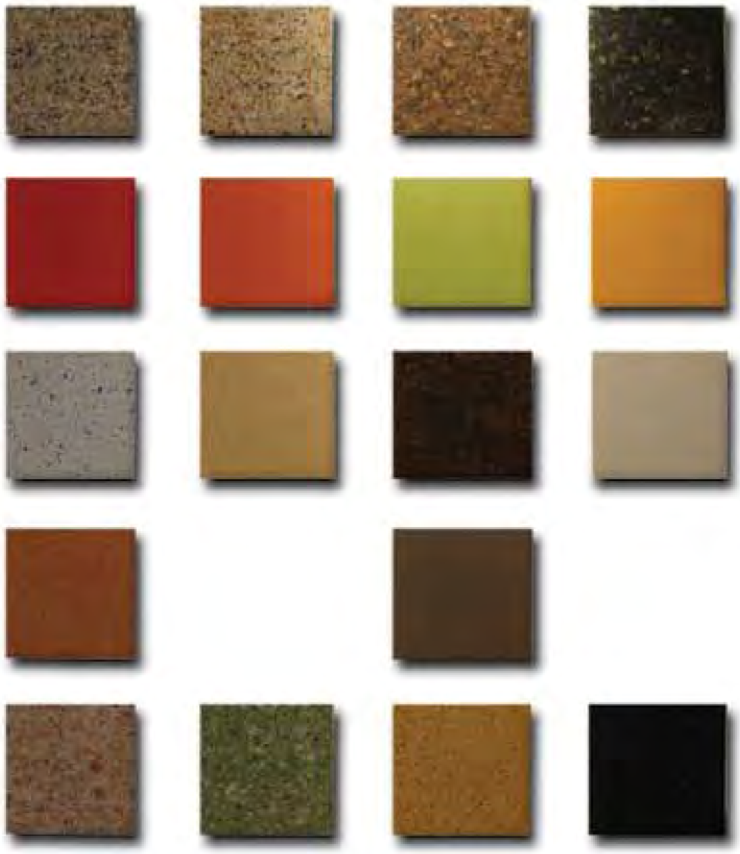
ANNUAL REPORT 2008



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CORPORATE STRUCTURE

Name of company	Date of incorporation/ acquisition and place of business	Principal business	Paid up capital	Equity held by the group
Shining Construction Private Limited	Incorporated on 30 April 1976 Singapore	Construction activities	S$5,000,000	100%
Luban Investments Pte Ltd	Incorporated on 8 December 1984 Singapore	Investment holding	S$120,000	100%
Builders Shop Pte Ltd	Incorporated on 19 April 1990 Singapore	Importer/Distributor/ Retailer/Contractor of building materials and products	S$2,400,000	100%
Builders Centre Pte Ltd	Incorporated on 10 February 1995 Singapore	Hiring out motor vehicles, machinery & equipment and provision of warehousing services	S$3,000,002	100%
Embryo Design Pte Ltd	Acquired 2 December 2004 Singapore	Designers, interior decorators and consultants	S$122,222	100%
Room Interior Pte Limited	Acquired 2 December 2004 Singapore	Retailing and trading of furniture and home lifestyle products and design	S$100,000	100%
Cream Homestore Pte Ltd	Acquired 2 December 2004 Singapore	Retailing and trading of furniture and home lifestyle products and design	S$300,000	80%
Shenzhen Calo-Enersave Furnishing Co. Ltd	Acquired 2 December 2004 People's Republic of China	Manufacturing of furniture	RMB5,389,000	54%

CHAIRMAN'S MESSAGE

"We are a fortunate company"

The past year has been unprecedented in many respects. In September 2008 the global financial system was on the brink of a total collapse: banks announced mega-losses and many financial institutions required government bailouts. As an indirect result of this dramatic turn of events global demand imploded, which in turn caused declining exports, rapidly falling asset prices, rising unemployment, increasing number of bankruptcies, multi-billion dollar government stimulus packages, and so forth.

Also Singapore was not spared, as the recession turned global. After years of solid growth, we are now facing a contracting economy, clearly affecting the property market. We seem to be governed by doom and gloom.

However, against this background, I am proud to report that Shining Corporation Ltd still managed to enjoy a profitable 2008 despite a significant drop in the Group's turnover. The Group's turnover has decreased by 33% from S$33 million to S$22 million, while the net profit attributable to the shareholders of the Company has reduced from S$959K to S$58K.

Partly thanks to the fact that on 31 March 2008 the Company managed to raise equity funding of S$21.75 million we pride ourselves with a robust balance sheet allowing us to realise our potential with minimum reliance on external sources of funds. The debt-equity ratio, which is calculated by dividing total liabilities by total shareholders' equity, has been reduced from 1.0 to 0.3.

Also in 2009 we will continue to focus on our three closely related core business activities: Construction, Building Materials and Home Furnishing. Due to increased competition, we realise more than ever that being specialised and innovative in each of these three business areas is essential in order to excel. Furthermore, we intend to take full advantage of our strong cash position by venturing into the new business of high-end residential property development.

In short, our balance sheet, our substantial cash position and last but certainly not least, our high quality and motivated workforce, all give us the confidence to believe that we are a fortunate company; uniquely well-positioned to take full advantage of the opportunities that we see looming. This year will without any doubt be challenging, but thanks to our recent restructuring efforts, some significant contracts due to materialise in 2009 and our new business activity we will be able to weather the storm and come out even stronger than before.

On a final note, I would like to personally thank all staff, customers, suppliers and shareholders for the invaluable support that we have received during the past year. You can be rest assured of our continued commitment to quality, service and results.

Po Sun Kok
Non-Executive Chairman
Shining Corporation Ltd

BOARD OF DIRECTORS

Anti-clockwise from left

PO SUN KOK
Non-Executive Chairman

NICO PURNOMO PO
Managing Director

TAN KAY KIANG
Executive Director

LEE ENG KIAN
Independent Director

GURDAIB SINGH S/O PALA SINGH
Independent Director

OPERATIONS REVIEW

We are a Group of companies with an established track record of over 30 years in the construction related industry. During the year under review, our Group was principally engaged in the businesses of constructing and retrofitting of residential, industrial and commercial properties (Construction Division), supplying building finishes and flooring (Building Materials Division) as well as home furnishing designing and implementation (Home Furnishing Division).

During the year, we have completed a share placement exercise and successfully raised equity funds to poise the Group into high-end residential development. As at 31 December 2008, the funds raised are deposited with bank as we have decided to delay our intended residential property development due to the deteriorating demand in property caused by the global financial crisis.

At Group level, we recorded a net profit of S$58K for the year notwithstanding that at the three main divisional levels we registered losses. This was mainly due to inter-company transactions, which are eliminated at Group level as well as two exceptional income items which were interest earned from proceeds from the share placement deposited with the bank as well as gain on the disposal of a loss-making subsidiary. Both items are not reflected at the three divisions' operating results.

Construction Division

Our construction activities are undertaken by Shining Construction Private Limited, a subsidiary which is registered with the Building & Construction Authority (BCA) under the general category. This subsidiary company has completed many construction projects especially the high-end residential properties since its incorporation in 1976.

During the year under review, our Construction Division continued to stay focused on Additions and Alterations projects that generally yield higher profit margin and give lower risk exposure due to shorter contract periods. Although the turnover decreased 25% from S$5.9 million to S$4.4 million, the gross profit margin improved from 20% to 25%. However, due to obviously lower business volumes and provisions for doubtful debts, the Construction Division incurred a small loss before tax and finance expenses of S$48K for the year.

We expect the construction industry to face increased competition in 2009. As at 31 December 2008, we have two on-going projects that will be completed in 2009. In view of the construction projects on hand and the industry outlook, we will restructure and rationalise our Construction Division to keep the operating costs to the minimum to ride through the downturn.

Building Materials Division

Our Building Materials Division hails as one of the pioneer leaders in the stone and tile industry, specialised in high quality building materials, including marble and granite products and homogenous ceramic tiles. Our high quality products are mainly imported from Greece, Turkey, China, Italy and Spain. This division is undertaken by Builders Shop Pte Ltd, a subsidiary endorsed by BCA with grade L6 suppliers of 'Finishing and Building Products'. With this grade the Company is able to tender for unlimited value of both public and private sector projects.

In conjuction with the share placement to the Citipoint Asia Real Estate Capital Ltd materialised on 31 March 2008, our Building Materials Division divested its hardware business. This resulted in a substantial reduction of revenue from this business as compared to the previous year. This revenue reduction was further exacerbated by the fact that we successfully completed a major project in 2007. However, the positive news is that the volume for retail sales increased, which helped to cushion against the impact of the reduction in the other two areas. The division reported a profit before tax and finance expenses of S$26K for the year under review.

For 2009, we remain optimistic, notwithstanding the economic climate and increased competition. The division has already secured contracts of S$16 million for delivery in 2009. With the contracts in hand, we expect the division to perform satisfactorily for the next financial year.

Home Furnishing Division

We acquired the home furnishing group of companies in 2004 to complement our existing businesses. Our Home Furnishing Division mainly focuses on providing top quality, unique and sleek design European furnishing, with famous brands such as Boffi, Casa Milano, Carl Hansen, e15, Knollstudio, Living Divani and Porro.

Revenue for the Home Furnishing Division reduced by S$2.2 million to S$3.6 million compared to the previous year. The percentage gross profit margin has dropped slightly from 33% to 29%. Mainly as a result of the significant reduction in turnover and an escalation of rental, the division registered a loss before tax, finance expenses and inter-company transactions elimination of S$191K for the year under review.

Moving forward, we will be stepping up our efforts in project sales and focusing on few core brands, in particular the famous Italian brand, Boffi. We have obtained the sole distributorship rights for Boffi products in Singapore and an exclusive Boffi studio will be set up in one of our showrooms to facilitate our marketing and promotion of the products.

We are finalising contracts with developers to supply and install Boffi kitchen cabinets for two high-end residential developments in Singapore. Barring unforeseen circumstances, we expect to see a considerable increase in the turnover in 2009 and satisfactory performance in this division upon successful and completion of the projects.

High-End Residential Property Development

For 2009 and 2010 we intend to take advantage of our strong balance sheet and cash position by venturing into high-end residential property development. Residential property prices have fallen (and are still falling) to an extent that we believe attractive opportunities arise. We intend to capitalise on these opportunities by leveraging on our knowledge and understanding of the market as well as on our capabilities to deliver high-end real estate.

Nico Purnomo Po
Managing Director

Shining Corporation Ltd (the "Company") is committed to maintaining a high standard of corporate governance so as to ensure greater transparency and protection of shareholders' interests. The Company supports the principles and spirit of the Code of Corporate Governance 2005 (the "Code"), whilst also recognising that it needs to develop and maintain its own corporate governance processes to meet its specific business needs.

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

(A) BOARD MATTERS

Board's Conduct of its Affairs
Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Role of the Board
The primary role of the Board of Directors (the "Board") is to protect and enhance long-term value and returns for the shareholders. It oversees the business affairs of the Company and its subsidiaries (the "Group") and approves the Group's strategic plans, key business initiatives, major investments and funding decisions. The Board has adopted internal guidelines for cheque signatories and operating expenditures to optimise operational efficiency. Additionally, the Board has direct responsibility for decision making in respect of the following corporate events and actions:

- approval of results announcements;
- approval of the annual report and accounts;
- convening of shareholders' meetings; and
- material acquisitions and disposal of assets.

