin range of products which cover motor protection, feeder protection, line protection, transformer protection and generator protection. The offerings include industrial network & network security design, and implementation to protect real-time process control and SCADA systems of critical infrastructure systems.

Thermal Engineering Solutions
The design, engineering and supply of industrial furnace systems for industrial incineration plants, industrial process plants and municipal sludge incinerators, to industrial and municipal clients. Product lines include multiple hearth, fluid bed, shaft kiln and rotary furnace systems.

Healthcare Information Technology Solutions
The RiO software package covers mental health, community and child health with the different care settings being accommodated via the configuration of the system. RiO is a clinically rich package designed to be used by clinicians for themselves and for the benefit of their patients. The core of the system is a person-centric administration or PAS, and with other key functions such as:

- Case notes
- Assessments
- Care plans
- Mental Health Act administration
- Appointment scheduling
- Clinic management
- In-patient management
- Reporting
- Care setting functionality
The most important thing we deliver is peace of mind.
## Financial Highlights

### Key Financial Data

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$'000)</td>
<td>(S$'000)</td>
<td>(%)</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>441,518</td>
<td>404,696</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Profit from continuing operations before taxation</strong></td>
<td>65,526</td>
<td>57,739</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Profit from continuing operations after taxation</strong></td>
<td>48,251</td>
<td>42,060</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Minority Interest</strong></td>
<td>-</td>
<td>1</td>
<td>N.M.</td>
</tr>
<tr>
<td><strong>Profit attributable to shareholders</strong></td>
<td>48,251</td>
<td>42,059</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Earning per share (cents)</strong></td>
<td>9.65</td>
<td>8.33</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>12,669</td>
<td>12,902</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>Associated Companies</strong></td>
<td>7,283</td>
<td>7,009</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>67,775</td>
<td>70,457</td>
<td>(4%)</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td>4,225</td>
<td>3,993</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>244,782</td>
<td>227,964</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>213,815</td>
<td>162,469</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Net current assets/(liabilities)</strong></td>
<td>30,967</td>
<td>65,495</td>
<td>(53%)</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td>(14,847)</td>
<td>(23,667)</td>
<td>(37%)</td>
</tr>
<tr>
<td><strong>Shareholders' funds</strong></td>
<td>108,248</td>
<td>136,365</td>
<td>(21%)</td>
</tr>
<tr>
<td><strong>Minority interest</strong></td>
<td>14</td>
<td>14</td>
<td>N.M.</td>
</tr>
<tr>
<td><strong>Net assets per share (cents)</strong></td>
<td>22.74</td>
<td>26.91</td>
<td>(15%)</td>
</tr>
<tr>
<td><strong>Operating profit before working capital changes</strong></td>
<td>65,009</td>
<td>66,557</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>Net cash generated from operations</strong></td>
<td>19,615</td>
<td>41,241</td>
<td>(52%)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(9,899)</td>
<td>(38,682)</td>
<td>(74%)</td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities</strong></td>
<td>(21,806)</td>
<td>(8,666)</td>
<td>143%</td>
</tr>
<tr>
<td><strong>Net effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>(4,899)</td>
<td>(1,886)</td>
<td>160%</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the year</strong></td>
<td>42,639</td>
<td>58,908</td>
<td>(28%)</td>
</tr>
</tbody>
</table>
### Financial Highlights

<table>
<thead>
<tr>
<th>Turnover (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>198.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>267.3</td>
<td>334.5</td>
<td>404.7</td>
<td>441.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Cash Flow (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.4</td>
<td>16.8</td>
<td>19.6</td>
<td>30.9</td>
<td>41.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ Funds (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68.8</td>
<td>87.4</td>
<td>108.4</td>
<td>136.4</td>
<td>189.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on Equity (%)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.5</td>
<td>28.3</td>
<td>29.8</td>
<td>34.4</td>
<td>39.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPS (Cents)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.4</td>
<td>4.5</td>
<td>5.8</td>
<td>8.3</td>
<td>9.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit After Tax (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16.3</td>
<td>22.1</td>
<td>29.1</td>
<td>42.3</td>
<td>48.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Backlog Order (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>85.8</td>
<td>181.2</td>
<td>305.5</td>
<td>322.1</td>
<td>269.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EVA (S$'M)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.1</td>
<td>9.6</td>
<td>13.5</td>
<td>23.7</td>
<td>26.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NTA per Share (Cents)</th>
<th>08</th>
<th>07</th>
<th>06</th>
<th>05</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.6</td>
<td>11.0</td>
<td>9.4</td>
<td>13.0</td>
<td>8.5</td>
</tr>
</tbody>
</table>

“CSE continued to focus its growth efforts primarily on organic growth opportunities in its existing markets, while making acquisitions to close the product, services or geographic gaps in its business portfolio.”
Financial Highlights

Turnover by Geographical (S$'M)

2007
- Asia Pacific: S$141.9
- US: S$106.3
- Europe/Middle East/Africa: S$156.5

2008
- Asia Pacific: S$137.0
- US: S$143.2
- Europe/Middle East/Africa: S$161.3

Profit After Tax by Geographical (S$'M)

2007
- Asia Pacific: S$19.8
- US: S$12.8
- Europe/Middle East/Africa: S$9.5

2008
- Asia Pacific: S$17.8
- US: S$14.2
- Europe/Middle East/Africa: S$16.3
We have always been able to see what makes tomorrow work.
CSE reported another record-setting year in spite of the difficult global market. Revenue grew 9.1% to S$441.5 million; profit after tax grew 14.7% to S$48.3 million.
CSE reported another record-setting year in spite of the difficult global market. Revenue grew 9.1% to S$441.5 million; profit after tax grew 14.7% to S$48.3 million. The results could have been better if not for the volatility of foreign exchange rates. Excluding the exchange translation impact (at constant exchange rate), revenue and profit after tax would have grown by 16.2% and 23.1% respectively. The return on equity was 39.5%, up from 34.4% in 2007. Cash flow from operations amounted to S$19.6 million, which was lower than S$44.2 million reported in 2007. Significant contributors to the development of cash flow for the year were the timing of customer payments, higher work in progress and the impact on exchange translation. Our net debt was S$86.6 million, an increase of S$44.9 million from 2007. The increase was attributed to the dividend payment of about S$22.8 million, acquisition cost of S$6.7 million, and share buyback of about S$28.0 million.

CSE continued to focus its growth efforts primarily on organic growth opportunities in its existing markets, while making acquisitions to close the product, services or geographic gaps in its business portfolio. In 2008, CSE acquired Hankin Acquisition Corp (Hankin) based in New Jersey, USA, and W. Arthur Fisher Limited (WAF) in Auckland, New Zealand. The Hankin acquisition is to acquire the design capability for high temperature thermal process and incineration such as the multiple hearth, fluidized bed and rotary kiln furnaces for the industrial and municipal clients. The WAF acquisition is to strengthen our presence in New Zealand. These acquisitions had no material impact on CSE’s earnings in 2008.

In 2008, the revenue for our control & automation, telecommunication & security surveillance, electrical engineering, thermal engineering and healthcare information technology businesses were S$283.9 million, S$76.0 million, S$45.3 million, S$17.2 million and S$19.1 million respectively. As at the end of 2008, we carried forward total outstanding orders of S$269.5 million which consist of S$212.7 million of control & automation, telecommunication & security surveillance, electrical engineering and thermal engineering businesses, and S$56.8 million of healthcare information technology business.

