Steadfast through the Seasons Forging Ahead for the Future

ENGRO
BUILDING SUSTAINABILITY

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Partner-in-Charge

Low Hon Wah
(with effect from FY2011)

Company Secretaries

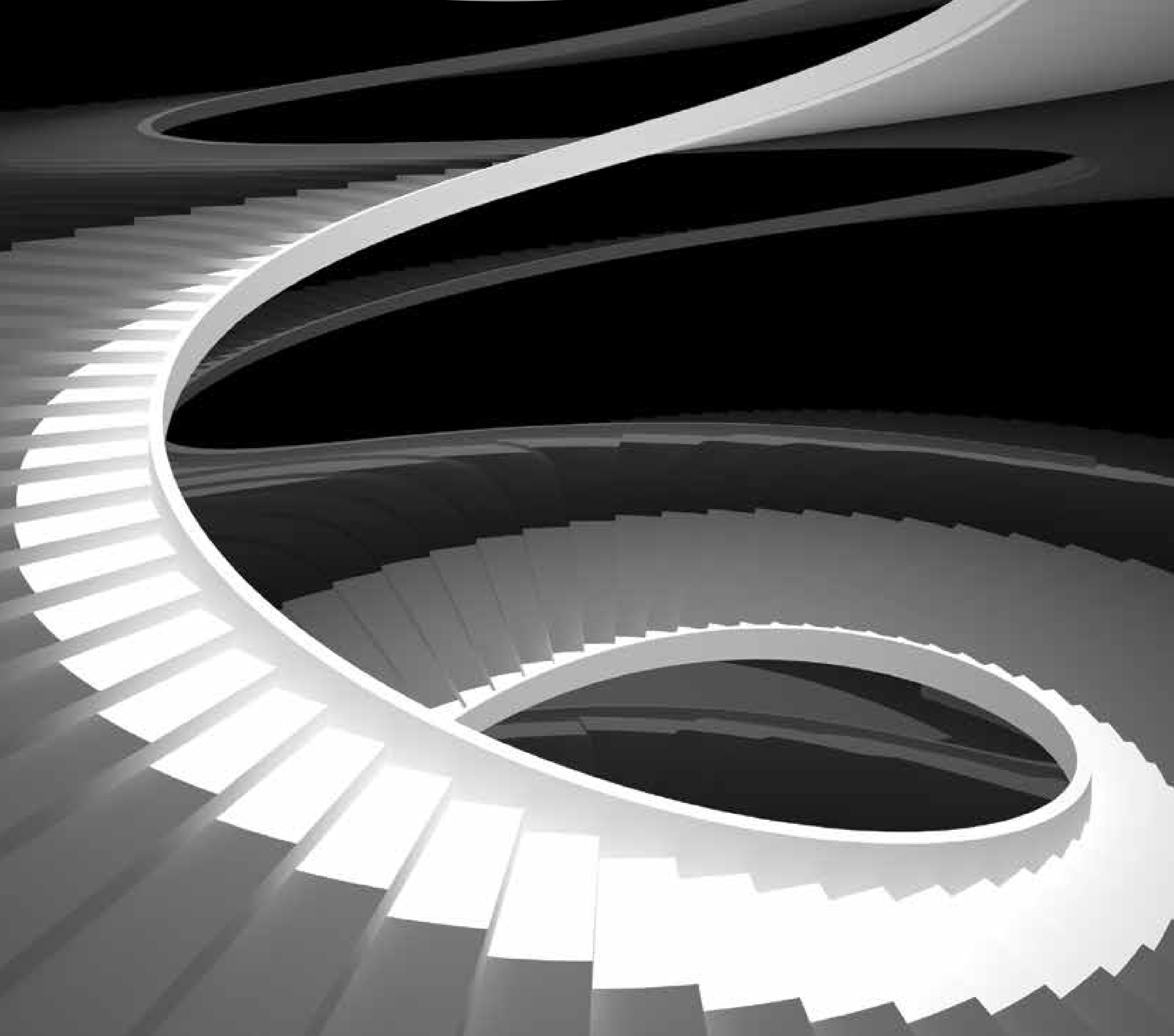
Ms Joanna Lim Lan Sim
Ms Low Siew Tian

ENGRO

BUILDING SUSTAINABILITY

Corporate Profile

A leading provider of superior building materials, EnGro celebrates more than 40 years of shaping landscapes in various parts of Asia. We have maintained high standards of excellence for our products and services all these years, and we look forward to contribute significantly to the industry and help the industry go green.



FINANCIAL REVIEW

In FY2013, our Group revenue grew by 20.8 percent to SGD166.1 million from the previous financial year. This was primarily due to higher revenue contribution from integral cement and ready-mixed concrete ("RMC") business. Our Group net profit before tax increased by more than double from SGD11.6 million in FY2012 to SGD26.2 million in FY2013 as a result of an exceptional gain from our property investment. Without the exceptional gain, the Group's net profit before tax was SGD11.3 million in FY2013, about the same as in FY2012. The integral cement and RMC business in Singapore and the specialty cement business in China continued to contribute positively to the Group's financial results.

In 2013, EnGro's Singapore integral cement and RMC business continued to gain market share as sales volume grew in tandem with the continuing growth of the local building and construction industry.

EnGro's specialty cement associate companies in China have grown healthily with the addition of new GGBS production lines to strengthen our market foothold. Our specialty cement business had, through our Jinan Luxin joint venture, experienced its first cross-provincial expansion by stepping out of Shandong into Fujian province. Phase II of our joint venture ("JV") in Wuhan has augmented our production lines from two to five, with one of the additional three lines having come into operation in 2013, while the remaining two production lines are scheduled to be on-stream by mid-2014 at which time our Wuhan Wuxin JV will enjoy the largest production capacity among our China JVs.

The Board is recommending a first and final dividend of 3 cents per share as well as a special dividend of 2 cents per share resulting in a total dividend of 5 cent per share declared for FY2013, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 29 April 2014.

MACRO ECONOMIC OVERVIEW

Although economic indicators are showing an improvement in the US and Eurozone, the global economy is still wrought with uncertainties, given the consequential negative impact of the Federal Reserve's current policy on quantitative easing (which seemed to prolong market volatilities, especially in emerging markets) and the expected slowdown in China's economic growth. Premier Li Ke Qiang, in his recent National People's Congress speech in Beijing, mentioned that China's GDP growth is likely to be softer at 7.5 percent for 2014; slightly lower than the 7.7 percent achieved in 2013.

Group net profit before tax more than doubled from SGD11.6 million in FY2012 to SGD 26.2 million in FY2013 due to an exceptional gain from our property investment.

Property prices in China appear to be showing signs of stabilizing brought about by the Chinese Government's property cooling measures. Pollutive industries in more and more cities, other than Beijing and Shanghai, are coming under the heavy scrutiny of regulatory authorities. To address environmental and production overcapacity issues, mandatory closures of more obsolete and pollutive steel and cement plants as well as capacity rationalisation are expected in the near term. The reinforced anti-pollution policy in China is indeed a welcome move to players who embrace Green and our GGBS business model should benefit positively from such government initiatives.

CONTINUOUS INVESTMENTS IN SUSTAINABLE CONSTRUCTION MATERIALS

Mention sustainable construction materials these days and many will find it something they could relate to as the use of such materials have become a norm as a result of Singapore's Building and Construction Authority ("BCA") successful implementation of the Green Mark green building rating scheme. EnGro's green initiative in promoting use of GGBS in Singapore construction has also benefited from BCA's green drive as can be seen in the record volume of green cement that EnGro supplied to the construction sector in 2013.

BUSINESS REVIEW

a) Singapore Integral Cement and Ready-Mixed Concrete (RMC) Operations

Total construction demand in Singapore reached a historical high of SGD35.8 billion in 2013. Public sector demand bounced back by 59 percent to SGD14.8 billion as a result of accelerated public housing projects and the Thomson MRT line project. More infrastructure projects are expected in the pipeline to cater for population growth.

Top-Mix Concrete, our subsidiary in the ready-mixed concrete ("RMC") business, has witnessed an encouraging growth of its Malaysia operations as it grew from a single batching plant to three plants to address the rapid rise in construction in Johor Bahru ("JB") and the Iskandar Development Region ("IDR"). With the strengthened bilateral co-operation between Singapore and Malaysia, demand for our Green Concrete under the DuraCrete brand is expected to increase in coming years.

b) Specialty Cement Operations

During the last ten years, we grew steadily from our first line of production in Tangshan to today's fifteen lines with a total capacity in China to reach 9 million tons per annum by Q2 2014.

The slower growth of 2013 proved a difficult year for many businesses in China, especially the steel and cement industries to which our GGBS is closely linked. The slower growth took a toll on our China JVs' overall profitability. Though the total revenue in 2013 was 13 percent higher than 2012, our GGBS plants' total net profitability increased by only 5 percent, the result of margin squeeze. Depending on the geographical location of our plants, one of our China GGBS JVs are expected to suffer margin squeeze due to competition; whereas facilities located in the Central

China, known as the laggard from economists' viewpoint , are poised to benefit from the mid-term economic growth thereof. Hence, we expect our plants in Wuhan to perform well.

Although China's economic pace may have moderated and is being steered to grow at a more sustainable pace in the long term, EnGro remains committed to the growth of our core specialty cement business and shall continue to seek out new opportunities in this sector.

c) Specialty Polymer

R&P recorded a markedly improved year due mainly to increased orders from ExxonMobil Chemical for their Exxtral™ grades. It produced and delivered according to demand, due to successful optimization of R&P's facility in Jurong Island, improvements to its process know-how and lower operating costs. With a fine-tuned facility, R&P is now geared to address future increases in demand from both ExxonMobil Chemical and others as it continues to broaden its customer base. R&P over the years has served primarily the automotive market through toll compounding of the Exxtral™ grades for ExxonMobil Chemical. Growth in demand for such products in Asia continues to be driven mainly by the automotive markets in China and India.

On a new front, we have in 2013 successfully obtained ISO13485 qualification, without which we would not be in any position to contend with competition in the medical, health and hygiene sectors. Moving forward, as we gear ourselves to enter into more complex products and markets, R&P will focus more on research and development, providing good technical support and services to customers.

d) Investments

In 2013, the US venture capital ("VC") industry invested more funds into early-stage software and internet companies with high profile venture-backed IPOs such as Facebook and Twitter having clearly the effect of hastening the pace of investments in mobile internet, digital media and cloud computing space. Against this backdrop, our (active) US venture capital funds are well positioned to ride the trend with a likely upside in the coming years. In Singapore, we have identified and invested in early-stage VC deals in clean-tech energy management, medical device technology, and digital media in line with Singapore Government's initiative to nurture innovation and entrepreneurial companies with global visions.

Demand for Singapore high-end luxury residential property continue to be dampened by the Government's property cooling measures. The unsold units of Turquoise have been leased while awaiting a market recovery. On a brighter note, in early 2013, we recognised an exceptional gain from the disposal of Chongbang Holdings (International) Limited, a joint investment with Ho Bee Land Limited. Our investment in Phase I of the Tangshan Nanhu Eco City project is on track with sales launch planned for in 2014 in a relatively subdued property market in Tangshan region. However, we remain confident in the marketing of this high end residential development project integrated with commercial, entertainment, hospitals and school amenities riding on Yanlord and Ho Bee's branding, quality and expertise.

PROSPECT

In Singapore, we are confident that our integral cement and RMC business will stay strong and make healthy strides across the Causeway into the IDR, a market where our Sustainable Construction Materials ("SCM") should fare well.

China's GDP growth is centrally guided and it differs from province to province. In Wuhan, while our Wuxin JV has just begun its journey alongside the Rise of Central China and is performing satisfactorily though only in its nascent stage, we are glad to witness a new phase of growth in our other GGBS JVs such as Jinan Luxin JV in Shandong which has actually stepped out of its traditional turf in Shandong Province.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to offer my heartfelt thanks to everyone in the EnGro family, our customers, stakeholders, my fellow Directors and our management team and staff for their continuing support, dedication and inspirations.

Amidst a period of slow global economic growth, we continue to execute our growth plans with cautious optimism to ensure a sustained profitability in 2014 and the years to come.

Tan Cheng Gay
Chairman

Driving Growth with Value-added Integrated Solutions

Directors' Profiles

Tan Cheng Gay
Chairman and Chief Executive Officer

Mr Tan is a stalwart of the Company, having been with EnGro Corporation since its inception. He was appointed as Director in 1973 and has since served as the Executive Director of the Company.

Tan Yok Koon
Executive Director

Mr Tan was first appointed as a non-independent director in 1974. In March 2005, he was appointed the position of President, China Operations. He also serves as a member of the Nominating Committee. He is related to Mr Tan Cheng Gay.

Soh Kim Soon
Director

Mr Soh joined the board in 2002 as an independent and non-executive Director. Mr Soh is also the Lead Independent Director. He is the Chairman of the Nominating Committee and serves as a member of the Remuneration Committee and the Audit Committee.

Mr Soh is currently Chairman of ORIX Investment And Management Private Limited and ORIX Leasing Singapore Limited. He also serves on the board of Frasers Centrepoint Asset Management Ltd.

Mr Soh was previously Senior Managing Director of DBS Bank where he worked for more than 29 years.

Ng Tat Pun
Director

Mr Ng is an independent and non-executive Director. He joined the board in 2002 and is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr Ng's extensive experience in the banking and finance industry began when he started his career with Citibank in 1971. Since then, he has served in various senior positions with both foreign and local banks. From 1988 to 1997, he was Executive Vice President of OCBC Bank, Singapore, in charge of its International Banking and Financial Institutions business. In 1998, he was appointed the Executive Director and Chief Executive Officer of OCBC Bank, Malaysia. Mr Ng was also a Managing Director of JP Morgan Chase from 1999 to 2002, a Managing Director and subsequently a Senior Advisor at UBS AG from 2003 to 2008.

Mr Ng is currently the Chairman of the Board of Directors of SP Chemicals Holdings Ltd. He also serves as an independent director and Audit committee member of Thai Beverage Public Company Ltd. Mr Ng also serves an independent director of Sing Investments & Finance Limited.

Ronnie Teo Heng Hock
Director

Mr Ronnie Teo Heng Hock joined the board in January 2012 as an independent and non-executive director of the company. He is the Chairman of the Remuneration Committee and serves as a member of the Nominating Committee and the Audit Committee.

He has worked in several major banking and financial institutions covering areas in corporate lending, treasury, consumer and investment banking over a period spanning more than 20 years. Prior to being the Managing Director of Financial Reengineering Pte Ltd, Mr Teo was the Managing Director and CEO of DBS Asset Management Ltd and General Manager of DBS Finance Ltd.

Mr Teo is currently an Independent Director of Berger International Ltd, Uni-Asia Finance Corporation, New Toyo International Holdings Ltd, Yeoman 3-Rights Value Asia Fund, and Shanghai Asia Holdings Ltd (which is in members' voluntary liquidation).

Management Team

Jimmy Ho

B. Eng. Chemical Engineering from University College London

Group Chief Operating Officer
Mr Ho is Group Chief Operating Officer. He has over 15 years of regional business development, commercial, marketing and technical experience working for multinational companies in the petrochemical, chemical and oil & gas industry. His role is to assist Group CEO in overseeing operations and performance of the Group.

SINGAPORE CEMENT & RMC OPERATIONS

Eugene Ho

M.Sc. (Honors) in Marketing from National University of Ireland. B. Bus. (Bus Adm) from Royal Melbourne Institute of Technology University, Australia. Dip. in Civil Eng. from Singapore Polytechnic

General Manager, Building Materials (Singapore)
Mr Ho is General Manager of Singapore Building Materials Division in 2010. He has more than 25 years of working experience in Building Materials Industry and has held various senior positions in the major RMC companies.

SPECIALTY CEMENT OPERATIONS

Dr. Chen En Yi

Ph.D in Engineering and a Master Degree in Engineering from Tsinghua University, China

General Manager, Specialty Cement
Dr Chen is a member of China business team. He is General Manager of Specialty Cement Division. Prior to joining the Company, he lectured in Tsinghua University China, specializing in cement and concrete technologies.

Dr. Lim Chan Teng

B.Sc (Chemical Engineering) from Nanyang University and a Ph.D (Chemical Engineering) from University of Manchester Institute of Science and Technology, UK

Manager, Business Development (China)
Dr Lim is a member of China business development team. His previous working experience includes responsibilities in process technology, facilities planning and development as well as design in a major oil company.

SPECIALTY POLYMER OPERATIONS

Wong Chi Tsung

B. Eng (Mech) and MBA from NTU, CFA charter holder

Managing Director, Resin & Pigment Technologies Pte Ltd
Mr Wong currently oversees the business and operations of both the Singapore and China (Wuxi) plants. He is a member of EnGro's investment team.

HQ HEAD OF DEPARTMENT

Jamie Lee

B.Acc from National University of Singapore, Member of ISCA

Group Financial Controller
Ms Lee oversees the financial affairs of the Group. She has over 20 years of regional experience in Singapore listed and multinational companies in chemicals, engineering and manufacturing companies.

Wong Toon Hong

B.Eng (Civil) from Nanyang Technological University and an MBA from the University of Surrey, UK

Manager, Strategic Business Unit
Mr Wong supports the CEO's Office and is responsible for the GGBS and blended cement operations in Korea, venture capital Hi-Tech investments, and the Infocomm needs of the Group. His prior working experience includes positions in IT system development in sectors from defense, government, publishing, technology and business consulting for multinational companies in Asia Pacific.