To facilitate effective management, certain functions of the Board have been delegated to various Board committees ("Board Committees"). The Board is assisted by an Audit Committee ("AC") and a Remuneration and Nominating Committee ("RNC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis.

Board Meetings and Meetings of Board Committees
The Board meets on a half-yearly basis to review the financial performance and approve the release of half-year and full year results. Additional meeting of the Board may be held when circumstances require. The Articles of Association of the Company (the "Articles") allow Board meetings to be held via teleconference or video-conference. Dates of the Board meetings are normally set by the Directors well in advance.

Each Director's attendance at the Board and Board Committees held in the last financial year is as follows:

Name of Directors	Board*		Audit Committee ("AC")*		Remuneration and Nominating Committee ("RNC")*	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Po Sun Kok (1)	2	1	1	1	-	-
Nico Purnomo Po (2)	2	2	N.A.	N.A.	N.A.	N.A.
Tan Kay Kiang	5	5	N.A.	N.A.	N.A.	N.A.
Lee Eng Kian	5	4	2	2	1	1
Gurdaib Singh s/o Pala Singh	5	4	2	2	1	1

* Refers to meetings held/attended while each Director was in office
(1) Mr Po Sun Kok was appointed to the Board, AC and RNC on 31 March 2008.
(2) Mr Nico Purnomo Po was appointed to the Board on 31 March 2008.

Training
A majority of the current members of the Board have been Directors of the Company for several years and are familiar with its business operations and practices. The Company also provides ongoing education on Board processes, governance practices and updates on changes to laws and regulations. Directors are also encouraged to keep themselves abreast of latest developments relevant to the Company or themselves. Where necessary, the Directors will be updated on new legislations and/or regulations which are relevant to the Group. Newly appointed Directors will also be issued with a formal letter by the Company Secretary explaining their duties and obligations as a Director upon their appointment. The management will also provide new Directors with brief information on the business and organisation structure of the Group.

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

The Board presently comprises five (5) Directors of whom two (2) are independent Directors. The independence of the Directors is reviewed annually by the RNC. The RNC adopts the Code's definition of what constitutes an independent Director in its review. The independent Directors are Mr Lee Eng Kian and Mr Gurdaib Singh s/o Pala Singh.

A profile of the Directors is set out at pages 20 and 21.

The size and composition of the Board is reviewed on an annual basis by the RNC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the RNC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The RNC then nominates the most suitable candidate who is only appointed by the Board of the Company.

The Board as a group has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Board is satisfied that the current size of five (5) Directors is appropriate taking into consideration the nature and scope of the business of the Company.

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

Non-Executive Chairman and Managing Director
There is a clear division of roles and responsibilities between the Chairman, Mr Po Sun Kok and Managing Director, Mr Nico Purnomo Po. The Non-Executive Chairman leads and manages the business of the Board. He is also responsible for steering the strategic direction of the Group and for the governance of Board matters, including the holding of Board meetings and ensuring that Board members are provided with complete, adequate and timely information. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Managing Director. He also reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. The Managing Director is responsible for the daily management and operation of the Group, translating the Board's decisions into executive action and implementing the Group's strategies and policies. The Managing Director is the son of the Chairman. Given the separate roles and responsibilities held by them, the Board is of the opinion that their relationship does not affect the independent and effective running of the Board. There is also a balance of power and authority with the various committees chaired by the Independent Directors.

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

The RNC was formed in June 2003 by the merger of the Nominating Committee and Remuneration Committee of the Company, comprising all non-executive Directors, the majority of whom including the Chairman are independent.

The members of the RNC are as follows:
Mr Gurdaib Singh s/o Pala Singh (Chairman)
Mr Lee Eng Kian
Mr Po Sun Kok (Appointed on 31 March 2008)

The RNC handles both nominating and remuneration matters of the Company and its functions with regard to nominating matters include the following:
(a) to establish procedures for and make recommendations to the Board on all Board appointments and re-appointments;
(b) to review re-nominations, having regard to the Director's contribution and performance (eg. attendance, preparedness and participation) including, if applicable, as an independent Director;
(c) where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as Director;
(d) to review the independence of the Directors on an annual basis;
(e) to establish procedures for the evaluation of the Board's performance and propose objective performance criteria, which shall be approved by the Board;
(f) to assess the effectiveness of the Board as a whole and assess the contribution by each individual Director to the effectiveness of the Board;
(g) to identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps;
(h) to ensure that all Board appointees undergo an appropriate induction programme; and
(i) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

The RNC's role in respect of remuneration matters are separately discussed under Principle 7 (Procedures for Developing Remuneration Policies).

The RNC regulates its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the RNC.

For the year under review, the RNC held one (1) meeting.

Under the Company's Articles, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting ("AGM") of the Company, provided all Directors (except the Managing Director) shall retire by rotation at least once every three (3) years. The Managing Director shall not be subject to retirement by rotation nor be taken into account in determining the number of Directors to retire.

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

The RNC reviews the performance criteria for evaluating the Board's performance and recommends a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the RNC, the Board has established processes for evaluating the effectiveness of the Board as a whole and the contribution of each individual Director.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the Directors.

The RNC also assesses the contribution of each Director to the effectiveness of the Board as a whole, taking into consideration the Director's attendance record, overall participation at Board and committee meetings, expertise, strategic vision, financial savvy, business judgment and sense of accountability.

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

All Board members have independent access to the Company Secretaries and also the senior management of the Company. The Company Secretary attends all Board and Board Committees meetings and prepare minutes of meeting of the Board and of the Board Committees which are circulated. The Company Secretaries are also responsible for ensuring that Board procedures are followed and advise the Board of the requirements of all the Company's Articles, the Companies Act, Cap. 50 and the Listing Manual.

To further ensure that the Board is able to fulfill its responsibilities, the management of the Company provides the Board with a management report containing complete, adequate and timely information prior to Board meetings as well as a report of the Group's ongoing activities.

Each Director has the authority to seek independent professional advice as and when necessary in furtherance of his duties. The appointment of such professional advisors is subject to approval by the Board. Any cost of obtaining such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7 : There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RNC is tasked to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and to ensure that the level of remuneration paid by the Company serves to attract, retain and motivate the employees needed to manage the Company successfully. It has access to expert professional advice from experts outside the Company on executive remuneration matters as and when necessary.

The RNC's functions with regard to remuneration matters include the following:
(a) to review and recommend to the Board a framework of remuneration for the Directors and members of senior management. The framework covers Director's fees, basic salaries, allowances, bonuses and benefits in kind;
(b) to review the remuneration packages of all managerial staff that are related to any of the executive Directors;
(c) to review the performance of key senior managers to enable the RNC to determine their annual remuneration, bonus rewards, etc; and
(d) to recommend to the Board in consultation with senior management and the Managing Director, any long term incentive scheme.

No Director is involved in deciding his own remuneration.

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

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors. The RNC reviews and determines the remuneration packages for the executive Directors based on the performance of the Group and the individual Director.

The Company has yet to sign a formal service agreement with the Managing Director and the non-executive Directors have no service contract with the Company.

All Directors are paid Directors' fees, determined by the full Board based on the effort, time spent and responsibilities of the Directors. The payment of such fees to the Directors is subject to approval of the Company's shareholders at each AGM. In addition, the remuneration of the executive Directors, include among others, a fixed salary and performance bonus which is benchmarked against the Group's pre-tax profits.

The executive Director has service contract with the Company which commenced on 1 March 2007 for a period of 3 years and shall continue unless and until terminated by either the Company or the executive Director giving not less than 3 months' notice in writing.

Currently the Company does not have any long-term incentive scheme for its Directors or any employee share option scheme. The RNC will recommend the implementation of incentive schemes as and when it considers appropriate.

Disclosure on Remuneration
Principle 9 : Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives and performances.

A breakdown of the remuneration of the Directors, top key executives (who are not also Directors) and employees who are immediate family members of the Directors or CEO (whose remuneration exceed S$150,000) for the financial year ended 31 December 2008 are set out below:

Remuneration of Directors for the financial year ended 31 December 2008

Name of Directors Below S$250,000	**Base/Fixed Salary**	**Bonus**	**Directors' Fees**	**Other Benefits**	**Total**
Po Sun Kok	0.0%	0.0%	100.0%	0.0%	100%
Nico Purnomo Po	0.0%	0.0%	100.0%	0.0%	100%
Tan Kay Kiang	75.8%	0.0%	8.8%	15.4%	100%
Lee Eng Kian	0.0%	0.0%	100.0%	0.0%	100%
Gurdaib Singh s/o Pala Singh	0.0%	0.0%	100.0%	0.0%	100%

Remuneration of key executives (who are not also Directors) and employees for the financial year ended 31 December 2008

Name of key executives and employees Below $250,000	**Base/Fixed Salary**	**Bonus**	**Other Benefits**	**Total**
Tan Chin Hoon#	82.4%	0.0%	17.6%*	100%
Tan Kay Sing#	81.1%	0.0%	18.9%*	100%
Tan Kay Tho#	81.1%	0.0%	18.9%*	100%
Tan Chek Loon	76.6%	4.0%	19.4%	100%
Tan Nan Nee	81.1%	3.8%	15.1%	100%
Chia Kong Chye	89.7%	5.4%	4.9%	100%

* Includes Director's fee paid for period from 1 January 2008 to 31 March 2008 (date of resignation).
\# Mr Tan Chin Hoon, Mr Tan Kay Sing and Mr Tan Kay Tho are immediate family members of Mr Tan Kay Kiang, an Executive Director of the Company, whose remuneration exceed S$150,000.

(C) ACCOUNTABILITY AND AUDIT

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

The Board endeavors to ensure that the annual audited financial statements and half yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

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

The AC comprises 3 non-executive Directors, the majority of whom including the Chairman are independent. The AC is chaired by Mr Lee Eng Kian and the other members are Mr Gurdaib Singh s/o Pala Singh and Mr Po Sun Kok.

Mr Lee is a practising member of the Institute of Certified Public Accountants of Singapore who was in practice for several years. The other members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the opinion that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has full access to and co-operation from the management as well as full discretion to invite any Director or executive Director to attend its meetings and has been given reasonable resources to enable it to perform its functions properly.

The main objective of the AC is to assist the Board in fulfilling the fiduciary responsibilities of the Company and each of its subsidiaries. In addition to pursuing this goal, the AC will:
(a) recommend to the Board the appointment or re-appointment of the external and internal auditors;
(b) review with the external and internal auditors the audit plans and their evaluation of the system of internal accounting controls and monitor management's response and actions to correct any noted deficiencies;
(c) evaluate the effectiveness of both the internal and external audit efforts through regular meetings;
(d) determine that no unwarranted management restrictions are being placed upon the external and internal auditors;
(e) review the financial statements with management and external auditors (where applicable) for submission to the Board;
(f) review the half yearly and annual announcements of the results of the Group before submission to the Board for approval;
(g) report to the Board summarising the work performed by the AC in carrying out its functions;
(h) review interested person transactions;
(i) have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
(j) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external and internal auditors;
(k) meet with the external and internal auditors without the presence of the Company's management at least annually; and
(l) review the independence of the external and internal auditors annually.