Over the last decade, CSE has transformed itself to be a truly global company. We employ about 1500 employees of diverse nationalities and operate out of a global network of 36 offices in 20 countries. Overall, the geographical regions of the Asia-Pacific, the Americas and Europe, Middle East and Africa (EMEA) contributed 32.5%, 36.5% and 31.0% respectively to revenue, and 33.7%, 29.5% and 36.8% respectively to profit after tax. In the Asia-Pacific market, the revenue and profit after tax were up by 34.7% and 71.0% respectively, as compared to 2007. The growth was attributed to increased business in Australia, China, South East Asia and Singapore. The Americas did well in the mature market; revenue and profit after tax increased 3.1% and 11.6% respectively. Excluding the exchange translation impact, the revenue and profit after tax would have grown by 9.1% and 17.6% respectively. The weaker EMEA market had shown that revenue and profit lowered by 3.5% and 10.3% respectively. However, excluding the exchange translation impact, the revenue and profit after tax would have grown 6.0% and 2.8%, respectively.

Our strategic intent and success in growing our business internationally and in adopting best business practices over the years has been duly recognised in 2008 with CSE being awarded the 2008 UK Trade & Investment (UKTI) International Business Award. The annual award, presented by the UKTI, a UK Government organization, is in recognition of Singaporean companies with significant strategic and long-term investment in the UK. CSE is again being awarded as one of the 200 “Best Under One Billion” exchange-listed companies in the Asia Pacific region by Forbes Asia. CSE had won this award for the fourth time running; the first time being in 2003, the second in 2006 and the third time in 2007. Also during the year, CSE was recognised and awarded as one of the “Singapore International 100 Ranking” companies in terms of the highest overseas revenue in 2007, by IE Singapore. On the customer front, FMC Brazil presented W-Industries, our US-based subsidiary, with a biennial "Top Quality Supplier Award", in recognition of the role W-Industries has played in providing quality products and valuable expertise in delivering and executing complex subsea projects in the past two years to FMC Brazil.
During the year, in our efforts to be good corporate citizens, we have donated to the Salvation Army and the Singapore Children’s Society, targeting specifically the needs of their respective homes for the children. On the international front, the staff in our Melbourne office in Australia has contributed to the Victorian Bushfire Appeal Fund of the Australian Red Cross, with our corporate headquarters making additional donations to the Fund.

2008 was a year of great changes in the economic international front. In the last quarter of 2008, the global financial health worsened very rapidly. Major economies went into sharp decline one after another. By the end of the year, the world was officially in a recession. The market outlook for 2009 and 2010 has become, and is very uncertain. Against this backdrop, we expect the oil & gas, and mining & mineral businesses to remain generally stable but in the short term, we are likely to experience further delay in both projects and orders, and revenue as customers react cautiously to the poor economic conditions and credit squeeze. We expect the infrastructure (water, power, environmental and transportation) business to perform well, being supported by the various government stimulus packages. The healthcare business will show improved performance mainly by expanding our solutions to the other clusters in the UK. With the backlog of S$269.5 million and predictable revenue stream from the stable brown field businesses, we will be able to cushion the negative impact and remain profitable in 2009.

Since its genesis, CSE has been through several crises before such as the 1997 Asia Financial Crisis, 2000 Dot-Com bubble burst, the 2003 Severe Acute Respiratory Syndrome (SARS) epidemic and we have always emerged stronger. However we need to take note that the current economic crisis is much different from the past crises, as it has become a worldwide problem. With good vision and management will, we have over the years built up a good geographical and industrial diversification in our business, excellence in job execution, prudent financial management, and strong enduring corporate governance. In light of the ongoing deeper and sharper global economic downturn, even as our strong foundation and strengths put us in good stead to ride out the difficult times, we will still need to continue to sharpen our competitive edge, and work harder to streamline and improve our business processes and operations, cost control and cash generation.

On behalf of the Board, we will like to take this opportunity to commend our employees for contributing to the best of their ability, in big or small ways, to help CSE to achieve a remarkable 2008. We would also like to express our appreciation to our suppliers and customers for their continued trust in us, and our shareholders for their continuing support and confidence as we continue to build a global organization, to prepare to emerge from this crisis stronger and fitter, and be ready to grow further when the upturn comes.

LIM MING SEONG            TAN MOK KOON
Chairman          Managing Director
CSE delivers the certainty the industry needs today
Directors’ Profile

The key information regarding the Directors of the Company as at the date of this report in respect of academic and professional qualifications, the date of first appointment as a Director of the Company, the date of the last re-election as a Director of the Company, and other major appointments is set out as follows:-

LIM MING SEONG
Chairman, Age 61

Mr. Lim was appointed as the Chairman and non-Executive Director of the Company on 17 January 1997. Mr. Lim was last re-elected as a Director of the Company on 24 April 2007.

Mr. Lim graduated from the University of Toronto with a Bachelor of Applied Science (Honours) in Mechanical Engineering and from the National University of Singapore with a Diploma in Business Administration. Mr. Lim has also participated in the Advanced Management Programs at INSEAD and Harvard University.

Mr. Lim, in his approximately 17 years with Singapore Technologies Group, held various senior management positions within the Singapore Technologies Group before being made the Group Director of Singapore Technologies Pte Ltd. Prior to joining Singapore Technologies Group, Mr. Lim served as the Deputy Secretary with the Ministry of Defence, Singapore. Mr Lim is currently also the Chairman and Non-executive Independent Director of First Resources Ltd since 1 Dec 2007.

TAN MOK KOON
Managing Director, Age 50

Mr. Tan was appointed as the Managing Director and Executive Director of the Company on 7 January 1997. Mr Tan was last elected as a Director of the Company on 28 April 2008.

Mr. Tan graduated from the National University of Singapore with a Bachelor of Engineering (Honours) in Chemical Engineering.

Mr. Tan joined the Company in 1986 as an engineer and was promoted to General Manager in 1992. Mr. Tan was subsequently appointed as Managing Director of the Company, following the successful conclusion of a management buyout of the Company in 1997. Prior to joining the Singapore Technologies Group, Mr. Tan worked as an engineer cumulatively for about 4 years at Honeywell (S) Pte Ltd and Esso Singapore Pte Ltd.

GOH BOON SEONG
Non-Executive Director, Age 54

Mr. Goh was appointed as a non-Executive Director of the Company on 7 January 1997. Mr. Goh was last re-elected as a Director of the Company on 24 April 2007.

Mr. Goh graduated from the University of Singapore with a Bachelor of Business Administration.

Mr. Goh is currently serving as the CEO of Whiterock Medical Company Pte Ltd. Prior to the afore-mentioned, Mr. Goh held various senior management positions within the Singapore Technologies Group in the areas of corporate development, investment and finance. Before joining Singapore Technologies, he had held senior management positions in investment banking at Morgan Grenfell, PrimeEast Group, and Merrill Lynch.
LIM BOH SOON
Independent Director, Age 52

Dr. Lim was appointed as an Independent Director of the Company on 22 January 1998. Dr. Lim was last re-elected as a Director of the Company on 28 April 2008.

Dr. Lim graduated from the University of Strathclyde (formerly known as the Royal College of Science and Technology) in the United Kingdom with a Bachelor of Science (1st Class Honours) in Mechanical Engineering and subsequently a PhD in Mechanical Engineering. Dr. Lim also obtained a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Marketing from the Chartered Institute of Management in the United Kingdom. Dr. Lim is immediate past the President of the Singapore Polytechnic Graduate's Guild, as well as is a member of the Singapore Institute of Directors, Singapore Computer Society, Singapore Institute of Management, and the Malaysian Institute of Accountants. In addition, he is also a member of the Singapore Institute of Directors.