Vincent Loh

B.Bus (Accounting) from Monash University, Australia, member of CPA Australia and ISCA

Manager, Knowledge Management
Mr Loh currently heads the Group's Knowledge Management department and helps to manage the Group's subsidiary companies in Malaysia and China. Mr Loh also oversees the Group's green initiative programs and Corporate Governance matters.

Corporate Structure

ENGRO

- **Building Materials**
  - **GGBS**
    - 40% Tangshan Tanglong Materials Co Ltd
    - 40% Tangshan Tang-Ang Materials Co Ltd
    - 40% Jinan Luxin Materials Co Ltd
    - 40% Jiangsu Huailong Materials Co Ltd
    - 33% Wuhan Wuxin Materials Co Ltd
    - 40% VCEM Materials Co Ltd
  - **DRY MIX**
    - 100% Shanghai S3 Building Materials Co Ltd
  - **RMC**
    - 100% Top-Mix Concrete Pte Ltd
    - 100% Top-Mix Concrete (Malaysia) Sdn Bhd
    - 40% Changshu Chang Long Concrete Co Ltd
    - 40% Changshu Chang Xin Ready Mix Concrete Co Ltd
    - 40% Changshu Chang Yin Ready Mix Concrete Co Ltd
- **Specialty Polymer**
  - 98.57% Resin & Pigment Technologies Pte Ltd
  - 98.57% Resin & Pigment Technologies (Wuxi) Co Ltd
- **Investments**
  - 100% Sancem Investment Pte Ltd
  - 100% SsangYong LTI Pte Ltd
  - 100% Juniper Capital Ventures (Pte) Ltd
  - 100% e-Invest Limited
- **Property Development**
  - 30% HBS Investments Pte Ltd
  - 30% Parliament View Developments Limited
  - 20% HB Investments (China) Pte Ltd
  - 10% Ho Bee Cove Pte Ltd

Legend

- Companies Incorporated in China
- Companies Incorporated in Singapore
- Companies Incorporated in Malaysia
- Companies Incorporated in United Kingdom
- Companies Incorporated in South Korea
- Companies Incorporated in Hong Kong

Our Commitment to Building Sustainability

EnGro Green Initiatives

Globally, sustainability has become an increasing focus of governments as well as business communities as the severe impact of global warming on climate change has been greatly felt worldwide, severely affecting a multitude of industries and sectors.

The evidence and effect of climate change is increasingly convincing. In late May and early June 2013, many central European countries including Switzerland, Austria, Czech Republic and Germany experienced severe flooding as the Vltava, Rhine and Danube rivers overflowed their banks. In October 2013, Cyclone Phailin, one of the largest cyclones to ever cross the region, hit Bay of Bengal India, with more than 1 million people evacuated. On 8th November 2013, Typhoon Haiyan tore through the Phillippines, claiming more than 6,000 lives and rendered nearly 4 million Filipinos homeless. Mankind is indeed facing its most challenging time in dealing with the unpredictability of the environment.

EnGro is a company committed towards building sustainability, as evidenced by our early history of embarking in green solutions for the construction industry. Already back in the mid-80s, our Research and Development team explored the use of other supplementary cementitious materials such as Ground Granulated Blastfurnace Slag (GGBS), a product of recycling wasted raw materials (iron slag) to replace the more polluted Ordinary Portland Cement (OPC). Many other industry players have tried to follow suit ever since, but EnGro remained at the forefront in promoting and encouraging the use of low-carbon blended cementitious materials.

EnGro subsequently embarked in the Green Initiative programme, taking the industry lead to introduce and promote the benefits of going Green to all our internal and external stakeholders. With continuous efforts and focus for more than a decade, it is heartening to see that our Green Initiative efforts to promote the sustainability agenda has produced good results.

During the last 8 years, we implemented energy efficiency and carbon footprint management programs at our Singapore cement and RMC operations as part of our commitment towards achieving the goals of a true Triple-Bottomline, that is, the equilibrium of ***"People-Planet-Profit"***.

An early understanding of the impact of pollution to the environment and the economy as what is currently being felt in China, had motivated EnGro to not underestimate the importance of carbon footprint assessment and timely action to reduce carbon emissions as much as practically possible at our production plants. Our SEC certified Green Label and SGBC certified SGBP label products are a testament of our unwavering endeavor to promote truly-green products that show real carbon reduction results to our stakeholders. Local developers have shown encouraging feedback towards our green products as they began to notice another frontier of incorporating sustainability in their building projects that complements their energy efficiency programs.

In February 2014, our subsidiary company Top-Mix Concrete had its concrete products accepted into the guild of HDB's latest collaboration with SGBC which promotes a joint green building products certification scheme aptly named the ***HDB-SGBC Singapore Green Building Product*** certification scheme. Top-Mix Concrete's DuraCrete low-carbon green concrete which carries the "Excellent 3-ticks" status from the HDB-SGBC certification scheme was among the inaugural batch of building materials to be awarded this certification. With this certification, we have once again achieved another first in the RMC sector where green concrete is becoming a well-accepted norm by developers, architects and consultants alike.

Invariably, the successful programs led by EnGro in Singapore has started to cascade throughout the Group as we now see the self-propelled impetus by our China GGBS Joint Venture ("JV") companies to adopt the Green mindset, after realizing the true results it brings to their overall business well-being as well as that of their stakeholders, who also believe in promoting Green.


HOUSING & DEVELOPMENT BOARD

SINGAPORE GREEN BUILDING PRODUCT CERTIFICATE

Top-Mix Concrete Pte Ltd

Ready Mixed Concrete

DuraCrete

Ready-Mixed Concrete (Grade 35)

Complete carbon footprint assessment for China JV Wuxin GGBS products

Following the carbon footprint assessment adopted by the rest of EnGro's China GGBS JV companies, Wuhan Wuxin GGBS plant is the latest to make a similar commitment. Apart from striving to achieve low carbon production efficiencies and to measure carbon footprint of their GGBS product, they also aim to establish a low carbon R&D facility that would benefit other stakeholders within the construction community in Greater Wuhan. Wuhan Wuxin's farsighted approach is commendable and we see this as a continuation of our China Green Initiative story which has only just begun to unfold amidst China's Long Green March.

Friends of Building Sustainability

Growing Our Regional Footprint

Regional Footprint

Paving the Way with Innovative Solutions

Singapore: Integral Cement & Ready-Mixed Concrete

Singapore economy grew by 4.1 percent in 2013. The total construction demand in 2013 reached a historical high of SGD35.8 billion, exceeding BCA's upper-bound projection of SGD34 billion in 2013 by about 5 percent. The public sector construction demand at SGD14.8 billion was a result of public housing projects as well as the Thomson MRT Line construction. The private sector construction demand stayed firm for the fourth consecutive year reaching SGD21 billion of construction demand in 2013, exceeding BCA's upper bound demand forecast of SGD18.5 billion for the private sector. Demand for private construction works in 2013 continued to be fuelled by robust residential construction and large-scale mixed developments in town area.

In Asia, while the recovery in developed economies are expected to lift export demand, growth will remain moderate given the on-going structural reforms in China and fiscal consolidation in some ASEAN economies. Against this backdrop, the Singapore economy is forecasted to see modest growth in 2014. Labour-intensive sectors may see their growth weighed down by further tightening of the labour market. Barring all the downside risks, the Singapore economy is expected to grow by 2.0 percent to 4.0 percent in 2014.

	2008	2009	2010	2011	2012	2013
Construction Demand, SGD billion	**34.6**	**21.0**	**25.7**	**32.0**	**28.1**	**35.8**
• Public Sector, SGD billion	14.5	13.5	8.3	15.2	9.3	14.8
• Private Sector, SGD billion	20.1	7.5	17.4	16.8	18.8	21.0

8 Products

4 Products

2 Products

EnGro's Eco-Friendly Building Materials are awarded with SEC's Green label Accreditation as well as the SGBC's Singapore Green Product Label Accreditation

GGBS	Green Concrete	Blended Cement	Blended Cement
		P4246S P197A P4246 P197B P197-4S	P8000

Top-Mix Concrete Plant & Relevant Projects

Singapore: Integral Cement & Ready-Mixed Concrete

Based on BCA's latest survey and the likely tender price movement coupled with recent market developments, BCA forecasts that total construction demand in 2014 is likely to be between SGD31 billion and SGD38 billion. The mid-point of 2014 construction demand forecast (at SGD34.5 billion) still reflects a continued strong and sustained level of construction demand.

Singapore public sector construction demand is expected to contribute nearly 60 percent of the construction industry's total demand ranging between SGD19 billion and SGD22 billion, due to stronger institutional and civil engineering construction works. On the other hand, private sector demand is projected to soften to between SGD12 billion and SGD16 billion in 2014, amid the Government's cooling measures to stabilise the property market coupled with the scaling back of new Government land sales for the first half of 2014.

Beyond 2014, BCA forecasts the average construction demand to be between SGD25 billion and SGD34 billion per annum in 2015 and 2016 respectively. Barring any unforeseen circumstances, this projection seems probable in view of the pipeline of housing and public infrastructure construction projects announced by the Government to meet the needs of a larger and ageing population. The expected sustained workload for civil engineering construction will be backed by new major infrastructure projects in the pipeline such as the Thomson MRT Line (remaining contracts), Eastern Region MRT Line, North-South Expressway and KJE & PIE improvement works. Other sizable projects coming on stream include a new incineration plant at Tuas, the new Subordinate Courts Complex at Havelock Square, Changi airport expansion (Terminal 4 and Project Jewel) and Phase 2 expansion of Changi water reclamation plant.

In 2013 total cement sales of EnGro again grew by double digits year-on-year compared to 2012 as we clinched two Housing Development Board ("HDB") cement supply contracts totalling 300,000 metric tons. The supply contract spans from 2013 to 3rd quarter 2014. As the public residential building program led by HDB continue to ramp-up, we will actively participate in HDB cement supply tenders and benefit from the increase in cement throughput.

On the private sector, EnGro had secured many supply contracts involving supply of slag cement to major civil engineering works and various Ready-Mixed Concrete (RMC) companies. As a leading manufacturer of Ground Granulated Blastfurnace Slag (GGBS) in the Asia region, EnGro had been successful in launching various blended cement products to meet market requirements.

EnGro's RMC subsidiary, Top-Mix Concrete (Singapore) continues to gain strength and recognition in the Singapore market, winning customer confidence in support of its low-carbon green concrete program under the DuraCrete brand name. In 2013, Top-Mix Concrete (Singapore) secured and completed various mega projects such as PSA Phase 26 Pasir Panjang Terminal, Changi Airport Group (CAG) Rehabitation Work of Aircraft Parking Stands at Singapore Changi Airport, JTC Tuas View Extension Phase 1 and 2, Design and Build EPI Centre at Tuas South 3, various HDB Building Works, Keppel Logistic Park at Tampines Road and many others.

While we continue to strengthen our foothold in Singapore, Top-Mix Concrete (Malaysia) operation has grown rapidly in 2013. From the acquisition in 2011 with only one dry-mixed RMC batching plant, it has since expanded to several RMC batching plants equipped with the latest computerised batching system, strategically situated at strategic locations throughout Southern Johore region. The setting-up of these batching plants were timely as it enabled Top-Mix Concrete (Malaysia) to tap on the growing development of Iskandar Development Region (IDR) which witnessed many iconic projects being launched in the last two years.

With the commitment of Malaysia government and investors' growing confidence in Johor Bahru IDR developments, we see growth prospects of the IDR.

China: Specialty Cement

China's economy in 2013 grew by 7.7 percent, slightly higher than the Chinese Government's 7.5 percent GDP expansion target.

The property sector remains strong in spite of China's slowing economy, notwithstanding the government's sustained efforts to control the rising property prices that threatened affordability for average wage earners. Government efforts to build more affordable housing also contributed to investment growth. Growth in real estate investment, which accounted for 15 percent of China's GDP in 2013, accelerated and rose to 19.8 percent last year compared with 16.2 percent in 2012. Against this backdrop, our China GGBS business performed satisfactorily. Our new GGBS plants in Wuhan of Central China, performed well and the overall bottom line of our China GGBS business remained strong compared to 2012. Even though China is adopting slower growth in its economy, its emphasis on infrastructural construction as well as development in Central and Western China continue to be prominently featured. Hence, we hold the sentiment that the prospects of our GGBS business in China will remain steadfast.

In 2013, our current China GGBS plants have a total installed annual production capacity of 7.8 million metric tons. Towards end of 2013, two more new production lines (Wuhan and Quanzhou, Fujian Province) went into full operation. By 2nd quarter 2014, an additional two production lines are due to be completed and commissioned to complete Wuhan Wuxin JV Plant Phase II; increasing Wuhan Wuxin's total annual capacity to 3.0 million metric tons. With these new developments, it is expected that by end 2014, the total installed capacity for our China GGBS operations to be at **9.0 million metric tons per annum**.

WUHAN

Tapping further on upcoming Central China development

Located at the confluence of the Yangtze River and the Han River, Wuhan is an upcoming metropolitan in central China, dubbed as the new Wuhan Megapolis. Wuhan's GDP grew by 10 percent year on year and reached RMB 937.5 billion in 2013. Being the provincial capital of Hubei Province, Wuhan saw its fixed asset investment jump 19.3 percent year on year to RMB 600 billion in 2013. The city's investment in real estate development jumped 19 percent year-on-year to RMB 180 billion. Jones Lang LaSalle recently identified Wuhan at the forefront of cities after San Francisco, London, Dubai, and Shanghai that demonstrate the combination of strong short term socio-economic and commercial real estate momentum and longer term foundations for success.

The modernization of Greater Wuhan will boost further construction activities and many of the construction projects call for use of our high quality low-carbon GGBS products.

With 3 million tonnes of GGBS production capacity per annum after the completion of Phase II, our Wuhan Wuxin JV is poised to strengthen our leadership position in the supply of high quality GGBS in the region.

Wuhan Wuxin JV has a reputable track record in supplying to major projects such as :

- Wuhan Metro Line 2, which is the first under-river train line connecting Wuchang and Hankou districts across the Yangtze River.
- Yingwuzhou Yangtze Bridge (鹦鹉洲长江大桥), a highway bridge under construction over the Yangtze

Architact's Impression of Wuxin JV Plant Phase II (1.8 million TPA)

River in Wuhan. When complete the 2.1-km bridge will be one of the longest suspension bridges in the world.

- Wuhan Wangjiadun CBD Project in Hankou District, having a total built-up area of 6 million square meters. It is made up of office buildings, apartments, 5-star hotels, commercial and other functions.
- Wuhan Greenland Center (武汉绿地中心), a 636-meter tall, 125-storey skyscraper currently under construction in Wuhan, China.

FUJIAN

A strategy to seek new frontiers

Located in Fujian Province, the Quanzhou Luxin plant came to being as a result of efforts by our Jinan Luxin which took the opportunity to grow beyond Jinan city and Shandong province. Lying 130 km north of Xiamen (厦门), the plant faces Taiwan across the Taiwan Strait. Quanzhou city is about 154 kilometers from Fuzhou (福州) in the north, 110 km from Xiang'an (翔安), and 57 km from the Quanzhou City which covers a region of 11,015 square kilometers with a population of 7.74 million.

Quanzhou plant is the fifth mill operated under the wings of Jinan Luxin and is located within the Quanzhou Shage Port, a deep-sea port capable of handling 70,000-ton vessels. This facilitates the receipt of raw slag thus lowering cost, and is well placed strategically to capture a market where GGBS is in demand.

Newly Commissioned Quanzhou Luxin Plant (bird's-eye-view) with port facilities at the background. Insert is an Newly Commissioned Quanzhou Luxin Plant architect's impression of the plant view

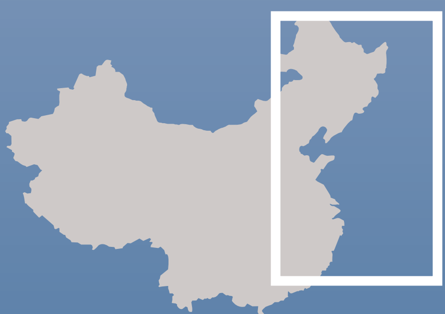
NEW PROSPECTS IN PROGRESS

As part of EnGro' s strategic plan to expand its core business overseas, our China Team has over the years been constantly looking for new GGBS investment opportunities across China with the right partner. Our efforts and perseverance have brought us to another new and promising venture with Qingdao Iron & Steel Group (QISG). A Project Co-operation Framework Memorandum was signed in Singapore between QISG and EnGro at a signing ceremony on 25th October 2013 with the gracious presence of both Mr. Teo Ser Luck, Minister of State at the Ministry of Trade and Industry as well as Mr. Zhang Xinqi, Mayor of Qingdao, among other dignitaries.

Seated in front, Mr. Wang Junting Chairman of QISG and Mr. Tan Cheng Gay, Chairman/CEO of EnGro, sign Project Cooperation Framework Memorandum for Qingdao GGBS Project

The annual EnGro China GGBS JV knowledge & experience exchange seminar

GGBS JV Plant	Annual Production (tons p.a)
Tangshan Tanglong Material Co., Ltd	1,200,000 tons
Tangshan Tang-Ang Material Co., Ltd	600,000 tons
Jinan Luxin Material Co., Ltd	2,400,000 tons
Quanzhou Luxin Material Co., Ltd	600,000 tons
Jiangsu Hualong Material Co., Ltd	1,200,000 tons
Wuhan Wuxin Material Co., Ltd	1,200,000 tons
Wuhan Wuxin Material Co., Ltd (phase 2)	1,800.000 tons
VCEM Materials (Korea)	500,000 tons
Total in Asia by 2014	**9,500,000 tons**



Specialty Polymer: R&P

R&P recorded a markedly improved year due mainly to a substantial increase in orders from ExxonMobil Chemical for their Exxtral™ grades. We were able to produce and deliver according to demand, due to the success in debottlenecking additional capacities, optimizing our operations and improvements made in our process know-how. This has also helped in keeping our operating costs low. The current capacities is also able to cater for a further increase in demand.

