ENGRO
BUILDING SUSTAINABILITY

Paving the Way to a Sustainable Future

Annual Report 2014

Contents

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Chartered Accountants
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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.

Chairman's Message

FINANCIAL REVIEW

In the financial year ended 31 December 2014 ("FY2014"), EnGro Corporation Limited ("EnGro" or the "Group") recorded revenue growth of 4.8 percent to S$174.0 million compared to FY2013, attributable to an increase in the Group's ready-mix concrete ("RMC") sales. Group net profit before tax decreased by 47.0 percent from S$26.2 million. Disregarding the non-recurring extraordinary gain in FY2013, the Group's net profit before tax grew to S$13.9 million in FY2014 from S$11.3 million in FY2013, an increase of 23.0 percent. The integral cement and RMC business and the specialty cement business in China continued to perform and remain the main contributors to the Group's performance for the year.

Dividend

As such, the Board is recommending a first and final dividend of 3 cents per share for FY2014, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2015.

BUSINESS REVIEW

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

The construction industry in Singapore is expected to maintain its momentum over the next three to five years, supported by public infrastructure development projects. Despite a slowdown in construction in the private sector, total construction demand in Singapore set a new record at $37.7 billion in 2014 as a result of a high volume of institutional and civil engineering construction activities. A pipeline of public sector projects amounting to approximately 60 percent of total construction value is expected to be awarded in 2015.

The promotion of our specialty cement, further augmented with additional RMC plants set up in Singapore, has helped EnGro increase sales and meet the stringent demands required by the prestigious civil projects. Attempts to pave inroads into Malaysia have borne fruit, and have created a new and sustainable revenue stream for incremental growth in the RMC business.

b) Specialty Cement Operations

During the year, EnGro's specialty cement joint venture companies in China continue to grow from strength to strength with the addition of two new GGBS production lines in the Wuhan Wuxin joint venture ("JV"). In FY2014, the annual total GGBS production capacity of all our specialty cement joint venture companies amounted to 9.0 million tons. Combined sales reached 7.8 million tons in FY2014 compared to 6.7 million tons in FY2013.

2014 marked another milestone for EnGro as it established its fifth GGBS joint venture, partnering Shandong's Qingdao Iron & Steel ("QDIS") group to build a facility capable of producing an annual capacity of 1.2 million tons under its Phase I program. Upon completion of the fifth JV, the total combined annual production capacity of our GGBS joint venture plants will reach 10.2 million tons by the second half of 2015.

> "... we are confident that our integral cement and RMC business will stay competitive and continue to play a leading role in the marketing of high performance concrete."

Chairman's Message

Against the backdrop of over-supply in the cement industry and new entrants in the GGBS market, our GGBS JVs suffered a margin squeeze, resulting in lower returns on our investment. We expect the softness of the construction industry to be prolonged due to an overbuilt property market. Nevertheless, the increase in infrastructure and key civil works, coupled with the emphases on recycling practices, will continue to support the growth in demand for our specialty cement.

Rapid economic growth in China witnessed over the past 30 years has come to an end, and under the "NEW NORMAL", a sustainable moderate GDP growth aimed at 6 to 7 percent has been proclaimed by China's leaders. Apart from gearing to achieve political, social and economic reforms, the New Normal focuses on addressing the problems amassed over the rapid-growth era. The objective is to improve the operating efficiency of major industries and tackle the imbalance in supply and demand of key industries while narrowing the income gap, and improving the quality of living via urbanisation, further promoting the recycling industry to achieve a greener environment, and to foster closer collaboration among the major economic zones established in China. In tandem with rising affluence, growth in the service industry is identified to be one of the key drivers to sustain China's economic growth.

Based on official programs announced in China, we are optimistic that our GGBS joint ventures are well positioned and strategically located to actively participate in and benefit from the New Normal.

c) Specialty Polymer

R&P underwent turbulent times in 2014 after ExxonMobil Chemical ("EM") unexpectedly announced in the middle of the year that it was exiting the thermoplastic polyolefin (TPO) compounding business in North America and the Asia Pacific. R&P successfully negotiated and was granted a licensing agreement to continue the TPO compound business catering to the automotive industry in the Asia Pacific, including Japan.

d) Investments

In general, 2014 was a performing year for the US venture capital ("VC") business. It saw US$29.8 billion raised, the strongest showing since 2007. We are cautiously confident that EnGro's US VC fund investments will continue to perform in the coming years.

In Singapore, we saw liquidity in our medical device company investment which went public on the local exchange. Another investee company, a clean-tech energy management unit built on the cloud platform, namely Green Koncepts, is well positioned to participate in the building blocks for Singapore Government's Smart Nation initiative and various sensor monitoring for data centres and commercial buildings.

As a result of the Government's cooling measures, high-end luxury residential market continues to be dampened. Pending market recovery, unsold units of Turquoise have been leased out. Our investment in Phase 1 of the Tangshan Nanhu Eco City project in Tangshan is on track, with the sales launch in 2014 taking place under relatively subdued market conditions. Despite the market uncertainty, we remain cautiously optimistic that the marketing of this high-end residential development project, integrated with commercial, entertainment, hospitals and school amenities, riding on the co-branding of Yanlord and Ho Bee Land, given time will yield results.

PROSPECT

Despite an overall slowdown in the Singapore economy, we are confident that our integral cement and RMC business will stay competitive and continue to play a leading role in the marketing of high performance concrete.

