LION TECK CHIANG LIMITED

ANNUAL REPORT 2009

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2009 of Lion Teck Chiang Limited. Turnover for the steel business remained strong due to the higher construction activity and steel prices. The property market has improved with renewed interest in the second quarter of 2009.

FINANCIAL HIGHLIGHTS

The Group recorded a higher turnover of $207m in FY09, compared to $172m in FY08, an increase of 20.4% with higher sales for both Steel and Property Development. Net operating profit (before fair value loss on investment properties) improved by $1.8m from $7.1m to $8.9m. Group net profit declined by $10.0m from $12.5m for FY08 to $2.5m for FY09 due to fair value loss on investment properties and provision for foreseeable loss on properties under development.

A fair value loss of $2.0m was incurred on investment properties in Singapore compared to a gain of S$8.1m in FY08. In addition a provision for foreseeable loss of $3.6m was also incurred on properties under development. If not for the aggregate impact of $13.7m of these items, net profit for FY09 would have been higher than that for FY08.

PROSPECTS

Steel Trading

After both international and domestic steel prices had reached the peak in August 2008, the steel prices had made a sharp turn by dropping as much as 60%, like most of the other commodities which had been badly affected by the global economic crisis. Though relatively stable condition now, the pricing of international steel rebar will continue to hinge on supply and demand as well as the raw material prices.

The demand for steel in Singapore may improve based on the current resurgent sales in private residential property. The local construction sector may also be bolstered by the release of few major infrastructure projects such as Marina Coastal Expressway and the MRT Down-town Line.

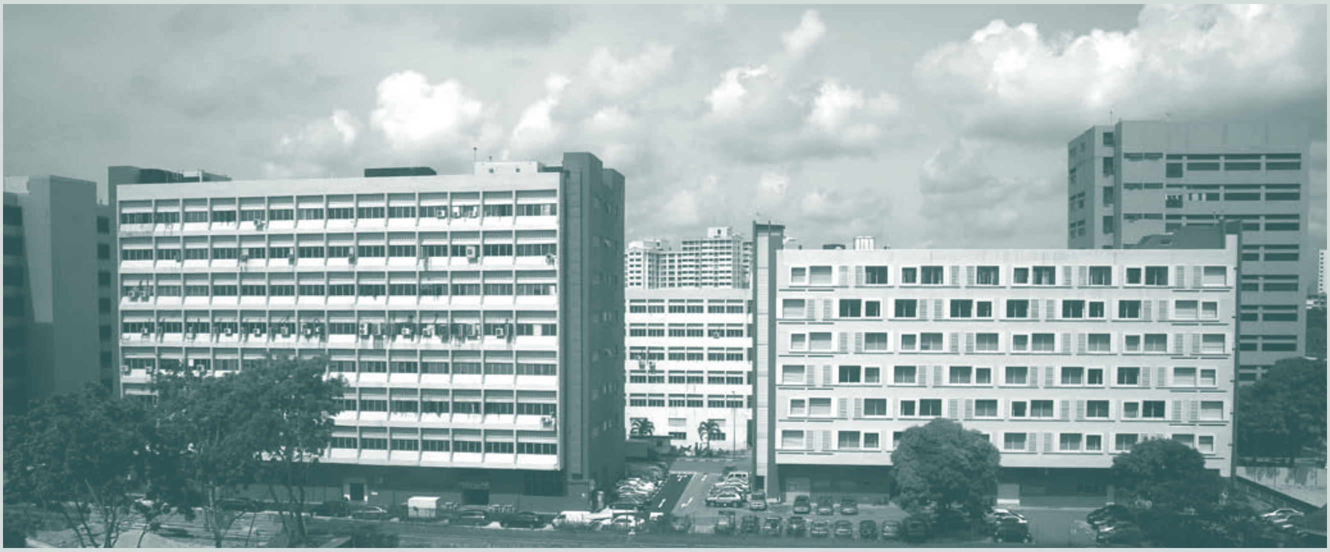
Steel prices in Singapore are expected to be more stable but remain competitive. Nevertheless, global economic prospects, international steel price stability and foreign exchange rate fluctuations are the factors affecting our results.

Property Development

Singapore

Based on URA statistics, the residential property index declined by 4.7% quarter-on-quarter in the second quarter of 2009, following the 14.1% decline in the first quarter of 2009. The index for landed homes indicated price decrease of 4.7% in the second quarter of 2009 compared to 9.2% in the first quarter. However, the residential property

The Group recorded a higher turnover of $207m in FY09, compared to $172m in FY08, an increase of 20.4% with higher sales for both Steel and Property Development.



market in Singapore has turned slightly bullish since the second quarter of 2009 but it is not certain if buying interest is sustainable.

For FY10, the Group will focus on and launch its housing projects at Wareham Road and Crescent Road comprising of bungalows and cluster bungalows, respectively and expects firm buying interest.

Malaysia

In FY09, the projects under Che Kiang Realty performed moderately for the year. The softening of the property market was experienced with the economic downturn. Buyers were very cautious and selective with their purchase and properties which were packaged with attractive incentives fared better.

The residential project at Bandar Mahkota Banting, has completed its earlier launched phases. For the year, it recorded higher revenue mainly contributed from the sales of existing phase of 47 units of Double Storey Terrace Houses. In Malacca, higher revenue contributions were also achieved from the sales of the Mahkota Marina Apartments, Plaza Mahkota Shops and Strata Offices.

For FY10, we will focus in strategizing to clear the completed stocks. We will continue several incentive schemes introduced earlier which has been specifically packaged to tailor to the needs of purchasers such as the Zero Cost Plan and Easy Payment Scheme.

PROPERTY RENTAL

Sustaining the occupancy and rental rates of the Group's investment properties in Singapore remains challenging due to the global economic crisis and uncertain economic outlook.

In Malaysia, the Group will continue to benefit from the contribution of rental income from its hypermarket building at Skudai, Johor Bahru.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank all our management and staff for their achievements and contributions to our performance. I would also like to express my sincere appreciation to our customers, suppliers, shareholders and business associates for their continuing support. I am grateful to members of the Audit Committee and my fellow Directors for their counsel and commitment.

Cheng Theng Kee
Chairman

OPERATIONS REVIEW

STEEL TRADING

Turnover for the Steel Division for FY09 rose by $32m or 20% to $190m from $158m in FY08 mainly contributed by few major construction projects such as the two Intergrated Resorts projects, higher steel prices and higher tonnage for rebar. With the higher volume and improved margins, net operating profit increased from $1.8m to $6.8m.

STEEL

STEEL PROJECTS

01 Cliveden at Grange

02 Admirax

03 Lonza Factory

04 Meyer Condominum

REGIONAL PROPERTY DEVELOPMENT & MANAGEMENT

Turnover for Property Development improved by $3.5m from $8.2m to $11.7m. Net operating profit declined by $2.2m from a profit of $1.5m to a loss of $0.7m after a provision of foreseeable loss of $3.6m for properties under development.

Turnover for Property Rental decreased by 3% to $5.1m mainly due to lower rental income from the hypermarket building in Skudai, Johor. Net operating profit declined by $10.5m from $11.7m to $1.2m mainly due to an impairment loss of $2.0m on investment properties compared to a gain of $8.1m in FY08.

PROPERTY

PROPERTY PROJECTS

01 Terrace houses at Banting

02 Detached Houses at Wareham Road

BOARD OF DIRECTORS

MR CHENG THENG KEE, Chairman of the Group, was appointed to the Board on 24 February 1997. He is subject to annual re-appointment as Director pursuant to Section 153(6). He is an executive director and also an entrepreneur with considerable experience in manufacturing, trading, property investment and development.

Mr Cheng was educated at the Chinese High School. He helped to steer and expand the Lion Group's construction and property arm to its current position today. He was also responsible for the development of the Teck Chiang Industrial Complex at Arumugam Road, Singapore.

MR CHENG YONG LIANG joined the Board since 24 February 1997 and is the Managing Director of the Group. He is also a member of the Nominating Committee. He was re-elected as a Director on October 2007.

Mr Cheng graduated with a Bachelor of Science Degree in Business Administration from the University of San Francisco and a Diploma in Building from Singapore Polytechnic. He has been involved with the Lion Group for approximately 20 years, primarily in the Lion Group's Property Division.

Mr Cheng also sits on the board of Lion Industries Corporation Berhad, a company listed on the Bursa Malaysia.

ENCIK MAZLAN BIN DATO' HARUN joined the Board on 31 January 1986. He is a Non-Executive Director and Independent Director. He was last re-elected as Director on October 2008. He is a member of the Audit Committee and Remuneration Committee.

Encik Mazlan holds a Second Class Honours Degree in Economics and Political Science from the University of Exeter, England.

Encik Mazlan was previously elected to the Selangor State Assembly to represent the Seri Setia (Sungai Way) (1982 to 1986) and the Lindungan (1987 to 1990) constituencies. Encik Mazlan was also the Chairman of several committees in the Selangor State Economic Corporation (PKNS) and the Chairman of the Selangor State Public Accounts Committee from 1982 to 1990.

MR CHAY YEE joined the Board on 24 February 1997 and is a Non-Executive and Independent Director. He was last re-elected as Director on October 2006. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mr Chay graduated with a B.A. (Hons), M. Soc. Sc. from the University of Hong Kong. He was a former public servant who has served in the Ministry of Finance and the CPF Board. He was the Deputy General Manager of the CPF Board before he became the Managing Director of Forte Investments Pte Ltd, a post he holds to this day.

TAN SRI CHENG HENG JEM joined the Board on 24 February 1997 and is a Non-Executive Director of the Group. He was last re-elected as Director on October 2006.

He has had more than 30 years of experience in the steel industry. He is also the President of The Association Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Tan Sri is the Chairman and Managing Director of Parkson Holdings Berhad and Lion Corporation Berhad. Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad; all of which are listed on the Bursa Malaysia. He is also Chairman of Parkson Retail Group Limited which is listed in Hong Kong.

MR ONG TEONG WAN joined the Board on 28 July 1998. He is a Non-Executive and Independent Director. He is subject to annual re-appointment as Director pursuant to Section 153(6). He is Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Mr Ong holds an MBA (International Business) from the University of Southern California. He is currently Consulting Partner at the Singapore Institute of Management and an Independent Director of Vicom Ltd, chairing the Remuneration Committee and serving on the Audit Committee.

He has been a Board Member of the Economic Development Board and the National Productivity Board. He was accorded the Friend of Labour Award by the National Trades Union Congress. He was in government service for more than 10 years and worked for two American multi-national companies at director level for more than 12 years. He has been a corporate consultant in SIM for more than 20 years.

MS JULIANA CHENG SAN SAN joined the Board on 24 May 2002 and was appointed Alternate Director to Tan Sri Cheng Heng Jem. She started her career with the organisation in 1995. During her tenure, she held various positions in finance, human resource/administration and business development. In May 2006, she joined Chanel (China) Co., Ltd as the National Accounts Manager for the People's Republic of China.

She holds a Bachelor Degree in Commerce (Management) from University of Western Sydney, Australia and completed a Program for Global Leadership from Harvard Business School in year 2000.

KEY MANAGEMENT STAFF

MR FREDDY MOK is the Group Accountant. Freddy joined the Company in 2000 and is responsible for the overall financial accounting, treasury and corporate finance affairs of the Group. He holds a Bachelor of Accountancy Degree from National University of Singapore.

MR CHENG THENG HOW is a Director and General Manager of Angkasa Hong Leong Pte Ltd ("AHL"). Mr Cheng is currently the Group Director in the Lion Group and the Executive Director of Antara Steel Mills Sdn Bhd. He is also a Non-Executive Director of Lion Asiapac Limited. His expertise and responsibilities in the Group cover steel marketing and trading, project management, the maintenance of plant and machinery and rebar fabrication. He has more than 20 years of experience in steel milling operations. He holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

MS JENNY NG KIM KWEE is the Assistant General Manager of AHL. She joined AHL in 1999 and has over 20 years of experience in rebar fabrication operations. Her responsibilities cover project, sales & plant management. She holds a Diploma in Civil Engineering from Singapore Polytechnic.

Mr TAY HUI SIANG is the Project Manager of Teck Chiang Realty Private Limited ("Teck Chiang"). He is responsible for the co-ordination and development of residential property projects of Teck Chiang. Mr Tay joined Teck Chiang in 1989 as Project Co-ordinator and was promoted to the position of Project Manager in 2001. He has been in construction related fields for more than 20 years. He holds a Bachelor of Science Degree in Construction Management and a Specialist Diploma in M&E Co-ordination.

Ms WONG CHOY LING is the Manager in the Property Management Department. Ms Wong is responsible for the administration of leases and management of the existing industrial properties of Teck Chiang. She holds a Bachelor of Science Honours Degree in Real Estate Management.

