

Selected Notes to the Summary Financial Statement

31 December 2008

1. GENERAL

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 51 Cuppage Road #09-08, StarHub Centre, Singapore 229469.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

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

The financial statements have been prepared on the historical cost convention, except for derivative financial instruments, held for trading and available-for-sale financial assets that have been measured at their fair values, and held-to-maturity financial assets that have been measured at amortised cost.

The carrying values of recognised assets and liabilities that are designated as hedged items in a fair value hedge are adjusted to record the gain or loss on the hedged items attributable to the hedged risks.

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

The Group and the Company have applied the same accounting policies which are consistent with those used in the previous financial year except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2008. The adoption of these FRS and INT FRS has no significant impact to the Group.

3. SHARE CAPITAL

	Group and Company	
	2008	2007
	\$'000	\$'000
Issued and fully paid		
At beginning of the year		
2,983,550,387 (2007: 2,946,253,631) ordinary shares	554,888	474,926
Issued during the year		
15,052,775 (2007: 37,296,756) ordinary shares	31,726	79,962
At end of the year		
2,998,603,162 (2007: 2,983,550,387) ordinary shares	586,614	554,888

Included in share capital is a special share issued to the Minister for Finance (Incorporated). The special share enjoys all the rights attached to the ordinary shares. In addition, the special share carries the right to approve any resolution to be passed by the Company, either in general meeting or by its Board of Directors, on certain matters specified in the Company's Articles of Association. The special share may be converted at any time into an ordinary share.

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.

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4. DIVIDEND

	Group and Company	
	2008	2007
	\$'000	\$'000
Final dividend paid in respect of the previous financial year of 4.0 cents (2007: 4.0 cents) per share	119,342	117,850
Special dividend paid in respect of the previous financial year of 10.88 cents (2007: 11.11 cents) per share	324,610	327,277
Interim dividend paid in respect of the current financial year of 3.0 cents (2007: 2.0 cents) per share	89,922	59,562
	533,874	504,689
Additional final dividend paid in respect of the previous financial year due to issue of shares under ESOS/ESOP before books closure date	1,816	3,531
	535,690	508,220

The Directors propose a final dividend of 4.0 cents (2007: 4.0 cents) per share amounting to \$119.9 million (2007: \$119.3 million) and a special dividend of 8.8 cents (2007: 10.88 cents) per share amounting to \$263.9 million (2007: \$324.6 million), in respect of the financial year ended 31 December 2008. The dividends have not been recognised as a liability as at year end as it is subject to approval at the Annual General Meeting of the Company.

5. RELATED PARTY INFORMATION

In addition to related party information as disclosed in the financial statements, the Group has significant transactions with fellow subsidiaries within Temasek Group on terms agreed between the parties as follows:

	Group	
	2008	2007
	\$'000	\$'000
Sales and services rendered	13,401	17,044
Purchases and services received	34,578	52,761
Property, plant and equipment purchases	123	237
Interest income	10,731	19,864
Dividend income	213	99
Rental income	380	3,214
Rental expenses	4,156	2,243

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6. SUBSEQUENT EVENTS

- (a) A subsidiary's land and buildings with a carrying amount of \$23,252,000 (RMB 110,513,000) are mortgaged to secure bank loans of \$16,832,000 (RMB 80,000,000), of which \$8,276,000 (RMB 37,500,000) of bank loans has been drawn down as at 12 February 2009.
- (b) In January 2009, the Singapore Government announced the 2009 Budget with a "Resilience Package", which provides a number of measures to cushion the impact of the slowing Singapore economy. The Group will benefit largely from two key Budget measures, namely the reduction in corporate tax rate from 18% to 17% and the Jobs Credit scheme.

OTHER INFORMATION

1. DIRECTORS' REMUNERATION

The following information relates to remuneration of directors of ST Engineering:

Number of Directors in Remuneration Bands	2008	2007
Remuneration Band		
\$500,000 and above	1	1
\$250,000 to \$499,999	1	-
Below \$250,000	10	10
Total	12	11