Mr. Lee was appointed as an Independent Director of the Company on 22 January 1998. Mr. Lee was last re-elected as a Director of the Company on 26 April 2006.

Mr. Lee is a qualified Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Certified Public Accountants, Singapore, the Malaysian Institute of Certified Public Accountants, and the Malaysian Institute of Accountants. In addition, he is also a member of the Singapore Institute of Directors.

Mr. Lee is currently serving as the Managing Director of Phillip Lee Mgt Consultants Pte Ltd. Prior to the above-mentioned, Mr. Lee was with the international public accounting firm, Ernst & Young Singapore, for 29 years, of which the last 19 years he was a partner of the firm. Mr. Lee has vast experience in areas of audit, investigations, reorganizations, valuations and liquidations.

Mr. Sin was appointed as an Independent Director of the Company on 13 May 2002. Mr Sin was last re-elected as a Director of the Company on 26 April 2006.

Mr Sin received his Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore and his Master of Laws from the University of London.

Mr Sin is currently a Director of Drew & Napier LLC, a legal practice which he joined in 1992. Mr Sin is principally engaged in corporate finance, banking, joint ventures, investments and acquisitions. Prior to joining Drew & Napier LLD, Mr Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992. He is currently also a Member of Parliament for Tampines Group Representation Constituency (GRC), Chairman of the Government Parliamentary Committee for Community Development, Youth & Sport (GPC-MCYS) and a member of Singapore Totalisator Board.
**Directors’ Profile**

The key information regarding the Directors of the Company as at the date of this report in respect of board committees of the Company served on (as a member or chairman) is set out as follows:-

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>AC</th>
<th>NC</th>
<th>CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lim Ming Seong</td>
<td>-</td>
<td>Chairman</td>
<td>Chairman</td>
</tr>
<tr>
<td>Tan Mok Koon</td>
<td>-</td>
<td>-</td>
<td>Member</td>
</tr>
<tr>
<td>Goh Boon Seong</td>
<td>-</td>
<td>Member</td>
<td>Member</td>
</tr>
<tr>
<td>Lee Soo Hoon Phillip</td>
<td>Chairman</td>
<td>Member</td>
<td>-</td>
</tr>
<tr>
<td>Lim Boh Soon</td>
<td>Member</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sin Boon</td>
<td>Member</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

AC = Audit Committee  NC = Nominating Committee  CC = Compensation Committee

The key information regarding the Directors of the Company as at the date of this report in respect of directorships and chairmanships both present and those held over the preceding three years in listed companies other than the Company is set out as follows:-

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Present directorships in listed companies other than the Company</th>
<th>Past directorships over the preceding three years in listed companies other than the Company</th>
</tr>
</thead>
</table>
| Lim Ming Seong            | • Starhub Limited                                            | • STATS ChipPAC Ltd
|                           | • First Resources Ltd                                        | – Deputy Chairman                                                                        |
|                           | – Chairman                                                  |                                                                                         |
| Tan Mok Koon              | -                                                            | eBworx Berhad                                                                            |
| Goh Boon Seong            | -                                                            | -                                                                                        |
| Lee Soo Hoon Phillip      | • G K Goh Holdings Limited                                   | -                                                                                        |
|                           | • IPC Corporation Ltd                                        |                                                                                         |
|                           | • Transview Holdings Limited                                 |                                                                                         |
|                           | • Kluang Rubber Company (Malaya) Berhad                      |                                                                                         |
|                           | • Kuchai Development Berhad                                  |                                                                                         |
|                           | • Sungei Bagan Rubber Company (Malaya) Berhad                 |                                                                                         |
| Lim Boh Soon              | • Auric Pacific Group Limited                                 | • Autron Corporation Ltd                                                                  |
|                           | • Across Asia Limited                                        |                                                                                         |
| Sin Boon Ann              | • Courage Marine Group Limited                               | • Overseas Union Enterprise Limited                                                     |
|                           | • MFS Technology Ltd                                         | • Auric Pacific Group Limited                                                            |
|                           | • Transview Holdings Limited                                 |                                                                                         |
|                           | • Japan Land Ltd                                             |                                                                                         |
We constantly work towards exceeding our client's expectations so that we can live up to our name, CSE - delivering Customer Satisfaction, Everytime.
Key Management’s Profile

The key information regarding the key management of the Group as at the date of this report is set out as follows:-

**LIM BOON KHENG, Age 42**

Mr. Lim is the Group Chief Financial Officer of the Company. Mr. Lim holds a Bachelor of Accountancy from the National University of Singapore. He joined the Company as the Group Financial Controller in 1999.

**RICK T.L. LYNN, Age 53**

Mr. Lynn is the President and Chief Executive Officer of W-Industries, Inc., a wholly owned subsidiary company of the Company. Mr. Lynn holds a Bachelor of Science / Electrical Engineering from the University of Southwest Louisiana. He joined W-Industries, Inc. as an Engineering Manager in 1989.

**ALAN STUBBS, Age 51**

Mr. Stubbs is the Managing Director of CSE-Global (UK) Limited, a wholly owned subsidiary company of the Company. Mr. Stubbs holds a Bachelor of Technology (Honours) from the University of Bradford.

In addition, Mr. Stubbs is also a Chartered Engineer registered with the Engineering Council of the United Kingdoms, member of the Institution of Electrical Engineers of United Kingdoms, and a Freeman of the City of London. He joined CSE-Global (UK) Limited in 1984 as a Software Design Engineer.

**TAREK ABDEL TAWAB MOHAMED ABDEL BARY, Age 45**

Mr. Bary is the Managing Director of Transtel Engineering Pte Ltd, a wholly owned subsidiary company of the Company. Mr. Bary holds a Bachelor of Science / Electrical Engineering from the University of Alexandria, a Bachelor of Science / Mathematics from the University of Cairo and a Master in Telecommunications from the University of Sheffield. He joined Transtel Engineering Pte Ltd in 1997 as a Director of Projects and Engineering.

**GREG SWINTON, Age 48**

Mr. Swinton is the Managing Director of CSE-Uniserve Pty Limited, a wholly owned subsidiary company of the Company. Mr. Swinton holds a Masters of Management degree from Macquarie University and technical qualifications in Electrical Engineering and Electronics and Communications. He joined Industry Uniserve Pty Limited in 1987 as Sales Engineer.

**WILLIAM J. KETELHUT, Age 56**

Mr. Ketelhut is the Managing Director of CSE-Semaphore, a wholly owned subsidiary company of the Company. Mr. Ketelhut graduated Magna Cum Laude from Brown University with a Bachelor of Science degree in Mechanical Engineering. Mr. Ketelhut also attended the University of Chicago where he received a Masters degree in Business Administration.