CORPORATE INFORMATION

Board Of Directors
Cheng Theng Kee (Chairman)
Cheng Yong Liang (Managing Director)
Tan Sri Cheng Heng Jem
Mazlan Bin Dato' Harun
Chay Yee
Ong Teong Wan
Juliana Cheng San San
(Alternate Director to Tan Sri Cheng Heng Jem)

Audit Committee
Ong Teong Wan (Chairman)
Chay Yee
Mazlan Bin Dato' Harun

Nominating Committee
Ong Teong Wan (Chairman)
Chay Yee
Cheng Yong Liang

Remuneration Committee
Chay Yee (Chairman)
Ong Teong Wan
Mazlan Bin Dato' Harun

Company Secretaries
Silvester Bernard Grant, ACIS
Tan Yen Hui, ACIS

Registered Office
10 Arumugam Road #10-00
Lion Building A
Singapore 409957
Tel : (65) 6745 9677
Fax : (65) 6747 9493

Registrar and Share Transfer Office
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel : (65) 6593 4848
Fax : (65) 6593 4847

Auditors
Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583
Tel : (65) 6535 7777
Fax : (65) 6532 7662
Partner in charge : Mr Tan Wee Khim
(Appointed during the financial ended 30 June 2006)

Solicitors
WongPartnership LLP
One George Street #20-01
Singapore 049145
Tel : (65) 6416 8000
Fax : (65)6532 5711

Principal Bankers
DBS Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE	2009 S$'000	2008 S$'000
Turnover		
Steel trading	**190,164**	158,368
Property development	**11,727**	8,237
Property rental	**5,053**	5,227
Investment holding	**44**	67
Total	**206,988**	171,899
Net operating profit		
Steel trading	**6,755**	1,763
Property development	**(698)**	1,506
Property rental	**1,199**	11,694
Investment holding	**(380)**	2,568
Eliminations	**–**	(2,327)
Total	**6,876**	15,204
	Cents	Cents
Earnings per share	**0.3**	8.0
Net tangible assets per ordinary share	**89.6**	90.2

FINANCIAL POSITION AS AT 30 JUNE	2009 S$'000	2008 S$'000
Investment properties	**76,000**	78,000
Property, plant & equipment	**12,825**	11,330
Properties under development	**57,442**	67,626
Completed properties	**32,586**	31,854
Stocks	**24,166**	70,284
Other assets	**66,789**	54,235
Borrowings	**(58,138)**	(59,402)
Other liabilities	**(53,329)**	(96,644)
Net assets	**158,341**	157,283
Share capital	**150,113**	150,113
Reserves	**(17,051)**	(15,634)
Accumulated profit/(loss)	**7,116**	6,687
Shareholders' funds	**140,178**	141,166
Minority interests	**18,163**	16,117
Total equity	**158,341**	157,283

CORPORATE STRUCTURE

LION TECK CHIANG LIMITED

- **INVESTMENT HOLDING**
  - 100% Teck Chiang (International) Pte Ltd
- **STEEL**
  - 50% + 1 Share Angkasa Hong Leong Pte Ltd
    - 51% Angkasa Welded Mesh Pte Ltd
  - 100% LTC Building Materials Pte Ltd
- **PROPERTY**
  - **SINGAPORE**
    - 100% Teck Chiang Realty Pte Ltd
  - **MALAYSIA**
    - 100% Che Kiang Realty Sdn Bhd

CORPORATE GOVERNANCE

The Board of Directors are committed to high standards of corporate governance and have adopted the principles set out in the Code of Corporate Governance (the "Code") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company believes that it is in compliance with the listing manual, and where there are deviations from the Code, appropriate explanations will be provided.

ROLE OF THE BOARD

The Board meets at least thrice yearly. The Board supervises and approves overall strategic plans, major investment and funding decisions, provide entrepreneurial leadership, ensure that necessary financial and human resources are in placed. The Board establishes a framework of prudent and effective controls which enables risk to be assessed and managed, review management performance, set the company's values and standards, and ensure that obligations to Shareholders and others are understood and met and all decisions are made objectively in the interest of the Company and its Shareholders.

Certain functions have been delegated by the Board to various Board Committees, which operates under clearly defined terms of reference.

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 30 June 2009 is as follows:

	Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
Number of Meetings Held:	3	3	2	2
Name	**Number of Meetings Attended**	**Number of Meetings Attended**	**Number of Meetings Attended**	**Number of Meetings Attended**
Cheng Theng Kee	3	NA	NA	NA
Cheng Yong Liang	3	NA	NA	2
Ong Teong Wan	3	3	2	2
Chay Yee	3	3	2	2
Mazlan Bin Dato' Harun	3	3	2	NA
Tan Sri Cheng Heng Jem	0	NA	NA	NA
(Alternate: Juliana Cheng San San)	1	NA	NA	NA

NA : Not Applicable

The Board has delegated day-to-day operations to the management while reserving certain key matters for its approvals. Matters that require Board approval are Group's financial results, interested person transactions, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and dividend payment.

Newly appointed Directors are provided orientation and training, if necessary, to enable them to familiarize with the Group's business activities and the relevant regulations and governance requirements.

The Directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when the need arises.

BOARD COMPOSITION AND BALANCE

The Board comprises 6 members, 2 of whom are executives, 1 non-executive and 3 independent. The Directors are professionals in business, commerce and manufacturing. The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs.

The Nominating Committee ("NC"), which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitute an independent director.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND BALANCE (CONT'D)

The Board is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations.

The NC is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

CHAIRMAN AND MANAGING DIRECTOR

In compliance of the Code, the Chairman and the Managing Director ("MD") are separate persons. The Chairman is Mr Cheng Theng Kee, while the MD is Mr Cheng Yong Liang. Both Chairman and MD are related to each other, in that the MD is the son of the Chairman.

The Chairman is responsible for the Board and the Board has delegated the day-to-day management to the MD. The MD's role includes reviewing papers or reports prior to their submission to the Board and ensure timely submission of the requisite information. The MD also assists in ensuring compliance with the Company's guidelines on corporate governance.

BOARD MEMBERSHIP AND BOARD PERFORMANCE

The Nominating Committee ("NC") comprises 3 directors, 2 of whom, including its Chairman, are Independent Directors. The NC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Mr Cheng Yong Liang

The NC meets at least twice a year and serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance. The NC performs the following functions:

1. To recommend appointment and re-appointment of directors in accordance with the Articles of Association of the Company.

2. To re-nominate directors, taking into account the individual director's contribution and performance.

3. To determine annually whether or not a director is independent, taking into account the relationship a director may have with the company and its related companies.

4. To determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the company, in the event that a director has multiple board representations.

5. To evaluate the Board's performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

At present, the Company's Articles of Association require one-third of the Directors, including a person holding the office of Managing Director, to retire from office by rotation at each Annual General Meeting. Accordingly, the NC recommended to the Board that Mr Chay Yee, who is subjected to retire by rotation, nominated himself for re-election at the forthcoming Annual General Meeting. Two directors, Mr Cheng Theng Kee and Mr Ong Teong Wan, are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each Annual General Meeting and they shall be eligible for re-appointment, but shall not be subject to the provisions of the articles relating to the rotation and retirement of Directors.

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP AND BOARD PERFORMANCE (CONT'D)

The assessments of a director are experience in being a company director, competence and knowledge, including level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

On an annual basis, each Director will assess the effectiveness and performance of the Board as a whole and fellow Directors' performance based on the assessments adopted by the Board. The Chairman, in consultation with the NC, would evaluate and act on the results of the assessments and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

Each member of the Board has and will continue to have full access to the management and records.

ACCESS TO PERSONNEL AND INFORMATION

Prior to each Board meeting, all Directors are provided with Board reports. These reports provide information on the Company's performance, financial position and significant issues.

All Directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements. Each Director may also seek independent professional advice on any Company matters, as he requires. The phone numbers and email addresses of each Director and Company Secretary have also been provided to facilitate access to any required information.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Company in its compliance with the requirement of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive Directors, and shall facilitate orientation and assist in professional development when required. The appointment and removal of the Company Secretary are subject to Board approval.

REMUNERATION MATTERS

The Remuneration Committee ("RC") comprises 3 Independent Non-Executive Directors, The RC members are:

Mr Chay Yee (Chairman)
Mr Ong Teong Wan
Encik Mazlan Bin Dato' Harun

The RC meets at least twice a year and their responsibilities include:

1. Recommend to the Board a framework of remuneration for the directors and key executives.

2. Ensure that the remuneration package are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company has a formal and transparent process for fixing the directors' fees for individual Directors. The RC ensures that the remuneration packages takes into consideration the Company's relative performance and the performance of individual Directors. The RC has access to external expert advice, if required.

Directors' fees are set in accordance with a framework comprising basic fees, board fees and committee fees, which are subject to Shareholders' approval at the Annual General Meeting ("AGM") of the Company.

During the financial period under review, only Non-Executive Directors are paid directors' fees. The payment of such fee is recommended for approval at the AGM of the Company. No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE

REMUNERATION MATTERS (CONT'D)

The annual remuneration bands for the Directors and Key Management staffs are set out below: -

Remuneration Band	Salary[1] %	Fees %	Bonus %	Benefits-in-kind[2] %	Total %
Name of Director (S$250,000 to below $500,000)					
Cheng Yong Liang	60.4	–	36.1	3.5	100
Name of Director (Below $250,000)					
Cheng Theng Kee	71.5	–	23.6	4.9	100
Ong Teong Wan	–	100	–	–	100
Chay Yee	–	100	–	–	100
Mazlan Bin Dato' Harun	–	100	–	–	100
Tan Sri Cheng Heng Jem	–	100	–	–	100
Juliana Cheng San San (Alternate Director to Tan Sri Cheng Heng Jem)	–	100	–	–	100
Key Management (Below $250,000)					
Freddy Mok	82.3	–	17.7	–	100
Cheng Theng How	77.8	–	15.1	7.1	100
Jenny Ng Kim Kwee	87.7	–	12.3	–	100
Tay Hui Siang	82.6	–	17.4	–	100
Wong Choy Ling	82.8	–	17.2	–	100

Note: -
1 Salary includes basic salaries, employer's CPF
2 Benefits-in-kind includes car and club membership

Apart from Mr Cheng Theng How, who is a brother to Mr Cheng Theng Kee and Tan Sri Cheng Heng Jem, there are no other employees who are immediate family members of a Director whose remuneration exceeds $150,000 during the year.

ACCOUNTABILITY AND AUDIT

It is the aim of the Board to provide Shareholders with explanation and assessment of the Group's financial position and prospects. The Directors have access to senior management at all times.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, all of whom, are Independent Non-Executive Directors. The AC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Encik Mazlan Bin Dato' Harun

CORPORATE GOVERNANCE

AUDIT COMMITTEE (CONT'D)

The AC meets at least thrice a year to perform the following functions:

1. To review with the external auditors the audit plan, and the results of their examination and evaluation of the Group's system of internal accounting controls.

2. To review the Group's financial and operating results and accounting policies.

3. To review, with the internal auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken.

4. To review compliance with the corporate governance guidelines on processes and activities adopted by the Board.

5. To review Interested Person Transactions ("IPTs").

6. To make recommendations to the Board on the nominating of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors.

Policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

The AC has full access to both the external and internal auditors. The internal audit plan is reviewed by the Audit Committee in consultation with the external auditors.

The AC has also conducted a review of all non-audit services provided by external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

INTERNAL CONTROLS AND INTERNAL AUDIT

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard Shareholder's investments and the Group's assets.

An internal audit team is in place to review, at least once annually, the risks incurred by the Group in its activities and promote continuous improvement to the Group's operations. The internal audit team reports the AC on any material non-compliance and internal control weakness.

The AC reviews, on an annual basis, the adequacy of the internal audit function.

The Board believes that the system of internal controls that has been maintained by the Group's management during the year is adequate to meet the needs of the Group in its current business environment.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to disseminate effective and fair information to Shareholders on a timely basis. Announcement on material information and the release of quarterly and full year results are released to SGX-ST via SGXNET.

All Shareholders of the Company receive the annual report of the Company and notice of AGM, together with explanatory notes at least 14 working days before the meeting. The notice is also advertised in a national newspaper.

The chairpersons of the Audit, Nominating and Remuneration Committees are present and available to address questions at annual general meetings with the presence of external auditors.

CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS (CONT'D)

The Company's main forum for dialogue with Shareholders takes place at its AGM, whereas members of the Board, senior management and the external auditors are in attendance. At the AGM, Shareholders are given the opportunity to air their views and ask questions regarding the Company. The Company's Articles of Association allow a Shareholder to appoint one or two proxies to attend and vote at general meetings on his/her behalf.

DEALINGS IN SECURITIES

The Company has adopted a Code of Best Practices on Securities Transactions that is in line with the Best Practices Guide issued by the SGX-ST. All Directors and officers of the Company who have access to price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in securities of the Company to the Company Secretary.

RISK MANAGEMENT

An organisational risk management framework has been established by management to formalise and document the internal processes, to enable significant business risks within the Group to be identified, assessed, monitored, managed and evaluated.

The AC has reviewed the Group's risk management process and is satisfied that there are adequate internal controls in place to manage any risks identified.

The risk factors are discussed on page 71 of the Annual Report 2009 under the section on "Notes to the Financial Statements".

Other risk factors

Factors affecting the Group's property development activity in Singapore and Malaysia include the general state of the economy in the country where the project is located, the availability of suitable land banks for future development, level of interest rates and other factors that affect the housing affordability. The prospects for the Group are also dependent upon levels of infrastructure development, which in turn would affect the demand and supply of residential property, timing of development of properties and the property sales price.

In the property investment sector, rental and occupancy rates of industrial space are affected by the state of the Singapore economy, the future supply of industrial spaces and overall rental rates.

In the steel business activity, factors which affect the price of steel include the state of the construction industry, cost of steel scraps and the international demand and supply of rebars.