As Singapore's labour regulations continue to tighten on the employment of foreign labour, our operation will be affected negatively by the new labour policy. This will continue to be a key driver in the way we optimise and improve our operations; with the aim to increase productivity. Emphasis will be to reduce dependence on manual labour through automation projects, simplifying our work flow, coupled with better training and retention programmes for current staff.

We serve the automotive market in Asia indirectly through toll compounding of the Exxtral™ grades for ExxonMobil Chemical. Asia's automotive market grew about 4 percent in 2013, which was lower than the 10 percent growth in 2012. Growth in demand for such products in Asia continue to be driven mainly by the automotive markets in China and India. China is now the largest automotive market with about 20 million cars sold in 2013. This market is getting more crowded and fragmented with competition from many local brands. But with a low rate of car ownership in China, opportunity remains. Only two key players, GM and VW, have market share of more than 10 percent each in China.

In terms of R&P's own product portfolio, we secured our first customer from the medical industry in 2013, and will be putting more of our sales and marketing resources into developing customers from the medical, health and hygiene industries. While these industries are characterised by strict requirements, long development cycle, and small size orders, this is increasingly an important industry due to the growing presence of medical, health and hygiene manufacturers in Asia. Growth in these industries will remain strong at about 6 to 8 percent compounded annual growth rate (CAGR), driven mainly by Asia's demographics, rising incomes and improving health care. Over the long term, building a portfolio of customers from these industries would be important to the future of R&P. To that end, we have successfully obtained ISO13485 qualification in 2013, without which we cannot serve the medical, health and hygiene customers. All our products supplied to the medical, health and hygiene markets are branded under the RAYPURE brand.

We also started marketing our own range of Thermoplastic Elastomer (TPE) under the RAYPRENE brand. TPEs are used in applications that require a soft feel. These applications are predominantly used in grips, seals, tubing or films. Due to the flexibility of TPEs, we believe that the long term prospects of these products will have good growth potential.

Moving forward, as we expand into more sophisticated products and markets, we will need to focus more in research and development, providing good technical support and customer service. We believe that we need to compete more on our value proposition in some markets. Thus more emphasis will be placed to study and further optimise our operations, improving and changing the way we respond, which when added up, should give us a competitive advantage in responding to customers' needs and to be more agile in adapting to changing market trends.

Investments

VC Investments

The US venture capital industry continued to witness a trend where larger venture funds accounted for the bulk of USD16.7 billion raised in 2013, although the amount was lower than in 2012. In 2013, US venture capitalists invested USD29.4 billion in 3,995 deals representing a 7 percent increase in dollar value and a 4 percent increase in number of deals compared to the prior year, with the bulk in Internet-specific and software companies. Combined with the high ROI being driven by the success of recent IPOs and an active acquisition market, more venture capital dollars are flowing into early stage software and internet companies.

Venture capitalists are now looking to invest in less capital intensive sectors and are focused on deploying capital more efficiently. Better quality start-ups are getting funded. Venture capital as an asset class is now also considered more favourably by limited partners.

Venture-backed IPO exits markets continues to gain momentum with 82 public listings in 2013, the largest since 2007, but venture-back M&A exits has slowed down to 377 deals. There are currently 52 venture-backed companies on S1 filing with the SEC.

Excluding the record USD16 billion Facebook IPO, the 4th quarter of 2013 marked the strongest quarter for dollars raised by venture-backed companies since the 2nd quarter of 2011. In the largest IPO of the 4th quarter, Twitter Inc, a California-based social media platform and also a portfolio company of our US VC funds, raised USD 2 billion and began trading on the NYSE on 6th November 2013.

The race to find and invest in the mobile and cloud computing space remains competitively fierce. Against this backdrop, our active US venture capital funds are positioned to do well in this environment with significant upside in the coming years.

On the local scene, our early-stage venture capital investments in clean-tech energy management, medical device technology, and digital media is in support of the Singapore Government's initiative to nurture innovation and entrepreneurial companies with global visions.

While recent US job data and the Federal Reserve bond-buying tapering actions may have dampen the public market sentiments in recent months, we firmly believe that timely investment in disruptive technological innovations are good long term bets that will withstand the test of time to yield superior returns.

Investment in Property

The series of cooling measures implemented by the Singapore government have impacted the demand for residential property, especially the high-end luxury residential property market. Consequently, the sales for Turquoise were sluggish and unsold units were leased out; marking time to sell when market recovers.

In 2013, EnGro's investment in property contributed positively to the Group's results due to an exceptional gain recognised from the disposal of a joint investment with Ho Bee Land Limited in Chongbang Holdings (International) Limited.

For the Tangshan Nanhu Eco-City project, (jointly developed by Ho Bee Land, Yanlord and EnGro) the Phase I of this project is on track with sales launches planned for 2014. Against the backdrop of a relatively subdued China property market, we remain confident in this investment project as we ride on the expertise of our esteemed partnership with Yanlord and Ho Bee Land, proven through their track record and experience in developing successful high-end residential development project which are integrated with commercial, entertainment, hospitals and school amenities.

Tangshan Nanhu Eco-City project

Corporate Social Responsibility

EnGro Young-Leader Scholarship

EnGro has offered 37 scholarships over the past six years to Chinese officials from different cities in China to pursue one-year courses at both NUS (Master of Public Administration) and NTU (leading to M.Sc Degree in Managerial Economics). All of them performed well in their respective fields of study. We are pleased to say that most of these students with their newly acquired knowledge and experience have been given new assignments. In fact, some of them have been promoted in the various Chinese government bodies upon their return to their homeland from Singapore. We are proud to see the fruits of our corporate social responsibility endeavor and contribution.

NTU Students

In 2013, through our GGBS joint venture company - Jiangsu Huailong Materials Co. Ltd - we sponsored five young scholars from Huai'An (淮安) city, Jiangsu province, to study at Nanyang Technological University (NTU). We also introduced training programs at Singapore universities to our Chinese partners for their consideration in pursuing their further studies in Singapore.

NUS students - Lee Kuan Yew School of Public Policy (LKYSPP)

In 2013, EnGro provided three postgraduate scholarships to Chinese government officials from Shandong province. They enrolled for the Master's Degree program in Public Administration and Management (MPAM) offered by the Lee Kuan Yew School of Public Policy (LKYSPP).

Farewell gathering for NUS and NTU students from Shandong and Jiangsu on 3 Jan 2014

EnGro participated in the sponsorship of the 2014 River Hong Bao celebrations

EnGro participated as one of the sponsors in the annual iconic event "River Hongbao", it has remained an integral part of Singapore's Lunar New Year celebrations as it presents a truly unique Chinese cultural experience for Singaporeans and tourists to titillate senses.

The River Hong Bao celebrations

EnGro donation to SCO

On 15 September 2013, the Singapore Chinese Orchestra (SCO) held its 9th Fundraising Gala Dinner and Concert, titled The Silk Road. During the occasion, SCO Patron, Prime Minister Lee Hsien Loong thanks donors and partners such as EnGro for its donation in support of SCO to be a world renowned Chinese Orchestra with a uniquely Singaporean character.

EnGro receiving acknowledgement for donation to SCO

Sponsored Npark's 50 years of Greening Spore commemorative book

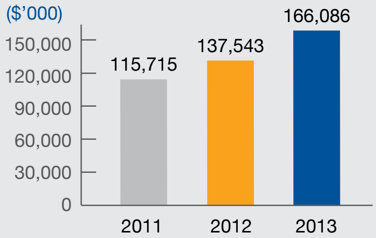
The National Parks Board ("NParks") commemorated 50 Years of Greening Singapore in 2013. In support of this significant milestone in Singapore's history, EnGro stepped up as one of the sponsors of this NParks publication: The Commemorative Book, Living in a Garden: The Greening of Singapore. The book showcases Singapore's development into a City in a Garden and introduces many of the fascinating plants and animals that live here. It features more than 250 attractive and vivid photographs, as well as interviews from people who were part of Singapore's greening journey. EnGro is glad to have been part of this memorable project and we look forward to supporting more such events.

Financial Highlights

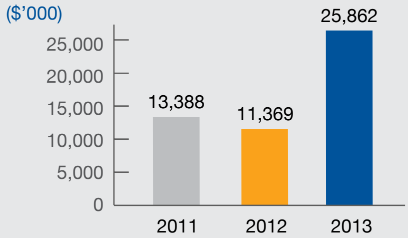
	FY2011	FY2012	FY2013
Consolidated Statement of Comprehensive Income ($'000)			
Revenue	115,715	137,543	166,086
Profit after tax	13,132	11,328	25,849
Profit attributable to owners	13,388	11,369	25,862
Statement of Financial Position ($'000)			
Total assets	209.124	216,716	244,814
Net assets value	182,665	186,679	214,363
Per Share (Cents)			
Basic Earnings	11.31	9.62	21.88
Net asset value	154	158	181
Net dividend	3.00	3.00	5.00

Three- Year Results at a Glance

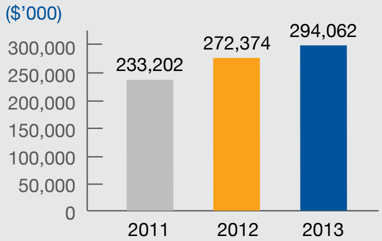
Revenue



Profit Attributable to Owners

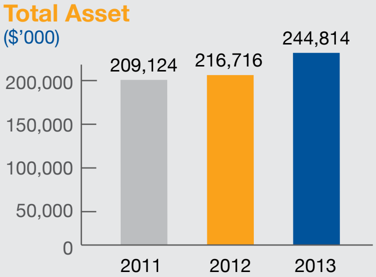


Revenue of EnGro and Associates#

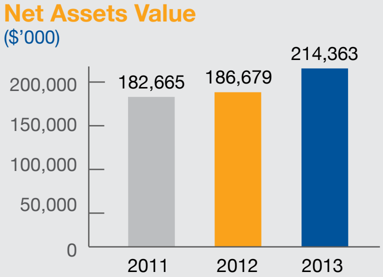


#Revenue of EnGro and Associates is purely for illustration purpose only.

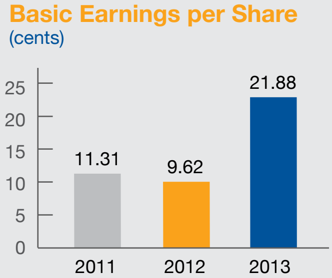
Total Asset



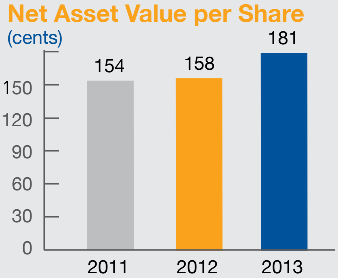
Net Assets Value



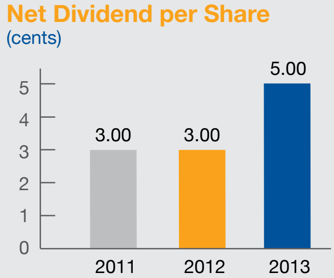
Basic Earnings per Share



Net Asset Value per Share



Net Dividend per Share



EnGro's Philosophy of Growth:

Harmony 和顺

Trust 诚信

Excellence 卓越

Win-Win 共赢

EnGro Corporation Limited (the "Company") is committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the "Group"), to promote corporate transparency and to enhance shareholder value. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012.

BOARD MATTERS

The 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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
1.1	The Board's principal functions include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.
1.2	All directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company.
1.3	To assist the Board in executing its duties, the Board has delegated specific functions to the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.
1.4	The Board has held meetings for particular and specific matters as and when required. A record of the directors' attendance at meetings of Board and Board Committees for the financial year ended 31 December 2013 ("FY2013"), as well as frequency of such meetings, is set out in **Table 1**.
1.5	Matters which are specifically reserved for the Board's approval include, among others, any material acquisitions and disposals of assets, any significant corporate matters and major undertakings (other than in the ordinary course of business). The Board dictates the strategic direction and management of the Group through quarterly review of the financial performance of the Group and the Company. In addition to establishing the limits of the discretionary powers of the officers and committees, the Board reviews the adequacy of risk management systems and internal controls.
1.6	New directors, upon appointment, are briefed on the business and organization structure of the Company. There are update sessions to inform the directors on new legislation and/or regulations that are relevant to the Group. All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. The Directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. The Company provides for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments

Guidelines of the Code	Corporate Governance Practices of the Company
1.7	A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as director. New directors, upon appointment, will also be briefed on their duties and obligations as directors. The directors are also informed of regulatory changes initiated by or affecting the Company.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Corporate Governance Practices of the Company
2.1	The Board comprises five directors, two of whom are executive directors and three of whom are independent non-executive directors. There is an independent element on the Board, with independent directors constituting more than half of the Board. A summary of the current composition of the Board and its committee is set out in **Table 2.**
2.2	Although the Chairman of the Board and the CEO of the Company is the same person, there is a strong independent element on the Board, with half of the Board comprising independent directors.
2.3	The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director.
2.4	Concerning the independence of Directors who have served on the Board beyond nine years, the Board had rigorously reviewed the performance, character and background of Mr Ng Tat Pun and Mr Soh Kim Soon (both being long serving and are familiar with the Company's history, business as well as with management). Each of the aforesaid directors had exercised strong independent judgement in their deliberations in the interests of the Company and maintained their objectivity and independence at all times in the discharge of their duties as director. The Board is satisfied with the independence of character and judgement of both Mr Ng Tat Pun and Mr Soh Kim Soon notwithstanding their more than nine years of service on the Board.
2.5	The Board considers that the present Board size is appropriate, taking into account the nature and scope of the Group's operation. The Board comprises directors who as a group provide core competencies, such as business and management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group's objectives.
2.6	As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views.
2.7	The non-executive directors aim to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors would also review the performance of Management in meetings.
2.8	Where warranted, the Non-Executive Directors meet without the presence of the executive directors or Management to review any matters that must be raised privately.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Corporate Governance Practices of the Company
3.1	Mr Tan Cheng Gay currently fulfills the role of Chief Executive Officer (the "CEO") and Chairman of the Board (the "Chairman"). The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on corporate affairs of the Group.
3.2	As the Chairman and CEO, he, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the executive directors and the independent directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices. As Chairman, he is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company (the "Management") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.
3.3	The Board has appointed Mr Soh Kim Soon ("Mr Soh"), an independent and non-executive director, as the Lead Independent Director with effect from 5th August 2013. Mr Soh will be available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO or the chief financial officer (or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate.
3.4	Where warranted, the lead independent director shall meet with the independent directors without the presence of Management or the executive directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

Board Membership

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

Guidelines of the Code	Corporate Governance Practices of the Company
4.1	The NC, regulated by a set of written terms of reference, comprises two independent non-executive directors as well as an executive director. The lead independent director is the Chairman of the NC. The Board is of the view that the inclusion of an executive director in the NC would facilitate discussions at the NC meetings. The names of the members of the NC are disclosed in **Table 2.**
4.2	The principal functions of the NC is to establish a formal and transparent process for: (a) reviewing nominations of new Director appointments based on selection criteria such as incumbent's credentials and his skills and contributions required by the Company; (b) reviewing and recommending to the Board the re-election of Directors in accordance with the Company's Articles of Association; (c) determining annually whether a Director is "independent", guided by the independent guidelines contained in the Code; (d) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular whether the Directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and (e) deciding how the Board's performance may be evaluated and propose objective performance criteria.
4.3.	The NC reviews annually the independent declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. The NC has ascertained the independence of each director for FY2013 in accordance with the Code's definition of independence and is satisfied that Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock remain as independent non-executive directors of the Company. The Board having reviewed the length of service of each independent non-executive director, considers Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock to be independent since they do not have any existing business or professional relationships with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment.
4.4	Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his duties as a Director of the Company.
4.5	No alternate director has been appointed to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company

4.6

The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a director; and (v) ability and adequacy in carrying out required tasks.

The NC leads the process for board appointments and make recommendations to the Board. The integrated process of appointment includes:

i. developing a framework on desired competencies and diversity on board;
ii. assessing current competencies and diversity on board;
iii. developing desired profiles of new directors;
iv. initiating search for new directors including external search, if necessary;
v. shortlist and interview potential director candidates;
vi. recommending appointments and retirements to the board;
vii. election at general meeting.

4.7

Key information of each member of the Board can be found under the Directors' Profile section of this Annual Report. The date of the directors' initial appointment and last re-election and their directorships are disclosed in **Table 3.**

Board Performance

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

Guidelines of the Code	Corporate Governance Practices of the Company

5.1

The NC is responsible for assessing the effectiveness and performance of the Board. The assessment parameters include the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness as well as standards of conduct. For FY2013, the NC reviewed the performance of the board based on the aforesaid parameters.

5.2

The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

5.3

The NC members were in consensus that there is no necessity to go through the formal process of evaluating their fellow director's performance on an individual basis. There were no issue with fellow members' regularity of attendance at meetings, their objectivity, competencies, time commitment and their readiness to contribute at meetings. Any disagreement between fellow directors would have been ironed out at the Board meeting.

Although the Directors are not evaluated individually on a formal basis, the factors taken into consideration with regard to the re-nomination of Directors for the current year are based on their attendances, commitment of time and contributions made at meetings of Board and Board committees as well as general meetings.