Leveraging on the knowledge and experience gained in Singapore, our GGBS joint ventures in China will continue to gain strength and serve as a pace-setter in setting new material standards. Backed by the commissioning of our Qingdao Evergreen JV and the proven track record of our Jinan Luxin JV, we believe the two joint ventures are well positioned in the Shandong province to capitalise on the building of the high-speed railway network and other infrastructure projects over the next decade.

Finally, with China Central Government's commitment to sustainable economic growth and its focus on environmental protection, addressing the issue of the smog situation in particular, are expected to create demand for the use of sustainable construction materials. Hence, we believe GGBS's market prospects remain upbeat in the foreseeable future.

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 contributions.

Despite persistent global economic uncertainty, we are still on track to execute our growth plans, and we are cautiously hopeful of achieving sustained profitability in 2015 and beyond.

Tan Cheng Gay
Chairman

Striving for a Better Future

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.

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. Mr Ng is also currently the Chairman of the Board of Directors of SP Chemicals Holdings Ltd.

Mr 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 a director of Berger International Ltd and Uni-Asia Finance Corporation.

Management Team

Len Cheng

Bachelor of Accountancy from Nanyang Technological University, Singapore, Member of ISCA

Chief Financial Officer

Mr Cheng joined the Company in June 2014 as Chief Financial Officer. He has over 15 years of financial management and public accounting experience in both multinational corporations as well as public-listed organisations in Singapore. His role is to assist 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 and Dip. in Management Studies (SIM).

Senior General Manager, Building Materials Division (Singapore)

Mr Ho is Senior General Manager of Singapore Building Materials Division. 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, specialising 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

Manager, Specialty Chemical

Mr Wong currently oversees the business and operations of the Singapore plant. He is a member of EnGro's investment team.

HQ HEAD OF DEPARTMENT

Lim Yee Chuan

ACCA, member of ISCA

Group Financial Controller

Ms Lim joined the Company in September 2014. She oversees financial affairs of the Group. She has over 15 years of experience in similar field in government-linked and public-listed companies in Singapore.

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. A member of CPA Australia and ISCA

Manager, Knowledge Management

Mr Loh heads the Group's Knowledge Management department and helps to manage the Group's dry mix subsidiary company in 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
    - 34.4% Qingdao Evergreen Materials and Technologies 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% R&P (Pte) 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

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

Regional Footprint

Singapore & Malaysia: Integral Cement & Ready-Mix Concrete

Singapore will experience a slightly better growth for year 2015 in terms of overall economics, with the GDP growth forecasted to be around 3 percent for 2014, and approximately 2 to 4 percent in 2015. The total construction demand continued to expand by 5.4 percent to a preliminary estimate at $37.7 billion in 2014, at the upper range of BCA's demand forecast of $31 billion to $38 billion. The public sector construction demand rose from $14.9 billion in 2013 to $19.7 billion in 2014, accounting for 52 percent of total construction demand. Institutional and other building developments hit the highest record of $5.2 billion, due to award of major projects including Sengkang General and Community Hospital, Tampines Town Hub project and Yishun Community Hospital. The total public civil engineering also reached a new high of $8.8 billion, boosted by major infrastructure projects, such as Thomson-East Coast MRT Line and land preparation works for upcoming airport development.

Based on BCA's latest Development Plans Survey conducted in Oct/Nov 2014 and considering the likely tender price movement and recent market developments, BCA forecasts that total construction demand in 2015 is likely to be between $29 billion and $36 billion. The mid-point of 2015 construction demand forecast (at $32.5 billion) is lower than the $37.7 billion preliminary demand in 2014 due to projected significant slowdown in private sector demand in 2015 and the higher construction demand registered in 2014 when demand was at an all-time high. Nonetheless, barring any unforeseen circumstances, total construction demand in 2015 could potentially reach a demand of $36 billion backed by a rich pipeline of public sector projects.

In 2014, EnGro's cement sales went to both public (Housing Development Board cement supply contracts) and private sectors.

On the private sector market, EnGro supplied to various contracts involving supply of blended slag cements to major civil engineering works and various RMC companies. EnGro also secured cement supply contracts under the Thomson-East Coast MRT Line project which require substantial amounts of blended slag cement for structural and ground improvement works. As a leading manufacturer of Ground Granulated Blastfurnace Slag (GGBS), EnGro has been at the forefront of launching various blended slag cement products catered to the growing civil engineering work sector. Foreseeing ahead with Thomson-East Coast MRT Line projects requiring different grouting cement to tackle the difficult ground conditions, EnGro will conduct extensive research works to meet the stringent specification set by Land Transport Authority of Singapore (LTA).

	2009	2010	2011	2012	2013	2014
Construction Demand, SGD billion	**21.0**	**25.7**	**32.0**	**28.1**	**35.8**	**37.7**
• Public Sector, SGD billion	13.5	8.3	15.2	9.3	14.8	19.7
• Private Sector, SGD billion	7.5	17.4	16.8	18.8	21.0	18.0