During periods of slowdown in construction industry, the collection of trade receivables generally takes longer and the rate of default also tends to increase. Any significant default in payment by trade debtors will have a negative impact on our earnings and cash flow position.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT entered into during the financial period under review pursuant to the Shareholders' Mandate obtained under Chapter 9 of the Listing manual were as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Amsteel Mills Sdn Bhd	–	$17,364,000
Antara Steel Mills Sdn Bhd	–	$20,287,000

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

The Directors' of Lion Teck Chiang Limited ("the Company") proposed to renew the Shareholders' Mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company and its subsidiaries and associated company ("LTC Group" or the "Group"), or any of them, to enter into transactions with the Company's interested person ("Interested Person").

The approval of Shareholders of the Company ("Shareholders") for the renewal of the IPT Mandate will be sought at the Annual General Meeting of the Company ("AGM") to be held at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 22 October 2009 at 11.00 a.m.

The Singapore Exchange Securities Trading Limited ("SGX-ST") takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including meanings or terms such as "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is also set out on page 22 of this Report.

2. Rationale for the proposed renewal of IPT Mandate

It is envisaged that the Group which is considered to be entity at risk within the meaning of Chapter 9 of the Listing Manual ("the EAR Group"), or any of them, would, in the ordinary course of their businesses, enter into Interested Person Transactions ("IPT or IPTs") with certain classes of Interested Persons in the categories of transactions as set out in paragraphs 5 and 6 below.

Given that such IPTs will occur with some degree of frequency and may arise at any time, the IPT Mandate is intended to facilitate transactions in the normal course of business of LTC Group provided that such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. Scope of IPT Mandate

The IPT Mandate will cover a range of transactions arising in the ordinary course of business operations of the EAR Group as set out in paragraph 6 below.

The IPT Mandate will not cover any IPT, which has a value below S$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions by the EAR Group with Interested Persons that do not fall within the ambit of the IPT Mandate (including any renewal thereof) will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

4. **Benefits of IPT Mandate**

The IPT Mandate is intended to facilitate specified categories of IPTs in the normal course of business of the EAR Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on the EAR Group's normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

Where the IPTs relate to the purchase of products and receipt of services from Interested Persons, the EAR Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The sale of products and provision of services to Interested Persons are also an additional source of revenue for the EAR Group, provided that such products and services are sold or provided on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter a specified category of IPT with an Interested Person arises, thereby substantially reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

5. **Classes of Interested Persons**

The IPT Mandate will apply to transactions (described in paragraph 6 below) that are carried out with the following classes of Interested Persons:

(a) Lion Investment (Singapore) Pte Ltd and its associates;

(b) Lion Realty Private Limited and its associates;

(c) William Cheng Sdn Bhd and its associates; and

(d) Mr Cheng Theng Kee, Mr Cheng Yong Liang, Tan Sri Cheng Heng Jem, Ms Juliana Cheng San San and their associates.

6. **Categories of IPTs**

The IPTs entered into by the EAR Group with the Interested Persons (as described in paragraph 5 above) which will be covered by the IPT Mandate and which will not include transactions in respect of the purchase or sale of assets, undertakings or business, are as follows:

(a) Revenue Transactions

This category covers the revenue transactions ("Revenue Transactions") entered into by the EAR Group, including the sale or provision to, or the purchase or obtaining from, Interested Persons of products and services in the normal course of the businesses of the EAR Group which are defined as follows:

(i) the leasing or rental of office space and plant premises to Interested Persons;

(ii) the provision and obtaining of property services, including project management, building maintenance, estate management, and security, sales and marketing services;

(iii) the sale and purchase of iron and steel products, including steel rebars, deformed bars, round bars and wire rods; and

(iv) the provision and obtaining of services in relation to the iron and steel business, including contract manufacturing, storage, marketing, distribution and transportation services.

(b) General Transactions

This category covers transactions in relation to the provision or obtaining of management, support and other related services, including internal audit and information technology services.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Review Procedures for IPTs

In general, the EAR Group has internal control procedures to ensure that the IPTs are undertaken on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and consistent with the EAR Group's usual business practices and policies, which (in relation to products or services to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties, or (in relation to products or services to be obtained from an Interested Person) are no less favourable than those extended to the EAR Group by unrelated third parties.

In particular, the following review procedures have been established: -

Revenue Transactions

(a) Leasing or Rental of Office Space and Plant Premises

The EAR Group will determine that the rental arrangements between the EAR Group and the Interested Person, including but not limited to, the rental rates and terms offered to the Interested Person, are comparable to the then prevailing market rates and terms for other properties within the vicinity of similar or comparable standing and facilities, after taking into account the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

(b) Provision of Services or Sale of Products

The review procedures are as follows: -

(i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms of the service or product provider within the EAR Group, which are no more favourable than those extended to unrelated third parties. As a basis to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to unrelated third parties, the EAR Group will take into account at least two recent contracts for the same or substantially similar type of unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to a class of customers or for long-term contracts or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practiced within the applicable industry), or otherwise in accordance with applicable industry norms.

(ii) Where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, or where it is not possible to obtain at least two recent contracts for the same or substantially similar type of unrelated third party transaction (for instance, if there are no unrelated third party purchasers or customers for similar products or services, or if the product or service is proprietary), the terms of supply will (where applicable) be in accordance with the EAR Group's usual business practices and pricing policies. In determining the transaction price payable by the Interested Person for such service or product, the EAR Group will take into account various factors including, where applicable, the type and volume of the product to be sold, the prices of raw materials, the type and complexity of the service to be provided, the credit worthiness of the customers, the duration of the contract, the strategic purposes of the transaction, and the then prevailing business conditions.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Review Procedures for IPTs (cont'd)

Revenue Transactions (cont'd)

(c) Obtaining of Services or Purchase of Products

The review procedures are as follows: -

(i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms for the service or product obtained by the EAR Group from unrelated third parties. As a basis to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties to the EAR Group for the same or substantially similar type of service or product, the EAR Group will obtain at least two quotations from unrelated third party vendors or suppliers for the same or substantially similar type of service or product and will take into account, where applicable, factors such as, but are not limited to, preferential rates, rebates, discounts accorded to long-term contracts or bulk purchases and credit terms.

(ii) Where the prevailing market rates or prices are not available due to the nature of the service to be obtained or the product to be purchased, or where it is impractical or not possible for such quotes to be obtained (for instance, if there are no unrelated third party vendors or suppliers of similar services or products, or if the service or product is proprietary), the EAR Group will ensure that the price and terms of purchase are in accordance with industry norms, and/or will take into account, where relevant, factors such as, but are not limited to, specification compliance, skill, track record, quality of service, and delivery schedules.

General Transactions
Provision and Obtaining of Management, Support and Other Related Services

In relation to the provision and obtaining of management, support and other related services, the EAR Group will ensure that the costs for any management, support and other related services provided to, or obtained from, any Interested Person shall be in accordance with the cost recovery or sharing formula agreed with the Interested Person. The EAR Group will review and approve the computation of the cost recovery or sharing formula prior to the entry of the agreement with the Interested Person and will ensure that such cost recovery or sharing formula shall be based on actual costs incurred and shall not be prejudicial to the interests of the Company and its minority Shareholders.

Other Review Procedures
In addition to the review procedures set out above, the following review and approval procedures for IPTs will be applied to ensure that the IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders: -

(a) IPTs equal to or exceeding S$100,000 but less than S$3 million in value will be reviewed and approved by two (2) senior members of the management of the relevant company of the EAR Group who are designated by the Audit Committee (the "Management Members");

(b) IPTs equal to or exceeding S$3 million but less than S$5 million in value will be reviewed and approved by either one (1) of the Management Members and any one of the Independent Directors of the LTC Group; and

(c) IPTs equal to or exceeding S$5 million in value will be reviewed and approved by the Audit Committee.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Review Procedures for IPTs (cont'd)

Other Review Procedures (cont'd)

IPTs which need not have the prior approval of the Audit Committee will be reviewed on a half-yearly basis by the Audit Committee.

A register will be maintained by the Company to record all IPTs (and the basis on which they are entered into) which are entered into pursuant to the IPT Mandate.

The Company shall, on a half-yearly basis, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding half-year. The Audit Committee shall review such IPTs at its half-yearly meetings except where such IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for the monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate.

The Audit Committee shall, in conjunction with its review of the IPTs and the internal audit report, ascertain whether the established review procedures have been complied with. If, during its reviews, the Audit Committee is of the view that the review procedures as stated above are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that the IPTs will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh Shareholders Mandate based on new guidelines for the IPTs. In such a case, all IPTs will be reviewed and approved by the Audit Committee prior to their entry thereof.

For the purposes of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any IPT will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

8. Expiry and renewal of the IPT Mandate

If approved by Shareholders at the AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date receipt of Shareholders' approval. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

9. Disclosures

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted under the IPT Mandate during the financial year, and in the annual reports for the subsequent financial year during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (in accordance with Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

10. Statement of the Audit Committee

The Audit Committee of the Company confirms that:

(a) the methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders approval the IPT Mandate at the 2008 AGM;

(b) the methods and procedures referred to in (a) above continue to be sufficient to ensure that these IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(c) the Company will obtain a fresh mandate from the Shareholders if the methods or procedures for determining transaction prices referred to in paragraph 10(a) becomes inappropriate.

11. Directors' and substantial shareholders' interest

The interest of the Directors' and substantial shareholders' interests of the Company as at 30 June 2009 and as at 9 September 2009 respectively, can be found on page 26 and page 79 of this Report respectively.

Directors and his alternate director of the Company will abstain from voting their shareholdings in the Company, if any, on the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

Controlling Shareholders and their respective associates, being Interested Persons under the IPT Mandate, will abstain from voting their respective shareholdings in the Company on the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

12. Independent directors' recommendation

The independent directors having considered, inter alia, the terms, the rationale and the benefits of the IPT Mandate, are of the view that the IPT Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

13. Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated herein are fair and accurate and that there are no material facts the omission of which would make any statement in this report misleading.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved stock exchange, or an associated company over which the listed group and/or its interested persons(s) has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

CORPORATE GOVERNANCE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

2. Terms used in Chapter 9 of the Listing Manual

"Entity at Risk"

The term "entity at risk" is defined to mean (a) the listed company, (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange and (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries and its interested person(s) has control over the associated company.

"Interested Person"

The term "interested person" is defined to mean a director, or controlling shareholder of the listed issuer, or an associate of any such director, or controlling shareholder.

"Interested Person Transaction"

The term "interested person transaction" is defined to mean a transaction between an entity at risk and an interested person.

"Associate"

In relation to any director, substantial or controlling shareholder (being an individual), an "associate" is defined to be an immediate family member (that is, spouse, child, adopted child, step child, sibling and parent); the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" is defined to be any other company which is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"Associated Company"

A listed company's "associated company" is defined as a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

"Controlling Shareholder"

A "controlling shareholder" of a listed company is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company, or a person who in fact exercised control over the listed company.

"Approved Exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"Chief Executive Officer"

"Chief Executive Officer" is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of listed issuer.

CORPORATE GOVERNANCE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

3. **Materiality Thresholds, Disclosure Requirements and Shareholders' Approval**
Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA.

Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA, the issuer must make an announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to or more than: -

(a) 5% of the listed group's latest audited NTA; or

(b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S$100,000.

4. **Exceptions**
Rule 916 of the Listing Manual provides that the following transactions are not required to comply with Rule 906: -

(1) The entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.

(2) Investment in a joint venture with an interested person if:-

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the join venture are not prejudicial to the interests of the issuer and its minority shareholders; and

(c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

CORPORATE GOVERNANCE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

4. Exceptions (cont'd)

(3) The provision of a loan to a joint venture with an interested person if:-

(a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;

(b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and

(c) the issuer confirms by an announcement that its audit committee is of the view that:-

(i) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and

(ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.

(4) The award of a contract by way of public tender to an interested person if:-

(a) the awarder entity at risk announces the following information:-

(i) the prices of all bids submitted;

(ii) an explanation of the basis for selection of the winning bid; and

(b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

(5) The receipt of a contract which was awarded by way of public tender, by an interested person if:-

(a) the bidder entity at risk announces the prices of all bids submitted; and

(b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

5. Shareholders' Mandate

Rule 920(1) of the Listing manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2009 and the balance sheet and statement of changes in equity of the Company as at 30 June 2009.

DIRECTORS

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

Cheng Theng Kee	(Chairman)
Cheng Yong Liang	(Managing Director)
Tan Sri Cheng Heng Jem	
Mazlan Bin Dato' Harun	
Ong Teong Wan	
Chay Yee	
Juliana Cheng San San	(Alternate Director for Tan Sri Cheng Heng Jem)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Held in the name of Director		Deemed interest	
	At beginning of the year	**At end of the year**	**At beginning of the year**	**At end of the year**
Name of Director				
Ordinary shares				
Cheng Theng Kee	300,000	300,000	53,134,000	53,134,000
Cheng Yong Liang	150,000	150,000	–	–
Tan Sri Cheng Heng Jem	–	–	33,902,000	33,902,000
Juliana Cheng San San	12,000	12,000	–	–

There was no change in the above-mentioned interests between the end of the financial year and 21 July 2009.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Cheng Theng Kee and Tan Sri Cheng Heng Jem are deemed to have an interest in shares of the subsidiary companies of the Company.

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

DIRECTORS' REPORT

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

During the financial year there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

Ong Teong Wan (Chairman)	(Non-executive and independent Director)
Chay Yee	(Non-executive and independent Director)
Mazlan Bin Dato' Harun	(Non-executive and independent Director)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon.