Access to Information

***Principle 6*: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

Guidelines of the Code	Corporate Governance practices of the Group
6.1 & 6.2	The members of the Board were provided with financial information, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. Apart from keeping the Board informed of all relevant new laws and regulations, the Company also has an on-going orientation program for non-executive Board members to familiarize and update themselves with the Group's operations.
6.3.	Directors have separate and independent access to the Company Secretary at all times. The Company Secretary attends all Board meetings, provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors.
6.4	The appointment and removal of the Company Secretary is subject to the approval of the Board.
6.5	The Board (whether individually or as a group) has, in the execution of its duties, access to independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Practices of the Company
7.1	The RC, regulated by a set of written terms of reference, comprises three independent non-executive directors. The names of the members of the RC are disclosed in **Table 2**.
7.2	According to the terms of reference of the RC, the functions of the RC include, among others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the executive directors (in the form of service agreements) are formulated and approved. The RC has access to outside expert advice on all remuneration matters at the Company's expense. No director or member of the RC has been involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

Guidelines of the Code	Corporate Governance Practices of the Company
7.3	During the year, an independent remuneration consulting firm was engaged to advise on the remuneration structure and process of the Group's compensation systems, both at Company level and at individual level (i.e. the key executive level). In addition, the long term incentive schemes (share option schemes) of the Company were also reviewed.
7.4	According to the service agreement of the CEO: i. the term of service shall continue until terminated by either party in accordance with the terms of the agreement; and ii. there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the CEO.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	Corporate Governance Practices of the Company
8.1	**Remuneration policy in respect of executive directors and other key management personnel** The CEO's remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the CEO's interests with that of the shareholders. The other executive director is paid a basic salary, overseas allowance and a variable performance bonus which is linked to his performance and the performance of the China operations. He is also paid a director fee for being a member of the NC. Based on the recommendation of the independent remuneration consulting firm, the RC has accepted and recommended to the Board the adoption of the performance measures, targets and hurdles for key management personnel.
8.2	The Company obtained shareholders' approval in FY 2011 to implement a performance share award scheme (called the "EnGro Corporation Limited Performance Share Award Scheme") and an employee's share option scheme (called the "EnGro Corporation Limited 2011 Employees' Share Option Scheme"), where both schemes are administered by the RC. As at the date of this report, no award or share options have been granted to either the CEO or the other executive director, both of whom are entitled to participate in these two schemes subject to the rules and limits set out therein.
8.3	**Policy in respect of non-executive directors' remuneration** In reviewing the recommendation for independent non-executive directors' remuneration for FY2013, the RC had continued to adopt a framework of base fees for serving on the Board and Board Committees, as well as fees for chairing Board Committees. Save for directors' fees, which have to be approved by the shareholders at every annual general meeting ("AGM"), the independent non-executive directors do not receive any other forms of remuneration from the Company.
8.4	In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

Guidelines of the Code	Corporate Governance Practices of the Company
9.1	**Level and mix of remuneration of directors and key management personnel for the year ended 31 December 2013.** Although the remuneration of each director and the top five key management personnel are not fully disclosed, the Company discloses their remuneration in bands of S$250,000 and also discloses in aggregate the total remuneration paid to the directors and the top five key management personnel. The compensation structure for the key management personnel of the Group consists of three key components – fixed salary, bonus and other benefits. **Table 4** and **Table 4A** sets out the breakdown of the remuneration of the directors and the top five key management personnel for FY2013, respectively.
9.2 & 9.3	Regarding the Code's recommendation to fully disclose the remuneration of directors and the top five key management personnel, given the highly competitive environment it is operating in and the confidentiality attached to the remuneration matters, the Company believes that disclosing remuneration in bands of S$250,000 and disclosing in aggregate the total remuneration paid to the directors and the top five key management personnel provide sufficient overview of the remuneration of directors and the top five key management personnel.
9.4	**Remuneration of employees who are immediate family members of a director or the chief executive officer** Save as disclosed in **Table 4**, there is no immediate family member (defined in the SGX-ST Listing Manual) as the spouse, child, adopted child, step-child, brother sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded S$50,000 during FY2013.
9.5	The Circular to Shareholders containing the details of the EnGro Corporation Limited Performance Share Award Scheme and the EnGro Corporation Limited 2011 Employees' Share Option Scheme are available to shareholders upon their request.
9.6	Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report under Principles 7, 8 and 9 and in the financial statements of the Company and the Group.

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	Corporate Governance Practices of the Company
10.1	The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting quarterly and other price-sensitive public reports and reports to regulators (if required).
10.2	The following policies were established:- (a) Standard Operating Procedure Manual; (b) Policy on Delegation of Authority; (c) Financial Risk Management Policy; (d) Policy on Matters reserved for the Board; and (e) Share Buyback Policy (f) Investment Policy
10.3	Management had provided each member of the Board with management accounts on a quarterly and monthly basis so that they will be better informed on how the Group and Company are performing. The CEO and the Group Financial Controller provide assurance to the Board on the integrity of these financial statements through a written representation.

Risk Management And Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code	Corporate Governance Practices of the Company
11.1	The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems as well as its financial, operational and compliance controls, and risk management systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:- (a) discussions with management on risks identified by management; (b) the audit processes; (c) the review of internal and external audit plans; and (d) the review of significant issues arising from internal and external audits.

Guidelines of the Code	Corporate Governance Practices of the Company
11.2	In addition to the work carried out by the external auditors and internal auditors, the Group has engaged an international accounting firm to document the framework that enables Management to address the financial, operational and compliance risks of the key operating units. The process involved the identification of major risks for the Group's business units whereby the business units' key risks of financial, operational and compliance nature, as well as the countermeasures in place or required to mitigate these risks were summarized for review by the Board. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanisms in place.
11.3	Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, the AC and the Board, the Board with the concurrence of AC is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2013. The Board has received assurance from the Chief Executive Officer and the Group Financial Controller that: (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and are in accordance with the relevant accounting standards; and (b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no known deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.
11.4	As the Company does not have a Risk Management Committee, the Board, AC and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	Corporate Governance Practices of the Company
12.1	The AC, regulated by a set of written terms of reference, comprises three members, all of whom are Independent Non-Executive Directors. The names of the members of the AC are disclosed in **Table 2.**
12.2	The AC has three members namely Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock, who have accounting or related financial management expertise or experience.

Guidelines of the Code	Corporate Governance Practices of the Company
12.3	The AC has full access to and full co-operation of the Management and external auditors. It also has the full discretion to invite any director or executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.
12.4	The AC has specific written terms of reference and performed the following functions: (i) reviews and evaluates with the external auditors on their audit plan, financial results of the Group and any material non-compliance and internal control weaknesses reported by the external auditors; (ii) monitors the scope and results of the external audit, its cost effectiveness, independence, objectivity and gives its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors; (iii) reviews the draft quarterly and full year financial statements of the Group and the Company before submission to the Board, including announcements relating thereto, to Shareholders and the Singapore Exchange Securities Trading Limited (“SGX-ST”); (iv) reviews the adequacy of (a) Internal Audit (“IA”) function’s activities to ensure that IA has adequate resources and appropriate standing within the Company and (b) the internal audit programme and (c) ensures co-ordination between the internal auditors, external auditors and Management; and (v) ensures that IA meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC had recommended and the Board had approved to table the re-appointment of KPMG LLP as auditors of the Company for shareholders’ approval at the forthcoming AGM. The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. KPMG LLP, the Company’s external auditors, carried out, as part of their statutory audit, a review of the effectiveness of the Company’s internal accounting controls on an annual basis. Any material internal accounting control weaknesses noted in the course of the statutory audit were reported by the external auditors to the AC.
12.5	Annually, the AC meets with the external auditors without the presence of management. Where warranted, the AC shall meet with the internal auditors without the presence of management to review any matters that must be raised.
12.6	The amount of audit and non-audit fees paid to the external auditors in FY2013 is disclosed on page 88 of the Annual Report. The AC has reviewed the non-audit services (mainly tax compliance) provided by the external auditors to the Group in FY2013 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

Guidelines of the Code	Corporate Governance Practices of the Company
12.7	The Group has a Whistle-Blowing Policy where employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. The arrangement provides for investigation to be undertaken by the Internal Auditor as the Whistleblower Investigation Officer who reports directly to the CEO or the Chairman of the AC if the concern involves the CEO.

12.8

Summary of AC's activities in FY2013

During the year, the AC:

(i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;

(ii) reviewed the key areas of Management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprise financial, operational and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed audit and non-audit fees;

(vi) reviewed the appointment of a different auditor for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and

(ix) reviewed interested party transactions.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audit.

Guidelines of the Code	Corporate Governance Practices of the Company
13.1	Part of the internal audit function was outsourced to an accounting firm which reports directly to the Audit Committee. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.
13.2 to 13.5	Our in-house internal audit team reports directly to the Chairman of the AC on internal audit matters. The AC has reviewed the adequacy of the in-house internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	Corporate Governance Practices of the Company
14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.
14.2	Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.
14.3	Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs.

Communication With Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	Corporate Governance Practices of the Company
15.1	The Company provides sufficient and regular information to its shareholders on a timely and fair basis regarding its business developments and financial performance that could have a material impact on the price or value of its shares. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests.
15.2.	The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNET") and the press.
15.3	The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.
15.4	The Company has adopted quarterly reporting of its financial results since FY2003. Accordingly, in FY2013, quarterly financial results of the Company were published via SGXNET.

Guidelines of the Code	Corporate Governance Practices of the Company
15.5	The Company's seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The declaration of a first and final tax-exempt (1-tier) dividend of 3 cents per ordinary share and a special tax-exempt (1-tier) dividend of 2 cents per ordinary share have been proposed for FY2013.

Conduct Of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	Corporate Governance Practices of the Company
16.1	In general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of AGM are available to shareholders upon their request. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. 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 and also subject to legislative amendment to recognize electronic voting.
16.2	Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.
16.3	The Chairpersons of the AC, NC and RC are also present and available to address to questions raised. In addition, the external auditors are present at AGMs to address queries, if any, on the conduct of the audit and the preparation and content of the Auditors' Report.
16.4 & 16.5	To have greater transparency in the voting process, with effect from FY2013, the Company conducts the voting of all its resolutions by poll at its AGM. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.
Rule 1207(18) of the SGX-ST Listing Rules	**DEALING IN SECURITIES** An internal code, which complies with Rule 1207(18) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its results for the first three quarters of the year. The Directors and officers are not allowed to deal in the Company's shares one month before the announcement of its full year results.

Directors and officers are not expected to deal in the Company's securities on considerations of a short-term nature. Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

Rule 1207(8) of the SGX-ST Listing Rules

MATERIAL CONTRACTS

Save as the service agreement entered with the CEO, no other material contracts involving the interests of the CEO, directors or controlling shareholders of the Company has been entered into by the Company and its subsidiaries, which were either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Rule 1207(17) of the SGX-ST Listing Manual

INTERESTED PERSON TRANSACTION ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During the year under review, there have been no material interested person transactions requiring disclosure pursuant to the SGX-ST Listing Manual.

No IPT Mandate has been obtained from shareholders.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2013

	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of Meetings							
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Cheng Gay	6	6	–	–	–	–	–	–
Tan Yok Koon	6	6	1	1	–	–	–	–
Ronnie Teo Heng Hock	6	6	1	1	4	4	1	1
Ng Tat Pun	6	6	–	–	4	4	1	1
Soh Kim Soon	6	6	1	1	4	4	1	1

TABLE 2 - BOARD AND BOARD COMMITTEES FOR FY 2013

	Board	Nominating Committee	Audit Committee	Remuneration Committee
Non-independent Directors				
Tan Cheng Gay (executive)	Chairman	–	–	–
Tan Yok Koon (executive)	Member	Member	–	–
Independent Non-executive Directors				
Ng Tat Pun	Member	-	Chairman	Member
Soh Kim Soon (also Lead Independent Director)	Member	Chairman	Member	Member
Ronnie Teo Heng Hock	Member	Member	Member	Chairman

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION & THEIR DIRECTORSHIPS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies
Tan Cheng Gay	67	27/11/1973	30/04/2012	EnGro Corporation Limited	–
Tan Yok Koon	65	17/05/1974	27/04/2011	EnGro Corporation Limited	–
Ng Tat Pun	69	01/07/2002	29/04/2013	1) EnGro Corporation Limited 2) SP Chemicals Holdings Ltd 3) Thai Beverage Public Company Ltd 4) Sing Investments & Finance Limited	–
Soh Kim Soon	68	19/11/2002	29/04/2013	1) EnGro Corporation Limited 2) Frasers Centrepoint Asset Management Ltd	–
Ronnie Teo Heng Hock	65	05/01/2012	30/04/2012	1) EnGro Corporation Limited 2) Berger International Limited (Delisted) 3) Uni-Asia Holdings Limited 4) New Toyo International Holdings Ltd 5) Shanghai Asia Holdings Ltd (in Members' Voluntary Liquidation)	–

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2013 is set out below:

		Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
Name of Directors	**Position**	**Directors' Fee**	**Salary %**	**Bonus %**	**Other Benefits %**	**Total %**	
Tan Cheng Gay	ED	–	35	64	1	100	1,250,001 – 1,500,000
Tan Yok Koon	ED	1	42	35	22	100	500,001 – 750,000
Ronnie Teo Heng Hock	NEID	100	–	–	–	100	<250,000
Ng Tat Pun	NEID	100	–	–	–	100	<250,000
Soh Kim Soon	NEID	100	–	–	–	100	<250,000
The Aggregate Total Remuneration of Directors (S$'000)						2,325	

Notes

ED: Executive Director
NEID: Non-Executive Independent Director

TABLE 4A – REMUNERATION OF TOP 5 KEY MANAGEMENT PERSONNEL

The breakdown of total remuneration of the top 5 key management personnel of the Group for the year ended 31 December 2013 is set out below:

		Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of $250,000
Name of Top 5 Management Personnel	**Position**	**Salary %**	**Bonus %**	**Other Benefits %**	**Total %**	
Jimmy Ho	Group Chief Operating Officer	73	17	10	100	250,001 – 500,000
Eugene Ho	General Manager, Building Materials (Singapore)	53	40	7	100	250,001 – 500,000
Jamie Lee	Group Financial Controller	69	28	3	100	250,001 – 500,000
Chen En Yi	General Manager, Specialty Cement	57	41	2	100	250,001 – 500,000
Wong Toon Hong	Manager, Strategic Business Unit	69	28	3	100	250,001 – 500,000
The Aggregate Total Remuneration of Top 5 Key Management Personnel (S$'000)					1,478	

Legend:
Salary: Salary includes basic salary and Employer's Central Provident Fund ("CPF") contribution
Bonus: Bonus is based on the Company and individual performance and includes Employer's CPF contribution.
Other Benefits: Transport allowance and other benefits.

Financial Contents

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

Directors

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

Tan Cheng Gay
Tan Yok Koon
Ng Tat Pun
Soh Kim Soon
Ronnie Teo Heng Hock

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company are as follows:

Name of director and company in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company		
Ordinary shares		
- direct interests held		
Tan Cheng Gay	579,750	606,750
Tan Yok Koon	366,000	366,000
Soh Kim Soon	46,500	46,500
- deemed interests held		
Tan Cheng Gay	826,000	826,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed under the "Share options" section of 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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 13 and 28 to the financial statements, since the end of the last financial year, no director 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 he is a member, or with a company in which he has a substantial financial interest.

Share options

(I) Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the ESOS 2000)

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the ESOS 2000) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2000 is set out below:

(a) Options were granted on 1 December 2006 (Option 1), 8 January 2008 (Option 2) and 30 March 2009 (Option 3).

(b) The exercise prices of the options are set at $0.75 per share (Option 1), $1.17 per share (Option 2) and $0.55 per share (Option 3).

(c) The options can be exercised after 1 December 2007 (Option 1), 8 January 2009 (Option 2) and 30 March 2010 (Option 3).

(d) The options granted shall expire on 1 December 2016 (Option 1), 8 January 2018 (Option 2) and 30 March 2019 (Option 3).

(II) EnGro Corporation Limited 2011 Employees' Share Option Scheme (the ESOS 2011)

The EnGro Corporation Limited 2011 Employees' Share Option Scheme (the ESOS 2011) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2011. The ESOS 2011 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2011 is set out below:

(a) Option was granted on 18 April 2012.

(b) The exercise price of the option is set at $0.79 per share.

(c) The option can be exercised after 18 April 2013.

(d) The option granted shall expire on 18 April 2022.