ENGRO BUILDING SUSTAINABILITY + TOP-MIX DURABLE CONCRETE

8 **Products** | **4** **Products** | **2** **Products**

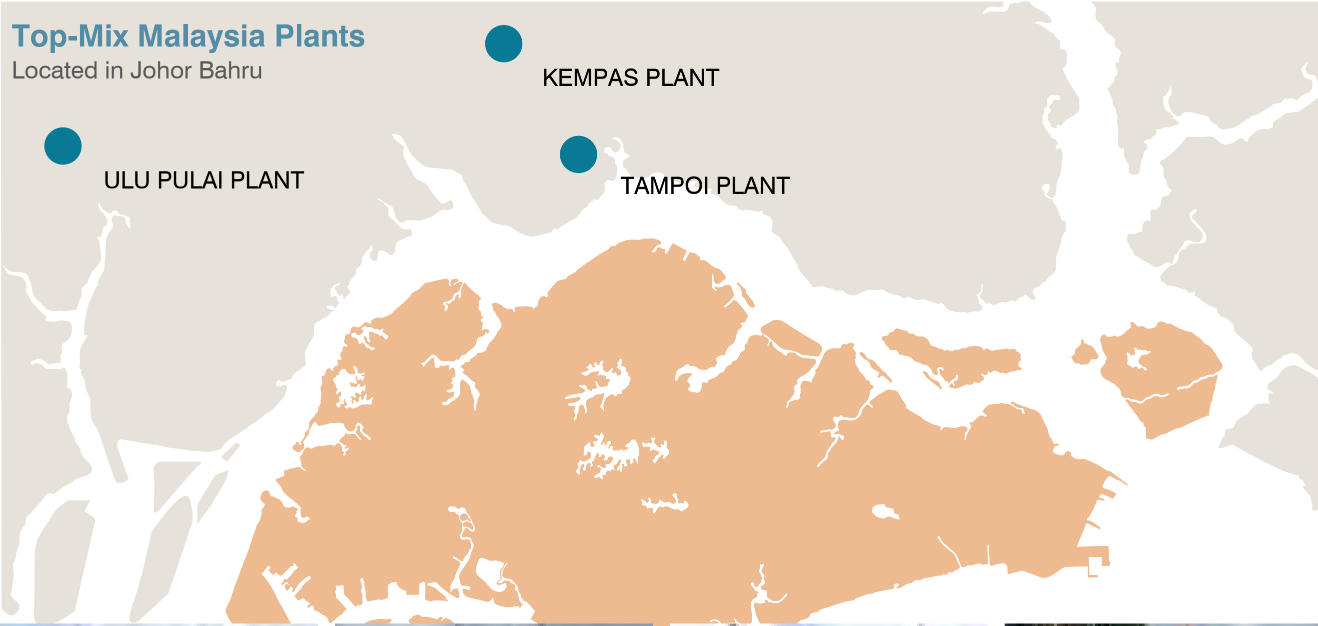
EnGro's Eco-Friendly Building Materials are awarded with SEC's Green label Accreditation as well as the SGBC's Singapore Green Product Label Accreditation

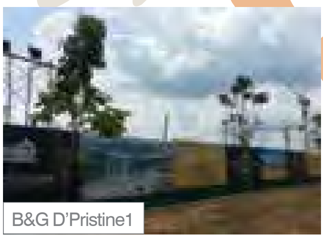
GGBS	Green Concrete	Blended Cement	Blended Cement
VCEM	DuraCrete™	P4246S, P4246, P197A, P197B, P197-4S	P8000

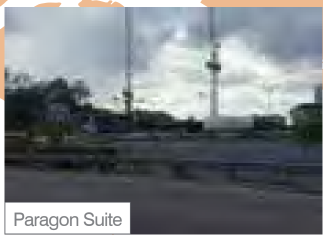
Singapore & Malaysia:
Integral Cement & Ready-Mix Concrete

Thompson Line MRT Projects

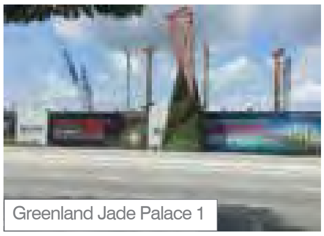
Singapore & Malaysia:
Integral Cement & Ready-Mix Concrete

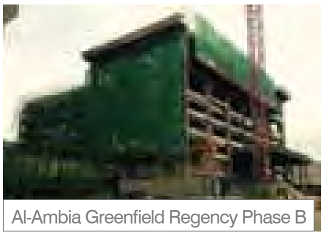



B&G D'Pristine1


Paragon Suite


IOI D'Summit


Greenland Jade Palace 1


Al-Ambia Greenfield Regency Phase B


Country Garden Danga Bay Plot 2


Jetson V@SummerPlace1Connoisseur


Obayashi Gleneagles Hospital

Today, EnGro is a comprehensive solution provider in the market, offering complete range of cement products in the industry.

EnGro's RMC subsidiary, Top-Mix Concrete continues to expand its strength in Singapore by adding more computerised batching plants and concrete mixer trucks in 2014. With its capability in supplying low-carbon green concrete, Top-Mix Concrete secured substantial numbers of mega projects in 2014 such as PUB-Collector Drain II at Changi East, JTC-Roads, Drains, Culvert and Drainage Outfall at Tuas South Boulevard, Bedok Integrated Complex at Bedok North, De' Nest Condominium Development at Pasir Ris, Hotel Development at East Coast Road and many others.

Apart from Singapore, Top Mix Concrete (Malaysia) grew its operation in Johor Bahru, built plants at strategic locations and introduced wet mixed computerised batching systems to serve the local market. Top Mix Concrete (Malaysia) secured several iconic projects such as Country Garden and Greenland condominium projects at Denga Bay, Guangzhou R&F integrated development at Princess Cove, Zhuoyuan group at Medini and many others.

With the commitments of Malaysia government, various local and foreign investors, the Johor Bahru Iskandar Development Region (IDR) shall continue to see growth with more projects to be launched in 2015.