Pursuant to Rule 1207(6) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Committee has conducted an annual review of the non-audit services provided by its external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence of the external auditors. It has recommended to the Board of Directors the nomination of Ernst & Young LLP as external auditors at the forthcoming Annual General Meeting of the Company.

The functions performed are detailed in the Report on Corporate Governance.

AUDITORS

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

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 September 2009

STATEMENT BY DIRECTORS

We, Cheng Theng Kee and Cheng Yong Liang, being two of the Directors of Lion Teck Chiang Limited, do hereby state that, in the opinion of the Directors:

(a) the accompanying balance sheets, consolidated income statement, statements of changes in equity and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009, and of the results, changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; and

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

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 September 2009

INDEPENDENT AUDITORS' REPORT
to the Members of Lion Teck Chiang Limited

We have audited the accompanying financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 77, which comprise the balance sheets of the Group and the Company as at 30 June 2009, the statements of changes in equity of the Group and the Company, and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
1 September 2009

BALANCE SHEETS
as at 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Investment properties	3	**76,000**	78,000	**–**	–
Property, plant and equipment	4	**12,825**	11,330	**1**	1
Subsidiary companies	5	**–**	–	**131,317**	130,543
Associated company	6	**–**	16	**–**	33
Long-term investments	7	**3,720**	3,720	**380**	380
Properties under development	8	**57,442**	67,626	**–**	–
Deferred tax assets	17	**1,331**	1,781	**–**	–
Current assets					
Completed properties held for sale	9	**32,586**	31,854	**–**	–
Stocks	10	**24,166**	70,284	**–**	–
Trade debtors	11	**23,961**	16,122	**–**	–
Other debtors	12	**1,151**	3,981	**2**	2
Amounts due from related parties	13	**10,132**	6,589	**–**	–
Fixed deposits	27	**1,885**	1,475	**–**	–
Cash and bank balances	27	**24,609**	20,551	**15**	6
		118,490	150,856	**17**	8
Current liabilities					
Trade creditors	14	**22,238**	36,228	**–**	–
Other creditors	15	**13,959**	34,833	**182**	196
Interest-bearing loans and borrowings	16	**8,827**	29,372	**–**	–
Amounts due to related parties	13	**14,967**	24,349	**22**	22
Provision for taxation		**790**	76	**–**	–
		60,781	124,858	**204**	218
Net current assets/(liabilities)		**57,709**	25,998	**(187)**	(210)
Non-current liabilities					
Trade creditors	14	**370**	254	**–**	–
Interest-bearing loans and borrowings	16	**49,311**	30,030	**–**	–
Amounts due to subsidiaries	5	**–**	–	**14,773**	12,835
Deferred tax liabilities	17	**1,005**	904	**–**	–
		50,686	31,188	**14,773**	12,835
		158,341	157,283	**116,738**	117,912
Capital and reserves					
Share capital	18	**150,113**	150,113	**150,113**	150,113
Capital reserve		**1,222**	1,247	**–**	–
Exchange translation reserve		**(18,273)**	(17,663)	**–**	–
Dividend reserve	28	**–**	782	**–**	782
Accumulated profits/(losses)		**7,116**	6,687	**(33,375)**	(32,983)
Shareholders' funds		**140,178**	141,166	**116,738**	117,912
Minority interests		**18,163**	16,117	**–**	–
		158,341	157,283	**116,738**	117,912

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Revenues	19	**206,988**	171,899
Other revenues	20	**1,127**	1,140
Total revenues		**208,115**	173,039
Costs and expenses			
Cost of sales	21	**(186,925)**	(159,398)
Salaries and employee benefits	22	**(2,726)**	(2,425)
Depreciation of property, plant and equipment	4	**(1,019)**	(984)
Other operating expenses		**(8,569)**	(3,101)
Total costs and expenses		**(199,239)**	(165,908)
Fair value (loss)/gain on investment properties	3	**(2,000)**	8,073
Operating profit	23	**6,876**	15,204
Finance costs	24	**(2,787)**	(2,825)
Profit before taxation		**4,089**	12,379
Taxation	25	**(1,614)**	144
Net profit for the year		**2,475**	12,523
Attributable to:			
Minority interests		**2,046**	25
Shareholders of the Company		**429**	12,498
		2,475	12,523
		Cents	**Cents**
Earning per share			
– Basic and diluted	26	**0.3**	8.0

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Share capital (Note 18) $'000	Capital reserve $'000	Exchange translation reserve $'000	Accumulated profits/ (losses) $'000	Dividend reserve (Note 28) $'000	Minority interests $'000	Total $'000
Group							
Balance as at 1 July 2008	150,113	1,247	(17,663)	6,687	782	16,117	157,283
Realisation of surplus on sale	–	(33)	–	–	–	–	(33)
Reduction of tax on revaluation surplus	–	8	–	–	–	–	8
Exchange differences on consolidation	–	–	(610)	–	–	–	(610)
Net loss recognised directly in equity	–	(25)	(610)	–	–	–	(635)
Net profit for the year	–	–	–	429	–	2,046	2,475
Total recognised income and expense for the year	–	(25)	(610)	429	–	2,046	1,840
Dividend paid by the Company	–	–	–	–	(782)	–	(782)
Balance as at 30 June 2009	150,113	1,222	(18,273)	7,116	–	18,163	158,341
Balance as at 1 July 2007	150,113	1,250	(13,628)	(5,029)	1,924	16,293	150,923
Realisation of surplus on sale	–	(10)	–	–	–	–	(10)
Reduction of tax on revaluation surplus	–	7	–	–	–	–	7
Exchange differences on consolidation	–	–	(4,035)	–	–	–	(4,035)
Net loss recognised directly in equity	–	(3)	(4,035)	–	–	–	(4,038)
Net profit for the year	–	–	–	12,498	–	25	12,523
Total recognised income and expense for the year	–	(3)	(4,035)	12,498	–	25	8,485
Dividend paid by subsidiary	–	–	–	–	–	(201)	(201)
Dividend paid by the Company	–	–	–	–	(1,924)	–	(1,924)
Transfer to dividend reserve	–	–	–	(782)	782	–	–
Balance as at 30 June 2008	150,113	1,247	(17,663)	6,687	782	16,117	157,283

	Share capital (Note 18) $'000	Accumulated losses $'000	Dividend reserve (Note 28) $'000	Total $'000
Company				
Balance as at 1 July 2008	150,113	(32,983)	782	117,912
Net loss for the year	–	(392)	–	(392)
Total recognised income and expense for the year	–	(392)	–	(392)
Dividend paid	–	–	(782)	(782)
Balance as at 30 June 2009	150,113	(33,375)	–	116,738
Balance as at 1 July 2007	150,113	(39,819)	1,924	112,218
Net profit for the year	–	7,618	–	7,618
Total recognised income and expense for the year	–	7,618	–	7,618
Dividend paid	–	–	(1,924)	(1,924)
Transfer to dividend reserves	–	(782)	782	–
Balance as at 30 June 2008	150,113	(32,983)	782	117,912

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2009

	2009 $'000	2008 $'000
Cash flows from operating activities:		
Operating profit before interest and taxation	**6,185**	14,898
Adjustments for:		
Depreciation of property, plant and equipment	**1,019**	984
Loss/(gain) on disposal of property, plant and equipment	**3**	(41)
Fair value loss/(gain) on investment properties	**2,000**	(8,073)
(Gain)/loss on fair value changes on derivatives	**(45)**	165
Allowance for foreseeable losses in value of properties under development	**3,610**	313
(Write-back)/provision for loss on onerous contracts	**(1,514)**	4,764
Allowance for stock diminution	**1,021**	–
Currency realignment	**(610)**	(4,035)
Operating profit before reinvestment in working capital	**11,669**	8,975
Decrease/(increase) in stocks	**45,097**	(25,555)
(Increase)/decrease in debtors	**(5,006)**	5,254
(Decrease)/increase in creditors	**(33,124)**	26,159
(Decrease)/increase in amounts due to related parties	**(9,382)**	11,292
Increase in amounts due from related parties	**(3,543)**	(3,603)
Decrease/(increase) in properties under development	**6,634**	(33,849)
(Increase)/decrease in completed properties held for sale	**(757)**	74
Cash generated from/(used in) operations	**11,588**	(11,253)
Interest paid	**(2,787)**	(2,825)
Income taxes paid	**(349)**	(893)
(Payment)/receipt from settlement of interest rate swaps	**(128)**	45
Net cash generated from/(used in) operating activities	**8,324**	(14,926)
Cash flows from investing activities:		
Capital expenditure on investment properties	**–**	(348)
Interest received	**691**	306
Liquidation of investment in associate	**16**	–
Proceeds from disposal of property, plant and equipment	**2**	70
Purchase of property, plant and equipment	**(2,519)**	(959)
Net cash used in investing activities	**(1,810)**	(931)
Cash flows from financing activities:		
Decrease in finance lease obligations	**(43)**	(59)
(Repayment)/proceeds of long-term borrowings	**(889)**	22,760
(Repayment)/proceeds of short-term borrowings	**(2,045)**	4,252
Dividend paid to minority interests of a subsidiary	**–**	(201)
Dividend paid by the Company	**(782)**	(1,924)
Net cash (used in)/provided by financing activities	**(3,759)**	24,828
Net increase in cash and cash equivalents	**2,755**	8,971
Cash and cash equivalents at beginning of year	**21,282**	12,311
Cash and cash equivalents at end of year (Note 27)	**24,037**	21,282

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

1. Corporate information

Lion Teck Chiang Limited is a limited liability company which is incorporated in Singapore.

The registered office and principal place of business of Lion Teck Chiang Limited is located at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The subsidiary companies are primarily engaged in investment holding, property investment and development and steel trading. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

The financial statements of the Company and the Group have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, completed properties, investment properties and derivative financial instruments that have been measured at their fair values.

The accounting policies have been consistently applied by the Company and the Group and except for the changes in accounting policies discussed more fully below, are consistent with those used in the previous year.

The financial statements are presented in Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Future changes in accounting policies

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

Reference	Description	Effective for annual periods beginning on or after
	Improvements to FRSs	1 January 2009
FRS 1	- Presentation of Financial Statements – Revised presentation - Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009 1 January 2009
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 27	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.2 Future changes in accounting policies (cont'd)

Reference	**Description**	**Effective for annual periods beginning on or after**
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible hedged items	1 July 2009
FRS 101	First-time adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 103	Revision to FRS 103 – Business Combinations	1 July 2009
FRS 107	Amendment to FRS 107 – Improving disclosures about financial instruments	1 January 2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 118	Transfers of Assets from Customers	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 as indicated below.

FRS *1 Presentation of Financial Statements* – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

2.3 Significant accounting estimates and judgements

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

(a) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 30 years. The carrying amount of the Group's property, plant and equipment at 30 June 2009 was $12,825,000 (2008: $11,330,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets. As a result, future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.3 Significant accounting estimates and judgements (cont'd)

(b) Income taxes

The Group has exposure to income taxes in both Singapore and Malaysia jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax provisions at 30 June 2009 were $790,000 (2008: $76,000) and $1,005,000 (2008: $904,000) respectively.

(c) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 35 (c) to the financial statements.

(d) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. For stage of completion measured by reference to the proportion that actual costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 8 to the financial statements.

2.4 Foreign currency translation

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuation in SGD.

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

All resultant exchange differences are recognised in the income statement.

On disposal of a foreign operation, the cumulative amount of exchange differences in deferred equity relating to that foreign operation is recognised in the income statement as a component of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.5 Investment in subsidiary companies

A subsidiary is a company in which the Group has the power to govern the financial and operating polices so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

2.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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

2.7 Transactions with minority interest

Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2.8 Investment properties

Investment properties are those properties which are held either to earn rental income or for capital appreciation or both. Investments properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.9 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Industrial buildings are stated at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Industrial buildings are stated at Directors' valuation which is based on independent professional valuation on an open market value basis.

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the capital reserve.

Revaluations are made by the Directors annually to ensure their carrying amount does not differ materially from their fair value at the balance sheet date.

Industrial buildings are revalued by an independent professional valuer at least once every five years.

Any surpluses held in capital reserves in respect of previous revaluations of property, plant and equipment disposed off during the year are regarded as having become realised and are transferred to the accumulated earnings.

Depreciation is computed on a straight-line basis, the estimated useful lives are as follows:

Industrial buildings	–	30 years
Plant and machinery	–	3 – 10 years
Renovation	–	5 – 10 years
Furniture and fittings	–	8 – 10 years
Office equipment	–	5 – 10 years
Electrical fittings	–	3 – 10 years
Computers	–	5 years
Motor vehicles	–	5 – 10 years

Assets under construction are not depreciated as these assets are not yet available for use.

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

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

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

2.10 Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.10 Impairment of non-financial assets (cont'd)

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

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

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

2.11 Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives or are acquired principally for the purpose of selling or repurchasing it in the near term.

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.15.

Loans and receivables

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

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

- trade and other receivables, including amount due from subsidiary company, associated company, and related parties; and

- cash and bank balances and fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.11 Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

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

The Group classifies the long-term investments, which comprise of unquoted equity investments as available-for-sale financial assets.

2.12 Financial liabilities

Financial liabilities include trade creditors, which are normally settled on 30-90 day terms, other creditors, bank overdraft, interest bearing loans and borrowings, amounts due to related parties and subsidiary companies. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction cost.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

Derivative financial instruments whose fair value is negative are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.15.