He joined the Board of Directors of CSE-Global (UK) Limited and the CSE-Global Advisory Board in 2005. His role expanded to Managing Director of CSE-Semaphore in 2006.
### Registered Office
3 Church Street #08-01,
Samsung Hub,
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

### Business Office
2, Ubi View
Singapore 408556
Tel: 65-6512 0333
Fax: 65-6742 9179

### Headquarters
CSE Global Ltd
2, Ubi View
5th Floor
Singapore 408556
Tel: 65-6512 0333
Fax: 65-6742 9179
Web: www.cse-global.com

### Associated Companies
**eBworx Berhad**
Level 3A, Block B,
Axis Business Park
No. 10 Jalan Bersatu 13/4
46200 Petaling Jaya
Selangor, Malaysia
Tel: (603) 7956 9822
Fax: (603) 7957 2661

**TransTel Engineering (M) Sdn. Bhd.**
Suite 07-07th Menara Sey Hoy Chan
374 Jalan Tun Razar
50400 Kuala Lumpur
Malaysia
Tel: 603-2166 3988
Fax: 603-2166 3933

### Associated Companies
**PT TransTel Engineering**
MidPlaza Building 1
10th Floor Jalan Jenderal Sudirman Kav 10-11
Jakarta 10220
Indonesia
Tel: 62-21-5790-5515
Fax: 62-21-5790-5522

### Associated Companies
**CSE Systems & Engineering (India) Pvt Ltd**
No. 101, Prestige Centre Point,
Level 1, #7, Edward Road
Bangalore – 560 052, India
Tel: 91-80-2226 4113/7
Fax: 91-80-2226 4118

### Associated Companies
**TransTel Engineering (Tianjin) Co., Ltd.**
Tianjin office:
#6-5-202 Xindu Garden,
Wandezhuang,
Nankai District,
Tianjin City, China
PC: 300073
Tel: 0086-13312051038

Beijing office:
Room 1702 B Wing,
Beijing International Building,
Jia #18 South Street,
Zhongguancun, Haidian District,
Beijing City, China
PC: 100081
Tel: 86-10-62192695/5982
Fax: 86-10-62195619

### Associated Companies
**CSE Technology (Beijing) Co. Ltd.**
Suite 808, Shining Tower,
No. 35 Xue Yuan Lu,
Beijing 100083, China
Tel: 86-10-8201 4593/4594/8201
Fax: 86-10-8201 4600

### Associated Companies
**CSE Global Limited - Shanghai Representative Office**
Suite 7A Qianjiang Tower
No. 971 Dongfang Road
Pudong, Shanghai 200122,
China
Tel: 86-21-5831 3335
Fax: 86-21-5831 3059

### Associated Companies
**CSE-EIS (Malaysia) Sdn.Bhd.**
Suite 3.02, 3rd Floor,
Wisma Bka, Lot 10,
Jalan Astaka U8/84
Bukit Jelutong Business & Technology Centre
40150 Shah Alam,
Selangor Darul Ehsan,
Malaysia
Tel: 603-7846 8580
Fax: 603-7846 9580
The Board of Directors is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group which strives to preserve the interests of all stakeholders and to promote investors’ confidence in the Group. The Company has adopted practices based on the Code of Corporate Governance 2005 (the “Code”) issued by the Corporate Governance Committee.

The Company believes that it is substantially in compliance with the Code. This Report describes the Company’s corporate governance processes with reference to the Code.

1. The Board’s Conduct of its Affairs

The Board plays an important role to oversee the Group’s business affairs and to provide entrepreneurial leadership to the Company. This includes the approval of the Group’s strategic plans, key business initiatives, financial objectives, major investments and funding decisions, the review of the Group’s financial performance, the evaluation of the performance of the management and the Group, the establishment of a prudent and effective controls framework, the values and standards of the Company and the fulfillment of obligations to the shareholders. These functions are carried out directly by the Board or through committees of the Board, which had been set up to support its work.

The Directors ensure the decisions made by them are objectively in the interest of the Company.

The Board meets regularly with at least 4 Board meetings each financial year, and also as warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and videoconference meetings in its Articles of Association. The details of the number of Board meetings held during the financial year, as well as the attendance of every Board member at those meetings and meetings of the specialised Committees established by the Board, are set out in the following table:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Board of Director Meetings</th>
<th>Audit Committee Meetings</th>
<th>Nominating Committee Meeting</th>
<th>Compensation Committee Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Held</td>
<td>Attended</td>
<td>Held</td>
<td>Attended</td>
</tr>
<tr>
<td>Lim Ming Seong</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Mok Koon</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goh Boon Seong</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lee Soo Hoon Phillip</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Lim Boh Soon</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Sin Boon Ann</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
1. The Board’s Conduct of its Affairs (Continue)

The Company has adopted internal guidelines setting forth matters that require board approval. In that aspect, the Board has delegated to the management of the Company the authority to approve transactions in the ordinary course of business as specified in the following table. Any transactions falling outside the scope as specified in the following table have then to be approved by the Board:

<table>
<thead>
<tr>
<th>Nature of transactions</th>
<th>Quantum of transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>Any amount more than $250,000.00</td>
</tr>
<tr>
<td>Mergers, acquisitions and divestments</td>
<td>Any amount</td>
</tr>
</tbody>
</table>

The Company has in place general orientation-training programmes to ensure that every newly appointed Director of the Company is familiar with the Group’s structure, the Group’s business and its operations and the Company’s governance practices. Every newly appointed Director of the Company is expected to undergo an orientation programme which includes meeting with the Chairman, the Managing Director and the Group Chief Financial Officer as part of the training in the affairs of the business. The Company relies on the Directors to undergo further relevant training if necessary to update themselves on the relevant new laws, regulations and changing commercial risks, from time to time.

The Company will issue a formal appointment letter, which sets out the director’s duties and obligations, to each director upon appointment.

2. Board Composition and Balance

The members of the Board of Directors at the date of this report comprise the following Directors:

- **Non-executive/ Independent Directors**:
  - Lim Ming Seong - Chairman
  - Goh Boon Seong
  - Lee Soo Hoon Phillip
  - Lim Boh Soon
  - Sin Boon Ann

- **Executive Director**:
  - Tan Mok Koon - Managing Director

The Board currently comprises 6 Directors, one of whom is an Executive Director of the Company. The remaining 5 Directors are Non-executive Directors of the Company who are also independent of the management of the Company. All of the Non-executive Directors are therefore considered to be independent by the Board as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment.

The responsibilities of the Non-executive Directors include:

a. assisting the Board to develop proposals on strategy, constructively challenging it when necessary
b. reviewing and monitoring the performance of the management in meeting the goals and objectives committed.
2. Board Composition and Balance (Continue)

Besides the above, the Non-executive Directors responsibilities also include other duties as required in their capacity as members of the Nominating Committee and Compensation Committee.

The Board has examined its size to determine the impact of the number upon effectiveness and is of the view that the current Board size of 6 Directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group.

In addition, the current Board also comprises Directors who as a group provide core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge that are necessary and critical to meet the Company’s objectives. Key information regarding the Directors of the Company in respect of academic and professional qualifications is set out in the Annual Report under Directors’ Profile.

3. Chairman and Chief Executive Officer

The Company has a separate Chairman and Managing Director, who is also the Chief Executive Officer of the Company, to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In addition, the Chairman and the Managing Director are not related to each other.

The Chairman is a Non-executive Director who is independent of the management of the Company and his responsibilities pertaining to the Board includes but are not limited to:

a. leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
b. ensuring that the directors receive accurate, timely and clear information;
c. ensuring effective communication with shareholders;
d. encouraging constructive relations between the Board and Management;
e. facilitating the effective contribution of Non-executive Directors in particular;
f. encouraging constructive relations between executive Directors and Non-executive Directors;
g. promoting high standards of corporate governance;
h. reviewing the results of the Board’s performance evaluation and taking appropriate actions in consultation with the Nominating Committee.

The Chairman’s responsibilities pertaining to the Board also includes those other duties as required in his capacity as a member of the Nominating Committee and Compensation Committee, as well as a director of W-Industries, Inc and CSE-Global (UK) Limited, both of which are wholly owned subsidiary companies of the Company.
4. Board Membership

The Nominating Committee comprises three members, all of whom are Non-executive Directors and are independent of the management of the Company. All of the Non-executive Directors are, therefore, considered by the Board as having no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment.