Singapore & Malaysia:
Integral Cement & Ready-Mix Concrete

Top-Mix Concrete Relevant Projects

Macpherson Station

HDB Paya Lebar Road

HSL Building

Integrated Complex @ Bedok North Street

The Terrasse Condominium

Keppel Logistics @ Greenwich Drive

China: Specialty Cement

China: Specialty Cement

In the midst of the government's clamp down, China's once booming property market has begun to slide precipitously and real estate investment growth, a main driver of the economy, fell to 10.5 percent in 2014 from 19.8 percent in the previous year, the slowest pace since 2009. Home sales value dropped by 6.3 percent in 2014 compared with a huge surge of 26.3 percent in 2013. Fixed asset investment, a measure of government spending on infrastructure, expanded 15.7 percent year-on-year ("YOY") in 2014, down from previous year's 19.6 percent. New home construction starts fell 10.7 percent from a year ago.

With the property market remaining sluggish, building materials sector continued to expand at a slower pace. Cement output rose only 1.8 percent YOY to 2.84 billion tons in 2014, the slowest since 2008.

In short, property investment growth and home price rises are decelerating sharply as demand is waning. Construction activity and building materials growths are in rapid decline. Against this gloomy backdrop in China's real estate, we were still able to achieve a satisfactory result in 2014 comparable to that of 2013, thanks to three new lines going into production in Wuhan, while most of our steel producer partners suffered great losses. The strategic move made by our Jinan Luxin JV in setting up a GGBS plant in Quanzhou encountered great difficulty in 2014 as selling prices in Fujian province dropped sharply. Nevertheless, the highly efficient plant operation achieving the highest throughput among all our China joint venture mills saw it through a very challenging year. By end of 2014, we had 15 identical-size mills installed with a total annual production capacity of 9 million ton per annum. Our specialty cement (GGBS) business continued to gain market share and we sold close to 8 million tons of GGBS in 2014 against 6.73 million tons in 2013 (an increase of 18.8 percent YOY) albeit at a lower average selling price than that of 2013.

WUHAN

Let us first move our attention to the mass transit in Wuhan, a new rising star in Central China's development. Currently there are three Metro lines operating in the city, totaling 78 stations and 95.6 kilometer in length. Wuhan Metro has planned to pursue ambitious expansion projects to connect Wuhan's three boroughs (Hankou, Wuchang & Hanyang) divided by the mighty Yangtze River and Han River, accommodating increasing cross-borough traffic, and providing commuter services to suburban satellite cities. Seven urban transit lines and two suburban lines, totaling a length of 273.1 kilometer, are expected to be built by 2017 to serve the city of Wuhan, linking the three boroughs with the booming suburban districts. A long-term plan expects the Wuhan Metro to operate 25 lines, including 12 urban lines and 13 suburban lines, totaling a length of 1045 kilometer, making it one of the most expansive rail transit systems in the world.

In addition, The National Development and Reform Commission ("NDRC"), in January 2015, also approved the construction of another infrastructure project in Wuhan: the Qingshan Yangtze River Bridge (武汉青山长江大桥) project. The 7.5 kilometer bridge is estimated to cost RMB5.36 billion.

Wuxin Plant in Winter

SHANDONG

Jinan Metro

In Jinan, China's National Development and Reform Committee has lately been approved by the Jinan City Rail Transit or **Jinan Metro** (济南轨道交通) Project, which is a rapid transit system, consisting of 9 lines. The first phase of construction with a total cost of RMB43.7 billion covers three lines (R1, R2, R3) with 30 stations and 95.6 kilometer in length (including 42.3 kilometer underground and 53.3 kilometer on ground). Construction of R1 started at end of 2014 and is due for completion in second quarter of 2016. The other two lines are scheduled to be completed in 2019. The City's government also plans to build eight lines of urban-suburban metro with 262 kilometer length and 154 stations (including 18 interchanges) in rail transport system eventually. 4 lines will run on east-west directions, 3 lines – north-south and one will be a circle line.

Another piece of good news is the **Jinan-Qingdao High-Speed Railway** construction. The project was also approved recently by the China's NDRC, according to Shandong Development and Reform Commission. The project is expected to cut down travel time between Jinan and Qingdao to one hour (from the present two and a half hours). By June 2015, EnGro will enjoy a combined 3.6 million tons annual capacity within the two cities. With a total investment of RMB52 billion (US$8.37 billion), the railway line is about 306 kilometers long and has a designed speed of 350 kilometre-per-hour. The project line starts from Jinan East Railway Station, passes through 7 main stations, such as Binzhou, Zibo and Weifang, and ends at Qingdao railway hub, Hongdao Station. EnGro's two GGBS production complexes in Jinan and Qingdao are well positioned to capture and supply the product to several stations along the route.

China: Specialty Cement

Mr Goh Chok Tong, Emeritus Senior Minister, Mr. Teo Ser Luck, Minister of State of Singapore and other dignitaries at the project signing ceremony in Qingdao on 12 April 2014.

Qingdao Evergreen GGBS Project in Construction

Following the signing of a Project Co-operation Framework Memorandum in Singapore between Qingdao Iron & Steel (QDIS) and EnGro on 25 October 2013 with the gracious presence of Mr. Zhang Xinqi, Mayor of Qingdao and Mr. Teo Ser Luck, Minister of State at the Ministry of Trade & Industry, a new joint venture company, Qingdao Evergreen, was established between QDIS and EnGro (Asia), a subsidiary of EnGro, in Qingdao on 12 April 2014 to build a new 1.2 million tons per annum ("TPA") GGBS plant. The GGBS plant is being erected simultaneously with the re-located state-of-the-art QDIS's steel mill at Qingdao-Dongjiakou Port, which currently has a 400,000-ton iron ore berth and aims to become the world's largest deep water facility. When completed and put in operation by first half of 2015, we will have a combined total production capacity of 10.2 million TPA, making us the second largest GGBS producer in China.