2.13 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.13 Derecognition of financial assets and liabilities (cont'd)

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income instatement. Net gains or losses on derivatives include exchange differences.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.14 Impairment of financial assets (cont'd)

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities are classified as available-for-sale are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference its cost (net of any principal payment and amortisation) and its current fair value, less any impairment cost previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversal of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.15 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

2.16 Properties under development

(i) Properties under development are properties developed for sale. They are stated at the lower of cost and estimated net realisable value. Provision is made for foreseeable losses and for diminution in value where the cost of any property exceeds net realisable value. Cost comprises land cost, development and construction expenditures, and where applicable, finance costs. Borrowing costs incurred are capitalised up to the time when the property is certified by the requisite authority as being fit for occupation.

Allowance for foreseeable losses on properties under development for sale is recognised in the financial statements as soon as the possibility of a loss is ascertained.

(ii) Revenue and profit are recognised on the percentage of completion method. These revenue and profit are brought into the financial statements only in respect of sale agreements finalised and in proportion to the extent of completion of development work undertaken. The extent of completion is measured by reference to construction costs incurred to date as a percentage of total estimated construction costs for each contract.

2.17 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, and interest expense incurred during the period of construction.

Provision for diminution in value of properties held for sale is made when it is anticipated that the net realisable value has fallen below cost.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.18 Stocks

Stocks are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a weighted average cost basis; and
- Finished goods – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

Costs of stocks purchased for specific sales contracts on a back-to-back basis are accounted for using the specific identification method.

2.19 Cash and cash equivalents

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

2.20 Leases

(i) Finance lease

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

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

(ii) Operating lease

(a) As lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.26).

NOTES TO THE FINANCIAL STATEMENTS
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2.21 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.22 Financial guarantee

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

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.23 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs, commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.24 Employee benefits

Defined contribution plan

As required by law, the Group's subsidiary companies in Singapore and Malaysia make contributions to the state pension scheme, the Central Provident Fund ("CPF") and Employee Provident Fund ("EPF") respectively. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that give rise to the contribution.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.25 Income taxes

(a) Current tax

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.25 Income taxes (cont'd)

(b) Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiary and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of sales tax included.

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

2.26 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

2.26 Revenue recognition (cont'd)

Sale from properties development

Profit is recognised as outlined in paragraph 2.16(ii) above.

Dividends

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

Rental

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognised using the effective interest method.

2.27 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Intersegment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

The Group comprises 4 main business segments as follows:

- Steel trading
- Property development
- Property rental
- Investment holding

The Group operates in 2 principal geographical areas, Singapore and Malaysia. Segment revenue is based on the geographical location of assets.

2.28 Capital reserve

Capital reserve comprises revaluation reserves for certain property, plant and equipment, properties under development and completed properties.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

3. Investment properties

	Group	
	2009	**2008**
	$'000	$'000
Balance sheet:		
Investment properties, at valuation and beginning of year	**78,000**	69,579
Additions	**–**	348
Net (loss)/gain from fair value adjustment recognised in income statement	**(2,000)**	8,073
Investment properties, at end of year	**76,000**	78,000
Income statement:		
Rental income from investment properties	**3,423**	3,303
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	**471**	355

The details of the Group's investment properties are as follows:

	Location	Tenure of land	Approximate lettable area	Group's effective interest	Description and existing use
(i)	10 Arumugam Road Singapore 409957	Freehold	4,970 sq.m.	100%	Lion Building A / Industrial
(ii)	12 Arumugam Road Singapore 409958	Freehold	8,500 sq.m.	100%	Lion Building B / Industrial
(iii)	14 Arumugam Road Singapore 409959	Freehold	8,630 sq.m.	100%	Lion Building C / Industrial
(iv)	16 Arumugam Road Singapore 409961	Freehold	5,031 sq.m.	100%	Lion Building D / Industrial

Investment properties are stated at fair value, which has been determined based on valuation at the balance sheet date. Valuations are performed by accredited independent valuer with recent experience in the location and category of the properties being valued. The valuations are based on the open market value by Knight Frank Pte Ltd on 30 June 2009.

The investment properties have been mortgaged to secure various banking facilities as disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS
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4. Property, plant and equipment

Group	Construction in progress $'000	Industrial buildings $'000	Plant and machinery $'000	Renovation $'000	Furniture and fittings $'000	Office equipment $'000	Electrical fittings $'000	Computers $'000	Motor vehicles $'000	Total $'000
Cost and valuation										
At 1 July 2008	559	12,225	6,918	745	306	208	7	563	903	22,434
Additions	1,451	–	778	232	5	19	–	29	5	2,519
Disposals	–	–	–	–	–	(12)	–	(1)	–	(13)
Transfer	(1,956)	1,956	–	–	–	–	–	–	–	–
At 30 June 2009	54	14,181	7,696	977	311	215	7	591	908	24,940
Representing:										
Cost	54	2,870	7,696	977	311	215	7	591	908	13,629
Valuation	–	11,311	–	–	–	–	–	–	–	11,311
	54	14,181	7,696	977	311	215	7	591	908	24,940
Accumulated depreciation										
At 1 July 2008	–	3,524	5,544	594	288	139	6	483	526	11,104
Charge for the year	–	450	308	93	7	18	–	33	110	1,019
Disposals	–	–	–	–	–	(8)	–	–	–	(8)
At 30 June 2009	–	3,974	5,852	687	295	149	6	516	636	12,115
Net book value	54	10,207	1,844	290	16	66	1	75	272	12,825
Cost and valuation										
At 1 July 2007	1,020	11,311	6,699	693	428	175	7	559	865	21,757
Additions	555	–	117	54	4	34	–	4	191	959
Disposals	–	–	–	–	(126)	–	–	–	(153)	(279)
Transfer	(1,016)	914	102	–	–	–	–	–	–	–
Currency realignment	–	–	–	(2)	–	(1)	–	–	–	(3)
At 30 June 2008	559	12,225	6,918	745	306	208	7	563	903	22,434
Representing:										
Cost	559	914	6,918	745	306	208	7	563	903	11,303
Valuation	–	11,311	–	–	–	–	–	–	–	11,311
	559	12,225	6,918	745	306	208	7	563	903	22,434
Accumulated depreciation										
At 1 July 2007	–	3,096	5,266	546	406	119	6	450	484	10,373
Charge for the year	–	428	278	50	8	21	–	33	166	984
Disposals	–	–	–	–	(126)	–	–	–	(124)	(250)
Currency realignment	–	–	–	(2)	–	(1)	–	–	–	(3)
At 30 June 2008	–	3,524	5,544	594	288	139	6	483	526	11,104
Net book value	559	8,701	1,374	151	18	69	1	80	377	11,330

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

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

Company

	Company 2009 $'000	Company 2008 $'000
Cost		
At 1 July / 30 June	**6**	6
Accumulated depreciation		
At 1 July	**5**	4
Charge for the year	**–**	1
At 30 June	**5**	5
Net book value		
At 30 June	**1**	1

(a) Net book value of motor vehicles under hire purchase arrangement at 30 June 2009 is $99,517 (2008: $187,436) (Note 16).

(b) Net book value of property, plant and equipment pledged as security over bills payable of the Group amounted to $12,357,000 (2008: $10,974,000) (Note 14).

(c) Net book value of revalued assets if carried at cost less accumulated depreciation amounts to $6,159,294 (2008: $6,472,522).

(d) The following are industrial buildings held by the Group:

Location	Description	Approx. site area	Tenure of land
20 Woodlands Loop, Singapore	Factory and office building	11,203 sq.m.	30-year leasehold commencing 1 October 1994
22 Woodlands Loop, Singapore	Plant	9,007 sq.m.	30-year leasehold commencing 1 September 2002

The industrial buildings at 20 and 22 Woodlands Loop were professionally valued by Knight Frank Pte Ltd on 29 July 2005. The valuation was performed on an open market value basis.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

5. Subsidiary companies

	Company	
	2009	**2008**
	$'000	$'000
Unquoted equity investments, at cost (Note 32)	**130,070**	130,070
Less: Impairment loss	**(26,039)**	(26,039)
	104,031	104,031
Loans and receivables		
Amount due from a subsidiary company	**27,286**	26,512
	131,317	130,543
Financial liabilities at amortised cost		
Amounts due to subsidiary companies	**(14,773)**	(12,835)

The amount due from a subsidiary company is a quasi-equity loan which represents an extension of investment in the subsidiary company. It is non-trade related, unsecured, interest-free, and not due for repayment within the next twelve months and is denominated in Singapore Dollars.

Amounts due to subsidiary companies are non-trade related, unsecured, interest-free, not due for repayment within the next twelve months, to be settled in cash and includes an amount of $14,641,636 (2008: $12,703,359) denominated in Malaysian Ringgit. The remaining amount is denominated in Singapore Dollars.

As at balance sheet date, the amount due from the subsidiary company is not impaired (2008: Nil).

6. Associated company

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Unquoted equity investment, at cost (Note 32)	**–**	–	**–**	–
Share of net post-acquisition reserves	**–**	(16)	**–**	–
Loans and receivables				
Amount due from associated company	**–**	32	**–**	33
	–	16	**–**	33

The associated company, Teck Chiang Investment Pte Ltd, was liquidated during the financial year. The amount due from the associated company, net of the Company's share of post-acquisition reserves, was repaid to the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

7. Long-term investments

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
Unquoted equity investments, at cost	**5,884**	5,884	**380**	380
Less: Impairment loss	**(2,199)**	(2,199)	**–**	–
	3,685	3,685	**380**	380
Club memberships	**193**	193	**–**	–
Less: Impairment loss	**(158)**	(158)	**–**	–
	35	35	**–**	–
	3,720	3,720	**380**	380

8. Properties under development

	Group	
	2009	**2008**
	$'000	$'000
Land	**52,078**	58,251
Borrowing costs capitalised	**1,621**	1,296
Development costs	**13,869**	16,690
	67,568	76,237
Attributable profit	**4,321**	5,830
	71,889	82,067
Allowance for foreseeable losses	**(4,663)**	(1,222)
	67,226	80,845
Progress billings	**(9,784)**	(13,219)
	57,442	67,626

The following expense incurred during the year has been capitalised in properties under development:

Borrowing costs	**993**	862

As at 30 June 2009, a parcel of the above land recorded in the book of a subsidiary company has not yet been registered under the subsidiary company's name. The land and development costs, net of progress billings and attributable profits incurred on this piece of land amounted to $1,245,089 (2008: $1,257,177).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

8. Properties under development (cont'd)

Certain properties under development are mortgaged as detailed in Note 16 to the financial statements.

The details of the Group's properties under development are as follows:

	Property	Tenure of land	Percentage of completion at 30.6.2009/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
	Malaysia					
(i)	Kawasan Bandar XLII District of Melaka Tengah	99 years	Planning stage	1.30 hectares/ 15,216 sq.m.	100%	36 units of 4-storey shop/apartment
(ii)	Lot 8243 (formerly Lot 1916) Mukim Tanjung Duabelas, District of Kuala Langat, Selangor	Freehold	Planning stage	184.33 hectares	100%	Residential, commercial and industrial land
(iii)	Lot 1644, 1645, 1647 & 1648 Mukim Tanjung Duabelas Daerah District of Kuala Langat, Selangor	Freehold	11% May 2010	1.92 hectares/ 8,417 sq.m.	100%	47 units double-storey terrace houses
			Planning stage	8.20 hectares/ 35,977 sq.m.	100%	480 units of low cost flats and 32 units low cost shops
(iv)	Lot 2090 Mukim Plentong District of Johor Bahru, Johor	Freehold	Planning stage	0.58 hectares/ 6,317 sq.m.	100%	80 units of low cost flats
	Singapore					
(v)	Lot 96407T MK 25 30 Wareham Road	Freehold	85% Oct 2009	915.3 sq.m./ 821.4 sq.m.	100%	2 units of 2-storey detached houses
(vi)	Lot 96927P, 96929A MK 25 7 Crescent Road	Freehold	Planning stage	3,078.3 sq.m.	100%	14 units of 2-storey strata detached houses

NOTES TO THE FINANCIAL STATEMENTS
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9. Completed properties held for sale

	Group 2009 $'000	Group 2008 $'000
Freehold and leasehold land	**9,083**	8,072
Construction costs	**21,548**	21,950
Interest capitalised	**1,955**	1,832
	32,586	31,854

Certain completed properties held for sale are mortgaged as detailed in Note 16 to the financial statements.

The details of the Group's completed properties held for sale are as follows:

	Property	Tenure of land	Site area/ gross floor area	Group's effective interest	Description and existing use
	Malaysia				
(i)	Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	8.92 hectares/ 104,516 sq.m.	100%	280 units of 4-storey shop/office
			0.33 hectares/ 5,072 sq.m.	100%	12 units of 4-storey shop/apartment
(ii)	Lot 3066 & 3067 Mukim Tebrau District of Johor Bahru, Johor	Freehold	3.19 hectares/ 20,241 sq.m.	100%	Hypermarket
			2.28 hectares/ 25,715 sq.m.	100%	180 units of double-storey terrace houses
			0.79 hectares/ 15,080 sq.m.	100%	48 units of shop houses
			1.04 hectares/ 10,582 sq.m.	100%	154 units of low cost flats
(iii)	Lot 2090 Mukim Plentong District of Johor Bahru, Johor	Freehold	0.66 hectares/ 7,265 sq.m.	100%	112 units of low cost flats
	Singapore				
(iv)	Lot 98384 Mukim 25 120 Branksome Road	Freehold	1,322.4 sq.m./ 1,359.3 sq.m.	100%	3 units of double storey detached houses

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

10. Stocks

	Group	
	2009	**2008**
	$'000	$'000
Trading stocks	**13,123**	44,780
Goods in transit	**23**	90
Raw material	**11,984**	25,237
Remnant	**57**	177
	25,187	70,284
Allowance for stock diminution	**(1,021)**	–
	24,166	70,284

The Group has pledged a floating charge over the stocks as security over the bills payable (Note 14).