At the end of the financial year, details of the options granted under the ESOS 2000 and ESOS 2011 on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2013	Options exercised	Options forfeited	Options outstanding at 31 December 2013	Number of option holders at 31 December 2013	Exercise period
ESOS 2000*							
01/12/2006	$0.75	597,500	(250,000)	–	347,500	4	02/12/2007 – 30/11/2016
08/01/2008	$1.17	790,000	–	–	790,000	9	09/01/2009 – 07/01/2018
30/03/2009	$0.55	80,000	(80,000)	–	–	–	31/03/2010 – 29/03/2019
ESOS 2011							
18/04/2012	$0.79	700,000	(215,000)	(35,000)	450,000	9	19/04/2013 – 17/04/2022

**The ESOS 2000 expired on 14 January 2011.*

Since the commencement of both Schemes, there were no options granted to the controlling shareholders of the Company or their associates and no participant under both Schemes has been granted 5% or more of the total options available under both Schemes.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Ng Tat Pun (Chairman)	Independent and non-executive director
Soh Kim Soon	Independent and non-executive director
Ronnie Teo Heng Hock	Independent and non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(i) effectiveness of the management of financial business risks and the reliability of management reporting;

(ii) assistance provided by the Company's officers to the internal and external auditors;

(iii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

28 March 2014

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 50 to 107 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 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

28 March 2014

Independent Auditors' Report

Members of the Company
EnGro Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of EnGro Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 107.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2014

Statements of Financial Position
As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Assets					
Property, plant and equipment	4	13,392	11,291	1,880	1,483
Subsidiaries	5	–	–	45,397	40,580
Associates	6	93,803	87,940	60,243	60,243
Amount due from associates	10	2,520	2,881	–	–
Other investments	7	18,167	16,448	1,275	1,275
Other financial assets	8	172	172	172	172
Non-current assets		128,054	118,732	108,967	103,753
Inventories	9	8,261	12,316	6,549	10,791
Trade and other receivables	10	36,231	48,247	39,911	49,132
Other investments	7	7,561	9,691	678	506
Cash and cash equivalents	11	64,707	27,730	44,425	16,965
Current assets		116,760	97,984	91,563	77,394
Total assets		244,814	216,716	200,530	181,147
Equity					
Share capital	12	85,263	84,158	85,263	84,158
Reserves	12	129,100	102,521	91,142	71,936
Equity attributable to owners of the Company		214,363	186,679	176,405	156,094
Non-controlling interests		153	166	–	–
Total equity		214,516	186,845	176,405	156,094
Liabilities					
Loans and borrowings	14	3,871	2,556	154	191
Deferred tax liabilities	15	802	709	–	–
Non-current liabilities		4,673	3,265	154	191
Loans and borrowings	14	1,106	975	8,585	8,344
Trade and other payables	16	23,992	25,108	15,349	16,518
Current tax liabilities		527	523	37	–
Current liabilities		25,625	26,606	23,971	24,862
Total liabilities		30,298	29,871	24,125	25,053
Total equity and liabilities		244,814	216,716	200,530	181,147

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Revenue	17	166,086	137,543
Changes in inventories of finished goods and work in progress		484	4,490
Raw materials		(119,909)	(102,865)
Other income		859	2,131
Depreciation of property, plant and equipment		(2,706)	(2,231)
Staff costs		(14,882)	(12,947)
Other expenses		(28,520)	(22,216)
Results from operating activities		1,412	3,905
Finance income	18	3,850	1,819
Finance costs	18	(557)	(2,004)
Net finance income		3,293	(185)
Share of profit of associates, net of tax	6	21,470	7,896
Profit before tax		26,175	11,616
Tax expense	20	(326)	(288)
Profit for the year	19	25,849	11,328
Profit attributable to:			
Owners of the Company		25,862	11,369
Non-controlling interests		(13)	(41)
Profit for the year		25,849	11,328
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		3,127	(3,333)
Foreign currency translation reserve transferred from equity to profit or loss upon disposal of a foreign subsidiary		–	532
Exchange differences on monetary items forming part of the net investment		1,214	(2,234)
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		542	245
Net change in fair value of equity securities available-for-sale financial assets		200	1,167
Other comprehensive income for the year, net of tax		5,083	(3,623)
Total comprehensive income for the year		30,932	7,705
Total comprehensive income attributable to:			
Owners of the Company		30,945	7,746
Non-controlling interests		(13)	(41)
Total comprehensive income for the year		30,932	7,705
Earnings per share			
Basic earnings per share (cents)	21	21.88	9.62
Diluted earnings per share (cents)	21	21.84	9.61

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2013

Group	Share capital $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company								
At 1 January 2012	84,128	–	902	(4,077)	5,231	96,481	182,665	207	182,872
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	11,369	11,369	(41)	11,328
Other comprehensive income									
Foreign currency translation differences for foreign operations	–	–	–	(3,333)	–	–	(3,333)	–	(3,333)
Foreign currency translation reserve transferred from equity to profit or loss upon disposal of a foreign subsidiary	–	–	–	532	–	–	532	–	532
Exchange differences on monetary items forming part of the net investment	–	–	–	(2,234)	–	–	(2,234)	–	(2,234)
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss	–	–	–	–	245	–	245	–	245
Net change in fair value of equity securities available-for-sale financial assets	–	–	–	–	1,167	–	1,167	–	1,167
Total other comprehensive income	–	–	–	(5,035)	1,412	–	(3,623)	–	(3,623)
Total comprehensive income for the year	–	–	–	(5,035)	1,412	11,369	7,746	(41)	7,705
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Share options exercised	30	–	–	–	–	–	30	–	30
Purchase of treasury shares	–	(261)	–	–	–	–	(261)	–	(261)
Final one-tier dividend paid of 3 cents per share in respect of year ended 31 December 2011	–	–	–	–	–	(3,547)	(3,547)	–	(3,547)
Share-based payment transactions	–	–	46	–	–	–	46	–	46
Total contributions by and distributions to owners of the Company	30	(261)	46	–	–	(3,547)	(3,732)	–	(3,732)
At 31 December 2012	84,158	(261)	948	(9,112)	6,643	104,303	186,679	166	186,845

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2013

	Attributable to owners of the Company									
Group	Share capital $'000	Capital reserve $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2013	84,158	–	(261)	948	(9,112)	6,643	104,303	186,679	166	186,845
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	25,862	25,862	(13)	25,849
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	3,127	–	–	3,127	–	3,127
Exchange differences on monetary items forming part of the net investment	–	–	–	–	1,214	–	–	1,214	–	1,214
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss	–	–	–	–	–	542	–	542	–	542
Net change in fair value of equity securities available-for-sale financial assets	–	–	–	–	–	200	–	200	–	200
Total other comprehensive income	–	–	–	–	4,341	742	–	5,083	–	5,083
Total comprehensive income for the year	–	–	–	–	4,341	742	25,862	30,945	(13)	30,932
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Issue of shares under share option scheme	1,105	–	–	(775)	–	–	–	330	–	330
Purchase of treasury shares	–	–	(145)	–	–	–	–	(145)	–	(145)
Final one-tier dividend paid of 3 cents per share in respect of year ended 31 December 2012	–	–	–	–	–	–	(3,547)	(3,547)	–	(3,547)
Share-based payment transactions	–	–	–	29	–	–	–	29	–	29
Issue of treasury shares under share option scheme	–	(22)	104	(10)	–	–	–	72	–	72
Total contributions by and distributions to owners of the Company	1,105	(22)	(41)	(756)	–	–	(3,547)	(3,261)	–	(3,261)
At 31 December 2013	85,263	(22)	(302)	192	(4,771)	7,385	126,618	214,363	153	214,516

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

Consolidated Statement of Cash Flows
Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit before tax		26,175	11,616
Adjustments for:			
Property, plant and equipment written off		–	55
Depreciation of property, plant and equipment	4	2,706	2,231
Dividend income	18	(1,288)	(1,373)
Equity-settled share-based payment transactions		29	46
Loss/(Gain) on disposal of:			
- other investments	18	25	11
- property, plant and equipment	19	112	(18)
- subsidiary		–	17
Impairment losses on available-for-sale equity securities	18	517	245
Interest income	18	(199)	(235)
Interest expense	18	15	43
Other investment income	18	(349)	(211)
Net change in fair value of financial assets held for trading at fair value through profit or loss	18	(1,201)	424
Share of profit of associates, net of tax		(21,470)	(7,896)
		5,072	4,955
Changes in working capital:			
Inventories		4,074	(4,534)
Trade and other receivables		7,013	(14,155)
Trade and other payables		(1,113)	4,736
Cash from/(used in) operations		15,046	(8,998)
Tax paid		(771)	(378)
Tax refunded		12	267
Net cash from/(used in) operating activities		14,287	(9,109)

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

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,245)	(232)
Distribution from available-for-sale financial asset		1,813	4,002
Distribution from other investments		349	211
Dividends received from:			
- associates		19,860	4,552
- other investments		1,288	1,373
Interest received		199	235
Investment in associate		–	(6,512)
Loan to associate		–	(3,710)
Proceeds from disposal of:			
- other investments		3,510	5,019
- property, plant and equipment		120	54
Purchase of other investments		(2,961)	(5,544)
Net cash inflow on disposal of a subsidiary		–	944
Net cash from investing activities		21,933	392
Cash flows from financing activities			
Deposits pledged		4	15
Dividends paid		(3,547)	(3,547)
Interest paid		(15)	(43)
Repayment of amounts due from associates		5,267	–
Payment of finance lease liabilities		(1,030)	(974)
Proceeds from exercise of share options		330	30
Issue of treasury shares pursuant to exercise of share options		72	–
Purchase of treasury shares		(145)	(261)
Repayment of borrowings		(281)	(417)
Net cash from/(used in) financing activities		655	(5,197)
Net increase/(decrease) in cash and cash equivalents		36,875	(13,914)
Cash and cash equivalents at 1 January		27,120	41,450
Effect of exchange rate fluctuations on cash held		106	(416)
Cash and cash equivalents at 31 December	11	64,101	27,120

Significant non-cash transactions

The following are significant non-cash transactions which were not included in the cash flow statement:

	2013 $'000	2012 $'000
Acquisition of property, plant and equipment under finance leases	2,757	1,312

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2014.

1 Domicile and activities

EnGro Corporation Limited ("the Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is at 29 International Business Park, #08-05/06, Acer Building Tower B, Singapore 609923.

The financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The principal activities of the Group are those relating to the manufacture and sale of cement and building materials and specialty polymers and of an investment holding company.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Useful lives of property, plant and equipment
- Note 4 – Impairment of property, plant and equipment
- Note 5 – Impairment of investments in subsidiaries
- Note 7 – Valuation of other investments
- Note 9 – Allowance for inventory obsolescence
- Note 24 – Impairment of trade and other receivables

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 24.

Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and profit or loss of the Group.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting polices.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and any changes are taken to profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Associates (cont'd)

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance, form part of the Group's net investment in the foreign operation (see below), which are recognised in other comprehensive income; and for the differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, excluding prepayment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and a debt security.

The fair values of all quoted securities are determined by reference to their last quoted bid market price at the reporting date.

When the fair value for unquoted securities cannot be reliably measured because the variability in the range of reasonable fair value estimates is significant or that investment or probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Distributions of cash or quoted equity shares made by venture funds are recognised in the financial statements as and when they are received. Such distributions are initially treated as return of investment and are therefore offset against the cost of the investment. Any cash distributions received in excess of the cost of the investment are taken to profit or loss. Distributed quoted equity shares are stated at market value and any increases or decreases in carrying amount are included in other comprehensive income.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and assets under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of assets under construction, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold apartment	-	over remaining lease term of 34 years
Buildings and civil works	-	5% to $33^{1}/_{3}$%
Plant, machinery and equipment	-	10% to 25%
Office equipment, furniture and fittings	-	10% to 20%
Computers	-	20% to $33^{1}/_{3}$%
Motor vehicles and transport equipment	-	20%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

3 Significant accounting policies (cont'd)

3.5 Intangible assets and goodwill (cont'd)

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

3.6 Leased assets

Leases in term of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 30% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.1. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

3 Significant accounting policies (cont'd)

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provision for restoration cost relates to costs of dismantling and removing assets and restoring the premises to its original condition as stipulated in operating lease agreements.

3.11 Revenue

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards vary depending on the individual trade terms of the sales agreement.

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3 Significant accounting policies (cont'd)

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credit and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO 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 (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Significant accounting policies (cont'd)

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group and which the Group does not plan to early adopt are set out below.

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

  In accordance with the transitional provisions of FRS 110, the Group has re-evaluated its involvement with investees under the new control model and concluded that the control in the investees remained unchanged. There will be no impact to the Group's financial statements when the Group adopts FRS 110 in 2014.

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

  FRS 110 and FRS 112 are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The Group currently offsets receivables and payables due from or to the same counterparty if the Group has the legal right to set off the amounts when it is due and payable based on the contractual terms of the arrangement with the counterparty, and the Group intends to settle the amounts on a net basis. Based on the local laws and regulations in certain jurisdictions in which the counterparties are located, the set-off rights are set aside in the event of bankruptcy of the counterparties. On adoption of the amendments, the Group will have to present the respective receivables and payables on a gross basis as the right to set-off is not enforceable in the event of bankruptcy of the counterparty.

  The amendments will be applied retrospectively. As at 31 December 2013, the Group did not offset any receivables and payables due from or to the same counterparty as these balances are not intended to be settled on a net basis and therefore are presented on a gross basis in the statement of financial position.

4 Property, plant and equipment

Group	Note	Leasehold land $'000	Leasehold apartment $'000	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Assets under construction $'000	Total $'000
Cost										
At 1 January 2012		290	895	22,394	23,088	2,318	2,214	5,932	–	57,131
Disposal of a subsidiary	23	(284)	–	(530)	(801)	(23)	(14)	(128)	–	(1,780)
Additions		–	–	488	595	105	36	320	–	1,544
Disposals/write-offs		–	–	(9)	(1,046)	(672)	(683)	(146)	–	(2,556)
Reclassification		–	–	–	(25)	–	–	25	–	–
Effect of movements in exchange rates		(6)	(45)	(63)	(139)	(53)	(2)	(43)	–	(351)
At 31 December 2012		–	850	22,280	21,672	1,675	1,551	5,960	–	53,988
Additions		–	–	878	1,068	114	33	2,551	358	5,002
Disposals/write-offs		–	–	(127)	(503)	(54)	(52)	(95)	–	(831)
Effect of movements in exchange rates		–	38	13	48	40	(1)	(13)	–	125
At 31 December 2013		–	888	23,044	22,285	1,775	1,531	8,403	358	58,284
Accumulated depreciation and impairment losses										
At 1 January 2012		170	139	21,274	18,001	1,676	1,998	1,248	–	44,506
Disposal of a subsidiary	23	(170)	–	(386)	(664)	(18)	(13)	(110)	–	(1,361)
Depreciation for the year		4	39	295	853	153	71	816	–	2,231
Disposals/write-offs		–	–	(9)	(993)	(635)	(683)	(145)	–	(2,465)
Reclassification		–	–	–	(25)	–	–	25	–	–
Effect of movements in exchange rates		(4)	(6)	(42)	(97)	(31)	(1)	(33)	–	(214)
At 31 December 2012		–	172	21,132	17,075	1,145	1,372	1,801	–	42,697
Depreciation for the year		–	39	288	893	107	78	1,301	–	2,706
Disposals/write-offs		–	–	(127)	(341)	(47)	(52)	(32)	–	(599)
Effect of movements in exchange rates		–	8	21	46	24	(1)	(10)	–	88
At 31 December 2013		–	219	21,314	17,673	1,229	1,397	3,060	–	44,892
Carrying amounts										
At 1 January 2012		120	756	1,120	5,087	642	216	4,684	–	12,625
At 31 December 2012		–	678	1,148	4,597	530	179	4,159	–	11,291
At 31 December 2013		–	669	1,730	4,612	546	134	5,343	358	13,392

During the year, the Group acquired property, plant and equipment with an aggregate cost of $5,002,000 (2012: $1,544,000), of which $2,757,000 (2012: $1,312,000) were acquired under finance leases.

4 Property, plant and equipment (cont'd)

Company	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Assets under construction $'000	Total $'000
Cost							
At 1 January 2012	17,211	14,286	1,046	1,706	512	–	34,761
Additions	–	318	87	25	269	–	699
Disposals/write-offs	–	(999)	(515)	(672)	(35)	–	(2,221)
At 31 December 2012	17,211	13,605	618	1,059	746	–	33,239
Additions	–	201	86	33	–	358	678
Disposals/write-offs	–	–	–	(45)	–	–	(45)
At 31 December 2013	17,211	13,806	704	1,047	746	358	33,872
Accumulated depreciation and impairment losses							
At 1 January 2012	17,211	13,351	969	1,680	476	–	33,687
Depreciation for the year	–	139	36	27	31	–	233
Disposals/write-offs	–	(945)	(514)	(671)	(34)	–	(2,164)
At 31 December 2012	17,211	12,545	491	1,036	473	–	31,756
Depreciation for the year	–	166	23	19	73	–	281
Disposals/write-offs	–	–	–	(45)	–	–	(45)
At 31 December 2013	17,211	12,711	514	1,010	546	–	31,992
Carrying amounts							
At 1 January 2012	–	935	77	26	36	–	1,074
At 31 December 2012	–	1,060	127	23	273	–	1,483
At 31 December 2013	–	1,095	190	37	200	358	1,880

In 2012, the Company acquired property, plant and equipment with an aggregate cost of $699,000, of which $250,000 were acquired under finance leases.

At 31 December, the net carrying amount of property, plant and equipment acquired under finance leases is as follows:

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Plant, machinery and equipment	519	42	–	–
Computers	–	30	–	–
Motor vehicles	4,553	3,480	186	276

Sources of estimation uncertainty

The costs of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 34 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on the factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

5 Subsidiaries

	Company	
	2013	2012
	$'000	$'000
Equity investments at cost	51,654	48,840
Accumulated impairment losses	(41,667)	(41,667)
	9,987	7,173
Loans to subsidiaries	49,254	47,251
Accumulated impairment losses	(13,844)	(13,844)
	35,410	33,407
Interest in subsidiaries	45,397	40,580

The loans to subsidiaries are non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the loans are in substance, a part of the entity's net investment in the subsidiaries, they are classified as non-current and stated at cost less accumulated impairment losses.