The members of the Nominating Committee at the date of this report comprise the following Directors:-

Non-executive Independent Directors:
- Lim Ming Seong - Chairman
- Goh Boon Seong
- Lee Soo Hoon Phillip

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

The Nominating Committee has formulated and adopted written terms of reference that describes the responsibilities of its members. The primary function of the Nominating Committee is to provide assistance to the Board in selecting suitable Directors and making recommendations on all appointments and re-elections of Directors to the Board.

The responsibilities of the Nominating Committee include:-

i. taking into account the scope and nature of the operations of the Group to determine the appropriate size of the Board;
ii. re-nominating of Directors, having regard to the Director’s contribution and performance, including, if applicable, as an independent Director;
iii. ensuring that the Board comprises Directors who as a group provide competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience;
iv. determining annually if a director is independent, bearing in mind the circumstances set forth in Guideline 2.1 of the Code and any other salient factors; and
v. evaluating the Board’s performance as a whole as well as each Director’s contribution.

The Articles of Association of the Company provides for all Directors of the Company to retire by rotation at least once every three years, and after which these Directors, being eligible for re-election, are required to submit themselves for re-election at the Annual General Meeting.

During the year, the Nominating Committee met and approved the re-nomination of Directors. No member of the Nominating Committee participated in deliberations or decisions on recommendations for his own re-nomination to the Board.
4. **Board Membership (Continue)**

The Nominating Committee has assessed the independence of the Non-executive Directors and is satisfied that there are no relationships which would deem any of the Non-executive Directors not to be independent.

The Nominating Committee has adopted internal guidelines to address the conflict of competing time commitments that are faced by the Directors when the Directors have multiple board representations. If a Director is on the Board of other companies, the Nominating Committee will consider whether adequate time and attention have been devoted to the Company. In the event that there is sufficient grounds for compliant, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation. Despite some of the Directors having other board representations, the Nominating Committee is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.

The Nominating Committee is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. Accordingly, in selecting potential new directors, the Nominating Committee will seek to identify the competencies required to enable the Board to fulfill its responsibilities. In doing so, the Nominating Committee will have regard to the results of the annual appraisal of the Board's performance. The Nominating Committee may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

The names of the Directors who are retiring pursuant to the Articles of Association of the Company and have submitted themselves for re-election are as follows:

- Mr Lee Soo Hoon Philip (Pursuant Article 95(2) of the Articles of Association)
- Mr Sin Boon Ann (Pursuant Article 95(2) of the Articles of Association)

Key information regarding the Directors of the Company in respect of academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a Director of the Company, date of last re-election as a Director of the Company, directorships and chairmanship both present and those held over the preceding three years in other listed companies and other major appointments is set out in the Annual Report under Directors’ Profile. Key information regarding the Directors of the Company in respect of shareholding in the Company and its subsidiary companies are disclosed in the Report of the Directors under Directors’ interests in shares and debentures and share options.

5. **Board Performance**

The Nominating Committee has evaluated all of the Directors, each of the Committees and the Board taken as a whole. In evaluating the performance of the Directors, the Nominating Committee took into account, amongst other factors, the Directors’ qualification by knowledge and experience to fulfill their duties, attendance and participation at the Board and each of the Committee meetings (where applicable) quality of interventions or differences of opinion expressed and any other special contributions. The Nominating Committee also considered whether the Directors have reasonable understanding of the Company’s business and the industry, and the Directors’ working relationship with the other members of the Board. In addition to the above mentioned qualitative performance criteria, the Nominating Committee also used, amongst others, quantitative performance criteria like return on assets, return on equity, return on investment, economic value added and profitability on capital employed as a general measure to determine the relative performance and effectiveness of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Nominating Committee and the Board shall justify its decision for the change.
5. Board Performance (Continue)

As the Nominating Committee will be measuring the Board’s stewardship of the Company based principally on qualitative criteria, it is therefore not easy to show a direct correlation between the Board’s actions taken as a whole and the Company’s long term performance. Therefore, the Nominating Committee will not attempt to specifically quantify the Board's contribution to enhancing long term shareholders’ value, for instance, by measuring it against the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index. As such, the Company’s share price performance will not be used as a performance evaluation criterion of the Board. In addition, there are also no specific benchmark indices of industry peers for comparison in respect of such quantitative performance criteria. In the absence of any appropriate and relevant benchmark indices, the benchmark indices of industry peers will also not be used as a performance evaluation criterion of the Board.

6. Access to Information

The management of the Company has an on-going obligation to supply the Board with complete, adequate information in a timely manner. In addition, the Board has separate and independent access to the Company's management in respect of obtaining those information, as reliance purely on what is volunteered by the management of the Company may not to be adequate in certain circumstances and further enquiries may be required for the Board to fulfill its duties properly. Monthly management reports from the principal subsidiaries are circulated to the Audit Committee.

The information that is provided by the management of the Company to the Board includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, in respect of budgets, any material variances between the projections and actual results are also disclosed and explained.

The Directors also have separate and independent access to the Company Secretary. In addition, the role of the Company Secretary is also clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary’s responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary attends all Board meetings and Audit Committee meetings. The appointment and the removal of the company secretary should be a matter for the Board as a whole.

In addition to the above, the Board also has procedures for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company’s expense.

7. Procedures for Developing Remuneration Policies

No individual Director of the Company fixes his own remuneration.

The Board established the Compensation Committee, whose functions are equivalent to a Remuneration Committee.

The Compensation Committee comprises three members, two of whom are Non-executive Directors and are independent of the management of the Company. The two Non-executive Directors, being Lim Ming Seong and Goh Boon Seong are, therefore, considered to be independent by the Board as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment.
7. **Procedures for Developing Remuneration Policies (Continue)**

The Chairman of the Compensation Committee is an independent Non-executive Director, Lim Ming Seong, who is knowledgeable in the field of executive compensation. In addition, the Compensation Committee also has access to the relevant expert advice inside the Company.

The Executive Director is a member of the Compensation Committee as it would be difficult for all non-executive directors to consider compensation matters without the help of an executive director.

Key information regarding the above mentioned Directors of the Company in respect of academic and professional qualifications is set out in the Annual Report under Directors’ Profile.

The members of the Compensation Committee at the date of this report comprise the following Directors:-

**Non-executive Independent Directors:**
- Lim Ming Seong - Chairman
- Goh Boon Seong

**Executive Director:**
- Tan Mok Koon

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

The primary function of the Compensation Committee is to provide assistance to the Board in respect of compensation issues generally, and in particular, in relation to Executive Directors and the key management of the Group, bearing in mind that a meaningful portion of the Non-executive Directors’ remuneration as well as the remuneration of the key management of the Group, shall be contingent upon its financial performance in order to foster the creation of long term shareholder value. The Compensation Committee shall cover all aspects of remuneration, including but not limited to Non-executive Directors’ fees. The Compensation Committee’s recommendations to the Board are made in consultation with the Chairman of the Compensation Committee, which is also the Chairman of the Board, and shall be submitted for the endorsement by the entire Board.

The Board as a whole shall cover all aspects of remuneration of the Executive Directors, the only one of whom currently is the Managing Director of the Company, including but not limited to Executive Directors’ fees, salaries, allowances, bonuses, and benefits in kind, bearing in mind that a meaningful portion of the Executive Directors’ remuneration shall be contingent upon the financial performance in order to foster the creation of long term shareholder value.