During the financial year, the external auditors performed no non-audit services to the Group. The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditors of the Group at the next AGM.

Whistle-blowing Policy
The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during staff training as part of the Group's efforts to promote fraud control awareness.

The policy and its effectiveness will be reviewed by the AC at least annually, with recommendations regarding updates or amendments, if any, being made to the Board as required.

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

The effectiveness of the internal financial control systems and procedures are monitored by the management. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Company's management throughout the financial year is adequate to meet the needs of the Company in its current business environment.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. During the last financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management. The processes used by the AC to review the effectiveness of the system of internal control and risk management include:
(a) discussions with the management on risks management;
(b) the audit processes;
(c) the review of external and internal audit plans; and
(d) the review of significant issues raised by the external and internal auditors.

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

The Company has outsourced its internal audit function to a certified public accounting firm. The internal auditors report primarily to the AC.

The internal auditors are guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will annually access and ensure the adequacy of internal audit function.

(D) COMMUNICATION WITH SHAREHOLDERS

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

Greater Shareholder Participation
Principle 15 : Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy. The Board's policy is that all shareholders should be equally informed on a timely basis of all major developments that impact the Group. Price sensitive information, results and annual reports of the Company are released via SGXNET. A copy of the Annual Report, together with the Notice of AGM, are also sent to every shareholder annually. Such notice is also advertised in the newspaper.

The Board welcomes the views of the shareholders on matters affecting the Company. All Board members, including the chairmen of the AC and RNC, and the auditors are normally available at general meetings of the Company to answer questions from the shareholders. Registered shareholders are invited to attend and participate actively in such meetings. Shareholders can vote in person or by appointing up to two proxies to attend and vote on their behalf at the meetings through proxy forms sent in advance.

The Company's Articles do not allow shareholders to vote in absentia. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Substantially separate issues are tabled in separate resolutions at general meetings. Voting is carried out systematically, and the votes case and resolutions passed are properly recorded. The Company Secretary prepares minutes of general meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and management (if any). These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1207(18) of Listing Manual issued by the SGX-ST, the Company issues a notification to all Directors and officers of the Company informing them that they are not allowed to deal in the securities of the Company during the periods commencing one month before the announcement of the Company's half-yearly or full-year results until after the announcement of the relevant results.

(F) INTERESTED PERSON TRANSACTIONS

Disclosure of interested persons transactions is set out on page 61 of this Annual Report.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board. The transaction will also be tabled for review by the AC.

(G) PROFILE OF THE BOARD OF DIRECTORS

Mr Po Sun Kok

Mr Po Sun Kok, 60, was appointed as Non-Executive Chairman of the Company on 31 March 2008. He is responsible in leading the Board and steering the strategic direction of the Group.

Mr Po Sun Kok owns and runs a wide ranging group of private corporations with more than 10,000 employees engaged in apparel manufacturing, consumer financial services and real estate interest. He is also the Chairman and Chief Executive Officer of GoldenFlowerGroup which has made recent successful forays into high-end residential developments in Singapore. He was re-elected on 23 April 2008.

Mr Nico Purnomo Po

Mr Nico Purnomo Po, 27, was appointed as Managing Director of the Company on 31 March 2008. He is responsible for the daily management and operation of the Group and implementing the Group's strategies and policies.

Mr Nico Purnomo Po has been the Chief Executive Officer of GoldenFlowerGroup Real Estate since January 2003 to March 2008 and has been involved in the property development projects undertaken and acquisition of investment properties by GoldenFlowerGroup Real Estate during the last 5 years. He holds a Bachelor's degree in Computing from the National University of Singapore.

Mr Tan Kay Kiang

Mr KK Tan, 63 was appointed as an Executive Chairman of the Company on 12 August 1999. On 31 March 2008 he resigned as Executive Chairman but remains as an Executive Director. He is responsible for the Group's financial and corporate management.

Mr Tan holds a Bachelor of Science degree from the Nanyang University. He was re-appointed on 25 April 2007.

Mr Lee Eng Kian

Mr Lee, 37, is a practising member of the Institute of Certified Public Accountants of Singapore. Prior to practicing, Mr Lee had held roles of a Group Financial Controller at an European company and of an audit manager at the Singapore office of Ernst and Young (now Ernst & Young LLP) providing audit and financial consulting services to a range of local and multinational companies. Mr Lee started his career in Andersen Singapore (previously known as Arthur Andersen) in 1995. During his career, he has worked with companies seeking listing on the SGX-ST, as well as been involved in a number of merger and acquisition exercises in Singapore. Mr Lee is a member of the Institute of Certified Public Accountants, Singapore and holds a Bachelor of Accountancy (Honours) from Nanyang Technological University. He was re-appointed on 23 April 2008.

Mr Gurdaib Singh s/o Pala Singh

Mr Singh, 55, is an Advocate & Solicitor and currently in private practice. He holds a first Class Hons. B.A. Degree in Business Studies (Economics & Finance) from Middlesex Polytechnic (U.K.). He has a Diploma in Law from City University (U.K.) and was admitted to the rolls as a Barrister-at-law with Lincoln's Inn, London in 1980. Mr Singh holds a Master of Business Administration (Strategic management) from the University of East London. He has been on the rolls of advocates & solicitors, Singapore since 1981. He was re-appointed on 23 April 2008.

(H) PROFILE OF KEY EXECUTIVES

Mr Tan Chin Hoon

Mr CH Tan, 66, was appointed as Group Managing Director of the Company on 12 August 1999. On 31 March 2008 he resigned as Executive Director but continues to serve as a key executive of the Company overseeing the business of the Construction Division of the Group. Mr Tan has been with the Group for more than 30 years and has extensive experience in the construction industry.

Mr Tan Kay Sing

Mr KS Tan, 54, was appointed as Executive Director of the Company on 16 November 1999. On 31 March 2008 he resigned as Executive Director but continues to serve as Managing Director of the Building Materials Division of the Group. Mr Tan has more than 25 years of experience in the building industry and was instrumental in developing and building up the Building Materials Division. Mr Tan is also directly responsible for the merchandising and business development of the Building Materials Division.

Mr Tan Kay Tho

Mr KT Tan, 60, was appointed Executive Director on 1 March 2007. On 31 March 2008, he resigned as Executive Director but continues to serve as a key executive of the Company overseeing the business in Building Materials Division and Home Furnishing Division. He has been an Executive Director of Compact Metal Industries Ltd since 1979 and has extensive experience in the aluminium industry. Mr Tan left Compact Metal Industries in February 2007.

Mr Tan holds a Bachelor of Science degree from the Nanyang University.

Mr Tan Chek Loon
Mr Tan, 53, is the Associate Director for Shining Construction Private Limited ("Shining Construction"). He is responsible for the day-to-day management of Shining Construction's project. An important part of his responsibilities is to ensure that the company maintains its quality management system after having obtained the ISO 9002 certificate in 1998 which now converted to ISO 9001:2000. Mr Tan first joined us as a Project Manager in 1990, but has through the years moved up the ranks to Senior Project Manager, General Manager and to his present designation of Associate Director. He holds a Bachelor of Science (Building) degree from the National University of Singapore.

Ms Tan Nan Nee
Ms Tan, 42, is the Associate Director for Shining Construction. She joined the Group in 1995. She is responsible for tenders, pre and post contracts administration, procurement, and the quality management system for Shining Construction. Prior to joining the Group, Ms Tan worked with a consulting quantity surveying firm from 1991 to 1995. She holds a Bachelor of Science (Building) degree from the National University of Singapore and a MBA (Construction and Real Estate) from University of Reading.

Mr Chia Kong Chye
Mr Chia, 59, is the Senior Finance Manager of the Company. He is responsible for the Group's financial planning, compliance with listing requirements, tax planning, and liaison with external and internal auditors, bankers, lawyer and statutory boards. He is also responsible for the internal controls and preparation of management reports. Mr Chia joined the Group in August 2007. He brings with him more than 25 years of experience with multinational companies, small and medium enterprises and multi-trading company. His portfolio included Finance and Admin Manager, Group Accounting Manager, and Finance and Admin Director. He holds a Master of Business Administration degree from Brunel University, West London. He is a fellow of The Association of International Accountants (UK).

(I) ADDITIONAL INFORMATION

1 Property of the group as at 31 December 2008

Description	Location	Area (sq.m)	Tenure of lease
Shophouse	432 Balestier Road #01-440/438, Singapore 329813	240	Freehold

2 Other Information required by SGX-ST

Material Contracts
No material contracts to which the Company or any of its subsidiaries is a party and which involves Directors' interest subsisted at the end of the financial year or have been entered into since the end of the last financial year.

Risk Management
The Group currently does not have a Risk Management Committee but the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and will highlight all significant matters if any, to the Directors and the AC.

FINANCIAL STATEMENTS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Shining Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

Directors

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

Po Sun Kok
Nico Purnomo Po
Tan Kay Kiang
Lee Eng Kian
Gurdaib Singh s/o Pala Singh
Tan Nan Choon (alternate director to Tan Kay Kiang)

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or 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 and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
<u>**The Company**</u>				
Shining Corporation Ltd				
(Ordinary shares)				
Po Sun Kok	–	–	–	–
Nico Purnomo Po	–	–	167,307,692	167,307,692
Tan Kay Kiang	1,549,920	1,549,920	18,950,400	18,950,400
Tan Nan Choon	2,425,020	2,425,020	–	–

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

By virtue of Section 7 of the Companies Act, Cap. 50, Mr Nico Purnomo Po is deemed to have interests in shares of the subsidiaries of the Company.

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year or date of appointment, 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, no options to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary under option at the end of the financial year. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Warrants

During the financial year, the Group issued 167,307,692 new ordinary shares at an issue price of $0.13 per share and 155,653,846 free warrants on 31 March 2008 pursuant to the Strategic Placement Agreement dated on 10 September 2007. The warrants were issued to Bridgemere Holdings Ltd, a nominee of Citipoint Asia Real Estate Capital Ltd, and both corporations are incorporated in the British Virgin Islands and are wholly owned by Mr Nico Purnomo Po, a director of the Company.

Each warrant carries the right to subscribe for one new ordinary share at an exercise price of $0.13 for each new ordinary share. The warrants are valid for exercise within a period of five years commencing from the first date of issue of the warrants.

Audit Committee

The audit committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and external auditors;
- Reviews the half yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

Audit Committee (cont'd)

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

During the year, no non-audit services were provided by the external auditors to the Group. The AC has conducted a review of interested person transactions.

The AC convened 2 meetings during the year with full attendance from all members. The AC has also met with external auditors and internal auditors, without the presence of the company's management, at least once a year.

Further details regarding the audit committee are disclosed in the Corporate Governance Report.