Our plant is also located within the Qingdao West Coast New Area, with an area of 2,096 square-kilometer, Commissioned by China State Council in 2014, the West Coast New Area has become the ninth Economic New Area in China and is granted special preferential policies and privileges directly from State for developing port-related and manufacturing industries. The demand for building materials will gradually increase with its growth.

In addition to pushing its economic growth through Dongjiakou Port and Qingdao West Coast New Area, Qingdao has also started building its metro system since 2009. With RMB13 billion (US$2 billion) funding, its first line (M3) is expected to be completed in late 2015 with a total of 22 stations and length of 25.1 kilometer. Next to be completed in 2016/2017 will be Line M2, which will have 27 stations and is 29.6 kilometer long. One more line, M1, is due to be completed around 2020. According to the published plan, ultimately there will be 5 lines in total with a combined length of 231.5 kilometer. All work is scheduled to be completed before to 2050.

Mr Teo Ser Luck, Minister of State of Singapore (5th from left), Mr. Tan Cheng Gay, EnGro CEO and Chairman (4th from left) and Mr. Wang Junting, Chairman of QDIS (6th from left) at the groundbreaking ceremony in Qingdao on 12 April 2014.

Qingdao GGBS Plant Architect's Impression

China: Specialty Cement

FUJIAN

Events from the south are also very encouraging. The Fujian government has a grand plan to spend RMB3,000 billion on 490 infrastructure projects in 2015. A new administrative district and new city center of Xiamen, Xiang'an, is being developed, covering the 60 percent of a 155 square-kilometer area of the Fujian-Taiwan Free Trade Zone. It is about 110 kilometer from Shage Port of Quanzhou, where EnGro has a 600,000 TPA GGBS plant. The increasingly improved expressway network has brought a slew of real estate enterprises to Xiang'an New Town, making it a district in Xiamen with considerable development potential.

Xiamen has sought to accelerate urban integration of Xiamen, Zhangzhou and Quanzhou to jointly build a metropolitan region with a total area of 7,772 square kilometers by the end of 2020. The plan seeks to establish a united market and share resources, infrastructure, public service information platforms, and basic social public service. The metropolitan area will be divided into several districts based on functions, including a port industry district on the south shore of Xiamen Bay and an airport industry district at the junction of Xiang'an and Weitou Bay in Quanzhou. Positioned as an important international gateway and an advanced manufacturing center on the west coast of the Taiwan Straits, and a national pilot area of ocean economy and cross-straits economy, we envisage that Xia-Zhan-Quan region shall play an important role in the development of the 21st Century Maritime Silk Route Economic Belt.

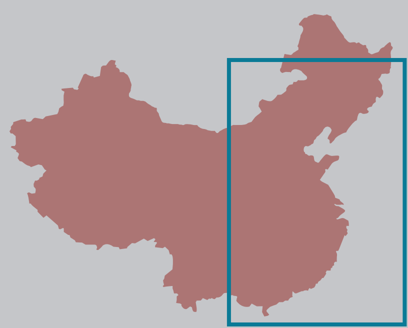
The construction of the Xiamen-Zhangzhou-Quanzhou (or, Xia-Zhang-Quan) Intercity Rail Transit Line 3 is expected to begin in 2015, according to press reports. It will link Zhangzhou, another economic center with port facilities in Fujian, with Xiamen Island and Xiang'an district once construction is completed in 2020. The intercity transit line shall run further north to Quanzhou. Construction on Xiamen's new airport, Xiang'an International Airport, is also expected to start in 2015 and it is planned to begin operations in 2020 on Dadeng Island. The four-runway airport is designed to handle 75 million passengers. A 14.2-kilometer-long airport expressway is under discussion that will create a number of airport-related economic industries and further boost the local economy in the long run, local officials said.

The above-mentioned are but some of the important developments and construction activities taking or will be taking place in the areas in which we are operating. They should benefit our China GGBS joint ventures and we are cautiously optimistic that our China GGBS business will continue to contribute positively to the bottom line of the Group in 2015.

The Annual EnGro China GGBS JV Workshop on 23 Nov 2014.

Board Members visited Luxin Quanzhou Plant on 28 Aug 2014.

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 Huailong Material Co., Ltd	1,200,000 tons
Wuhan Wuxin Material Co., Ltd	3,000,000 tons
Qingdao Evergreen Materials and Technologies Co., Ltd	1,200.000 tons
VCEM Materials Co. Ltd.	500,000 tons
Total in Asia by 2015	**10,700,000 tons**



Specialty Polymer: R&P

2014 turned out to be an eventful year for R&P. It's largest customer, ExxonMobil Chemical ("EM"), announced their decision to discontinue their Exxtral™ Thermoplastic Polylefin (TPO) business in North America and Asia Pacific Market, leading to the termination of our toll compounding business of Exxtral™ with EM. R&P subsequently went on to license the technology from EM to develop its own brand of TPOs in order to continue to serve its previous customers. The license gives R&P the right to produce and supply across Asia Pacific.