Impairment assessment

During the year ended 31 December 2013, the Specialty Polymer CGU continued to incur losses, the Company assessed the recoverable amount of the Specialty Polymer CGU in accordance with the accounting policy of the Group and concluded that no further allowance for impairment loss was required (2012: An impairment loss of $9,500,000 was recognised in profit or loss).

The recoverable amount of the Specialty Polymer CGU was determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budget approved by management covering a seven-year period (the remaining useful life of the plant).

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amount of the Specialty Polymer CGU are discount rates and budgeted annual sales volume growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the specialty polymer industry and were based on both external and internal sources (historical date). The key assumptions were as follows:

	2013	2012
Company	%	%
Discount rate	8.30	8.75
Sales volume growth rate	6.19	5.00

Management determined the growth rate over sales volume based on its expectation of future market and the contracted volumes with its customers. The discount rates used are pre-tax and reflect specific risks relating to the Specialty Polymer CGU. Terminal value is nil.

5 Subsidiaries (cont'd)

Source of estimation uncertainty

The Company maintains impairment losses at a level considered adequate to provide for potential non-recoverability of investments in subsidiaries and associates and loans receivable from them. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments and loans. These factors include, but are not limited to, the activities and financial position of the entities, their payment behaviour and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgements or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded other expenses and decrease the carrying value of interest in subsidiaries and associates.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
Held by the Company				
CemtecAsia (H.K.) Limited(1)	Inactive	Hong Kong	100	100
CemtecAsia (M) Sdn Bhd(2)	Manufacture and sale of construction and building materials	Malaysia	100	100
Pacific Climate Solutions Pte Ltd	Carbon consultancy services	Singapore	100	100
S3 Technologies (S) Pte Ltd	Manufacture and sale of construction and building materials	Singapore	100	100
S3 Technologies Pte Ltd	Manufacture and sale of construction and building materials	Singapore	100	100
Sancem Investment Pte Ltd	Investment trading	Singapore	100	100
Shanghai S3 Building Materials Co Ltd(3)	Manufacture and sale of building materials	People's Republic of China	100	100
SsangYong Cement (S) Pte Ltd	Sale of building materials	Singapore	100	100
e-Invest Limited(2)	Investment holding	Hong Kong	100	100
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	100	100
SsangYong Cement Investment (S) Pte Ltd	Investment holding	Singapore	100	100

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
Held by the Company				
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	100	100
SsangYong LTI Pte Ltd	Investment holding	Singapore	100	100
EnGro (Asia) Pte Ltd(7)	Marketing and distribution of building materials	Singapore	80	–
Held by subsidiaries				
EnGro Chemicals Pte Ltd	Inactive	Singapore	100	100
MPT Pacific Technology Sdn Bhd(2)	Inactive	Malaysia	100	100
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	100	100
Top Mix Concrete (Malaysia) Sdn Bhd (formerly known as Compact Concrete Sdn Bhd)(4)	Manufacture and sale of concrete and other building materials	Malaysia	100	100
Pelopor Niaga Sdn Bhd(4)	Provision and supply of workers	Malaysia	100	100
Jointly held by the Company and subsidiaries				
R&P (Pte.) Ltd. (formerly known as Resin & Pigment Technologies Pte Ltd)	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	98.57	97.91
Burkill (Singapore) Pte Ltd	Inactive	Singapore	98.57	97.91
Resin & Pigment Technologies Sdn Bhd(5)	Inactive	Malaysia	98.57	97.91
Resin & Pigment Technologies (Wuxi) Co Ltd(6)	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	98.57	97.91

The auditors of all subsidiaries are KPMG LLP Singapore, except for the following:

(1) KT Chan and Company, Hong Kong.
(2) Other member firms of KPMG International in the respective country of incorporation.
(3) Shanghai Huiya Certified Public Accountants, China.
(4) Lim & Company, Malaysia.
(5) SQ Morrison, Malaysia.
(6) Wuxi Gong Qin CPAs Ltd, China.
(7) EnGro (Asia) Pte Ltd was a newly incorporated company during the year.

6 Associates

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Equity investments, at cost	54,174	54,174	45,030	45,030
Loan to an associate	15,213	15,213	15,213	15,213
Share of reserves*	24,416	18,553	–	–
Interests in associates	93,803	87,940	60,243	60,243

* Included in share of reserves are the Group's share of statutory common reserves of its associates of $14,133,000 (2012: $9,151,000) that are not distributable as cash dividends.

The Group's share of profit in its associates for the year was $21,470,000 (2012: $7,896,000).

The loan to an associate is non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the loan is in substance, a part of the entity's net investment in the associate, they are classified as non-current and stated at cost.

Details of the significant associates are as follows:

Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
Held by the Company				
HBS Investments Pte Ltd(1)	Investment holding	Singapore	30	30
HB Investments (China) Pte Ltd(1)	Investment holding	Singapore	20	20
Jiangsu Huailong Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Jinan Luxin Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan Tanglong Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan TangAng Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Wuhan Wuxin Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	33	33

6 Associates (cont'd)

Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
Held by subsidiaries				
VCEM Materials Co Ltd(3)	Manufacture and sale of specialty cement	South Korea	40	40
Changshu Changlong Concrete Co Ltd(4)	Manufacture and sale of building materials	People's Republic of China	40	40
Changshu Changxin Ready Mix Concrete Co Ltd(4)	Manufacture and sale of building materials	People's Republic of China	40	40
Changshu Changyin Ready Mix Concrete Co Ltd(5)	Manufacture and sale of building materials	People's Republic of China	40	40

The auditors of the associates are as follows:

(1) KPMG LLP, Singapore.

(2) For consolidation purposes, a member firm of KPMG International has performed specific audit procedures on certain significant accounts in accordance with International Standards on Auditing. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

(3) Samil PricewaterhouseCoopers, South Korea.

(4) Jiangsu Xinrui Certified Public Accountants Co., Limited, China.

(5) Changshu Xinlian Certified Public Accountants Co., Limited, China.

Summary financial information for associates, not adjusted for the percentage ownership held by the Group, is as follows:

	2013 $'000	2012 $'000
Assets and liabilities		
Total assets	413,697	383,333
Total liabilities	134,514	195,149
Results		
Revenue	342,542	272,374
Net profit after taxation	67,163	22,507

7 Other investments

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current investments				
Available-for-sale financial assets:				
- Debt security, unquoted	1,485	–	–	–
- Equity securities, quoted	1,840	183	–	–
- Equity securities, unquoted	12,809	14,166	58	58
Available-for-sale financial assets at amortised cost:				
- Equity securities, unquoted	2,033	2,099	1,217	1,217
	18,167	16,448	1,275	1,275
Current investments				
Financial assets classified as held for trading				
- Equity securities	7,066	8,430	183	–
- Debt securities	495	1,261	495	506
	7,561	9,691	678	506

An impairment loss of $517,000 (2012: $245,000) in respect of available-for-sale equity securities of the Group was recognised in the profit or loss during the year.

The unquoted debt security classified as an available-for-sale investment with a carrying amount of $1,485,000 at 31 December 2013 (2012: Nil) bears interest at 8% per annum (2012: Nil) and matures in September 2015.

The Group's and the Company's exposure to credit and market risks and fair value information related to other investments are disclosed in note 24.

8 Other financial assets

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Club membership, at cost	238	238	238	238
Accumulated impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172

9 Inventories

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Raw materials	1,702	1,564	–	–
Work in progress	32	28	–	–
Goods-in-transit	3,774	6,878	3,796	6,945
Finished goods	2,753	3,846	2,753	3,846
	8,261	12,316	6,549	10,791

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventory items are identified as obsolete and the allowance is charged to profit or loss. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. In addition to an allowance for specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews on a monthly basis the condition of its inventory. An increase in the Group's allowance for obsolescence would increase the Group's recorded changes in finished goods and work in progress and decrease its inventory (current assets).

10 Trade and other receivables

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current				
Amount due from associates, non-trade	2,520	2,881	–	–
Current				
Trade receivables due from				
- Subsidiaries	–	–	10,318	8,889
- Third parties	27,378	33,199	13,338	17,525
	27,378	33,199	23,656	26,414
Allowance for doubtful receivables	(523)	(557)	–	–
Net trade receivables	26,855	32,642	23,656	26,414
Non-trade receivables due from subsidiaries	–	–	8,989	7,861
Allowance for doubtful receivables	–	–	(56)	(74)
	–	–	8,933	7,787
Non-trade receivables due from associates	2,381	7,648	2,275	7,638
Deposits	695	448	34	34
Other receivables	496	264	16	261
Tax recoverable	398	132	–	–
Net non-trade receivables	3,970	8,492	11,258	15,720
Loans and receivables	30,825	41,134	34,914	42,134
Prepayments	5,406	7,113	4,997	6,998
	36,231	48,247	39,911	49,132
Loans and receivables (non-current and current)	33,345	44,015	34,914	42,134

10 Trade and other receivables (cont'd)

The non-current amount due from associates pertains to dividend receivable from associates which is unsecured, interest-free and is not expected to be settled within the next twelve months.

All other outstanding balances, including loans, with subsidiaries and associates are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 24.

11 Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fixed deposits	1,941	5,302	500	3,892
Bank balances	62,766	22,428	43,925	13,073
Cash and cash equivalents in the statement of financial position	64,707	27,730	44,425	16,965
Fixed deposits pledged	(606)	(610)		
Cash and cash equivalents in the consolidated statement of cash flows	64,101	27,120		

Fixed deposits pledged represent bank balances of certain subsidiaries pledged as security to obtain credit facilities.

The weighted average effective interest rates per annum relating to cash and cash equivalents at 31 December 2013 for the Group and the Company are 0.2% (2012: 0.4%) and 0.2% (2012: 0.5%) per annum respectively.

12 Capital and reserves

Share Capital

	Ordinary shares			
	2013	2013	2012	2012
Company	No. of shares '000	$'000	No. of shares '000	$'000
In issue at 1 January	118,273	84,158	118,233	84,128
Issue of shares under share options scheme	430	1,105	40	30
In issue at 31 December	118,703	85,263	118,273	84,158

All issued shares are fully paid, with no par value.

All shares rank equally with regard to the Company's residual assets.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

12 Capital and reserves (cont'd)

Issuance of ordinary shares

During the year, the Company issued 250,000 (2012: 40,000) ordinary shares under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme at an exercise price of $0.75 (2012: $0.75) per ordinary share and 180,000 (2012: Nil) ordinary shares under the EnGro Corporation Limited 2011 Employees' Share Option Scheme at an exercise price of $0.79 (2012: Nil) per ordinary share.

Reserves

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Foreign currency translation reserve	(4,771)	(9,112)	–	–
Fair value reserve	7,385	6,643	–	–
Share option reserve	192	948	192	948
Reserve for own shares	(302)	(261)	(302)	(261)
Capital reserve	(22)	–	(22)	–
	2,482	(1,782)	(132)	687
Accumulated profits	126,618	104,303	91,274	71,249
	129,100	102,521	91,142	71,936

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, as well as foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group, which is recorded as a deduction of equity. As at 31 December 2013, the Group held 324,000 (2012: 288,000) of the Company's shares.

Capital reserve

Capital reserve arises from the difference between proceeds from the disposal of treasury shares and the cost of the treasury shares disposed.

13 Employee share options

Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the ESOS 2000)

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the ESOS 2000) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2000 is set out below:

(a) Options were granted on 1 December 2006 (Option 1), 8 January 2008 (Option 2) and 30 March 2009 (Option 3).

(b) The exercise prices of the options are set at $0.75 per share (Option 1), $1.17 per share (Option 2) and $0.55 per share (Option 3).

(c) The options can be exercised after 1 December 2007 (Option 1), 8 January 2009 (Option 2) and 30 March 2010 (Option 3).

(d) The options granted shall expire on 1 December 2016 (Option 1), 8 January 2018 (Option 2) and 30 March 2019 (Option 3).

EnGro Corporation Limited 2011 Employees' Share Option Scheme (the ESOS 2011)

The EnGro Corporation Limited 2011 Employees' Share Option Scheme (the ESOS 2011) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2011. The ESOS 2011 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2011 is set out below:

(a) Option was granted on 18 April 2012.

(b) The exercise price of the option is set at $0.79 per share.

(c) The option can be exercised after 18 April 2013.

(d) The option granted shall expire on 18 April 2022.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	2013		2012	
	Weighted average exercise price $	**No. of options '000**	**Weighted average exercise price $**	**No. of options '000**
Outstanding at 1 January	0.90	2,167	0.94	2,000
Granted	–	–	0.79	710
Forfeited	0.79	(35)	0.87	(503)
Exercised	0.74	(545)	0.75	(40)
Outstanding at 31 December	0.96	1,587	0.90	2,167
Exercisable at 31 December	0.96	1,587	0.90	2,167

13 Employee share options (cont'd)

The details of shares issued from the exercising of share options are as follows:

	2013		2012	
	No. of ordinary shares issued '000	**No. of treasury shares issued '000**	**No. of ordinary shares issued '000**	**No. of treasury shares issued '000**
Options exercised and exercise price				
ESOS 2000				
Option 1 - $0.75 each	250	–	40	–
Option 3 - $0.55 each	–	80	–	–
ESOS 2011				
$0.79 each	180	35	–	–
	430	115	40	–

At 31 December 2013, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted to 1,137,500 shares (2012: 1,467,500 shares) and under its EnGro Corporation Limited 2011 Employees' Share Option Scheme amounted to 450,000 shares (2012: 700,000 shares).

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes formula. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

	ESOS 2000			ESOS 2011
	Option 1	**Option 2**	**Option 3**	
Date of grant of options	**1 December 2006**	**8 January 2008**	**30 March 2009**	**18 April 2012**
Fair value at measurement date	$0.10	$0.14	$0.08	$0.15
Share price	$1.12	$1.17	$0.55	$0.79
Exercise price	$1.13	$1.17	$0.55	$0.79
Exercise price adjusted	$0.75	–	–	–
Expected volatility	19.4%	31.6%	32.6%	42.1%
Expected option life	5 years	5 years	5 years	5 years
Expected dividends	5.38%	7.64%	6.02%	6.66%
Risk-free interest rate	3.01%	2.39%	2.04%	1.53%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

On 18 April 2012, 710,000 options were granted under the EnGro Corporation Limited 2011 Employee's Share Option Scheme.

14 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 24.

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current liabilities				
Finance lease liabilities	3,871	2,556	154	191
Current liabilities				
Unsecured bank loans	–	281	–	–
Unsecured loans from subsidiaries	–	–	8,551	8,293
Finance lease liabilities	1,106	694	34	51
	1,106	975	8,585	8,344
	4,977	3,531	8,739	8,535

The loans from subsidiaries are unsecured, interest-free and repayable on demand.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings, excluding loans from subsidiaries, are as follows:

	Nominal interest rate	Year of maturity	2013		2012	
			Face value	Carrying amount	Face value	Carrying amount
	%		$'000	$'000	$'000	$'000
Group						
SGD fixed rate						
- loan A (unsecured)	5.00	2013	–	–	281	281
Finance lease liabilities	1.30 - 3.05	2013 - 2020	5,368	4,977	3,515	3,250
			5,368	4,977	3,796	3,531
Company						
Finance lease liabilities	1.50 - 3.30	2013 - 2018	205	188	265	242

14 Loans and borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2013 Future minimum lease payments $'000	2013 Present value of minimum lease payments $'000	2012 Future minimum lease payments $'000	2012 Present value of minimum lease payments $'000
Group				
Within one year	1,247	1,106	794	694
Between two to five years	4,113	3,863	2,721	2,556
More than five years	8	8	–	–
	5,368	4,977	3,515	3,250
Less: Future finance charges	(391)		(265)	
Present value of obligation	4,977		3,250	
Company				
Within one year	42	34	57	51
Between two to five years	163	154	208	191
	205	188	265	242
Less: Future finance charges	(17)		(23)	
Present value of obligation	188		242	

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Movements in deferred tax assets and liabilities of the Group during the year, after appropriate offsetting, are as follows:

	At 1 January 2013 $'000	Debited to share of profit of associates $'000	Withholding tax paid $'000	Reversal of deferred tax liabilities $'000	At 31 December 2013 $'000
Group					
Deferred tax liabilities/(assets)					
Withholding tax on share of associates' profits	709	287	(171)	(23)	802

15 Deferred tax assets and liabilities (cont'd)

	At 1 January 2012 $'000	Debited to share of profit of associates $'000	Withholding tax paid $'000	Disposal of a subsidiary $'000	At 31 December 2012 $'000
Group					
Deferred tax liabilities/(assets)					
Property, plant and equipment	40	–	–	(40)	–
Withholding tax on share of associates' profits	621	324	(236)	–	709
	661	324	(236)	(40)	709

The following temporary differences have not been recognised in respect of the following items:

	Group	
	2013 $'000	2012 $'000
Unabsorbed tax losses	46,843	50,973
Unabsorbed wear and tear allowances	806	806
Unutilised donations	4,145	3,052
Deductible temporary differences	9,664	9,664
Unremitted overseas income	(33,108)	(29,541)
	28,350	34,954

The tax losses and unabsorbed wear and tear allowances at 31 December 2013 are available for carry forward and set off against future taxable income subject to agreement with the Comptroller of Income Tax and compliance with Section 37 of the Income Tax Act Chapter 134. Certain of the Group's subsidiaries are subject to agreement by the foreign tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate in. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in accordance with the Group's accounting policy as set out in note 3.14.

16 Trade and other payables

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	10,398	8,368	4,331	2,419
Advances from customers	589	518	500	500
Accrued expenses	9,283	10,929	7,355	8,962
Other payables	3,722	5,293	3,163	4,637
	23,992	25,108	15,349	16,518

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 24.