11. Trade debtors

	Group	
	2009	**2008**
	$'000	$'000
Loans and receivables		
Trade receivables	**23,961**	16,125
Less: Allowance for doubtful debts	**–**	(3)
	23,961	16,122

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

The Group has pledged a floating charge over the trade debtors net of allowance for uncollectible amounts, amounting to $21,235,000 (2008: $15,514,000) as security over the bills payable (Note 14).

Included in the trade debtors of the Group is an amount of $2,018,797 and $8,229 (2008: $456,817 and $617,489) denominated in Malaysian Ringgit and US Dollars respectively. The remaining amount is denominated in Singapore Dollars.

The Group held security deposits of $1,309,805 as at 30 June 2009 (2008: $1,151,000) from tenants against the trade receivables of its property rental business.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

11. Trade debtors (cont'd)

Receivables that are past due but not impaired:

The Group has trade receivables amounting to $2,647,000 (2008: $1,368,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2009	**2008**
	$'000	$'000
Trade receivables past due:		
Less than 30 days	**961**	1,004
30 to 60 days	**424**	176
60 to 90 days	**243**	–
More than 90 days	**1,019**	188
	2,647	1,368

Receivables that are impaired

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

	Group	
	2009	**2008**
	$'000	$'000
Trade receivables – nominal amounts	**–**	3
Less: Allowance for doubtful debts	**–**	(3)
	–	–
Movement in allowance accounts:		
At 1 July	**3**	136
Written back	**–**	(4)
Written off	**(3)**	(129)
At 30 June	**–**	3

Trade receivables that are individually determined to be impaired at the balance sheet date relates to debtors that are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

12. Other debtors

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Non-financial assets				
Prepayments	**687**	522	**–**	–
Loans and receivables				
Deposits	**360**	3,038	**–**	–
Tax recoverable	**–**	108	**–**	–
Sundry debtors	**101**	313	**2**	2
	461	3,459	**2**	2
Fair value through profit and loss				
Financial derivatives	**3**	–	**–**	–
	1,151	3,981	**2**	2

The Group has pledged a floating charge over the loans and receivables, amounting to $357,000 (2008: $3,231,000) as security over the bills payable (Note 14).

Included in the other debtors of the Group is an amount of $433,881 and $6,251 (2008: $562,347 and $Nil) denominated in Malaysian Ringgit and US Dollars respectively. The remaining amount is denominated in Singapore Dollars.

At the balance sheet date, the deposits and sundry debtors of the Group are not impaired (2008: nil).

13. Amounts due from/(to) related parties

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Loans and receivables				
Trade related	**4,875**	832	**–**	–
Non-trade related (a)	**5,257**	5,757	**–**	–
	10,132	6,589	**–**	–
Financial liabilities at amortised cost				
Trade related	**(14,569)**	(23,829)	**–**	–
Non-trade related (b)	**(398)**	(520)	**(22)**	(22)
	(14,967)	(24,349)	**(22)**	(22)

Trade amounts are unsecured, interest-free, repayable within trade credit terms and to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
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13. Amounts due from/(to) related parties (cont'd)

(a) Non-trade amounts are unsecured, non-interest bearing, have no fixed terms of repayment, to be settled in cash except for an amount of $5,218,815 (2008: $5,709,374) that bears interest at 8% (2008: 8%) per annum and is to be repaid in fixed instalments within 12 months of the balance sheet date. Receivables from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

The Group has pledged a floating charge over the amounts due from related parties, amounting to $Nil (2008: $113,894) as security over the bills payable (Note 14).

Included in the amounts due from related parties of the Group are amounts of $5,254,940 (2008: $6,436,976) dominated in Malaysian Ringgit. The remaining amounts are dominated in Singapore Dollars.

(b) Non-trade amounts are unsecured, non-interest bearing, have no fixed terms of repayment, to be settled in cash except for an amount of $319,141 (2008: $294,496) that bears interest at 8% (2008: 8%) per annum.

Included in the amount due to related parties of the Group are amounts of $626,759 and $13,790,353 (2008: $1,667,732 and $17,022,382) denominated in Malaysian Ringgit and US Dollars respectively. The remaining amount is denominated in Singapore Dollars.

At the balance sheet date, the Group has provided an allowance of $9,599 (2008: $9,599) for impairment of the trade related amount due from a related party with nominal amounts of $9,599 (2008: $9,599). This related party has been suffering significant financial losses.

There has been no movement in this allowance account for the financial year ended 30 June 2009 (2008: Write-back of $10,042).

14. Trade creditors

	Group	
	2009	**2008**
	$'000	$'000
Financial liabilities at amortised cost		
Trade creditors		
- Current	**4,793**	18,071
- Non-current	**370**	254
Bills payable	**17,445**	18,157
	22,608	36,482

Included in the trade creditors of the Group is an amount of $936,117 (2008: $1,208,784) denominated in Malaysian Ringgit. The remaining amount is denominated in Singapore Dollars.

Bills payable of the Group is secured by letters of comfort from the Company and a floating charge over all assets of a subsidiary company.

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15. Other creditors

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Non-financial liabilities				
Advance payment from customers	**7,413**	23,695	**–**	–
Provision for loss on onerous contracts	**3,250**	4,764	**–**	–
	10,663	28,459	**–**	–
Financial liabilities at amortised cost				
Deposits received	**287**	287	**–**	–
Sundry creditors	**632**	1,078	**1**	3
Accruals	**1,001**	1,003	**181**	193
Accrued development cost	**1,327**	3,848	**–**	–
	3,247	6,216	**182**	196
Financial liabilities at fair value				
Derivative instruments	**49**	158	**–**	–
	13,959	34,833	**182**	196

Included in the other creditors of the Group is an amount of $8,998,684 (2008: $10,646,849) denominated in Malaysian Ringgit.

Provision for loss on onerous contracts represents the estimated loss resulting from steel trading, whereby the Group has an obligation to purchase steel at a higher market price to fulfil sales contracts entered into previously at lower contracted prices that were based on market steel prices that were prevailing then.

16. Interest-bearing loans and borrowings

	Group	
	2009	**2008**
	$'000	$'000
Financial liabilities at amortised cost		
Payable within 12 months:		
Bank overdraft, secured (Note 27)	**2,457**	744
Bank loans, secured	**4,837**	2,752
Term loan, secured	**989**	832
Revolving credit facility, secured	**500**	25,000
Lease liabilities, secured	**44**	44
	8,827	29,372
Payable after 12 months:		
Bank loans, secured	**19,950**	24,080
Term loan, secured	**4,820**	5,866
Revolving credit facility, secured	**24,500**	–
Lease liabilities, secured	**41**	84
	49,311	30,030

NOTES TO THE FINANCIAL STATEMENTS
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16. Interest-bearing loans and borrowings (cont'd)

Bank loans are secured on some of the Group's completed properties and properties under development with a carrying value of $39,800,499 (2008: $44,721,763).

The bank overdraft and revolving credit facility are secured on the first legal mortgage over the Group's investment properties, first equity mortgage on the Company's 11,518,000 shares in Angkasa Hong Leong Pte Ltd and personal guarantees of certain Directors.

The term loan is secured by one of the Group's completed properties with a carrying value of $16,866,751 (2008: $17,030,506).

The future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Minimum payments 2009 $'000	**Present value of payments 2009** $'000	**Minimum payments 2008** $'000	**Present value of payments 2008** $'000
Financial liabilities at amortised cost				
Within one year	**49**	**44**	49	44
After one year but not more than five years	**46**	**41**	94	84
Total minimum lease payments	**95**	**85**	143	128
Less: Amount representing finance charges	**(10)**	**–**	(15)	–
Present value of minimum lease payments	**85**	**85**	128	128

These obligations are secured by a charge over the leased assets (Note 4).

All amounts under finance lease arrangement are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS
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17. Deferred taxation

	Group	
	2009	**2008**
	$'000	$'000
Deferred tax assets		
Balance at beginning of year	**1,781**	1,334
Recognition of previously unrecognised tax losses	**431**	594
Utilisation of deferred tax assets	**(998)**	(165)
Reversal based on sale of development properties	**8**	(2)
Underprovision in prior years	**220**	69
Effect of changes in statutory tax rate		
- Singapore	**(88)**	–
- Malaysia	**(20)**	(34)
Currency alignment	**(3)**	(15)
Balance at end of year	**1,331**	1,781
Deferred tax liabilities		
Balance at beginning of year	**904**	845
Movement in temporary differences	**88**	24
Underprovision in prior year	**67**	35
Effect of changes in statutory tax rate - Singapore	**(54)**	–
Balance at end of year	**1,005**	904

The deferred taxation arises as a result of:

Deferred tax assets		
- unabsorbed tax losses carried forward	**1,114**	1,575
- other timing differences	**323**	139
- revaluation of assets	**(106)**	67
	1,331	1,781
Deferred tax liabilities		
- revaluation of assets	**263**	278
- excess of net book value over tax written down value	**742**	626
	1,005	904

NOTES TO THE FINANCIAL STATEMENTS
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18. Share capital

	Company	
	2009	**2008**
	$'000	$'000
Issued and fully paid:		
Balance at beginning and end of year: 156,453,000 ordinary shares	**150,113**	150,113

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

19. Revenues

	Group	
	2009	**2008**
	$'000	$'000
Revenues consisted of the following:		
Sales of goods	**190,164**	158,368
Sales from property development	**11,727**	8,237
Dividend income from unquoted investments	**44**	67
Rental and service revenue	**5,053**	5,227
	206,988	171,899

20. Other revenues

	Group	
	2009	**2008**
	$'000	$'000
Other revenues included the following:		
(Loss)/gain on disposal of property, plant and equipment	**(3)**	41
Interest income derived from loans and receivables	**691**	306
Management and consultancy income	**–**	419

Included in the interest income from non-trade receivables is an amount of $537,155 (2008: $45,813) from related party for non-trade related balances (Note 13).

NOTES TO THE FINANCIAL STATEMENTS
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21. Cost of sales

	Group	
	2009	**2008**
	$'000	$'000
Included in cost of sales are the following items:		
Staff and related costs	**1,779**	1,558
Operating lease expenses	**519**	554
(Write-back)/provision for loss on onerous contracts	**(1,514)**	4,764
Allowance for stock diminution	**1,021**	–

22. Salaries and employee benefits

	Group	
	2009	**2008**
	$'000	$'000
Directors of the Company and its subsidiary companies		
- Directors' remuneration	**445**	433
- CPF contributions	**18**	18
Key management personnel of the Company and its subsidiary companies		
- Employees' remuneration	**488**	494
- CPF contributions	**32**	36
Staff costs		
- Salaries and other benefits	**1,571**	1,310
- CPF and other defined contributions	**172**	134
	2,726	2,425

The remuneration is paid to Directors and key management officers in their capacity as employees.

	2009	2008
Number of Directors in remuneration bands:		
$250,000 to below $500,000	**1**	1
Below $250,000	**5**	5
	6	6
Number of key management officers in remuneration bands:		
Below $250,000	**5**	5

NOTES TO THE FINANCIAL STATEMENTS
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23. Operating profit

	Group	
	2009	**2008**
	$'000	$'000
Operating profit is stated after charging/(crediting):		
Directors' fees	**85**	82
Allowance for doubtful debts	**–**	59
Foreign exchange loss/(gain), net	**969**	(926)
(Gain)/loss on fair value changes on derivatives	**(45)**	165
Carriage outwards	**1,025**	628
Allowance for foreseeable losses in value of properties under development	**3,610**	313

24. Finance costs

	Group	
	2009	**2008**
	$'000	$'000
Interest on amounts due to related parties	**449**	69
Interest on bank overdrafts	**93**	44
Interest on revolving credit facilities and bank loans	**634**	1,048
Interest on hire purchase	**6**	8
Interest on trust receipts	**1,205**	1,572
Others	**400**	84
	2,787	2,825

NOTES TO THE FINANCIAL STATEMENTS
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25. Taxation

Major components of income tax expense for the year ended 30 June were:

	Group 2009 $'000	Group 2008 $'000
Current taxation:		
Singapore	**779**	–
Foreign	**308**	191
Deferred taxation:		
Singapore	**461**	(570)
Foreign	**185**	165
Under/(over) provision in respect of prior years:		
Current taxation	**(34)**	64
Deferred taxation	**(135)**	(34)
Adjustments for reduction in statutory tax rate:		
Singapore	**34**	–
Malaysia	**16**	40
	1,614	(144)

For the financial year ended 30 June 2009, the Singapore Government announced a 1% reduction in statutory tax rate, from 18% to 17%, from Year of Assessment 2010. For the same basis year, there is a 1% reduction in the Malaysia statutory tax rate from 26% to 25%.