Auditors

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

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Tan Kay Kiang
Director

Singapore
12 March 2009

We, Nico Purnomo Po and Tan Kay Kiang, being two of the directors of Shining Corporation Ltd, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Tan Kay Kiang
Director

Singapore
12 March 2009

INDEPENDENT AUDITORS' REPORT

To the Members of Shining Corporation Ltd

We have audited the accompanying financial statements of Shining Corporation Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 29 to 72, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, 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 31 December 2008 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
12 March 2009

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 December 2008

	Note	2008 $	2007 $
Revenue	4	22,228,261	33,232,686
Cost of sales			
- projects		(5,879,053)	(7,207,156)
- sale of products		(9,315,222)	(16,283,493)
Gross profit		7,033,986	9,742,037
Other items of income			
Interest income	7	241,977	87,433
Other operating income	5	1,217,647	628,954
Other items of expense			
Administrative expenses		(3,378,699)	(4,387,248)
Other operating expenses	6	(4,919,298)	(4,780,372)
Finance costs	7	(302,962)	(274,661)
(Loss)/profit before tax	8	(107,349)	1,016,143
Income tax	9	–	20,323
(Loss)/profit for the year, net of tax		(107,349)	1,036,466
Attributable to:			
Equity holders of the parent		57,854	959,368
Minority interests		(165,203)	77,098
		(107,349)	1,036,466
Earnings per share attributable to equity holders of the parent (cents per share)			
- Basic	10	0.02	0.79
- Diluted	10	0.02	0.79

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

BALANCE SHEETS
As at 31 December 2008

	Note	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
Non-current assets					
Property, plant and equipment	11	3,933,276	4,486,413	–	–
Investment in subsidiaries	12	–	–	4,501,488	4,501,488
Investment securities	13	44,651	104,080	–	–
Retention sums receivable		35,943	195,999	–	–
Long-term deposits	14	1,403,832	1,362,944	–	–
Deferred lease expenses	14	257,379	300,275	–	–
Fixed deposits	21	750,912	750,000	–	–
Current assets					
Inventories	15	7,602,188	8,185,548	–	–
Gross amounts due from customers for contract work-in-progress	16	935,407	2,303,156	–	–
Trade receivables	17	4,950,250	6,277,866	–	–
Other receivables and deposits	18	557,015	632,490	–	4,851
Prepaid operating expenses		484,459	722,638	15,482	406,955
Due from subsidiaries	19	–	–	9,754,712	9,112,418
Due from related parties	20	645,621	1,066,813	–	2,200
Fixed deposits	21	21,688,331	578,772	21,642,393	–
Cash and bank balances	21	1,207,389	1,902,165	215,348	199,281
		38,070,660	21,669,448	31,627,935	9,725,705
Total assets		44,496,653	28,869,159	36,129,423	14,227,193
Equity and liabilities					
Current liabilities					
Bank overdrafts (secured)	24	–	7,025	–	–
Trade payables	22	5,331,598	9,599,724	12,199	–
Other payables and accruals	23	1,755,447	2,063,229	190,163	590,002
Provision for taxation		1,493	1,493	–	–
Gross amounts due to customers for contract work-in-progress	16	450,567	150,842	–	–
Bills payable to banks (secured)	24	953,797	434,534	–	–
Due to subsidiaries (non-trade)	25	–	–	1,746,374	629,614
Due to related parties	26	17,083	620,186	–	–
Bank term loans	27	171,292	161,186	–	–
Finance lease obligations	30	20,336	67,754	–	–
		8,701,613	13,105,973	1,948,736	1,219,616
Net current assets		29,369,047	8,563,475	29,679,199	8,506,089
Non-current liabilities					
Bank term loans	27	1,172,541	1,335,140	–	–
Finance lease obligations	30	–	133,564	–	–
Deferred tax liability	9	1,316	1,316	–	–
Total liabilities		9,875,470	14,575,993	1,948,736	1,219,616
Net assets		34,621,183	14,293,166	34,180,687	13,007,577
Equity attributable to equity holders of the parent					
Share capital	28	38,943,468	17,827,400	38,943,468	17,827,400
Revenue reserve		(4,515,220)	(4,573,074)	(4,762,781)	(4,819,823)
Translation reserve	29	23,948	17,058	–	–
		34,452,196	13,271,384	34,180,687	13,007,577
Minority interests		168,987	1,021,782	–	–
Total equity		34,621,183	14,293,166	34,180,687	13,007,577
Total equity and liabilities		44,496,653	28,869,159	36,129,423	14,227,193

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

	Attributable to equity holders of the parent				Minority interests	Total equity
Group	Share capital	Revenue reserve	Translation reserve	Total reserves		
	$	$	$	$	$	$
At 1 January 2007	15,046,141	(5,532,442)	10,180	(5,522,262)	940,294	10,464,173
Issue of shares (Note 28)	2,781,259	–	–	–	–	2,781,259
Net effect of exchange differences	–	–	6,878	6,878	4,390	11,268
Profit for the year	–	959,368	–	959,368	77,098	1,036,466
Total recognised income for the period	–	959,368	6,878	966,246	81,488	1,047,734
At 31 December 2007	17,827,400	(4,573,074)	17,058	(4,556,016)	1,021,782	14,293,166
Issue of shares (Note 28)	21,116,068	–	–	–	–	21,116,068
Net effect of exchange differences	–	–	6,890	6,890	5,861	12,751
Profit for the year	–	57,854	–	57,854	(165,203)	(107,349)
Total recognised income for the period	–	57,854	6,890	64,744	(159,342)	(94,598)
Acquisition of minority interests (Note A)	–	–	–	–	(90,445)	(90,445)
Disposal of a subsidiary (Note B)	–	–	–	–	(603,008)	(603,008)
At 31 December 2008	38,943,468	(4,515,220)	23,948	(4,491,272)	168,987	34,621,183
Company						
At 1 January 2007	15,046,141	(4,759,684)	–	(4,759,684)	–	10,286,457
Issue of shares (Note 28)	2,781,259	–	–	–	–	2,781,259
Loss for the year	–	(60,139)	–	(60,139)	–	(60,139)
At 31 December 2007	17,827,400	(4,819,823)	–	(4,819,823)	–	13,007,577
Issue of shares (Note 28)	21,116,068	–	–	–	–	21,116,068
Profit for the year	–	57,042	–	57,042	–	57,042
At 31 December 2008	38,943,468	(4,762,781)	–	(4,762,781)	–	34,180,687

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2008

	Note	2008	2007
		$	$
Cash flows from operating activities			
(Loss)/profit before tax		(107,349)	1,016,143
Adjustments for:			
Deferred lease expense		42,896	42,896
Depreciation expenses	8	222,214	332,582
Fair value changes on quoted investment held for trading	6	59,429	(6,268)
Impairment loss on property, plant and equipment	6	–	12,961
Impairment loss – doubtful receivables	6	126,912	139,628
Interest expense	7	193,426	152,494
Interest income	7	(241,977)	(87,433)
Inventories written down	15	67,919	91,579
Reversal of write-down on inventories	15	–	(128,802)
Gain on disposal of a subsidiary company	5	(192,873)	–
Loss/(gain) on disposal of property, plant and equipment	6	6,212	(51,305)
Negative goodwill recognised in income statement		(17,819)	–
Translation adjustment		(1,558)	9,689
Operating cash flows before working capital changes		157,432	1,524,164
Decrease/(increase) in:			
Inventories and gross amounts due from/(to) customers		678,812	(1,593,377)
Trade receivables and retention sums receivables		529,171	(1,464,289)
Due from related parties		(578,301)	267,310
Other receivables, deposits and prepayments		301,855	(566,664)
Increase/(decrease) in:			
Trade payables and retention sums payable		(2,258,617)	(890,106)
Other payables and accruals		(671,656)	629,390
Bills payable to banks		519,263	(158,964)
Due to related parties		17,066	(140,773)
Cash flows used in operations		(1,304,975)	(2,393,309)
Restricted fixed deposits		(912)	(50,000)
Income taxes refunded		–	117,273
Interest paid		(193,426)	(152,494)
Interest income received		201,089	47,736
Net cash flows used in operating activities		(1,298,224)	(2,430,794)
Cash flows from investing activities			
Purchase of investment securities		–	(9,700)
Proceeds from disposal of property, plant and equipment		216,549	61,228
Purchase of property, plant and equipment	11	(123,118)	(144,027)
Acquisition of additional interests in a subsidiary company	A	(72,626)	–
Proceeds from disposal of a subsidiary company	B	383,334	–
Proceeds from disposal of hardware business	C	378,894	–
Net cash flows generated from/(used in) investing activities		783,033	(92,499)
Cash flows from financing activities			
Net proceeds from issue of shares		21,116,068	2,781,259
Repayment of bank term loans		(152,493)	(131,409)
Repayment of lease obligations		(26,576)	(100,653)
Net cash generated from financing activities		20,936,999	2,549,197
Net increase in cash and cash equivalents		20,421,808	25,904
Cash and cash equivalents at beginning of year		2,473,912	2,448,008
Cash and cash equivalents at end of year	21	22,895,720	2,473,912

Note A

Acquisition of additional interest in a subsidiary company

The Group acquired an additional 18% equity interest in Shenzhen Calo-Enersave Furnishing Co. Ltd on 1 January 2008 from its minority interests for a cash consideration of $72,626. On the date of acquisition, the book value of the interest acquired was $90,445. The difference of $17,819 between the consideration and the book value of the interest acquired represents negative goodwill which has been recognised in the income statement.

Note B

Disposal of a subsidiary company

On 1 April 2008, a subsidiary company, Builders Centre Pte Ltd disposed its entire 67% equity interest in Beijing Admiralty Home Products Co., Ltd ("BAHP") for a consideration of $1,579,088 to a related party. Subsequent to the disposal, the purchaser ceased to be a related party of the Group as at 31 December 2008.

The value of assets and liabilities of BAHP recorded in the consolidated financial statements as at date of disposal, and the cashflow effect of the disposal were:

	$
Fixed assets	2,030
Cash and bank	37,354
Fixed deposits	538,231
Other debtors	429,615
Amounts due from related companies	999,493
Other creditors and accruals	(17,500)
	1,989,223
Minority interests	(603,008)
Net assets disposed	1,386,215
Gain on disposal of a subsidiary company	192,873
Total consideration	1,579,088
Less: Consideration settled via contra of balances due to related parties	(620,169)
Less: Cash and cash equivalents of the subsidiary company disposed	(575,585)
Cashflow arising from disposal of subsidiary	383,334

Note C

Disposal of hardware

During the year, the Group disposed its hardware business to a related party for a consideration of $378,894. The hardware business is part of the building materials business segment.

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

1. Corporate information

Shining Corporation Ltd (the "Company") is a limited liability company incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 11, Changi South Street 3, #04-01 Builders Centre, Singapore 486122.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except for investment securities that have been measured at their fair values.

The financial statements are presented in Singapore Dollars (SGD or $).

2.2 *Future changes in accounting policies*

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

Reference	Description	Effective for annual periods beginning on or after
FRS 1	– Presentation of Financial Statements – Revised presentation	1 January 2009
	– Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
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
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 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009

2.2 ***Future changes in accounting policies (cont'd)***

Reference	Description	Effective for annual periods beginning on or after
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 108	Operating Segments	1 January 2009
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 1 and FRS 108 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.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

2.3 ***Basis of Consolidation***

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

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

2.3 ***Basis of Consolidation (cont'd)***

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

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

2.4 ***Transactions with minority interests***

Minority interests represent the portion of profit or 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 the parent shareholders' equity.