17 Revenue

Revenue of the Group represents net sales of goods billed to external customers. Transactions within the Group are eliminated.

18 Finance income and finance costs

Recognised in profit or loss

	Group	
	2013	**2012**
	$'000	**$'000**
Finance income		
Dividend income from other investments	1,288	1,373
Interest income on bank deposits	199	235
Other investment income	349	211
Net change in fair value of financial assets held for trading at fair value through profit or loss	1,201	–
Exchange gains	813	–
	3,850	1,819
Finance costs		
Interest expense on bank borrowings	(6)	(36)
Interest expense on finance lease liabilities	(9)	(7)
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		
- loss on disposal of other investment	(25)	(11)
Impairment losses on equity securities available-for-sale financial assets	(517)	(245)
Net change in fair value of financial assets held for trading at fair value through profit or loss	–	(424)
Exchange losses	–	(1,281)
	(557)	(2,004)

19 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2013	2012
	$'000	$'000
Allowance for doubtful receivables	24	97
Bad debts written off	4	–
Loss/(Gain) on disposal of property, plant and equipment	112	(18)
Contributions to defined contribution plans	745	763
Audit fees paid to:		
- auditors of the Company	417	402
- other auditors	24	20
Non-audit fees paid to:		
- auditors of the Company	53	74
Operating lease expense	1,999	1,918
Reversal of inventory obsolescence	–	(115)
Loss on disposal of a subsidiary	–	17

20 Tax expense

	Group	
	2013	2012
	$'000	$'000
Current tax expense		
Current year	253	302
Under/(Over) provided in prior years	73	(14)
	326	288
Reconciliation of effective tax rate		
Profit before tax	26,175	11,616
Less: Share of profit of associates (net of tax)	(21,470)	(7,896)
	4,705	3,720
Tax using the Singapore tax rate of 17% (2012: 17%)	800	632
Effect of tax rates in foreign jurisdictions	(2)	68
Non-deductible expenses	1,496	617
Tax exempt income	(1,605)	(200)
Utilisation of deferred tax benefits previously not recognised	(702)	(1,103)
Unrecognised deferred tax assets	186	314
Under/(Over) provided in prior years	73	(14)
Tax deducted at source	96	–
Others	(16)	(26)
	326	288

21 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of $25,862,000 (2012: $11,369,000), and a weighted average number of ordinary shares outstanding of 118,225,000 (2012: 118,205,000), calculated as follows:

Weighted average number of ordinary shares

	Group	
	2013 No. of shares '000	2012 No. of shares '000
Issued ordinary shares at 1 January (excluding treasury shares)	117,985	118,233
Effect of share options exercised	360	1
Effect of own shares held	(120)	(29)
Weighted average number of ordinary shares during the year	118,225	118,205

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2013 was based on profit attributable to ordinary shareholders of $25,862,000 (2012: $11,369,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,420,000 (2012: 118,353,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2013 No. of shares '000	2012 No. of shares '000
Weighted average number of ordinary shares (basic)	118,225	118,205
Potential ordinary shares issuable under share options	195	148
Weighted average number of ordinary shares (diluted) during the year	118,420	118,353

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options with the potential ordinary shares weighted for the period outstanding.

22 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products or services, and are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Cement and building materials: Manufacture and sale of cement, ready-mix concrete and building materials.

- Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.

- Investments: Trading of equity securities, debt securities and holding of investments in venture capital funds and equity securities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. 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 mainly comprise interest-earning fixed deposits and interest income, interest-bearing loans, borrowings and interest expenses and tax assets and liabilities. Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Total $'000
Revenue and expenses				
2013				
External revenues, representing consolidated revenue	159,841	6,241	4	166,086
Dividend income	–	–	1,288	1,288
Reportable segment profit/(loss) before tax	2,962	(872)	2,431	4,521
Share of profit of associates	7,180	–	14,290	21,470
	10,142	(872)	16,721	25,991
Interest expense				(15)
Interest income				199
Tax expense				(326)
Profit for the year				25,849

22 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Total $'000
Revenue and expenses				
2012				
External revenues, representing consolidated revenue	132,227	5,277	39	137,543
Dividend income	–	–	1,373	1,373
Reportable segment profit/(loss) before tax	5,000	(1,923)	451	3,528
Share of profit of associates	7,588	–	308	7,896
	12,588	(1,923)	759	11,424
Interest expense				(43)
Interest income				235
Tax expense				(288)
Profit for the year				11,328
Assets and liabilities				
2013				
Total assets for reportable segments	106,027	4,726	37,919	148,672
Investments in associates				93,803
Other unallocated amounts				2,339
Consolidated total assets				244,814
Total liabilities for reportable segments	27,873	977	120	28,970
Other unallocated amounts				1,328
Consolidated total liabilities				30,298
2012				
Total assets for reportable segments	85,656	4,156	33,530	123,342
Investments in associates				87,940
Other unallocated amounts				5,434
Consolidated total assets				216,716
Total liabilities for reportable segments	27,405	861	91	28,357
Other unallocated amounts				1,514
Consolidated total liabilities				29,871

22 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Total $'000
Other segment information				
2013				
Capital expenditure	4,689	313	–	5,002
Depreciation	2,176	530	–	2,706
Impairment losses on equity securities available-for-sale financial assets	–	–	517	517
2012				
Capital expenditure	1,306	238	–	1,544
Depreciation	1,667	564	–	2,231
Impairment losses on equity securities available-for-sale financial assets	–	–	245	245

Reconciliation of reportable segment profit or loss

	2013 $'000	2012 $'000
Profit or loss		
Total profit or loss for reportable segments	4,521	3,528
Unallocated amounts	184	192
Share of profit of associates	21,470	7,896
Consolidated profit before tax	26,175	11,616

22 Operating segments (cont'd)

Geographical Segments

The Group's operations are mainly in Singapore, Malaysia and People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore $'000	Malaysia $'000	People's Republic of China $'000	Elimination $'000	Total $'000
2013					
External customers	147,412	14,705	3,969	–	166,086
Inter-segment revenue	17,759	2,605	–	(20,364)	–
Total revenue	165,171	17,310	3,969	(20,364)	166,086
Total assets for reportable segments	131,426	11,316	5,930	–	148,672
Investments in associates					93,803
Other unallocated amounts					2,339
Consolidated total assets					244,814
2012					
External customers	121,732	8,016	7,795	–	137,543
Inter-segment revenue	15,030	610	–	(15,640)	–
Total revenue	136,762	8,626	7,795	(15,640)	137,543
Total assets for reportable segments	113,434	3,763	6,145	–	123,342
Investments in associates					87,940
Other unallocated amounts					5,434
Consolidated total assets					216,716

23 Disposal of a subsidiary

In 2012, the Group disposed the entire shares held in S3 Technologies Sdn Bhd, a wholly owned subsidiary. The net assets disposed and forms of consideration are shown below:

	$'000
Trade and other receivables	860
Inventories	292
Property, plant and equipment	419
Bank overdraft	(67)
Trade and other payables	(717)
Loans and borrowings	(129)
Deferred tax liabilities	(40)
Net assets disposed	618
Realisation of foreign currency translation reserve	532
Loss on disposal of a subsidiary	(17)
Sales proceeds	1,133
Consideration	1,133
Less:	
Bank overdraft disposed	67
Outstanding consideration to be received within next 12 months from date of disposal	(256)
Net cash inflow on disposal of a subsidiary (as shown in statement of cash flows)	944

The above disposed subsidiary contributed net loss of $52,000 from 1 January 2012 to the date of disposal.

24 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

24 Financial instruments (cont'd)

Risk management framework (cont'd)

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Trade and other receivables

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit, taking into account their financial position, past payment experience with the Group and available independent ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Group		**Company**	
	Note	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Available-for-sale financial assets					
- Equity securities	7	16,682	16,448	1,275	1,275
- Debt security	7	1,485	–	–	–
Investment securities classified as held for trading	7	7,561	9,691	678	506
Loans and receivables	10	33,345	44,015	34,914	42,134
Cash and cash equivalents	11	64,707	27,730	44,425	16,965
Recognised financial assets		123,780	97,884	81,292	60,880

24 Financial instruments (cont'd)

Exposure to credit risk (cont'd)

The ageing of loans and receivables at the reporting date was:

	2013		2012	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	28,634	–	37,284	–
Past due 0 – 30 days	3,269	–	4,523	–
Past due 31 – 90 days	825	–	1,617	–
Past due 91 days	1,140	(523)	1,148	(557)
	33,868	(523)	44,572	(557)
Company				
Not past due	33,261	–	40,167	–
Past due 0 – 30 days	1,502	–	1,885	–
Past due 31 – 90 days	101	–	31	–
Past due 91 days	106	(56)	125	(74)
	34,970	(56)	42,208	(74)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	557	475	74	74
Impairment loss recognised in profit or loss	24	97	–	–
Amount utilised	(47)	–	(18)	–
Translation difference	(11)	(15)	–	–
At 31 December	523	557	56	74

Based on historical default rates, the Group believes that no additional impairment allowance is necessary in respect of the Group's outstanding receivables. These receivables are mainly with customers that have a good payment record with the Group.

24 Financial instruments (cont'd)

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At 31 December 2013, the Group's exposure to credit risk comprises $26,334,000 (2012: $40,584,000), $2,582,000 (2012: $1,724,000) and $4,429,000 (2012: $1,707,000) from companies in the geographic regions of Singapore, People's Republic of China and others respectively.

At 31 December 2013, the Group's exposure to credit risk primarily comprises $32,085,000 (2012: $43,424,000) from construction companies.

Source of estimation uncertainty

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgements or utilised different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded operating expenses and decrease its receivables (current assets).

Cash and cash equivalents

The Group held cash and cash equivalents of $64,707,000 at 31 December 2013 (2012: $27,730,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Generally, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

24 Financial instruments (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 2 to 5 years $'000	More than 5 years $'000
Group					
2013					
Non-derivative financial liabilities					
Finance lease liabilities	4,977	(5,368)	(1,247)	(4,113)	(8)
Trade and other payables*	23,396	(23,396)	(23,396)	–	–
	28,373	(28,764)	(24,643)	(4,113)	(8)
2012					
Non-derivative financial liabilities					
Fixed interest rate loans	281	(281)	(281)	–	–
Finance lease liabilities	3,250	(3,515)	(794)	(2,721)	–
Trade and other payables*	24,583	(24,583)	(24,583)	–	–
	28,114	(28,379)	(25,658)	(2,721)	–

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 2 to 5 years $'000	More than 5 years $'000
Company					
2013					
Non-derivative financial liabilities					
Finance lease liabilities	188	(205)	(42)	(163)	–
Trade and other payables*	14,849	(14,849)	(14,849)	–	–
Unsecured loans from subsidiaries	8,550	(8,550)	(8,550)	–	–
	23,587	(23,604)	(23,441)	(163)	–
2012					
Non-derivative financial liabilities					
Finance lease liabilities	242	(265)	(57)	(208)	–
Trade and other payables*	16,018	(16,018)	(16,018)	–	–
Unsecured loans from subsidiaries	8,293	(8,293)	(8,293)	–	–
	24,553	(24,576)	(24,368)	(208)	–

* *excludes advances from customers and provision for loss on claim*

24 Financial instruments (cont'd)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases, investments and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are US dollar and China renminbi.

At 31 December, the Group's and the Company's exposure to currencies, other than the respective functional currency of each individual company within the Group, are as follows:

	US dollar $'000	China renminbi $'000
Group		
2013		
Trade and other receivables	5,051	9,934
Cash and cash equivalents	15,619	2,619
Investments	4,579	–
Trade and other payables	(95)	(7)
	25,154	12,546
2012		
Trade and other receivables	6,499	7,122
Cash and cash equivalents	2,485	3,655
Investments	4,298	–
Trade and other payables	(76)	(9)
	13,206	10,768
Company		
2013		
Trade and other receivables	4,949	7,415
Cash and cash equivalents	12,665	2,117
Investments	58	–
Loans to subsidiaries	32,410	–
Trade and other payables	–	(2)
	50,082	9,530
2012		
Trade and other receivables	6,432	7,895
Cash and cash equivalents	895	3,590
Investments	58	–
Loans to subsidiaries	15,995	822
Trade and other payables	(2)	–
	23,378	12,307

24 Financial instruments (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the following currencies at 31 December would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012, as indicated below:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Profit before tax				
US dollar	(2,515)	(1,321)	(5,008)	(2,332)
China renminbi	(1,255)	(1,077)	(953)	(1,231)

A 10% weakening of the Singapore dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Nominal amount	
	2013	2012
	$'000	$'000
Fixed rate instruments		
Debt security	1,485	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the debt security at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased fair value reserves by approximately $148,500 (2012: Nil) for the Group.

Cash flow sensitivity analysis for variable rate instruments

There is no significant interest rate risk relating to variable rate instruments.

24 Financial instruments (cont'd)

Equity price risk

Sensitivity analysis

For investments classified as available-for-sale financial assets, a 10% increase in the equity prices at the reporting date would have increased equity by $1,465,000 (2012: an increase of $1,435,000). For investments classified as fair value through profit or loss, the impact on profit before tax would have been an increase of $707,000 (2012: $843,000). The analysis is performed on the same basis for 2012. A 10% decrease in equity prices would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, accumulated profits and non-controlling interests of the Group. The Board of Directors monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Designated as held for trading $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group							
31 December 2013							
Cash and cash equivalents	11	–	64,707	–	–	64,707	64,707
Trade and other receivables	10	–	33,345	–	–	33,345	33,345
Available-for-sale securities							
- Debt security	7	–	–	1,485	–	1,485	1,485
- Equity securities	7	–	–	16,682	–	16,682	16,682
Financial assets classified as held for trading	7	7,561	–	–	–	7,561	7,561
		7,561	98,052	18,167	–	123,780	123,780
Finance lease liabilities	14	–	–	–	(4,977)	(4,977)	(4,977)
Trade and other payables	16	–	–	–	(23,396)	(23,396)	(23,396)
		–	–	–	(28,373)	(28,373)	(28,373)

24 Financial instruments (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Designated as held for trading $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group							
31 December 2012							
Cash and cash equivalents	11	–	27,730	–	–	27,730	27,730
Trade and other receivables	10	–	44,015	–	–	44,015	44,015
Available-for-sale equity securities	7	–	–	16,448	–	16,448	16,448
Financial assets classified as held for trading	7	9,691	–	–	–	9,691	9,691
		9,691	71,745	16,448	–	97,884	97,884
Unsecured bank loans	14	–	–	–	(281)	(281)	(281)
Finance lease liabilities	14	–	–	–	(3,250)	(3,250)	(3,250)
Trade and other payables	16	–	–	–	(24,583)	(24,583)	(24,583)
		–	–	–	(28,114)	(28,114)	(28,114)
Company							
31 December 2013							
Cash and cash equivalents	11	–	44,425	–	–	44,425	44,425
Trade and other receivables	10	–	34,877	–	–	34,877	34,877
Available-for-sale equity securities	7	–	–	1,275	–	1,275	1,275
Financial assets classified as held for trading	7	678	–	–	–	678	678
		678	79,302	1,275	–	81,255	81,255
Finance lease liabilities	14	–	–	–	(188)	(188)	(188)
Trade and other payables	16	–	–	–	(14,849)	(14,849)	(14,849)
		–	–	–	(15,037)	(15,037)	(15,037)
31 December 2012							
Cash and cash equivalents	11	–	16,965	–	–	16,965	16,965
Trade and other receivables	10	–	42,134	–	–	42,134	42,134
Available-for-sale equity securities	7	–	–	1,275	–	1,275	1,275
Financial assets classified as held for trading	7	506	–	–	–	506	506
		506	59,099	1,275	–	60,880	60,880
Finance lease liabilities	14	–	–	–	(242)	(242)	(242)
Trade and other payables	16	–	–	–	(16,018)	(16,018)	(16,018)
		–	–	–	(16,260)	(16,260)	(16,260)

24 Financial instruments (cont'd)

Source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the Group's investments within the next financial year are discussed below.

Fair values of all quoted investments are determined with reference to their last quoted bid market prices at the reporting date.

Fair values of investments in private equity funds are derived based on latest available valuations obtained from the General Partners of the funds, which are determined with reference to net asset value or latest financing price of the funds. The valuations are adjusted for any capital contributions paid and distributions received.

Carrying amounts of unquoted equity securities are stated at cost less impairment losses when the fair values cannot be reliably measured because of variability in the range of reasonable fair value estimates is significant or that investment or probabilities of various estimates within the range cannot be reasonably assessed and used in estimating fair value.

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2013				
Financial assets held for trading	7,066	495	–	7,561
Available-for-sale financial assets	1,840	1,656	12,638	16,134
	8,906	2,151	12,638	23,695
31 December 2012				
Financial assets held for trading	8,430	1,261	–	9,691
Available-for-sale financial assets	183	481	13,685	14,349
	8,613	1,742	13,685	24,040

24 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2013				
Financial assets held for trading	–	678	–	678
Available-for-sale financial assets	–	–	58	58
	–	678	58	736
31 December 2012				
Financial assets held for trading	–	506	–	506
Available-for-sale financial assets	–	–	58	58
	–	506	58	564

The above table excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature.

During the year ended 31 December 2013, available-for-sale financial assets with a carrying amount of $1,470,000 (2012: Nil) were transferred out of Level 3 into Level 1 because the quoted securities held by a venture capital fund was distributed as equity shares directly to the Company.