The Group has unabsorbed tax losses amounting to approximately $3,029,000 (2008: $4,979,000) available for offset against future taxable income subject to the agreement of Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax benefit relating to these trade losses of approximately $515,000 (2008: $896,000) has not been recognised in the financial statements as its realisation is not certain at this juncture.

A reconciliation between the tax (credit)/expense and the product of accounting profit multiplied by the applicable tax rates is as follows:

	2009	2008
Accounting profit	**4,089**	12,379
Tax at statutory rate of 17% (2008: 18%)	**695**	2,228
Tax effect on expenses not deductible in determining taxable profit	**1,270**	125
Tax effect on income not taxable in determining taxable profit	**(56)**	(1,643)
(Over)/under provision of tax in respect of prior years	**(34)**	64
Overprovision of deferred taxation in respect of prior years	**(135)**	(34)
Tax effect on different tax rate of other country	**158**	118
Benefits from previously unrecognised tax losses	**(431)**	(1,140)
Tax effect on benefit from operating losses not recorded	**97**	98
Effect of change in statutory tax rate	**50**	40
	1,614	(144)

NOTES TO THE FINANCIAL STATEMENTS
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26. Earning per share

	Group	
	2009	**2008**
	$'000	**$'000**
Net earning attributable to ordinary shareholders	**429**	12,498
Weighted average number of ordinary shares for calculation of basic and fully diluted earnings per share ('000)	**156,453**	156,453
	Cents	Cents
Earning per share – basic and diluted	**0.3**	8.0

27. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2009	**2008**
	$'000	**$'000**
Loans and receivables		
Cash and bank balances	**24,609**	20,551
Fixed deposits	**1,885**	1,475
	26,494	22,026
Financial liabilities at amortised cost		
Bank overdraft, secured (Note 16)	**(2,457)**	(744)
	24,037	21,282

The interest rate on fixed deposits ranged from 1.3% to 3.7% (2008: 1.25% to 3.7%) per annum. The maturity dates of these deposits range from 1 July 2009 to 10 March 2010 (2008: 9 July 2008 to 27 July 2008). Included in the fixed deposits is an amount of $261,185 (2008: $109,413) which is pledged for certain credit facilities not yet utilised as at year end.

Included in the cash and bank balances is an amount of $4,928,651 (2008: $4,547,319) held pursuant to a foreign Housing Development Act and therefore restricted from use in other operations.

The Group has pledged a floating charge over the cash and cash equivalents, amounting to $18,973,163 (2008: $13,484,692) as security over the bills payable (Note 14).

Included in the cash and cash equivalents of the Group is an amount of $6,875,385 and $95,379 (2008: $6,463,108 and $29,798) denominated in Malaysian Ringgit and the US Dollars respectively. The remaining amounts are denominated in Singapore Dollars.

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28. Dividends

No dividend is proposed for the financial year ended 30 June 2009.

	Group	
	2009	**2008**
	$'000	$'000
2008: Final dividend of 0.5 cents per share less tax of 18%	**–**	782

29. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following are the transactions entered into by the Group and the Company with related parties:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Dividend income	**–**	–	**–**	2,327
Management fee paid	**77**	73	**77**	73
Purchases of goods	**58,151**	74,398	**–**	–
Rental expense	**–**	–	**27**	23
Rental and service income	**(310)**	(1,335)	**–**	–
Sale of completed property	**(5,100)**	–	**–**	–
Sales of scrap	**–**	(19,379)	**–**	–

30. Commitments and contingencies

(i) Operating lease commitments:

Rental expenses (principally for warehouse and factory) for the year were $519,000 (2008: $554,000) for the Group.

Future minimum lease payments payable under non-cancellable leases are as follows:

	Group	
	2009	**2008**
	$'000	$'000
Within one year	**506**	506
After one year but not more than five years	**2,022**	2,022
More than five years	**7,232**	7,738
	9,760	10,266

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30. Commitments and contingencies (cont'd)

(i) Operating lease commitments (cont'd):

Future minimum lease payments receivable (principally for rental income from investment properties and completed properties) under non-cancellable operating leases are as follows as of 30 June:

	Group	
	2009	**2008**
	$'000	$'000
Not later than one year	**3,872**	4,033
Later than one year but not later than five years	**1,013**	2,046
	4,885	6,079

(ii) Capital commitments:

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group and Company	
	2009	**2008**
	$'000	$'000
Capital commitments in respect of property, plant and equipment	**278**	2,249

(iii) Contingent liabilities:

	Company	
	2009	**2008**
	$'000	$'000
Guarantees given by the Company to banks in connection with bank facilities provided to subsidiary companies	**83,879**	90,468
Amount utilised in respect of guarantees issued at 30 June	**62,064**	63,284

NOTES TO THE FINANCIAL STATEMENTS
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31. Segment information

Business segments

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue												
Sales to external customers	190,164	158,368	11,727	8,237	5,053	5,227	–	–	–	–	206,944	171,832
Investment income	–	–	–	–	–	–	44	2,394	–	(2,327)	44	67
Intersegment sales	–	–	–	–	27	23	–	–	(27)	(23)	–	–
Other revenue	294	387	30	127	97	(99)	15	–	–	–	436	415
	190,458	158,755	11,757	8,364	5,177	5,151	59	2,394	(27)	(2,350)	207,424	172,314
Unallocated revenue											691	725
Total revenues											208,115	173,039
Segment results	6,262	6,527	2,912	1,819	3,199	3,621	(380)	2,568	–	(2,327)	11,993	12,208
Provision for onerous contract losses	1,514	(4,764)	–	–	–	–	–	–	–	–	1,514	(4,764)
Allowance for foreseeable loss on properties under development	–	–	(3,610)	(313)	–	–	–	–	–	–	(3,610)	(313)
Write-down of stocks	(1,021)	–	–	–	–	–	–	–	–	–	(1,021)	–
Fair value gain on investment properties	–	–	–	–	(2,000)	8,073	–	–	–	–	(2,000)	8,073
Operating profit/(loss)	6,755	1,763	(698)	1,506	1,199	11,694	(380)	2,568	–	(2,327)	6,876	15,204
Finance costs											(2,787)	(2,825)
Profit before tax											4,089	12,379
Taxation											(1,614)	144
Net profit for the year											2,475	12,523

NOTES TO THE FINANCIAL STATEMENTS
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31. Segment information (cont'd)

Business segments

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities												
Segment assets	77,471	113,742	102,385	109,073	100,660	98,868	31,035	30,252	(43,074)	(40,403)	268,477	311,532
Tax assets											1,331	1,781
Investment in associated company											–	16
Total assets											269,808	313,329
Segment liabilities	39,163	80,315	10,017	13,462	29,409	28,155	16,019	14,135	(43,074)	(40,403)	51,534	95,664
Tax liability											1,795	980
Loans and borrowings											58,138	59,402
Total liabilities											111,467	156,046
Other segment information												
Depreciation of property, plant and equipment	846	793	–	5	172	185	1	1	–	–	1,019	984
Capital expenditure	2,233	741	–	–	286	218	–	–	–	–	2,519	959

Geographical segments

	Singapore		Malaysia		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue								
Sales to external customers	200,445	165,813	6,499	6,019	–	–	206,944	171,832
Investment income	44	67	–	–	–	–	44	67
Inter-segment sales	27	23	–	–	(27)	(23)	–	–
Other revenue	406	288	30	127	–	–	436	415
Total revenues	200,922	166,191	6,529	6,146	(27)	(23)	207,424	172,314
Other geographical information:								
Segment assets	203,630	242,853	79,453	81,382	(14,606)	(12,703)	268,477	311,532
Capital expenditure	2,519	959	–	–	–	–	2,519	959

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32. Subsidiary and associated companies

The subsidiary and associated companies at 30 June are:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held 2009 %	2008 %
Subsidiary companies				
Held by the Company:				
* Che Kiang Realty Sdn Bhd	Property development	Malaysia	**100**	100
Teck Chiang Realty Private Limited	Investment holding, property investment and development and general merchants	Singapore	**100**	100
Angkasa Hong Leong Pte Ltd	Importers, exporters and distributors of steel and iron products and commission agents	Singapore	**50 plus 1 share**	50 plus 1 share
LTC Building Materials Pte Ltd	Steel trading	Singapore	**100**	100
Held through Teck Chiang Realty Private Limited:				
Teck Chiang (International) Pte Ltd	Investment holding	Singapore	**100**	100
Held through Angkasa Hong Leong Pte Ltd:				
Angkasa Welded Mesh Pte Ltd	Dormant	Singapore	**51**	51
Associated company				
# Teck Chiang Investment Pte Ltd	Dormant	Singapore	**–**	50

* Audited by Ernst & Young, Malaysia (associate firm of Ernst & Young LLP, Singapore).

Liquidated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

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

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- a nominal amount of $62,064,000 (2008: $63,284,000) relating to corporate guarantees provided by the Company for the bank loans taken by subsidiary companies.

Information regarding credit enhancements for trade receivables is disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
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33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The analysis of the Group's trade receivables by geographical and business segments are as follows:

		2009		2008	
	Note	$'000	% of total	$'000	% of total
Group					
By geographical:					
Singapore		**21,489**	**90**	15,420	96
Malaysia		**2,472**	**10**	702	4
		23,961	**100**	16,122	100
By business:					
Steel trading		**21,235**	**89**	15,514	96
Property development		**2,435**	**10**	458	3
Property rental		**291**	**1**	150	1
		23,961	**100**	16,122	100

The Group determines credit risk concentration for its Steel and Property related businesses separately.

Property development and property rental business

Trade debtors for these business segments do not have concentration of credit risk as the customers are individuals or corporates of diverse background or nature.

Steel business

There is no significant concentration of credit risk except that customers are predominantly in the construction industry. As at 30 June 2009, approximately 50% (2008: 47%) of the trade debtors of the Steel business are due from the top 4 customers who are key players in the local construction industry.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
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33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

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

The Board and the management of the Group constantly reviews its cash and borrowing position to ensure that the Group maintains sufficient liquidity to meets its obligations as and when they fall due.

The table in Note 35 (b) summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swap. At the balance sheet date, after taking info account into the effect of an interest rate swap, approximately 9% (2008: 17%) of the Group's interest-bearing financial liabilities are at fixed interest rates. The table in Note 35(b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 75 (2008: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $485,000 (2008: $460,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

(d) Foreign currency risk

The Group enters into fixed price contracts, mainly in US Dollars (USD) and Malaysian Ringgit (RM), with its suppliers for the purchase of steel. The Group is thus exposed to transactional foreign currency exposure dependent on the timing of its future purchases and when the liabilities are settled or are converted into the functional currency. Approximately 76% (2008: 82%) of the Group's steel purchases is denominated in foreign currencies.

Unless there is persistent weakness in the trend of the USD, the Group uses forward currency contracts to hedge between 50% to 100% of its anticipated steel purchases denominated in USD.

Due to the persistent weakness of the USD towards the end of the financial year, the Group's hedge of its foreign currency denominated purchases as at 30 June 2009 was only 26% (2008: Nil).

The Group is also exposed to currency translation risk arising from its net investment in a subsidiary in Malaysia. The Group uses its borrowings from the subsidiary denominated in Malaysian Ringgit as a natural partial hedge against its cost of investment.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

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

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

	2009		2008	
	Profit net of tax	**Equity**	**Profit net of tax**	**Equity**
	$'000	$'000	$'000	$'000
USD				
- strengthened 6% (2008: 4%)	**(402)**	**(402)**	(553)	(553)
- weakened 6% (2008: 4%)	**402**	**402**	553	553
RM				
- strengthened 1% (2008: 1%)	**(112)**	**(112)**	(105)	(105)
- weakened 1% (2008: 1%)	**112**	**112**	105	105

34. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2008 and 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, loans and borrowings, trade and other creditors, amounts due to related parties, less cash, bank balances and fixed deposits. Equity includes equity attributable to the equity holders of the Company and minority interests.

As at 30 June 2009, the gearing ratio of the Group was 34% (2008: 46%).

	Group	
	2009	**2008**
	$'000	$'000
Loans and borrowings (Note 16)	**58,138**	59,402
Trade and other payables (Note 14 and 15)	**36,567**	71,315
Amounts due to related parties (Note 13)	**14,967**	24,349
Cash, bank balances and fixed deposits (Note 27)	**(26,494)**	(22,026)
Net debt	**83,178**	133,040
Total equity	**158,341**	157,283
Equity and net debt	**241,519**	290,323
Gearing ratio	**34%**	46%

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

35. Financial instruments

(a) Fair values

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, and short term loans approximate their fair values due to their short-term nature.

The present value of lease payments, as disclosed in Note 16, approximates the fair value of hire purchase creditors.

The carrying amount of long-term bank loan approximates its fair value as interest is charged at a floating rate.

The amounts due from/to subsidiaries have no repayment terms and are repayable only when there is availability of cash flows. Accordingly, the fair values of the amounts are not determinable as the timing of the future cash flows arising from the amounts cannot be estimated reliably.

It is not practicable to determine with sufficient reliability the fair value of the unquoted equity investments because of the lack of quoted market prices and the ability to estimate fair value without incurring excessive costs. However management is of the opinion that the carrying amounts recorded as at balance sheet date, in accordance with the Company's accounting policies, are not in excess of the recoverable amount of the unquoted equity investments.