2.5 ***Foreign currency***

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's new investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in foreign currency translation reserve relating to that particular foreign subsidiary is recognised in the income statement.

2.6 ***Property, plant and equipment***

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Building	–	30 years
Leasehold improvement	–	3 - 10 years
Plant and machinery	–	7 years
Construction/warehouse equipment, tools and containers	–	5 - 7 years
Motor vehicles	–	5 - 10 years
Office equipment	–	2 - 5 years
Computers and software	–	3 years
Furniture and fittings	–	10 years

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.

2.7 ***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.

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 amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in the income statement.

2.7 ***Impairment of non-financial assets (cont'd)***

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 been recognised previously. Such reversal is recognised in the income statement.

2.8 ***Subsidiaries***

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

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

2.9 ***Related party***

A related party is defined as a company, not being a subsidiary or an associated company, in which the shareholders or directors of the Company have an equity interest or exercise control or significant influence over the operations of the related company.

2.10 ***Financial assets***

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

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

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

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

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

The Group classifies its investment securities as held for trading.

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

(b) *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, these assets are measured at amortised cost using the effective interest method, less impairment loss. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.11 ***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.

(a) *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.

(b) *Assets carried at cost*

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

2.12 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 ***Construction contracts***

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

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

2.14 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

2.15 ***Provisions***

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

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

2.16 ***Financial liabilities***

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 recognised initially at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process.

2.17 ***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 being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

2.18 ***Employee benefits***

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.19 ***Leases***

(a) *As lessee*

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

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

Operating lease payments are recognised as an expense in 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 sub-leases its leased assets as described in 2.19(a) are classified as operating leases.

2.20 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of products*

Sales are recognised upon delivery of goods and acceptance by customers, net of allowances for sales returns and goods and service tax.

(b) *Construction contracts*

Accounting policy for recognising construction contract revenue is stated in Note 2.13.

2.21 ***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.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on 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, except:

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

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

2.21 ***Income taxes (cont'd)***

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.

(c) *Sales tax*

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

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

- 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.

2.22 ***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 of components operating in other economic environment.

2.23 ***Share Capital and share issue expenses***

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

2.24 ***Contingencies***

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting judgements and estimates

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

3.1 *Judgements made in applying accounting policies*

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

Income taxes

The Group has exposure to income taxes in numerous 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 provision for taxation and deferred tax liabilities at 31 December 2008 was $1,493 (2007: $1,493) and $1,316 (2007: $1,316) respectively.

3.2 *Key sources of estimation uncertainty*

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

(a) *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 - 30 years. The carrying amount of the Group's assets at 31 December 2008 was $3,933,276 (2007: $4,486,413). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *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 the notes to the financial statements.

3.2 ***Key sources of estimation uncertainty (cont'd)***

(c) *Impairment of non-financial assets*

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) *Construction contracts*

The Group recognises contract revenue and contract costs 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. The stage of completion is measured by reference to professional surveys of work performed.

Significant assumptions are required to estimate the stage of completion. The estimates are made based on past experience and the knowledge of project specialists. The carrying amount of the Group's assets and liabilities arising from construction contracts at 31 December 2008 are disclosed in Note 16 to the financial statements.

(e) *Provision for foreseeable losses*

In estimating the foreseeable losses, management makes reference to the information such as (i) current quotes from sub-contractors and suppliers, (ii) recent quotes agreed with sub-contractors and suppliers, (iii) estimates on construction and material costs, and (iv) stages of completion of the contracts.

The Group estimated the stages of completion of the contract by reference to professional surveys of work performed.

4. Revenue

	Group	
	2008	**2007**
	$	$
Construction projects	4,383,148	5,906,231
Sale and installation of building materials	14,226,781	21,499,547
Sale of home furnishing products	3,618,332	5,826,908
	22,228,261	33,232,686

5. Other operating income

	Group	
	2008	2007
	$	$
Fair value changes on quoted investment held for trading	–	6,268
Foreign exchange gain, net	117,515	50,151
Income from labour supply	111,570	95,148
Rental income	722,052	460,006
Gain on disposal of a subsidiary	192,873	–
Miscellaneous income	73,637	17,381
	1,217,647	628,954

6. Other operating expenses

The following items have been included in arriving at other operating expenses:

	Group	
	2008	2007
	$	$
Fair value changes on quoted investments held for trading	59,429	(6,268)
Impairment loss - doubtful receivables	126,912	139,628
Impairment loss on property, plant and equipment	–	12,961
Net loss/(gain) on disposal of property, plant and equipment	6,212	(51,305)

7. Finance costs/finance income

	Group	
	2008	2007
	$	$
Interest expense		
- trust receipts/bills payable	(83,700)	(40,237)
- finance lease	(2,021)	(7,654)
- bank overdrafts	–	(20)
- term loans	(107,705)	(101,193)
- amounts due to related parties	–	(3,390)
	(193,426)	(152,494)
Bank charges	(109,536)	(122,167)
	(302,962)	(274,661)
Interest income	241,977	87,433

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2008	2007
	$	$
Depreciation of property, plant and equipment	222,214	332,582
Inventories recognised as an expense in cost of sales (Note 15)	8,575,096	14,628,064
Employee benefits expense (Note 32)	3,682,441	4,054,668
Operating lease expenses	2,371,737	2,395,704

9. Income tax

	Group	
	2008	2007
	$	$
Current tax		
- overprovision in respect of prior year	–	(4,574)
Deferred tax		
- overprovision in respect of prior year	–	(15,749)
	–	(20,323)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31 December 2008 and 2007 are as follows:

	2008	2007
(Loss)/profit before tax	(107,349)	1,016,143
Tax at statutory tax rate of 18% (2007: 18%)	(19,323)	182,906
Adjustments:		
Income not subject to tax	(44,437)	–
Expenses not deductible for tax	59,839	46,996
Benefits from previously unrecognised tax losses and capital allowances	–	(247,534)
Deferred tax asset not recognised	9,352	17,734
Overprovision in respect of prior year	–	(20,323)
Others	(5,431)	(102)
Income tax credit recognised in profit and loss account	–	(20,323)

9. Income tax (cont'd)

As at 31 December 2008, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $51,956 (2007: $Nil) and $Nil (2007: $Nil) respectively available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. No deferred tax asset is recognised in accordance with Note 2.21(b).

During the year, there was a substantial change in the shareholders of the Company. As a result of the change, the Group's unutilised tax losses and unabsorbed capital allowances not available for offset against future taxable profits was $6,060,728 and $358,820 respectively.

The Company and its subsidiary companies have utilised the tax losses of its Singapore incorporated subsidiaries to offset its current tax expense, as the Company and its subsidiary companies will apply for the Group Relief for Tax Losses, subject to agreement with the Income Tax authority and compliance with the relevant provisions of the Singapore Income Tax Act. Tax savings arising from the application of the Group tax Relief amounted to approximately $48,680 (2007: $86,436).

	Group	
	2008	2007
	$	$
Deferred tax liability		
Deferred tax liability arose from:		
Excess of net book value over tax written down value of property, plant and equipment	1,316	1,316

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2008	2007
	$	$
Profit for the year attributable to ordinary equity holders of the parent used in computation of basic and diluted earnings per share	57,854	959,368
Weighted average number of ordinary shares for basic earnings and earnings per share computation	269,480,769	122,181,818
Weighted average number of ordinary shares for diluted earnings and earnings per share computation	269,480,769	122,181,818

11. Property, plant and equipment

Group	Freehold land	Building	Leasehold improvement	Plant and machinery	Construction/ warehouse equipment, tools and containers	Motor vehicles	Office equipment	Computers and software	Furniture and fittings	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At 1 January 2007	3,245,425	321,900	570,938	1,811,775	516,085	946,202	190,180	682,438	930,265	9,215,208
Additions	–	–	–	–	45,702	245,889	7,679	30,191	60,455	389,916
Disposals	–	–	(3,370)	(70,500)	(71,000)	(84,092)	–	(15,425)	(1,602)	(245,989)
Reclassification	–	–	(18,562)	(2)	2	–	10,943	(13,744)	(30,100)	(51,463)
Translation	–	–	2,046	7,143	–	406	–	384	–	9,979
At 31 December 2007 and 1 January 2008	3,245,425	321,900	551,052	1,748,416	490,789	1,108,405	208,802	683,844	959,018	9,317,651
Additions	–	–	26,700	–	2,427	–	7,899	18,378	67,714	123,118
Disposals	(201,166)	(63,600)	(14,775)	(87,163)	–	–	–	(875)	(3,664)	(371,243)
Disposal of subsidiary	–	–	–	–	–	–	–	(17,954)	–	(17,954)
Disposal of hardware business	–	–	–	–	–	(276,988)	(26,491)	(58,016)	(91,563)	(453,058)
Translation	–	–	26,290	91,783	–	5,211	–	3,695	–	126,979
At 31 December 2008	3,044,259	258,300	589,267	1,753,036	493,216	836,628	190,210	629,072	931,505	8,725,493
Accumulated depreciation and impairment										
At 1 January 2007	–	154,200	416,984	1,598,934	500,018	763,487	176,820	632,540	521,841	4,764,824
Charge for the year	–	10,730	71,709	40,503	9,155	67,540	6,614	33,304	93,027	332,582
Disposals	–	–	(197)	(70,500)	(66,429)	(84,092)	–	(14,519)	(330)	(236,067)
Impairment loss	–	–	11,802	–	–	–	–	–	1,159	12,961
Reclassification	–	–	(18,559)	(2)	(1)	(1)	–	(15,308)	(17,592)	(51,463)
Translation	–	–	1,672	6,118	–	306	–	305	–	8,401
At 31 December 2007 and 1 January 2008	–	164,930	483,411	1,575,053	442,743	747,240	183,434	636,322	598,105	4,831,238
Charge for the year	–	9,670	13,339	12,582	9,692	64,123	5,893	21,383	85,532	222,214
Disposals	–	(54,060)	(14,775)	(75,970)	–	–	–	(841)	(2,836)	(148,482)
Disposal of subsidiary	–	–	–	–	–	–	–	(15,924)	–	(15,924)
Disposal of hardware business	–	–	–	–	–	(85,467)	(21,619)	(57,086)	(45,319)	(209,491)
Reclassification	–	–	(1)	(1,081)	–	(109)	1	1,190	–	–
Translation	–	–	26,291	78,597	–	4,445	–	3,329	–	112,662
At 31 December 2008	–	120,540	508,265	1,589,181	452,435	730,232	167,709	588,373	635,482	4,792,217
Net book value										
At 31 December 2008	3,044,259	137,760	81,002	163,855	40,781	106,396	22,501	40,699	296,023	3,933,276
At 31 December 2007	3,245,425	156,970	67,641	173,363	48,046	361,165	25,368	47,522	360,913	4,486,413

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

Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of $Nil (2007: $245,889) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to $Nil (2007: $144,027).

Motor vehicles with net book value of $44,792 (2007: $247,373) were acquired under finance lease agreements.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

The Group's freehold land, leasehold property and building with a net book value of $3,182,019 (2007: $3,402,395) have been pledged as security in connection with the Group's bank overdrafts, bills payable and bank term loans as disclosed in Notes 24 and 27.