Apart from above, there were no other transfers between Level 1 and Level 2, or transfers into Level 3 noted during the years ended 31 December 2012 and 2013. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Available-for-sale equity securities	
	2013 $'000	2012 $'000
Group		
At 1 January	13,685	15,919
Total losses recognised in profit or loss	(517)	(118)
Total gains recognised in other comprehensive income	790	1,395
Purchases	1,308	1,468
Settlements	(1,668)	(4,002)
Transfer out of Level 3	(1,470)	–
Exchange movement	510	(977)
At 31 December	12,638	13,685
Company		
At 1 January	58	117
Total losses recognised in other comprehensive income	–	(7)
Settlements	–	(52)
At 31 December	58	58

24 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

At 31 December 2013 and 31 December 2012, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

Available-for-sale equity securities in Level 3 of the fair value hierarchy consist of investments in venture capital funds ("VCFs"). Fair values of VCFs are derived based on net asset values ("NAV") obtained from the Fund Managers as at 31 December 2013. Otherwise, the latest available valuation obtained is adjusted for any capital contributions and distributions where relevant, up to 31 December 2013, to determine the fair values of these venture capital funds as at 31 December 2013.

The underlying assets of the VCFs consist of quoted and unquoted debt and equity securities which are classified as held for trading financial assets recognised at fair value through profit or loss. On a quarterly basis, the Fund Managers perform a valuation of the portfolio of their respective companies. The fair values of investments in quoted equity and debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date. Fair value of investments in unquoted debt and equity securities are determined by obtaining broker quotes, last round financing price or similar recent transactions in the private market led by a reputable valuer.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
NAV	Value of the underlying assets (mainly investments) of the VCFs	The estimated fair value would increase/ decrease if NAV was higher/lower

For the fair value of available-for-sale Level 3 financial assets, increasing the significant unobservable input by 10% at the reporting date would have increased equity by $1,264,000 (2012: an increase of $1,369,000). A 10% decrease in the significant unobservable input would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

25 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities and debt securities

The fair values of investments in equity and debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date, or where such information is unavailable, based on broker quotes (Level 2 fair values) or determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using contractual or expected future cash flows as applicable, and a market-related discount rate.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

25 Determination of fair values (cont'd)

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

26 Operating leases

Leases as lessee

At reporting date, the Group and the Company had operating lease commitments for future minimum lease payments under non-cancellable operating leases of warehouse, factory and office space and trucks as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within one year	3,351	1,038	649	402
Between two to five years	2,292	1,875	1,294	334
More than five years	4,879	93	4,879	–
	10,522	3,006	6,822	736

Leases as lessor

The Group leases out its batching plants. The future minimum lease payments under non-cancellable leases are as follows:

	Group	
	2013	2012
	$'000	$'000
Within one year	389	378
Between two to five years	292	662
	681	1,040

27 Capital commitments

As at year end, the Group has commitments amounting to $7,394,000 (2012: $3,604,000) in respect of additional investments in venture capital funds.

28 Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

28 Related parties (cont'd)

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors, department heads and the chief executive officer are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2013	**2012**
	$'000	**$'000**
Directors' fees	258	295
Short-term employee benefits		
- directors	2,067	1,431
- other management personnel	1,478	1,270
	3,803	2,996

Other related parties transactions

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

In 2013, sales of finished goods by the Company to its subsidiaries amounted to $17,759,000 (2012: $15,030,000).

In 2013, purchases of finished goods by the Company from an associate amounted to $11,056,000 (2012: $5,993,000).

During the year, the Group had the following transactions with Ho Bee Cove Pte Ltd, a company in which a substantial shareholder of the Company has interest in.

	2013	**2012**
	$'000	**$'000**
Dividends received	1,000	1,000

During the year, the Group had no loan granted (2012: $1,329,000) to HBS Investments Pte Ltd. There was repayment of loan amounting to $5,384,000 by HBS Investment Pte Ltd during the year.

In 2013, the dividends received from associates amounted to $19,499,000 (2012: $4,296,000).

29 Subsequent events

After the reporting date, the Directors proposed the following dividends which have not been provided for in the financial statements:

	Group and Company	
	2013	**2012**
	$'000	**$'000**
Final one-tier dividend proposed of 3 cents per share (2012: 3 cents per share)	3,561	3,547
Special one-tier dividend proposed of 2 cents per share (2012: Nil)	2,374	–
	5,935	3,547

Supplementary Information
(SGX-ST Listing Manual disclosure requirements)

1 Directors' Remuneration – Group and Company

The number of directors in each of the remuneration bands are as follows:

	Number of directors	
	2013	**2012**
$1,250,001 to $1,500,000	1	–
$750,001 to $1,000,000	–	1
$500,001 to $750,000	1	1
Below $250,000	3	5
Total	5	7

2 Interested Person Transactions

There were no transactions entered into by the Group with interested persons and their affiliates, as defined in the SGX Listing Manual.

Share Capital

Issued & fully paid-up	:	$85,263,072.50
Class of shares	:	Ordinary shares
Voting rights excluding treasury shares	:	one vote per ordinary share
Number of issued shares excluding treasury shares	:	118,378,500
Number of treasury shares	:	324,000
Percentage of treasury shares	:	0.27%

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	184	9.34	47,557	0.04
1,000 - 10,000	1,307	66.38	4,980,192	4.21
10,001 - 1,000,000	467	23.72	25,403,416	21.46
1,000,001 and above	11	0.56	87,947,335	74.29
Total	**1,969**	**100.00**	**118,378,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	AFRO-ASIA INTERNATIONAL ENTERPRISES PTE LIMITED	44,463,000	37.56
2.	AFRO ASIA SHIPPING CO PTE LTD	14,270,500	12.05
3.	UOB KAY HIAN PRIVATE LIMITED	13,158,010	11.12
4.	CHUA WEE KENG	5,103,000	4.31
5.	DBS NOMINEES (PRIVATE) LIMITED	2,373,775	2.01
6.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,713,050	1.45
7.	MORPH INVESTMENTS LTD	1,596,500	1.35
8.	TAN CHOO SUAN	1,419,000	1.20
9.	PERFORMANCE INVESTMENT PTE LTD	1,404,000	1.19
10.	ZEN PROPERTY MANAGEMENT PTE LTD	1,282,500	1.08
11.	NG SOO GIAP OR CHEW SOOI GUAT	1,164,000	0.98
12.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	862,500	0.73
13.	NEW TOWN DEVELOPMENT PTE LTD	826,000	0.70
14.	KWOK HAE MENG	714,250	0.60
15.	SON FONG MENG	706,000	0.60
16.	LIM CHER KHIANG	653,323	0.55
17.	TAN CHOO HOON @ TAN CHENG GAY	606,750	0.51
18.	MAYBANK KIM ENG SECURITIES PTE. LTD.	558,050	0.47
19.	CITIBANK NOMINEES SINGAPORE PTE LTD	538,500	0.45
20.	CHEN ENYI	500,000	0.42
	TOTAL	**93,912,708**	**79.33**

Note:
The percentages are computed based on 118,378,500 ordinary shares (excluding 324,000 shares held as treasury shares) as at 18 March 2014.

Shareholding Held in the Hands of Public

Based on the information available to the Company as at 18 March 2014, 44.40% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

SUBSTANTIAL SHAREHOLDERS

as shown in the Company's Register of Substantial Shareholders as at 18 March 2013

Name of Substantial Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares		Total Number of Shares	% of Issued Share Capital
Tan Choo Suan	1,419,000	60,137,500	(1) & (7)	61,556,500	52.00
Chua Thian Poh	165,000	45,745,500	(2)	45,910,500	38.78
Ho Bee Holdings (Pte) Ltd	–	45,745,500	(3)	45,745,500	38.64
Tan Choo Pin	25,500	44,463,000	(4)	44,488,500	37.58
Ng Giok Oh	–	15,674,500	(5)	15,674,500	13.24
Afro-Asia International Enterprises Pte. Limited	44,463,000	–		44,463,000	37.56
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000		15,674,500	13.24
The Estate of the late Tan Kiam Toen, deceased	–	60,137,500	(6)	60,137,500	50.80

Notes:

(1) This represents Dr Tan Choo Suan's deemed interest of 60,137,500 shares held in the name of the following:-
(a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited;
(b) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd; and
(c) 1,404,000 shares held by Performance Investment Pte Ltd;

(2) This represents Mr Chua Thian Poh's deemed interest of 45,745,500 shares held indirectly by Ho Bee Holdings (Pte) Ltd

(3) This represents Ho Bee Holdings (Pte) Ltd's deemed interest of 45,745,500 shares held in the name of the following:-
(a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited; and
(b) 1,282,500 shares held by Zen Property Management Pte Ltd.

(4) This represents Mdm Tan Choo Pin's deemed interest of 44,463,000 shares held in the name of Afro-Asia International Enterprises Pte. Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

(5) This represents Mdm Ng Giok Oh's deemed interest of 15,674,500 shares held in the name of the following:-
(a) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd; and
(b) 1,404,000 shares held by Performance Investment Pte Ltd.

(6) This represents the Estate's deemed interest of 60,137,500 shares held in the name of the following:-
(a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited;
(b) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd; and
(c) 1,404,000 shares held by Performance Investment Pte Ltd;

The Estate's notification of deemed interest on 29 December 2010 was objected to by Mr Tan Yok Koon, an executive director of the Company, and Mdm Tan Choo Pin, a substantial shareholder of the Company (both siblings to Dr Tan Choo Suan, the sole executrix of the Estate) on 30 December 2010 on the basis that there is a dispute as to the beneficial interest in the shares concerned, which is currently before the High Court. On 10 January 2011, Mr Tan Cheng Gay, Chairman and Chief Executive Officer of the Company and sibling to Dr Tan Choo Suan, also lodged his objection with the Company on similar grounds.

(7) Dr Tan Choo Suan's claim to direct interest in 1,419,000 shares and deemed interest in 60,137,500 shares in the Company are subject by her other siblings, namely Tan Cheng Gay, Tan Yok Koon, Tan Choo Pin and Tan Chin Hoon, and this is presently also the subject matter of Suit 570.

The percentages are computed based on 118,378,500 ordinary shares (excluding 324,000 shares held as treasury shares) as at 18 March 2014.

ENGRO CORPORATION LIMITED

(Company Registration No.: 197302229H)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of EnGro Corporation Limited (the "Company") will be held at 3 International Business Park, Nordic European Centre, 1st Floor, Nordic Conference Room, Singapore 609927 on Tuesday, 29 April 2014 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2(a) To declare a first and final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2013. **(Resolution 2)**

2(b) To declare a special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2013. **(Resolution 3)**

3. To re-elect the following Directors retiring pursuant to Article 87 of the Company's Articles of Association:-

   (i) Mr Tan Yok Koon (retiring under Article 87) **(Resolution 4)**
   (ii) Mr Ronnie Teo Heng Hock (retiring under Article 87) **(Resolution 5)**

   Mr Ronnie Teo Heng Hock will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   [See Explanatory Note]

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$258,062 for the financial year ended 31 December 2013 (2012: S$295,450). **(Resolution 7)**

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

6.1 Authority to allot and issue shares under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000")

"That authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the Company as may be required to be issued pursuant to the exercise of options under the ESOS 2000, provided always that the aggregate number of shares to be issued pursuant to the ESOS 2000 shall not exceed fifteen per centum (15%) of the total issued shares in the capital of the Company excluding treasury shares, from time to time." **(Resolution 8)**

6.2 Share Issue Mandate

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:-

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

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but 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:

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

(b) (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 sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:-

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

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

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

(c) 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

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) 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; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **(Resolution 9)**

6.3 Authority to grant options and to allot and issue shares under with the EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011")

"That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the ESOS 2011 and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOS 2011, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of new shares to be allotted and issued pursuant to the ESOS 2011 and other share based schemes of the Company (which shall include the ESOS 2000 and the EnGro Performance Share Award Scheme) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."
(Resolution 10)

6.4 Authority to issue shares under the EnGro Performance Share Award Scheme (the "EnGro PSA Scheme")

"That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of awards under the EnGro PSA Scheme, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of shares to be allotted and issued pursuant to the EnGro PSA Scheme and other share based schemes (including the ESOS 2000 and ESOS 2011) of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."
(Resolution 11)

6.5 Renewal of the Share Purchase Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the directors of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the "**Shares**")**,** not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-

(i) on-market purchases (each a "**Market Purchase**") on the Singapore Securities Trading Limited (the "SGX-ST")**;** and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:-

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:-

"Prescribed Limit" means 10% of the total number of issued ordinary shares of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued ordinary shares of the Company shall be taken to be the number of issued ordinary shares of the Company as altered (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit;

“Relevant Period” means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:-

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days (**"Market Day"** being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

(Resolution 12)

7. To transact any other business that may properly be transacted at an Annual General Meeting.

NOTICE OF BOOK CLOSURE DATE FOR DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of shareholders being obtained at the Annual General meeting of the Company for the payment of the first and final tax-exempt (1-tier) dividend and the special tax-exempt (1-tier) dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 8 July 2014 for the preparation of dividend warrants. Duly completed transfers received by the Company’s Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 7 July 2014 will be registered to determine shareholders’ entitlement to the proposed dividends. The first and final tax-exempt (1-tier) dividend of 3 cents per ordinary share and a special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2013, if approved at the Annual General Meeting, will be paid on 29 July 2014.

By Order of the Board

Joanna Lim
Company Secretary

14 April 2014

EXPLANATORY NOTE

In relation to Ordinary Resolutions 4 and 5 proposed in item 3 above, the detailed information on Messrs Tan Yok Koon and Mr Ronnie Teo Heng Hock are set out in the section entitled “Directors Profile” and Table 3 in the Corporate Governance Report of the Company’s 2013 Annual Report.

Mr Tan Yok Koon is the brother of Mr Tan Cheng Gay (Chairman/ CEO of the Company), Dr Tan Choo Suan (a substantial shareholder of the Company), Ms Tan Choo Pin (a substantial shareholder of the Company) and son of Mdm Ng Giok Oh (a deemed substantial shareholder of the Company).

There are no relationships (including immediate family relationships) between Mr Ronnie Teo Heng Hock, and the other directors of the Company.

STATEMENT PURSUANT TO ARTICLE 57(3) OF THE COMPANY’S ARTICLES OF ASSOCIATION

The effect of the resolutions under the heading “Special Business” in this Notice of Annual General Meeting are:-

Ordinary Resolution 7

Resolution 7 is to approve the payment of Directors’ fees for the financial year ended 31 December 2013.

Ordinary Resolution 8

Resolution 8 proposed in item 6.1 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company pursuant to the exercise of options granted under the “ESOS 2000”, provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company from time to time. Note that the ESOS 2000 was at the end of its 10-year duration and discontinued on 15 January 2011. However, subsisting options granted prior to that date are not affected by the discontinuation and remain exercisable in accordance with the rules of the ESOS 2000. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 9

Resolution 9 proposed in item 6.2 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 9 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 Ordinary Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Ordinary Resolution 10

Resolution 10 proposed in item 6.3 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to grant options under the ESOS 2011 which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 and to allot and issue shares upon the exercise of such options granted under the ESOS 2011 in accordance with the rules of the ESOS 2011. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 11

Resolution 11 proposed in item 6.4 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company pursuant to the vesting of awards under the EnGro PSA Scheme which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 in accordance with the rules of the EnGro PSA Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company

Ordinary Resolution 12

Resolution 12 proposed in item 6.5 above, if passed, will empower the Directors of the Company to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in capital of the Company at the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013 are set out in greater detail in the Addendum in relation to the proposed renewal of the Share Purchase Mandate.

Notes:

1) A member of the Company entitled to attend and vote at the Meeting may appoint not more than two proxies to attend and vote in his/her stead.

2) A proxy need not be a member of the Company.

3) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923 not later than 48 hours before the time appointed for holding the Meeting.

ENGRO CORPORATION LIMITED
(Company Registration No.: 197302229H)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy EnGro Corporation Limited's shares, this Annual Report 2013 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.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

*I / We, ____

of ____

being *a member/members of EnGro Corporation Limited (the "Company"), hereby appoint:

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

*and/or

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at 3 International Business Park, Nordic European Centre, 1st Floor, Nordic Conference Room, Singapore 609927 on Tuesday, 29 April 2014 at 10.00 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting:-

	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2013 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**		
2.	To declare a first and final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2013. **(Resolution 2)**		
3.	To declare a special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2013. **(Resolution 3)**		
4.	To re-elect of Mr Tan Yok Koon (Retiring under Article 87). **(Resolution 4)**		
5.	To re-elect of Mr Ronnie Teo Heng Hock (Retiring under Article 87) **(Resolution 5)**		
6.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**		
7.	To approve the payment of Directors' fees of S$258,062 for the financial year ended 31 December 2013 (2012: S$295,450). **(Resolution 7)**		
8.	To authorize Directors to allot and issue shares pursuant to the exercise of options granted under Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (ESOS 2000). **(Resolution 8)**		
9.	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate. **(Resolution 9)**		
10.	To authorize Directors to grant options and to allot and issue shares under EnGro Corporation Limited 2011 Employees' Share Option Scheme (ESOS 2011). **(Resolution 10)**		
11.	To authorize Directors to issue shares under the EnGro PSA Scheme. **(Resolution 11)**		
12.	To renew the Share Purchase Mandate. **(Resolution 12)**		

Please indicate with a tick [√] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.

Dated this ____________ day of ________________ 2014

Total Number of Shares Held

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

** Delete where applicable*

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Fold along this line

Affix Postage Stamp Here

The Company Secretary
ENGRO CORPORATION LIMITED
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#08-05/06 Acer Building Tower B
Singapore 609923

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