The responsibilities of the Compensation Committee include:-

i. recommending to the Board the framework of remuneration for the Executive Directors and the key management of the Group;

ii. determining and setting the specific remuneration packages for each of the Executive Directors and the key management of the Group;
8. Level and Mix of Remuneration

In the setting of the remuneration packages, the Compensation Committee will take into consideration the pay and employment conditions within the industry the Group operates as well as companies within the same business segments as there are no exactly comparable companies. In addition, the Compensation Committee will also take into account the Group’s relative performance and the performance of individual Directors and the key management of the Group when setting the remuneration packages.

The compensation of the Managing Director comprises performance-related elements which form a significant proportion of his total remuneration package. These performance-related elements are designed to align the interests of the Managing Director with those of the shareholders such that the Managing Director’s rewards are linked to the performance of the Group as well as his individual performance. There are appropriate and meaningful measures for the purpose of assessing the Managing Director’s performance.

The remuneration of Non-executive Independent Directors are determined based on the level of contribution by the respective Non-executive Independent Directors, taking into account factors such as effort and time spent, and responsibilities of the Non-executive Independent Directors. The Compensation Committee has assessed if the Non-executive Independent Directors are not over-compensated to the extent that their independence is compromised or that it is not necessary to consult experts on the remuneration of Non-executive Directors, and is satisfied that the Non-executive Independent Directors are not over-compensated to the extent that their independence is compromised and that it is not necessary to consult experts on the remuneration of Non-executive Independent Directors.

The Board will be recommending the fees of the Non-executive Independent Directors for approval at the Annual General Meeting.

There are no existing service contracts between the Company and the Executive Director.

The Company does not have any other existing long-term incentive schemes other than the CSE ESOS and the US Plan. The details of these share option schemes are set out in the Report of the Directors under Share Options.

9. Disclosure on Remuneration

The Group’s remuneration policy is to be competitive within its industry and to offer fair and reasonable remuneration packages commensurate with competence, level of responsibility, performance and contributions to the Group. Based on this broad principle, the Compensation Committee has the responsibility and discretion to recommend to the Board the remuneration packages for the Executive Director, all of the Non-executive Independent Directors and key management of the Group, and the Managing Director has the responsibility and discretion to determine remuneration packages of all other employees who are non-key management of the Group.

The Company adopts an incentive compensation plan based on profits. Under the terms of the plan, incentive compensation for eligible employees is tied to the creation of profits. The purpose of the incentive plan is to use incentive compensation to motivate performance which is consistent with the creation of shareholder value over the long term. A variable bonus is only declared if the Group earns more than its profit target. The plan thus makes participants accountable for the earnings which the Group generates.
9. Disclosure on Remuneration (Continue)

The disclosure of details in respect of remuneration of the Directors of the Company is set out in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Remuneration ($'000)</th>
<th>Fees (%)</th>
<th>Salary (%)</th>
<th>Bonus (%)</th>
<th>Provident fund contributions (%)</th>
<th>Other benefits (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For total remuneration of more than $250,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Mok Koon</td>
<td>2,186</td>
<td>0</td>
<td>25</td>
<td>74</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>For total remuneration of less than or equal to $250,000:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lim Ming Seong</td>
<td>55</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Goh Boon Seong</td>
<td>35</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lee Soo Hoon Phillip</td>
<td>57</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lim Boh Soon</td>
<td>41</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sin Boon Ann</td>
<td>41</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

No share options were granted to the directors in 2008.

The disclosure of details in respect of remuneration of the top 5 key executive officers of the Group who are not Directors of the Company is set out in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Remuneration ($'000)</th>
<th>Fees (%)</th>
<th>Salary (%)</th>
<th>Bonus (%)</th>
<th>Provident fund contributions (%)</th>
<th>Other benefits (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For total remuneration of more than $500,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive A</td>
<td>1,720</td>
<td>0</td>
<td>28</td>
<td>72</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Executive B</td>
<td>922</td>
<td>0</td>
<td>36</td>
<td>46</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td>Executive C</td>
<td>917</td>
<td>0</td>
<td>32</td>
<td>65</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Executive D</td>
<td>708</td>
<td>0</td>
<td>51</td>
<td>49</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Executive E</td>
<td>549</td>
<td>0</td>
<td>45</td>
<td>19</td>
<td>35</td>
<td>1</td>
</tr>
</tbody>
</table>

No share options were granted to the directors in 2008.

To maintain confidentiality of staff remuneration the names of the top five key executives are not stated.

Details of the share options that are granted to the Directors of the Company and the employees of the Group are set out in the Report of the Directors under Share options.

There are currently no employees who are immediate family members of a Director or the Managing Director.

The Board is of the view that it is not necessary to present the remuneration policy at the Annual General Meeting for the shareholders’ approval.
10. **Accountability**

The Board adopted and commenced quarterly reporting of the Group’s operating and financial performance via SGXNET with effect from 2002 in an effort to provide the shareholders of the Company with a balanced and understandable assessment of the Company’s performance, position and prospects on a quarterly basis.

The management of the Company provides the Managing Director with balanced and understandable management accounts of the Group’s performance, position and prospects on a monthly basis. The Chairman of the Board is also briefed on the Group’s performance, position and prospects on a monthly basis during the monthly management meetings. The Board is briefed on the Group’s performance, position and prospects on a quarterly basis during the Board meetings, and also as warranted by particular circumstances as deemed appropriate.

11. **Audit Committee**

To ensure that corporate governance is effectively practiced, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the Audit Committee.

The Audit Committee comprises three members, all of whom are Non-executive Directors and are independent of the management of the Company. All of the Non-executive Directors are, therefore, considered to be independent by the Board as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment.

The members of the Audit Committee at the date of this report comprise the following Directors:

**Non-executive Independent Directors:**
- Lee Soo Hoon Phillip - Chairman
- Lim Boh Soon
- Sin Boon Ann

The Audit Committee meets regularly with at least 4 Audit Committee meetings within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the Audit Committee.

The Board is satisfied that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities. Two members of the Audit Committee, being Lee Soo Hoon Phillip and Lim Boh Soon, have accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. Key information regarding the Directors of the Company in respect of academic and professional qualifications is set out in the Annual Report under Directors’ Profile.

The Audit Committee has full access to the external auditors and the internal auditor without the presence of the management of the Company. The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management of the Company and full discretion to invite any Director or management of the Company to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.
11. Audit Committee (Continue)

The primary function of the Audit Committee is to provide assistance to the Board in fulfilling its responsibilities relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company’s internal control systems regarding finance, accounting, legal and regulatory compliance, contractual obligations and ethics established by the Board and the management of the Company.

The responsibilities of the Audit Committee include:

i. recommending to the Board the appointment, re-appointment or discharge of the external auditors, and approving the remuneration and terms of engagement of the external auditors and in this connection, considering the independence and objectivity of the external auditors annually;

ii. keeping under review the scope and results of the audit and its cost effectiveness, keeping the nature and extent of non-audit services supplied by the external auditors under review yearly where the external auditors also supply a substantial volume of such services to the company, with the objective of balancing the maintenance of objectivity and value for money;

iii. considering and reviewing with the external auditors and the internal auditor, at least annually, the adequacy, effectiveness and efficiency of the management processes, internal financial controls, operational and compliance controls, risk management policies and any significant findings and recommendations of the external auditors and the internal auditor, together with the management’s responses thereto;

iv. meeting with the external auditors, the internal auditor, the management and any others considered appropriate in separate executive sessions to discuss any matters the Audit Committee believes should be discussed privately and establishing a practice to meet with the external auditors without the presence of the management of the Company at least annually;

v. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company’s financial performance;

vi. reviewing the effectiveness of the company’s internal audit function that is independent of the activities that it audits;

vii. reviewing and taking actions on the arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and

viii. meeting principal overseas subsidiaries’ independent directors, the management and any others considered appropriate in their periodic visits to these subsidiaries.
11. Audit Committee (Continue)

In particular, the Audit Committee has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The fees that are charged to the Group by the external auditors for non-audit services are disclosed in the following:

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2008 $’000</th>
<th>2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Services – EY Singapore</td>
<td>64</td>
<td>12</td>
</tr>
<tr>
<td>Tax Services – Other EY Offices</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Other Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due Diligence Services</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-audit fees</strong></td>
<td><strong>95</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

The number of Committee meetings held during the financial year and the attendance of the individual members of the Audit Committee at such meetings is set out in the Report on Corporate Governance under The Board’s Conduct of its Affairs.