The fair value of derivative instruments are as follows:

	Group			
	Total Notional amount		**Aggregate net fair value**	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Interest rate swap contract	**5,000**	10,000	**(49)**	(121)
Forward foreign exchange contracts	**5,519**	–	**3**	–

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

The Company did not enter into any other derivative instrument for the year ended 30 June 2009 and 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

35. Financial instruments (cont'd)

(b) Maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

		2009					2008				
	Note	**Effective rate %**	**Maturity**	**Total $'000**	**1 year $'000**	**2 to 5 years $'000**	**Effective rate %**	**Maturity**	**Total $'000**	**1 year $'000**	**2 to 5 years $'000**
Group											
Financial liabilities											
Trade creditors											
– Current	14	–	–	4,793	4,793	–	–	–	18,071	18,071	–
– Non-current	14	–	–	370	–	370	–	–	254	–	254
– Bill payables	14	3.00 – 5.10	2009	17,445	17,445	–	3.58 – 5.03	2008	18,157	18,157	–
Bank overdraft											
– S$ floating rate	16	5.25	On demand	2,457	2,457	–	5.25	On demand	744	744	–
Bank loan											
– S$ floating rate	16	1.55 – 3.81	2010	25,294	4,889	20,405	2.85 – 4.20	2009 – 2010	28,169	2,802	25,367
Term loan											
– Ringgit floating rate	16	6.175 – 7.375	2014	6,848	1,050	5,798	7.375	2009	7,336	893	6,443
Revolving credit facility											
– S$ floating rate	16	1.92 – 3.75	2012	27,192	512	26,680	2.69 – 4.37	2009	25,511	25,511	–
Lease liabilities	16	4.26 – 6.05	2010 – 2012	95	49	46			143	49	94
				84,494	31,195	53,299			98,385	66,227	32,158

Certain undiscounted payments differ from the carrying amount in the balance sheet as the balance sheet amounts are based on discounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2009

35. Financial instruments (cont'd)

(c) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Financial assets					
Available for sale					
Long-term investments	7	**3,720**	3,720	**380**	380
Fair value through profit or loss					
Other debtors	12	**3**	–	**–**	–
Loan and receivables					
Trade debtors	11	**23,961**	16,122	**–**	–
Other debtors	12	**461**	3,459	**2**	2
Subsidiary companies	5	**–**	–	**27,286**	26,512
Associate company	6	**–**	32	**–**	33
Amount due from related parties	13	**10,132**	6,589	**–**	–
Fixed deposits	27	**1,885**	1,475	**–**	–
Cash and bank balances	27	**24,609**	20,551	**15**	6
		61,048	48,228	**27,303**	26,553
Financial liabilities					
Fair value through profit or loss					
Other creditors	15	**49**	158	**–**	–
At amortised cost					
Trade creditors	14	**22,608**	36,482	**–**	–
Other creditors	15	**3,247**	6,216	**1**	3
Interest-bearing loans and borrowings	16	**58,138**	59,402	**–**	–
Amounts due to subsidiary companies	5	**–**	–	**14,773**	12,835
Amounts due to related parties	13	**14,967**	24,349	**22**	22
		98,960	126,449	**14,796**	12,860

36. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2009 were authorised for issue in accordance with a resolution of the Directors on 1 September 2009.

ANALYSIS OF SHAREHOLDINGS
As at 9 September 2009

Issued and fully paid-up capital	:	$150,112,500
No. of shares issued	:	156,453,000 ordinary shares
Class of shares	:	Ordinary shares fully paid
Voting right	:	1 Vote per share
No. of treasury shares held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS AS AT 9 SEPTEMBER 2009

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 999	1,104	11.27	327,845	0.21
1,000 – 10,000	8,007	81.72	15,578,034	9.96
10,001 – 1,000,000	675	6.89	35,950,071	22.98
1,000,001 and above	12	0.12	104,597,050	66.85
Total	9,798	100.00	156,453,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 9 SEPTEMBER 2009

No.	Name of shareholders	No. of shares	%
1	Lion Investment (Singapore) Pte Ltd	53,100,000	33.94
2	UOB Kay Hian Pte Ltd	10,282,200	6.57
3	Lion Realty Pte Ltd	9,950,000	6.36
4	Lion Holdings Sdn Bhd	6,498,571	4.15
5	The Brooklands Selangor Rubber Co. Limited	5,583,000	3.57
6	Andalas Development Sdn. Bhd.	4,961,000	3.17
7	Neo Aik Soo	3,491,000	2.23
8	Lion Enterprise (Kuala Lumpur) Sdn Bhd	3,451,429	2.21
9	Umatrac Enterprises Sdn Bhd	3,275,000	2.09
10	Morph Investments Ltd	1,448,000	0.93
11	DBS Vickers Securities (S) Pte Ltd	1,395,850	0.89
12	United Overseas Bank Nominees Pte Ltd	1,161,000	0.74
13	Tan Boon Kay	965,000	0.62
14	Yim Chee Tong	948,000	0.61
15	Ching Kwong Yew	935,000	0.60
16	Vellayappan s/o Karrupiah	849,000	0.54
17	Phillip Securities Pte Ltd	807,674	0.52
18	Ng Chwee Cheng	708,000	0.45
19	Thiang Thin Poh Joseph	650,000	0.42
20	Hoo Len Yuh	568,000	0.36
	Total:	111,027,724	70.97

SHAREHOLDINGS IN THE HANDS OF PUBLIC AS AT 9 SEPTEMBER 2009

On the basis of the information available to the Company, approximately 37.2% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

SUBSTANTIAL SHAREHOLDERS
As at 9 September 2009

	Direct Interest		Deemed Interest	
Name of Shareholder	No. of Shares	Percentage	No. of Shares	Percentage
Lion Investment (Singapore) Pte Ltd	53,100,000	33.94%	–	–
Datuk Cheng Yong Kim [(2)]	50,000	0.03%	53,100,000	33.94%
Lion Realty Private Limited [(3)]	9,950,000	6.36%	23,952,000	15.31%
Lion Holdings Sdn Bhd [(4)]	9,950,000	6.36%	–	–
Angkasa Marketing (Singapore) Pte Ltd [(5)]	10,000,000	6.39%	–	–
The Brooklands Selangor Rubber Company Limited [(6)]	5,583,000	3.57%	4,961,000	3.17%
Cheng Theng Kee [(1)]	300,000	0.19%	53,134,000	33.96%
Tan Sri Cheng Heng Jem [(7)]	–	–	33,902,000	21.67%
Lancaster Trading Company Limited [(8)]	–	–	9,950,000	6.36%
William Cheng Sdn Bhd [(8)]	–	–	9,950,000	6.36%
Utara Enterprise Sdn Bhd [(8)]	–	–	9,950,000	6.36%
Akurjaya Sdn Bhd [(9)]	–	–	10,544,000	6.74%
Amsteel Corporation Berhad [(10)]	–	–	23,919,000	15.29%
Lion Corporation Berhad [(11)]	–	–	23,952,000	15.31%
Horizon Towers Sdn Bhd [(3)]	–	–	23,952,000	15.31%
Lion Development (Penang) Sdn Bhd [(3)]	–	–	23,952,000	15.31%
LDH (S) Pte. Ltd. [(12)]	–	–	23,952,000	15.31%
Lion Diversified Holdings Berhad [(12)]	–	–	23,952,000	15.31%
LLB Steel Industries Sdn Bhd [(12)]	–	–	23,952,000	15.31%
Steelcorp Sdn Bhd [(12)]	–	–	23,952,000	15.31%
Amsteel Mills Sdn Bhd [(12)]	–	–	23,952,000	15.31%
Lion Industries Corporation Berhad [(13)]	33,000	0.02%	23,919,000	15.29%

Notes:-

(1) Mr Cheng Theng Kee is deemed to be interested in 53,134,000 shares comprising 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd and 34,000 shares held by his spouse, Madam Chen Shok Ching.

(2) Datuk Cheng Yong Kim, who is a son of Mr Cheng Theng Kee, is deemed to be interested in 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd.

(3) Lion Realty Private Limited, Horizon Towers Sdn Bhd and Lion Development (Penang) Sdn Bhd are deemed to be interested in 23,952,000 shares held by in the Lion Corporation Berhad.

(4) Lion Holdings Sdn Bhd is the beneficial owner of 3,451,429 shares registered under Lion Enterprise (Kuala Lumpur) Sdn Bhd.

(5) Angkasa Marketing (Singapore) Pte Ltd is the beneficial owner of 10,000,000 shares registered under RHB Investment Bank Berhad.

(6) The Brooklands Selangor Rubber Company Limited is deemed to be interested in the 4,961,000 shares held by Andalas Development Sdn Bhd.

(7) Tan Sri Cheng Heng Jem is deemed to be interested in 33,902,000 shares comprising 23,952,000 shares held by Lion Corporation Berhad and 9,950,000 shares held by Lion Holdings Sdn Bhd.

(8) Lancaster Trading Company Limited, William Cheng Sdn Bhd and Utara Enterprise Sdn Bhd are deemed to be interested in the 9,950,000 shares held by Lion Holdings Sdn Bhd.

(9) Akurjaya Sdn Bhd is deemed to be interested in 10,544,000 shares comprising 4,961,000 shares held by Andalas Development Sdn Bhd and 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited.

(10) Amsteel Corporation Berhad is deemed to be interested in 23,919,000 shares comprising 10,544,000 shares held by Akurjaya Sdn Bhd, 10,000,000 shares held by Angkasa Marketing (Singapore) Pte Ltd, 100,000 shares held by Silverstone Corporation Berhad.

(11) Lion Corporation Berhad is deemed to be interested in 23,952,000 shares comprising 23,919,000 shares held by Amsteel Corporation Berhad and 33,000 shares held by Lion Industries Corporation Berhad.

(12) LDH (S) Pte. Ltd., Lion Diversified Holdings Berhad, LLB Steel Industries Sdn Bhd, Steelcorp Sdn Bhd and Amsteel Mills Sdn Bhd are deemed to be interested in 23,952,000 shares held by Lion Corporation Berhad.

(13) Lion Industries Corporation Berhad is deemed to be interested in 23,919,000 shares held by Amsteel Corporation Berhad.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Lion Teck Chiang Limited (the "Company") will be held at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 on Thursday, 22 October 2009 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2009. (Resolution 1)

2. To re-elect Mr Chay Yee, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 2)

   Mr Chay Yee will, upon re-election, remain as the Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee and will be considered independent.

3. To pass the following resolutions under Section 153(6) of the Companies Act (Chapter 50 of Singapore) (the "Companies Act"):-

   (a) That pursuant to Section 153(6) of the Companies Act, Mr Cheng Theng Kee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 3a)

   (b) That pursuant to Section 153(6) of the Companies Act, Mr Ong Teong Wan be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 3b)

   Mr Ong Teong Wan will, upon re-appointment, remain as Chairman of the Audit Committee and Nominating Committee and as a member of the Remuneration Committee and will be considered independent.

4. To approve the payment of Directors' fees of S$80,500 for the year ended 30 June 2009 (2008: S$79,000). (Resolution 4)

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

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

6. **General Mandate to Directors to Issue Shares**

   THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but no limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

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

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONT'D)

6. **General Mandate to Directors to Issue Shares (cont'd)**

Provided that:

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

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

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

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

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note i) (Resolution 6)

7. **Renewal of the Shareholders' Mandate for Interested Person Transactions**

That for the purpose of Chapter 9 of the Listing Manual of the SGX-ST ("Chapter 9"):-

(a) approval be and is hereby given for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9, to enter into any of the transactions falling within the categories of Interested Person Transactions as described on page 17 of this Annual Report, with any person who falls within the classes of Interested Persons as described on page 17 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for Interested Person Transactions set out on pages 18 to 20 of this Annual Report (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
(See Explanatory Note ii) (Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONT'D)

8. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Silvester Bernard Grant
Company Secretary

Singapore, 5 October 2009

Explanatory Note on Special Business to be transacted:-

(i) Resolution 6 proposed in item 6 above, if passed, authorises the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company for issues other than on a *pro rata* basis to shareholders.

(ii) Resolution 7 proposed in item 7 above, if passed, renews the IPT Mandate and allows the Company, its subsidiaries and its associated companies who are entities at risk as defined under Chapter 9 to enter into certain interested person transactions as described on page 17 of this Annual Report and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes :

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for holding the meeting.

PROXY FORM

IMPORTANT : FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

LION TECK CHIANG LIMITED
Company Registration No. 196400176K
(Incorporated in the Republic of Singapore)

I/We, ____ (Name)

of ____ (Address)

being a member/members of LION TECK CHIANG LIMITED hereby appoint :

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 on Thursday, 22 October 2009 at 11.00 a.m., and at any adjournment(s) thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions :	For	Against
1.	Adoption of Audited Accounts, Directors' Report and Auditors' Report		
2.	Re-election of Mr Chay Yee as a Director of the Company		
3a.	Re-appointment of Mr Cheng Theng Kee as a Director of the Company		
3b.	Re-appointment of Mr Ong Teong Wan as a Director of the Company		
4.	Approval of Directors' Fees		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	General Mandate for Directors to issue shares, make or grant instruments convertible into shares and to issue shares in pursuance of such instruments		
7.	Renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this __________ day of ____________________ 2009.

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

____
Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF

Notes :

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

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

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00 Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for the Annual General Meeting.

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

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its articles of association and Section 179 of the Companies Act (Chapter 50 of Singapore).

General :

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