The transition marks an important milestone in the history of R&P, and presents a rare opportunity to R&P, as it moves toward being an independent compounder with its own TPO to serve the automotive sector. R&P's past experience serving EM as toll compounder for Exxtral™ has led R&P to accumulate invaluable manufacturing and testing expertise and capabilities to meet the stringent quality and reliability requirements of the automotive sector. Moving forward, R&P has to develop strong product design capabilities in order to widen product grade slate to serve more automotive OEMs, and future vehicle platforms. Essentially, this means having to increase R&D resources, and to train R&D staff well.

The automotive sector continues to be the largest single sector for the polymer industry, especially in Asia Pacific, where the growth of passenger vehicles in China and ASEAN countries continues to grow at a healthy rate. At the same time, it is a high value sector where the usage of lightweight materials and polymers in cars, without sacrificing structural strength and safety, continue to increase due to a focus in weight reduction to comply with stringent fuel-efficiency norms.

Besides developing product design capabilities, our other key challenge is to develop a sales and marketing plan to engage other automotive OEMs and their Tier 1s in a meaningful way to convert them to use STERLENE™ in their vehicle platforms. At the same time, R&P needs to optimise its supply chain in order to serve the automotive customers better across Asia Pacific.

Use of STERLENE™ performance polyolefin in automotive parts.

Investments

VC Investments

US Venture Capital ("VC") funds' performance show that it is still a strong asset class in 2014 which has outperformed all the leading equities indexes across most time horizons. Driven by strong public markets' appetite for venture-backed companies as well as increased M&A activities, VC funds were able to generate significant liquidity for their investors. Thus fund raising was strong in 2014 with US$29.8 billion raised by all VC funds, the strongest showing since 2007. Of this, 96 new VC funds accounted for US$3 billion while there were 158 follow-on funds.

In 2014, venture capitalists invested US$48.3 billion in 4,356 deals, an increase of 61 percent in dollars and a 4 percent increase in deals over the prior year. This was dominated by Software (US$19.8 billion) and internet-specific companies which accounted for US$11.9 billion, the highest level since 2000.

2014 also saw venture-backed companies like Uber raising significant billion dollar funding at unprecedented scale, as well as more than 40 megadeals with investments exceeding $100 million were done. As a result, entire industries were disrupted as entrepreneurial companies leveraged on this to expand globally. Should current public market conditions prevail, venture capital will see strong levels of investing and exits in 2015.

Our active US-based VC funds have made good progress and we expect further strong liquidity in 2015.

On the local scene, two startups invested in support of the Singapore Government's initiative to nurture innovation and entrepreneurial companies with global visions had made steady progress. Our investment into QT Vascular ("QTV"), a medical device company, paid off with a local public listing in April 2014. QTV is executing well to expand its sales network globally to boost revenue as well as launching more new products. Green Koncepts ("GK"), a clean-tech energy management startup on the cloud platform, is well positioned to participate timely in Singapore's push towards achieving a Smart Nation status, besides earlier project wins in the Jurong Lake District Test Bed for Smart City management, data centres, and commercial buildings for various sensor monitoring.

Investment in Property

The demand for luxury residential property market in Singapore remained subdued during current financial year. Unsold units at Turquoise were leased out while waiting for the market to recover.

Phase One of Tangshan Nanhu Eco-City project has been launched during the year. Despite overall slow take up rate, the duplex units achieved relatively better sales with strategic pricing in place. Leveraging on the co-branding of Yanlord and Ho Bee Land, we remain positive in the future of this investment project.

Corporate Social Responsibility

Establishment of GGBS Association in China

As a leading GGBS player in China, EnGro and its JVs actively play an important role in encouraging and promoting the use of the eco-friendly GGBS products in the construction and building industry. They participate and help in formulation of GGBS product quality control and technical Specifications. On 27 April 2014, China Concrete and Cement Products Association (CCPA) hosted the inaugural meeting of GGBS producers and users in Beijing, where the GGBS Association was formally declared established. Dr. Chen En Yi from EnGro was elected as the first Chairman of the Association, in recognition of the contributions made by EnGro and Dr. Chen in the production and application of GGBS in China.

EnGro Chairman Made an Honorary Citizen of Jinan

In recognition of his contributions to the economic development of Jinan, Shandong Province, China, EnGro's Chairman, Mr. Tan Cheng Gay, was made an honorary citizen of Jinan in March 2014.

Mr Tan Cheng Gay and other 4 Honorary Citizens meeting in Jinan on 29 May 2014.

Bridge between Singapore and China

As a foreign enterprise doing business in China, EnGro has continually engaged in activities to promote economic and business developments between Singapore and Jinan, as well as among the various cities where EnGro has presence. EnGro also sponsored management staff or officers from various Chinese enterprises and government from various Chinese cities for their management staff or officers to come to attend learning courses at institutes of higher learning in Singapore. One of these programs was for WISCO senior staff.

GGBS association establishment MTG in Beijing on 27 April 2014.

Corporate Social Responsibility

Shandong Experimental Middle School Delegates visited EnGro HQ, Singapore on 7 Aug 2014.

Support on HuaiAn Investment conference in Singapore on 18 June 2014.

Tampines Junior College visited our JV in Jinan on 17 Nov 2014.

Modern Enterprise Management Programme

Jointly sponsored by International Enterprise of Singapore, Nanyang Technological University (NTU) and EnGro, 25 members from WISCO attended a 2- week training course at NTU in October 2014, where they learned and acquired new concepts and knowledge on enterprise management. We are confident that the knowledge learned and experience gained while studying in Singapore will serve them well in their respective jobs.

EnGro Participated in Sponsorship of Singapore National Day Dinner in Beijing, China

EnGro has been an active member in supporting various events organized by Singapore related parties, whether there are held in Singapore or China. In 2014, EnGro had the pleasure to sponsor Singapore National Dinner in Beijing as an active member of the Singapore Chamber of Commerce and Industry.