Impairment of assets

In the previous financial year, a subsidiary of the Group within the home furnishing segment carried out a review of its plant and equipment because it had ceased operations and become inactive. An impairment loss of $12,961, representing the write-down of these plant and equipment to the recoverable amount was recognised in "Other operating expenses" (Note 6) line item of the income statement for the financial year ended 31 December 2007. The recoverable amount was based on its net realisable value which was estimated to be nil.

12. Investments in subsidiaries

	Company	
	2008	2007
	$	$
Shares, at cost	9,299,998	9,299,998
Impairment losses	(4,798,510)	(4,798,510)
Carrying amount of investments	4,501,488	4,501,488

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2008	2007
Held by the Company				
Shining Construction Private Limited [(1)]	Construction activities	Singapore	100	100
Builders Shop Pte Ltd [(1)]	Importer/ distributor/ retailer/contractor of building materials and products	Singapore	100	100

12. **Investment in subsidiaries (cont'd)**

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2008	**2007**
Held through subsidiaries				
Luban Investments Pte Ltd [(1)]	Investment holding	Singapore	100	100
Builders Centre Pte Ltd [(1)]	Hiring out motor vehicles, machinery and equipment and provision of warehousing services	Singapore	100	100
Embryo Design Pte Ltd [(1)]	Designers, interior decorators and consultants	Singapore	100	85
Beijing Admiralty Home Products Co. Ltd [(2)]	Investment holdings and retailing and trading of furniture	People's Republic of China	–	67
Room Interior Pte Limited [(1)]	Retailing and trading of furniture and home lifestyle products and design	Singapore	100	85
Cream Homestore Pte Ltd [(1)]	Retailing and trading of furniture and home lifestyle products and design	Singapore	80	80
Shenzhen Calo-Enersave Furnishing Co. Ltd [(3)]	Manufacturing of furniture	People's Republic of China	54	36.2

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Quan Qi CPAs, The People's Republic of China
(3) Audited by Shenzhen Shuibo, Certified Public Accountants, The People's Republic of China

13. Investment securities

	Group 2008 $	Group 2007 $
Held for trading investments		
Equity instruments (quoted)	44,651	104,080

During the financial year, the Group recognised an impairment loss of $59,429 (2007: reversal of impairment loss of $6,268) pertaining to quoted equity instruments carried at fair value.

14. Long term deposits/ Deferred lease expenses

Long term deposits and deferred lease expenses relate to the disposal of a leasehold building property under a sales and leaseback arrangement in prior years.

15. Inventories

	Group 2008 $	Group 2007 $
Balance sheet:		
Building materials	5,534,633	4,813,318
Hardware	–	1,504,103
Furniture	2,067,555	1,868,127
	7,602,188	8,185,548
Income Statement:		
Inventories recognised as an expense in cost of sales	8,575,096	14,628,064
Inventories recognised as an (income)/expense in income statement		
- Inventories written-down	67,919	91,579
- Reversal of write-down on inventories	–	(128,802)

16. Gross amounts due from/(to) customers for contract work-in-progress

	Group 2008 $	Group 2007 $
Contract work-in-progress		
Project costs	35,500,632	49,361,635
Attributable profits	6,464,610	5,274,450
	41,965,242	54,636,085
Less: Progress billings	(41,480,402)	(52,483,771)
	484,840	2,152,314
Presented as:		
Gross amounts due from customers for contract work	935,407	2,303,156
Gross amounts due to customers for contract work	(450,567)	(150,842)
	484,840	2,152,314
Retention sums on construction contract included in trade receivables	691,596	626,405
Advances on construction contract included in trade receivables	348,571	–

17. Trade receivables

	Group 2008 $	Group 2007 $
Trade receivables	5,599,502	6,852,435
Allowance for doubtful debts	(649,252)	(574,569)
	4,950,250	6,277,866

Trade receivables

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,708,199 (2007: $2,783,801) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

17. Trade receivables (cont'd)

	Group 2008 $	Group 2007 $
Trade receivables past due:		
1 to 60 days	228,407	1,008,409
More than 60 days	1,479,792	1,775,392
	1,708,199	2,783,801

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 2008 $	Group 2007 $
Trade receivables – nominal amounts	1,387,458	782,807
Less: Allowance for impairment	(649,252)	(574,569)
	738,206	208,238
Movement in allowance accounts		
At 1 January	574,568	489,528
Charge for the year	126,912	139,628
Written off	(52,405)	(54,601)
Translation adjustment	177	14
At 31 December	649,252	574,569

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. Other receivables and deposits

	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
Other receivables	331,290	305,224	–	4,851
Deposits	183,690	234,169	–	–
Deposits to suppliers	33,821	83,359	–	–
Income tax recoverable	–	2,561	–	–
Due from directors	8,214	7,177	–	–
	557,015	632,490	–	4,851

19. Due from subsidiaries

	Company 2008	Company 2007
	$	$
Due from subsidiaries:		
- Trade	4,101,924	3,214,728
- Non-trade	5,652,788	5,897,690
	9,754,712	9,112,418

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

20. Due from related parties

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Due from related parties:				
- Trade	596,407	69,030	–	–
- Non-trade	49,214	997,783	–	2,200
	645,621	1,066,813	–	2,200

Amounts due from related parties are unsecured, interest-free and repayable on demand.

21. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Current				
Cash at banks and in hand	1,207,389	1,902,165	215,348	199,281
Fixed deposits	21,688,331	578,772	21,642,393	–
	22,895,720	2,480,937	21,857,741	199,281
Non-current				
Fixed deposits	750,912	750,000	–	–

Cash at banks do not earn interest. Fixed deposits are placed for varying periods between 2 weeks to 12 months (2007: 1 to 12 months) depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of fixed deposits is 0.4% (2007: 1.6%) per annum.

Fixed deposits of $750,912 (2007: $750,000) is restricted in use as it is held by a bank as collateral for the use of banking facilities granted.

21. Cash and cash equivalents (cont'd)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at 31 December:

	Group	
	2008	2007
	$	$
Cash at banks and in hand	1,207,389	1,902,165
Fixed deposits (excludes restricted deposit)	21,688,331	578,772
Bank overdrafts	–	(7,025)
	22,895,720	2,473,912

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
RMB	78,825	858,283	–	–
USD	–	917	–	–

22. Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms. Included in trade payables of the Group is an amount of $193,352 (2007: $510,648) and $768,973 (2007: $1,508,947) denominated in US dollars and Euros respectively.

23. Other payables and accruals

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Other payables	544,589	503,764	12,396	–
Due to directors	–	6,529	–	–
Accrued operating expenses	1,210,858	1,552,936	177,767	590,002
	1,755,447	2,063,229	190,163	590,002

Other payables and amount due to directors are unsecured, interest-free and repayable on demand.

24. Bills payable to banks/bank overdrafts (secured)

Bills payable to banks and bank overdrafts are secured by:

(a) collateral mortgage on the freehold land and property at 432, Balestier Road, Singapore 329813;

(b) a corporate guarantee by the Company; and

(c) first fixed charge over fixed deposits of subsidiaries.

Bank overdrafts are denominated in SGD and bear interest at Nil% (2007: 7.0%) per annum.

The effective interest rate for the bills payable is 6.5% (2007: 6.5%) per annum.

25. Due to subsidiaries (non-trade)

These amounts are unsecured, interest-free and repayable on demand.

26. Due to related parties

	Group	
	2008	**2007**
	$	$
Due to related parties		
- Trade	17,083	17
- Non-trade	–	620,169
	17,083	620,186

Amounts due to related parties are unsecured, interest-free and repayable on demand.

27. Bank term loans

The bank term loans are secured by:

(a) first legal mortgage on freehold land and property at 432, Balestier Road, Singapore 329813; and

(b) a corporate guarantee by the Company.

These loans are repayable as follows:

(i) $1,335,000 is repayable in 240 monthly instalments with the first instalment commencing on 1 January 1996;

(ii) $1,300,000 is repayable in 180 monthly equal instalments with the first instalment commencing on 1 June 2000.

27. Bank term loans (cont'd)

Interest on the above loans is payable at interest rates of 7% (2007: 7%) per annum.

The bank term loans are classified as follows:

	Group	
	2008	2007
	$	$
Due within 12 months	171,292	161,186
Due after 12 months	1,172,541	1,335,140
	1,343,833	1,496,326

28. Share capital

	Group and Company			
	2008		2007	
	No. of shares	$	No. of shares	$
At 1 January	144,000,000	17,827,400	96,000,000	15,046,141
Issued during the year	167,307,692	21,750,000	48,000,000	2,880,000
Share issue expenses	–	(633,932)	–	(98,741)
At 31 December	311,307,692	38,943,468	144,000,000	17,827,400

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 restrictions.

29. Translation reserve

Translation reserve records the exchange differences that arose from the translation of the financial statements of foreign operations with functional currencies that are different from that of the Group's presentation currency.

30. Commitments

(a) ***Operating lease commitments – as lessee***

The Group has entered into various operating lease agreements for leasehold land, offices and other facilities. These leases have an average tenure of between 2 and 10 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2008 amounted to $2,371,737 (2007: $2,395,704).

Future minimum rental payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2008	**2007**
	$'000	$'000
Not later than 1 year	2,281	2,326
Later than 1 year but not later than 5 years	8,588	8,476
Later than 5 years	5,155	4,486
	16,024	15,288

(b) ***Operating lease commitments – as lessor***

The Group has entered into various operating sub-lease agreements for its leasehold land and offices. These non-cancellable leases have remaining lease terms of between 1 to 5 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2008	**2007**
	$'000	$'000
Not later than 1 year	451	335
Later than 1 year but not later than 5 years	537	74
	988	409

30. Commitments (cont'd)

(c) ***Finance lease commitments***

The Group has finance leases for certain items of plant and equipment. These leases have lease terms which range from 2 to 7 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The average discount rate implicit in the leases is 7.74% (2007: 6.93%) per annum.

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group			
	2008		2007	
	Minimum lease payments $	Present value of payments $	Minimum lease payments $	Present value of payments $
Not later than one year	21,845	20,336	68,088	67,754
Later than one year but not later than five years	–	–	159,272	133,564
Total minimum lease payments	21,845	20,336	227,360	201,318
Less: Amounts representing finance charges	(1,509)	–	(26,042)	–
Present value of minimum lease payments	20,336	20,336	201,318	201,318

31. Contingencies

Financial support to subsidiary

As at 31 December 2008, the Company has undertaken to provide continuing financial support to its subsidiaries, Luban Investments Pte Ltd and Embryo Design Pte Ltd, which have net liabilities of $627,303 (2007: $612,775) and $23,849 (2007: $29,785) respectively.

Guarantees

As at 31 December 2008, guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to $6,008,000 (2007: $9,878,747), of which the amounts utilised by the subsidiaries was $3,789,513 (2007: $2,268,379).

The Company has provided guarantee to an insurance company in relation to performance bonds of $622,620 (2007: $392,988) issued for the performance of contracts by subsidiaries of the Company.