12. Internal Controls

The internal auditor has conducted independent reviews of the effectiveness of the Company’s material internal controls, including financial, operational and compliance controls, and risk management, at least annually. Besides, the external auditors have also performed a review of the internal financial systems and operating controls for the financial statements attestation purpose. Such reviews have been reported to the Audit Committee.

In addition, the Audit Committee has also reviewed the adequacy of the Company’s internal controls including financial, operational and compliance controls, and risk management in the Company. The Board is satisfied that there are adequate internal controls in the Company.

13. Internal Audit

The Company has established an in-house internal audit function that is independent of the activities that it audits. The internal auditor’s primary line of reporting is directly to the Chairman of the Audit Committee. However, the internal auditor also reports administratively to the Managing Director of the Company.

The Audit Committee is satisfied that the internal auditor has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Audit Committee is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Company.

The Audit Committee has reviewed the adequacy of the internal audit function at least annually, and is satisfied that the internal audit function is adequate.
14. Communication with Shareholders

The shareholders of the Company have the opportunity to participate effectively and to vote at the Company’s Annual General Meeting. They are allowed to vote in person or by proxy if they are unable to attend the Annual General Meeting. The Articles of Association of the Company will be amended to allow for absentia voting methods.

There are separate resolutions at the general meetings on each distinct issue.

As part of the Company’s effort to provide regular, effective and fair communication with the shareholders of the Company, the Board has adopted and commenced quarterly reporting of the Group’s operating and financial performance via SGXNET and the press with effect from 2002. In addition to the above, the Managing Director also conducts a briefing in respect of the Group’s operating and financial performance for the financial year just ended to the shareholders of the Company during the Annual General Meeting of the Company.

15. Securities Transactions

The Company has adopted and issued an internal compliance code entitled “Code of Best Practice on Securities Transactions by Officers” to the Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company’s securities, as well as the implications of insider trading.

The Company has advised its Directors and all key executives not to deal in the Company’s shares during the period commencing two weeks prior to the announcement of the Company’s financial results for the first three quarters of the financial year, one month prior to the announcement of full-year results and ending on the date of the announcement of the results. The Company has also reminded its Directors and officers not to deal in the Company’s securities on short-term considerations.

The Company has complied with its Best Practices Guide on Securities Transactions.

16. Interested Person Transactions

Pursuant to the requirements as stipulated under Rule 1207(16) and Rule 907 of the SGX-ST Listing Manual, there were no interested person transactions during the financial year.

17. Material Contracts

Pursuant to the requirements as stipulated under Rule 1207(8) of the SGX-ST Listing Manual, there were no material contracts of the Company or its subsidiary companies involving the interests of any Directors of the Company, the Managing Director of the Company or any controlling shareholders of the Company or their associates, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

On behalf of the Directors,

LEE SOO HOON PHILLIP
Chairman, Audit Committee

LIM BOH SOON
Director

Singapore
18 March 2009
Risk Management Policies and Processes

Pursuant to the requirements as stipulated under Rule 1207(4)(d) of Chapter 12 of the SGX-ST Listing Manual as issued by the Singapore Exchange Securities Trading Limited, the operating and financial risk management policies and processes of the Group are set out in the following.

OPERATING RISK

Management of growth

The Group has experienced rapid growth in the past few financial years in terms of the number of employees, scope of activities, geographical markets and level of technical expertise. This growth has resulted in added responsibilities for the Group’s management who are responsible for overseeing the expansion of the Group’s operations into new products and geographical markets. Further, in order to meet the demand of its current and future projects, the Group will need to attract, motivate and retain a significant number of highly qualified professionals who have significant relevant industry experiences. As a systems integrator providing highly sophisticated information technology and industrial automation solutions and services locally and overseas, the Group requires qualified professionals who are experienced and possess the relevant skill sets. Given the exacting job specification, the pool of qualified professionals is considerably small. As such, the Group faces keen competition for such pool of qualified professionals. Moreover, due to rapid growth in the global information technology and industrial automation markets, increasing competition for such professionals may also increase the Group’s labour costs. To manage and sustain its growth effectively, the Directors must continue to expand its management team by attracting more talent into the Group and to motivate and retain such professionals at a competitive cost, as well as improve its operational efficiency and financial management.

Risks associated with future acquisitions

The Group intends to continue to pursue strategic acquisitions that will provide it with complementary products/services, customer bases, technologies and qualified professionals. Such acquisitions present risks that could potentially have an adverse effect on the Group’s operations and earnings, such as diversion of management’s attention, failure to retain key acquired personnel, assumption of liabilities, and amortisation of goodwill and intangible assets. Moreover, customer dissatisfaction with, or problems caused by, the performance of any acquired technologies could have an adverse impact on the Group’s reputation. In addition, the acquired businesses may not achieve the anticipated returns. The Group will continue to adopt a cautious approach and to exercise due diligence when considering all acquisitions. For example, the Group may impose performance guarantees and other warranties on vendors in all major acquisitions. Key acquired personnel are also expected to enter into service agreements with the Group to retain their expertise for the Group’s benefit.

Competition

The Group competes internationally with many firms that are substantially larger and have substantially greater financial, professional and other resources than the Group. The Group’s continued success depends on its ability to compete effectively with its competitors as well as to persuade customers to use the Group’s products and services instead of those developed in-house by the customers. The Group intends to further develop its niche markets in the energy and petrochemical / chemical, oil and gas and power and process utility industries, as well as the water, drainage, sewerage and environmental (pollution and hydrology) industries, the healthcare industry, the banking and finance industry, and the public sector. The Group intends to achieve this by offering customers with intimate industry specific knowledge and cost-effective solutions. Such a strategy has enabled the Group to enjoy significant growth in recent years as reflected in its turnover and profits.

FINANCIAL RISK

The internal auditor will review a monthly confirmation of the outstanding position with all banks that the Group transacts with. The bank is required to confirm any resolution relating to banking facilities and/or they way the Group operates its banking transactions with the company secretary or an independent director.