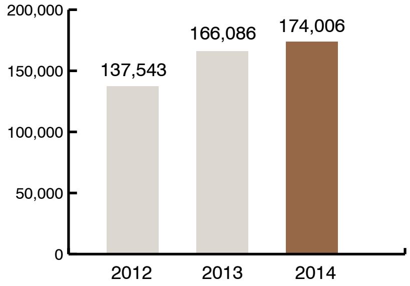
Farewell gathering for WISCO Group with IE, China Embassy, NTU on 24 Oct 2014.

Financial Highlights

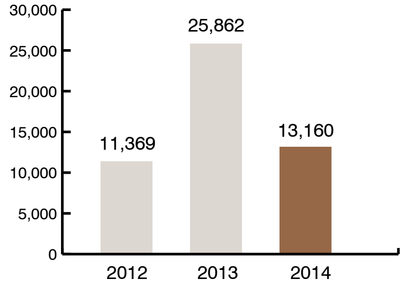
	FY2012	FY2013	FY2014
Consolidated Statement of Comprehensive Income ($'000)			
Revenue	137,543	166,086	174,006
Profit after tax	11,328	25,849	13,050
Profit attributable to owners	11,369	25,862	13,160
Statement of Financial Position ($'000)			
Total assets	216,716	244,814	268,862
Net assets value	186,679	214,363	227,998
Per Share (Cents)			
Basic Earnings	9.62	21.88	11.10
Net asset value	158	181	192
Net dividend	3.00	5.00	3.00

Three-Year Results at a Glance

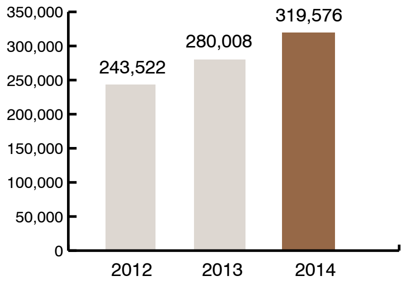
Revenue
($'000)



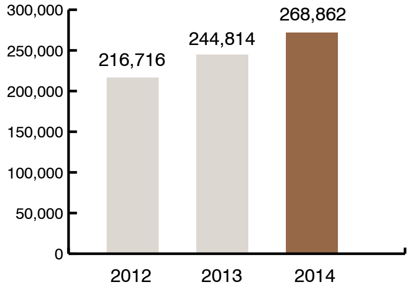
Profit Attributable to Owners
($'000)



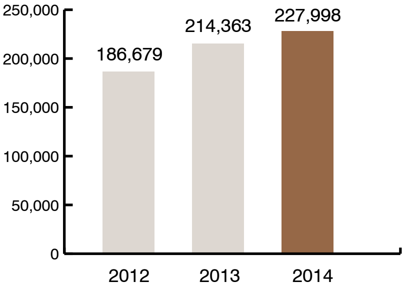
Revenue of EnGro and Associates and Joint Ventures#
($'000)



Total Asset
($'000)

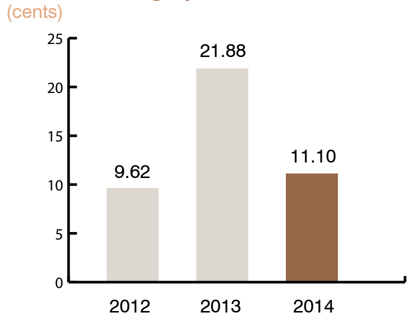


Net Assets Value
($'000)

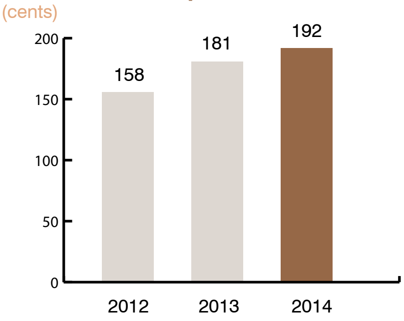


#Revenue of Associates and Joint Ventures is calculated based on percentage of interest EnGro has in the Associates and Joint Ventures. Numbers are for illustration purpose only.

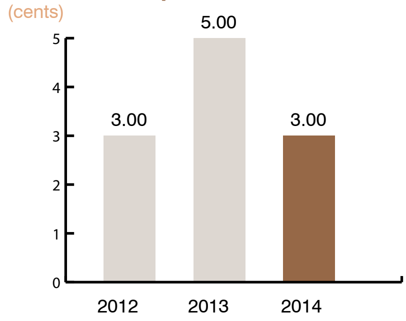
Basic Earnings per Share
(cents)



Net Asset Value per Share
(cents)



Net Dividend per Share
(cents)



Corporate Governance Report

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.

The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where the Company deviated from the Code, appropriate explanation has been provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

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 2014 ("FY2014"), 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 organisation 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.

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	The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. To this end, the NC reviews the Board's collective skills matrix regularly. 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 on 5 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 (the "CFO") 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: • reviewing nominations of new Director appointments based on selection criteria such as incumbent's credentials and his skills and contributions required by the Company; • reviewing and recommending to the Board the re-election of Directors in accordance with the Company's Articles of Association;

- determining annually whether a Director is "independent", guided by the independent guidelines contained in the Code;

- 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

- 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 FY2014 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 performance, character and background 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.

The NC has decided not to fix a limit on the number of board representations of each director as it considers that the board representations presently held by its Directors do not impede the performance of their duties to the Company.