32. Employee benefits

Employee benefits expense (including executive directors):

	Group	
	2008	**2007**
	$	$
Salaries and bonuses	3,954,706	4,516,314
CPF contributions	205,159	274,362
Other short-term benefits	164,561	23,264
	4,324,426	4,813,940
Less: Staff costs capitalised	(641,985)	(759,272)
	3,682,441	4,054,668

The above includes directors' remuneration shown in Note 33.

33. Related party transactions

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2008	**2007**
	$	$
Disposal of hardware business to a related party	378,894	–
Sales to related parties	664,253	–
Purchases from related parties	222,409	–
Interest expense to related parties	–	3,390
Rental income from related parties	216,414	–
Sale of property to a related party	213,887	–

33. Related party disclosures (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2008	**2007**
	$	$
Short-term employee benefits	1,037,038	1,008,678
CPF contributions	52,156	45,953
Other short-term benefits	110,000	125,000
Total compensation paid to key management personnel	1,199,194	1,179,631
Comprise amounts paid to:		
Directors of the company	850,530	895,124
Other key management personnel	348,664	284,507
	1,199,194	1,179,631

34. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Construction segment is involved in construction activities for public and private projects.

The Building Materials segment is an importer/distributor/retailer/contractor of building materials and products.

The Rental Services segment is involved in hiring out motor vehicles, machinery and equipment and provision of warehousing services.

The Home Furnishing segment focuses on retailing and trading of furniture and home lifestyle products and designs. This segment also provides interior designing.

Geographical segments

The Group's geographical segments are based on the location of the group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, interest-bearing loans and related expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

34. **Segment information (cont'd)**

Business segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2008 and 2007:

	Construction	Building materials	Rental Services	Home furnishing	Elimination	Group
	$	$	$	$	$	$
2008						
Revenue						
Sales to external customers	4,383,148	14,226,781	–	3,618,332	–	22,228,261
Inter-segment revenue	–	21,493	133,494	–	(154,987)	–
Total revenue	4,383,148	14,248,274	133,494	3,618,332	(154,987)	22,228,261
Segment results	(47,962)	26,357	(537,634)	(190,677)	649,141	(100,775)
Gain on disposal of a subsidiary company						192,873
Unallocated expenses						(138,462)
Finance costs						(302,962)
Finance income						241,977
Loss before tax						(107,349)
Income tax						–
Loss for the year						(107,349)
Other information						
Segment assets	2,997,059	12,158,884	3,320,305	4,148,855	–	22,625,103
Unallocated corporate assets						21,871,550
Consolidated total assets						44,496,653
Segment liabilities	2,612,554	2,910,125	1,379,908	2,767,432	–	9,670,019
Unallocated corporate liabilities						205,451
Consolidated total liabilities						9,875,470
Capital expenditure	25	93,114	–	29,979		123,118
Depreciation of property, plant and equipment	6,558	124,916	53,355	37,385		222,214
Other non-cash expenses	70,324	138,069	633,156	55,560	(762,592)	134,517

34. Segment information (cont'd)

	Construction	Building materials	Rental Services	Home furnishing	Elimination	Group
	$	$	$	$	$	$
2007						
Revenue						
Sales to external customers	5,906,231	21,499,547	–	5,826,908	–	33,232,686
Inter-segment revenue	–	122,460	319,393	–	(441,853)	–
Total revenue	5,906,231	21,622,007	319,393	5,826,908	(441,853)	33,232,686
Segment results	72,098	630,873	82,724	132,992	344,793	1,263,480
Unallocated expenses						(60,109)
Finance costs						(274,661)
Finance income						87,433
Profit before tax						1,016,143
Income tax						20,323
Profit for the year						1,036,466
Other information						
Segment assets	4,187,634	15,615,193	3,411,193	5,041,850		28,255,870
Unallocated corporate assets						613,289
Consolidated total assets						28,869,159
Segment liabilities	3,737,322	6,252,601	1,555,056	2,441,012		13,985,991
Unallocated corporate liabilities						590,002
Consolidated total liabilities						14,575,993
Capital expenditure	28,125	355,697	–	6,574		390,396
Depreciation of property, plant and equipment	6,656	135,831	68,963	121,132		332,582
Other non-cash expenses	–	511,373	–	98,387	(344,793)	264,967

34. **Segment information (cont'd)**

Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the year ended 31 December 2008 and 2007:

	Singapore $	The People's Republic of China $	Group $
2008			
Revenue			
Sales to external customers	20,883,314	1,344,947	22,228,261
Other segment information			
Segment assets	42,052,706	2,443,947	44,496,653
Capital expenditure	123,118	–	123,118
2007			
Revenue			
Sales to external customers	30,702,413	2,530,273	33,232,686
Other segment information			
Segment assets	25,359,922	3,509,237	28,869,159
Capital expenditure	389,916	–	389,916

35. **Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Senior Finance Manager. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and cash and fixed deposits. The main purpose of these financial instruments is to finance the Group's operations and future corporate direction. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

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 and other receivables. For other financial assets (including investment securities, 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. 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 risks

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:
- the carrying amounts of each class of financial assets recognised in the balance sheet, and
- a nominal amount of $3,789,513 (2007: $2,268,379) relating to corporate guarantees provided by the Company and utilised by its subsidiaries to secure banking facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2008		**2007**	
	$	% of total	$	% of total
By Country:				
Singapore	4,845,417	98%	6,109,711	97%
People's Republic of China	104,833	2%	168,155	3%
	4,950,250	100%	6,277,866	100%
By Industry:				
Construction	4,159,972	84.0%	5,804,869	92%
Home Furnishing	780,000	15.8%	457,846	7%
Others	10,278	0.2%	15,151	1%
	4,950,250	100%	6,277,866	100%

At the balance sheet date, approximately 10% (2007: 13%) of the Group's trade and other receivables were due from related parties while approximately Nil% (2007: 1%) of the Company's receivables were due from related parties.

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

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 investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables) and Note 13 (Investment securities).

(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 Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by the management to finance the Group's and Company's operations and mitigate the effects of fluctuations in cash flows. The Group also has stand-by facilities e.g. overdraft and trade financing facilities from three banks.

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

(b) *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments:

	2008				2007			
	1 year or less $	1 to 5 years $	Over 5 years $	Total $	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group								
Trade payables	5,331,598	–	–	5,331,598	9,599,724	–	–	9,599,724
Other payables and accruals	1,755,447	–	–	1,755,447	2,063,229	–	–	2,063,229
Bank overdrafts	–	–	–	–	7,025	–	–	7,025
Bills payable to banks	953,797	–	–	953,797	434,534	–	–	434,534
Due to related parties	17,083	–	–	17,083	620,186	–	–	620,186
Bank term loans	252,108	1,008,432	427,223	1,687,763	252,108	1,008,432	679,331	1,939,871
Finance lease obligations	21,845	–	–	21,845	68,088	159,272	–	227,360
	8,331,878	1,008,432	427,223	9,767,533	13,044,894	1,167,704	679,331	14,891,929
Company								
Trade payables	12,199	–	–	12,199	–	–	–	–
Other payables and accruals	190,163	–	–	190,163	590,002	–	–	590,002
Due to subsidiaries	1,746,374	–	–	1,746,374	629,614	–	–	629,614
	1,948,736	–	–	1,948,736	1,219,616	–	–	1,219,616

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

(c) *Interest rate risks*

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 bank overdrafts, bills payable to banks, bank term loans and fixed deposits. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2007: less than 6 months) from the balance sheet date.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the balance sheet date, approximately 1% (2007: 9%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 50 (2007: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $123,684 (2007: $8,643) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank overdrafts, bills payable to banks and bank term loans and lower/higher interest income from fixed bank deposits.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, and Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly Euro (EUR) and United States dollars (USD). The Group's trade payable balances at the balance sheet date have similar exposures.

The Group's transactional currency from sales are denominated in the respective functional currencies of Group entities.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in RMB) amount to $78,825 (2007: $859,200) for the Group.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in the People's Republic of China ("PRC"). The Group's net investment in the PRC is not hedged as currency positions in RMB is considered to be long-term in nature.

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

Sensitivity analysis for foreign currency risk

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

	Group			
	2008		2007	
	Loss net of tax	Equity	Loss net of tax	Equity
	$	$	$	$
USD – strengthened 3% (2007:3%)	- 8,828	- 8,828	- 15,319	- 15,319
– weakened 3% (2007:3%)	+ 8,828	+ 8,828	+ 15,319	+ 15,319
EUR – strengthened 3% (2007:3%)	- 45,216	- 45,216	- 45,262	- 45,262
– weakened 3% (2007:3%)	+ 45,216	+ 45,216	+ 45,262	+ 45,262

(e) *Market price risk*

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

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility. At the balance sheet date, 75% (2007: 61%) of the Group's equity portfolio consist of non-investment grade shares of a company quoted in Singapore, while the remaining portion of the equity portfolio comprise investment grade shares in companies quoted in Singapore and Malaysia.

Sensitivity analysis for equity price risk

At the balance sheet date, if the Straits Times Index (STI) and Kuala Lumpur Composite Index (KLCI) had been 2% (2007: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $222 (2007: $810) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

36. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and fixed deposits, current trade and other receivables, bank overdrafts, current trade and other payables, current bank loans, lease obligations and retention sums receivable based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

The carrying value of the long-term bank loans with variable interest rates approximate their fair amounts.

Long-term deposits and deferred lease expenses held at amortised cost approximate their fair value.

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets	Methods and assumptions
• Investment securities (quoted shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.

37. 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 31 December 2008 and 31 December 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's current policy is to keep the gearing ratio between 15% and 55%. The Group includes within net debt, trade and other payables, due to related parties, bills payable, bank overdrafts and loans, finance lease obligations, less cash and cash equivalents. Capital comprises equity attributable to the equity holders of the parent.

37. Capital management (cont'd)

	Group	
	2008	**2007**
	$	$
Trade payables	5,331,598	9,599,724
Other payables and accruals	1,755,447	2,063,229
Due to related parties	17,083	620,186
Bank overdrafts	–	7,025
Bills payable to banks	953,797	434,534
Bank term loans	1,343,833	1,496,326
Finance lease obligations	20,336	201,318
Less: Cash and cash equivalents*	(1,958,301)	(3,230,937)
Net debt	7,463,793	11,191,405
Equity attributable to the equity holders of the Company	34,452,196	13,271,384
Capital and debt	41,915,989	24,462,789
Gearing ratio	18%	46%

* Cash and cash equivalents exclude unrestricted fixed deposits reserved for future corporate direction of the Group, amounting to $21,688,331 (2007: Nil).

38. Authorisation of financial statements

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 12 March 2009.

USE OF SHARES PLACEMENT PROCEEDS

During the financial year, the Company allotted and issued 167,307,692 new ordinary shares at issue price of S$0.13 per share raising S$21.75 million.

The Company intends to use the net proceeds from the shares placement:

(1) to undertake activities relating to high-end residential development of properties in Singapore; and

(2) to provide general working capital.

As at the date of this report, the status on the use of proceeds is as follows:

	$
Gross proceeds from shares placement	21,750,000
Utilised during the financial year: Payment of shares placement expenses	(461,728)
Balance unutilised as at 31 December 2008	21,288,272
Utilised subsequent to year end: Repayment of term loans of a subsidiary	(1,327,795)
Balance unutilised as at the date of this report	19,960,477

The remaining net proceeds have been deposited with bank pending further disbursements.