The financial risk management objectives and policies of the Group are set out in the Notes to the Financial Statements in Note 31 under risk management.
# Statistics of Shareholdings

As At 18 March 2009

## Distribution of Shareholdings

<table>
<thead>
<tr>
<th>Size of Shareholdings</th>
<th>No. of Shareholders</th>
<th>%</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>- 999</td>
<td>63</td>
<td>28,410</td>
<td>0.01</td>
</tr>
<tr>
<td>1,000</td>
<td>- 10,000</td>
<td>1,890</td>
<td>8,824,513</td>
<td>1.85</td>
</tr>
<tr>
<td>10,001 - 1,000,000</td>
<td>883</td>
<td>30.91</td>
<td>42,126,327</td>
<td>8.85</td>
</tr>
<tr>
<td>1,000,001 and above</td>
<td>21</td>
<td>0.73</td>
<td>425,066,602</td>
<td>89.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,857</td>
<td>100.00</td>
<td>476,045,852</td>
<td>100.00</td>
</tr>
</tbody>
</table>

## Twenty Largest Shareholders

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>HSBC (Singapore) Nominees Pte Ltd</td>
<td>146,623,000</td>
<td>30.80</td>
</tr>
<tr>
<td>2.</td>
<td>DBS Nominees Pte Ltd</td>
<td>68,780,079</td>
<td>14.45</td>
</tr>
<tr>
<td>3.</td>
<td>Citibank Nominees Singapore Pte Ltd</td>
<td>61,149,000</td>
<td>12.85</td>
</tr>
<tr>
<td>4.</td>
<td>Tan Mok Koon</td>
<td>38,700,750</td>
<td>8.13</td>
</tr>
<tr>
<td>5.</td>
<td>DBSN Services Pte Ltd</td>
<td>23,611,500</td>
<td>4.96</td>
</tr>
<tr>
<td>6.</td>
<td>United Overseas Bank Nominees Pte Ltd</td>
<td>16,113,000</td>
<td>3.38</td>
</tr>
<tr>
<td>7.</td>
<td>Raffles Nominees Pte Ltd</td>
<td>12,254,874</td>
<td>2.57</td>
</tr>
<tr>
<td>8.</td>
<td>SEAPAC Investment Pte Ltd</td>
<td>10,272,000</td>
<td>2.16</td>
</tr>
<tr>
<td>9.</td>
<td>Mayban Nominees (S) Pte Ltd</td>
<td>9,013,000</td>
<td>1.89</td>
</tr>
<tr>
<td>10.</td>
<td>Phillip Securities Pte Ltd</td>
<td>6,830,901</td>
<td>1.43</td>
</tr>
<tr>
<td>11.</td>
<td>Wong Yon Ching</td>
<td>6,003,187</td>
<td>1.26</td>
</tr>
<tr>
<td>12.</td>
<td>Teo Kit Choon</td>
<td>5,319,187</td>
<td>1.12</td>
</tr>
<tr>
<td>13.</td>
<td>Tiong Kuok Thai</td>
<td>4,100,687</td>
<td>0.86</td>
</tr>
<tr>
<td>14.</td>
<td>TM Asia Life Singapore Ltd-Par Fund</td>
<td>3,613,500</td>
<td>0.76</td>
</tr>
<tr>
<td>15.</td>
<td>Lim Min Seong</td>
<td>3,100,000</td>
<td>0.65</td>
</tr>
<tr>
<td>16.</td>
<td>Royal Bank of Canada (Asia) Ltd</td>
<td>2,407,500</td>
<td>0.51</td>
</tr>
<tr>
<td>17.</td>
<td>Morgan Stanley Asia (Singapore) Securities Pte Ltd</td>
<td>2,231,000</td>
<td>0.47</td>
</tr>
<tr>
<td>18.</td>
<td>Salil Gopinath</td>
<td>1,577,437</td>
<td>0.33</td>
</tr>
<tr>
<td>19.</td>
<td>UOB Nominees (2006) Pte Ltd</td>
<td>1,200,000</td>
<td>0.25</td>
</tr>
<tr>
<td>20.</td>
<td>OCBC Nominees Singapore Pte Ltd</td>
<td>1,163,500</td>
<td>0.24</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>424,064,102</strong></td>
<td><strong>89.07</strong></td>
</tr>
</tbody>
</table>
Statistics of Shareholdings
As At 18 March 2009

Class of equity securities : Ordinary share
No. of equity securities : 476,045,852
Voting rights : One vote per share

As at 18 March 2009, the total number of treasury shares held is 35,022,000.

List of substantial shareholders as at 18 March 2009
(As recorded in the Register of Substantial Shareholders)

<table>
<thead>
<tr>
<th>Names of Substantial Shareholders</th>
<th>Direct interest</th>
<th>%</th>
<th>Deemed interest</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Mok Koon (1)</td>
<td>38,700,750</td>
<td>8.13</td>
<td>28,500,000</td>
<td>5.99</td>
</tr>
<tr>
<td>Chartered Asset Management Pte Ltd (2)</td>
<td>-</td>
<td>-</td>
<td>72,086,000</td>
<td>15.14</td>
</tr>
<tr>
<td>CAM-GTF Limited (3)</td>
<td>-</td>
<td>-</td>
<td>44,481,000</td>
<td>9.34</td>
</tr>
<tr>
<td>FMR LLC and FIL Limited (4)</td>
<td>-</td>
<td>-</td>
<td>71,154,500</td>
<td>14.95</td>
</tr>
</tbody>
</table>

Note:

(1) Tan Mok Koon is deemed to have an interest in the 28,500,000 shares held by Citibank Nominees Singapore Pte Ltd and Mayban Nominees (Singapore) Pte Ltd.

(2) Chartered Asset Management Pte Ltd is deemed to have an interest in the 72,086,000 shares held by HSBC (Singapore) Nominees Pte Ltd, Citibank Nominees Singapore Pte Ltd, G.K. Goh Stockbrokers Pte Ltd and DBS Nominees Pte Ltd.

(3) CAM-GTF Limited is deemed to have an interest in 44,481,000 shares held by HSBC (Singapore) Nominees Pte Ltd.

(4) FMR LLC and FIL Limited are deemed to have an interest in 71,154,500 shares held by Hang Seng Bk Ltd Retirements, Fidelity South East Asia Fund, FID FDS – Southeast Asia Pool, FID FDS – Singapore Pool, Jockey Club Charity Trust – EQ, Hoko Jockey Club SP WRG CAP EQ, Jockey Club Contingency – Equity, HKBank Intl Trst: 006090419436, FID Low Priced Stock Fund and FID Southeast Asia Fund.

Public Float

As at 18 March 2009, 52.24% 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 SGX-ST.
**BOARD OF DIRECTORS**

**Executive**
Tan Mok Koon *(Managing Director)*

**Non-Executive**
Lim Ming Seong *(Chairman)*
Goh Boon Seong *(Independent)*
Phillip Lee Soo Hoon *(Independent)*
Dr. Lim Boh Soon *(Independent)*
Sin Boon Ann *(Independent)*

**NOMINATING COMMITTEE**
Lim Ming Seong *(Chairman)*
Goh Boon Seong
Phillip Lee Soo Hoon

**AUDIT COMMITTEE**
Phillip Lee Soo Hoon *(Chairman)*
Dr. Lim Boh Soon
Sin Boon Ann

**COMPENSATION COMMITTEE**
Lim Ming Seong *(Chairman)*
Goh Boon Seong
Tan Mok Koon

**SECRETARIES**
Sebastian Tan Cher Liang
Tan San-Ju

**REGISTERED OFFICE**
3 Church Street #08-01,
Samsung Hub,
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

**BUSINESS OFFICE**
No. 2, Ubi View
Singapore 408556
Tel: 65-6512 0333
Fax: 65-6742 9179

**SHARE REGISTRAR**
Boardroom Corporate & Advisory Services Pte. Ltd
3 Church Street #08-01,
Samsung Hub,
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

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

**Audit Partner-in-charge:**
Tan Chian Khong
(Appointment since 2006)

**BANKERS**
Arab Bank plc
Bank of China Ltd
Development Bank of Singapore Ltd
Deutsche Bank
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Ltd
Rabobank International
RHB Bank Berhad
Societe Generale
Standard Chartered Bank
The Bank of East Asia Ltd
The Hong Kong and Shanghai Banking Corporation Ltd
United Overseas Bank Ltd
Pursuit of EXCELLENCE