SHAREHOLDINGS STATISTICS

Number of Issued Shares	- 311,307,692
Issued and Paid-capital	- S$39,676,140.96
Number of Treasury Shares held	- Nil
No of shareholders	- 1,550
Class of shares	- Ordinary shares each with equal voting rights

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 March 2009, approximately 27% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by SGX-ST is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8	0.51	3,438	0.00
1,000 - 10,000	1,038	66.97	3,904,200	1.26
10,001 - 1,000,000	478	30.84	41,162,505	13.22
1,000,001 and above	26	1.68	266,237,549	85.52
	1,550	100.00	311,307,692	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Sunny Scene Investment Limited	39,393,939	12.65
2	Dragon Diligent International Limited	36,363,636	11.68
3	Ocean Blue Asia Limited	33,111,133	10.64
4	Silver Finance Investment Limited	30,156,156	9.69
5	Fair Billion Holdings Limited	28,282,828	9.09
6	OCBC Securities Private Ltd	18,312,230	5.88
7	CIMB Bank Nominees (S) Sdn Bhd	13,950,000	4.48
8	Tan Kay Sing	11,025,000	3.54
9	Phillip Securities Pte Ltd	9,527,177	3.06
10	UOB Kay Hian Pte Ltd	5,304,000	1.70
11	Tay Swee Leng	4,999,980	1.61
12	Yeong Yoon Ying	4,500,000	1.45
13	Chang Soon Kheong	4,315,000	1.39
14	Kim Eng Securities Pte. Ltd.	3,905,000	1.25
15	Tan Siok Hwee	2,499,990	0.80
16	Tan Li Yu	2,250,000	0.72
17	Tan Zheng Yu (Chen Zhengyu)	2,250,000	0.72
18	Tan Ren Feng	2,212,500	0.71
19	Jaz Tan Hsiao Nung (Chen Xiaonong)	2,021,010	0.65
20	DBS Nominees Pte Ltd	1,976,000	0.63
		256,355,579	82.34

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2009
(According to the Register of Substantial Shareholders)

	No. of Shares		
Name of Substantial Shareholder	**Direct Interests**	**Deemed Interests**	**%**
Tan Kay Kiang [(1)]	1,549,920	18,950,400	6.59
Tay Chin Hoon [(2)]	314,910	15,950,400	5.23
Tan Kay Tho [(3)]	1,474,890	18,450,420	6.40
Tan Kay Sing [(4)]	11,025,000	14,500,420	8.20
Nico Purnomo Po [(5)]	-	167,307,692	53.74
Fair Billion Holdings Limited	28,282,828	-	9.09
Silver Finance Investment Limited	30,156,156	-	9.69
Ocean Blue Asia Limited	33,111,133	-	10.64
Dragon Diligent International Limited	36,363,636	-	11.68
Sunny Scene International Limited	39,393,939	-	12.65

Notes:

(1) Tan Kay Kiang is deemed to be interested in 13,950,420 Shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Companies Act, Cap. 50 (the "Act"), and 4,999,980 Shares held by his spouse.

(2) Tan Chin Hoon is deemed to be interested in 13,950,420 Shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 1,999,980 Shares held by his spouse.

(3) Tan Kay Tho is deemed to be interested in 13,950,420 Shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 4,500,000 Shares held by his spouse.

(4) Tan Kay Sing is deemed to be interested in 13,950,420 Shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 550,000 Shares held by his spouse.

(5) Nico Purnomo Po is deemed to be interested in the 28,282,828 Shares held by Fair Billion Holdings Limited, 30,156,156 Shares held by Silver Finance Investment Limited, 33,111,133 Shares held by Ocean Blue Asia Limited, 36,363,636 Shares held by Dragon Diligent International Limited and 39,393,939 Shares held by Sunny Scene International Limited, by virtue of section 7(4A) of the Act.

SHINING CORPORATION LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199904729G)

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at 11 Changi South Street 3, #04-01 Builders Centre, Singapore 486122, on Monday, 27 April 2009 at 2.00 p.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2008 and the Directors' Reports and the Auditors' Report thereon. Resolution 1

2. To approve Directors' fees of S$110,000 for financial year ended 31 December 2008. (2007: S$125,000) Resolution 2

3. To re-elect Mr Tan Kay Kiang, a Director retiring by rotation pursuant to Article 104 of the Company's Articles of Association. Resolution 3

4. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. Resolution 4

SPECIAL BUSINESS

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

5. THAT authority be and is hereby given to the Directors to: Resolution 5

(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 not 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,

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):

(A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Share issues") shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below);

(3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares 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 or consolidation or subdivision of shares;

(4) 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

(5) (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)

6. To transact any other business.

BY ORDER OF THE BOARD

HO WUI MEE MARIAN / CHEW BEE LENG
Company Secretaries

Singapore
9 April 2009

Explanatory Note:

Resolution 5

Resolution no. 5, if passed, will empower 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 a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a *pro rata* basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution no. 5 is passed, after adjusting for (a) 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 that Resolution no. 5 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts.

Notes:

(1) A member of the Company entitled to attend and vote at the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

(2) The instrument appointing the proxy must be deposited at the registered office of the Company at 11 Changi South Street 3, #04-01 Builders Centre, Singapore 486122, not less that 48 hours before the time set for holding the meeting.

SHINING CORPORATION LTD
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PROXY FORM
Notice of Annual General Meeting

IMPORTANT
1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Shining Corporation Ltd, this 2008 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________

of ______________________________

being a member/members of SHINING CORPORATION LTD (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

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

or failing him/her, the Chairman of the Ninth Annual General Meeting ("AGM") of the Company 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 AGM of the Company to be held at 11 Changi South Street 3, #04-01 Builders Centre, Singapore 486122, on Monday, 27 April 2009 at 2.00 p.m., and at any adjournment 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 the AGM. 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 AGM).

	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2008 and the Directors' Reports and the Auditors' Report thereon		
2.	To approve Directors' fees of S$110,000 for financial year ended 31 December 2008		
3.	To re-elect Mr Tan Kay Kiang, a Director retiring by rotation pursuant to Article 104 of the Company's Articles of Association		
4.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
5.	To authorise the Directors to allot/issue new shares		

Dated this ______________ day of ______________ 2009

Total number of Shares

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

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

2. **A member of the Company entitled to attend and vote at the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.**

3. **The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 11 Changi South Street 3, #04-01 Builders Centre, Singapore 486122, not less than 48 hours before the time set for the meeting.**

4. **Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.**

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

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

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

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

CORPORATE INFORMATION

Directors

Po Sun Kok	*(appointed on 31.3.2008)*
Nico Purnomo Po	*(appointed on 31.3.2008)*
Tan Kay Kiang	
Lee Eng Kian	
Gurdaib Singh s/o Pala Singh	
Tan Nan Choon	*(appointed as alternate director to Tan Kay Kiang on 31.3.2008)*

Company Secretaries

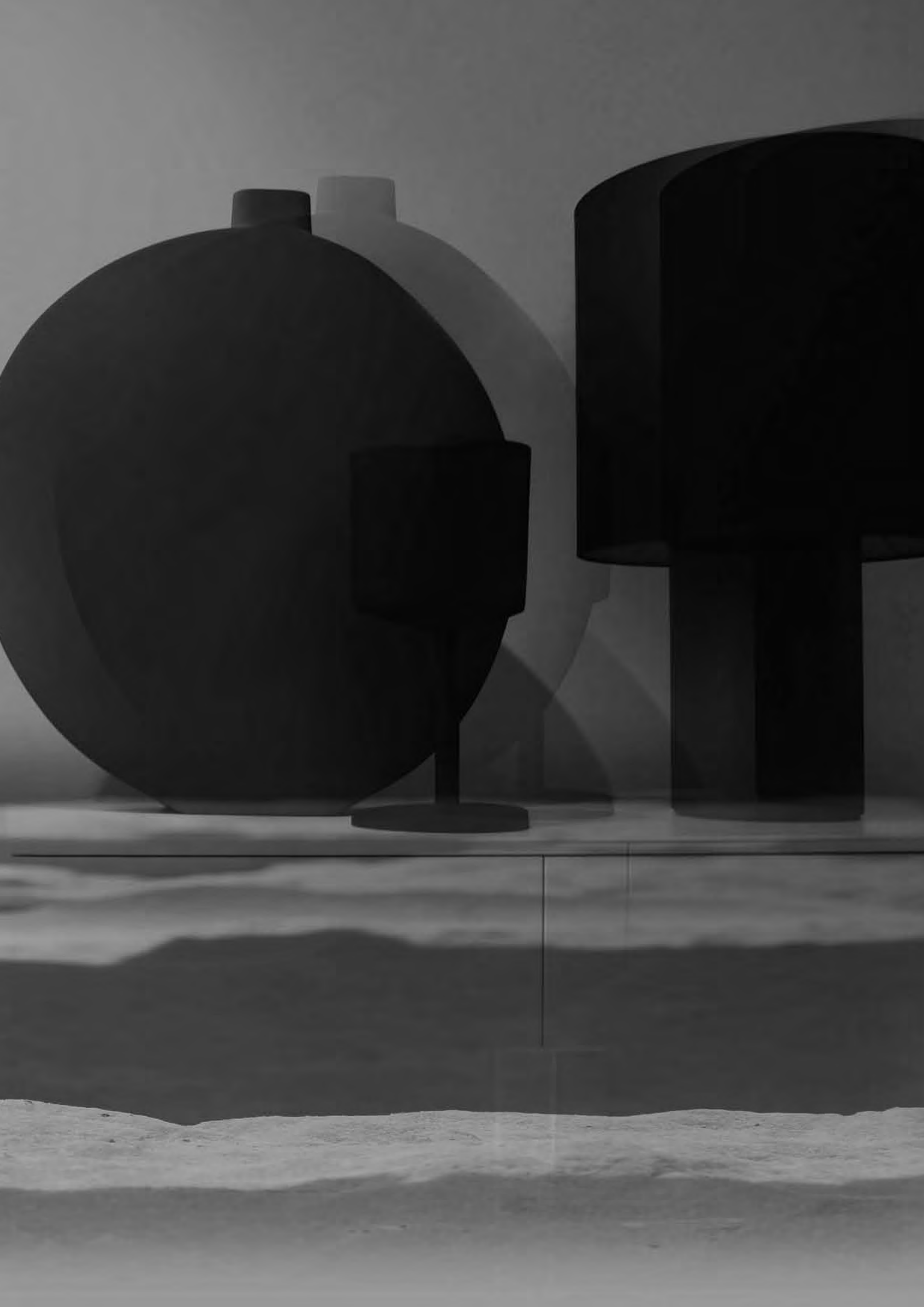
Ho Wui Mee Marian	*(appointed on 31.3.2008)*
Chew Bee Leng	*(appointed on 23.4.2008)*

Registered Office
11 Changi South Street 3
#04-01 Builders Centre
Singapore 486122

Bankers
United Overseas Bank Limited
Bank of China Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

Share Registrar and Share Transfer Office
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Yen Heng Fook
Date of appointment: Since financial year ended 31 December 2005



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