4.5 No alternate director has been appointed to the Board.

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 FY2014, 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 familiarise 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.
7.3	An independent remuneration consulting firm was engaged in FY2013 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	**ANNUAL REMUNERATION REPORT** **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 FY2014, 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 Also Rule 1207(12) to 1207(15) of the SGX-ST Listing Rules	**LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2014.** 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 FY2014, 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 FY2014.

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; (e) Share Buyback Policy; and (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 CFO 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, including financial, operational, compliance and information technology controls, as well as risk management policies and 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.

11.2 The Directors recognise that risk management is integral to the whole business of the Group. In 2013, the Company developed the risk identification and management framework with the assistance of a reputable consultant, following which management has been tasked with the responsibility of overseeing and regularly reviewing the Group's internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems.

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, compliance and information technology controls, as well as risk management policies and systems, were adequate as at 31 December 2014.

Also Rule 1207(10) of SGX-ST Listing Rule

The Board has received assurance from the CEO and the CFO 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.
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 FY2014 is disclosed on Page 89 of the Annual Report.

The AC has reviewed the non-audit services (mainly tax compliance) provided by the external auditors to the Group in FY2014 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

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 FY2014**

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 discusses 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	The internal audit function 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 recognise, 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	The Memorandum and Articles of Association of the Company does not have a proviso that allows corporations which provide nominee or custodial services to appoint more than two proxies to vote. At present, only the Central Depository (Pte) Limited is permitted to appoint more than two proxies. The Company does however, allow non-shareholders to attend the AGM as observers.

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 FY2014, quarterly financial results of the Company were published via SGXNET.
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 has been proposed for FY2014.

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 recognise 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 FY2014

	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of Meetings							
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Cheng Gay	5	5	–	–	–	–	–	–
Tan Yok Koon	5	5	1	1	–	–	–	–
Ronnie Teo Heng Hock	5	5	1	1	4	4	1	1
Ng Tat Pun	5	5	–	–	4	4	1	1
Soh Kim Soon	5	5	1	1	4	4	1	1

TABLE 2 - BOARD AND BOARD COMMITTEES FOR FY2014

	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	68	27/11/1973	30/04/2012	EnGro Corporation Limited	–
Tan Yok Koon	66	17/05/1974	27/04/2011	EnGro Corporation Limited	–
Ng Tat Pun	70	01/07/2002	29/04/2013	1) EnGro Corporation Limited 2) Thai Beverage Public Company Limited 3) Sing Investments & Finance Limited	–
Soh Kim Soon	69	19/11/2002	29/04/2013	1) EnGro Corporation Limited 2) Frasers Centrepoint Asset Management Limited	–
Ronnie Teo Heng Hock	66	05/01/2012	30/04/2012	1) EnGro Corporation Limited 2) Uni-Asia Holdings Limited	New Toyo International Holdings Ltd

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2014 is set out below:

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
		Directors' Fee	Salary %	Bonus %	Other Benefits %	Total %	
Tan Cheng Gay	ED	–	50	49	1	100%	750,001–1,000,000
Tan Yok Koon	ED	1	44	32	23	100%	500,001–750,000
Ronnie Teo Heng Hock	NEID	100%	–	–	–	100%	<250,000
Ng Tat Pun	NEID	100%	–	–	–	100%	<250,000
Soh Kim Soon	NEID	100%	–	–	–	100%	<250,000
The Aggregate Total Remuneration (S$'000) of Directors						1,900	

Notes
ED: Executive Director
NED: Non-Executive Director
NEID: Non-Executive Independent Director

TABLE 4A –REMUNERATION OF TOP 5 KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO)

The breakdown of total remuneration of the top 5 key management personnel (who are not also Directors or the CEO) of the Company for the year ended 31 December 2014 is set out below:

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of $250,000
		Salary %	Bonus %	Other Benefits %	Total %	
Ho Pol Lim Eugene	Senior General Manager, Building Materials (Singapore)	52	40	8	100	250,001 – 500,000
Chen En Yi	General Manager, Specialty Cement	59	39	2	100	250,001 – 500,000
Wong Toon Hong	Manager, Strategic Business Unit	66	32	2	100	250,001 – 500,000
Wong Chi Tsung	Manager, Specialty Chemical	69	23	7	100	<250,000
Vincent Loh	Manager, Knowledge Management	51	44	5	100	<250,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,362	

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

Directors' Report

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 2014.

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	606,750	636,750
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 2015.

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 note 29 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).

Option 3 has been fully exercised.

(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 2014	Options exercised	Options outstanding at 31 December 2014	Number of option holders at 31 December 2014	Exercise period
ESOS 2000*						
01/12/2006	$0.75	347,500	(60,000)	287,500	3	02/12/2007 – 30/11/2016
08/01/2008	$1.17	790,000	–	790,000	9	09/01/2009 – 07/01/2018
		1,137,500	(60,000)	1,077,500		
ESOS 2011						
18/04/2012	$0.79	450,000	(245,000)	205,000	5	19/04/2013 – 17/04/2022
		1,587,500	(305,000)	1,282,500		

* The ESOS 2000 expired on 14 January 2011.

Share options (cont'd)

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.

Directors' Report

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

31 March 2015

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 47 to 108 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 2014 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

31 March 2015

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 2014, 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 47 to 108.

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 2014 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
31 March 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Assets					
Property, plant and equipment	4	18,845	13,392	2,379	1,880
Subsidiaries	5	–	–	50,450	45,397
Intangible asset	6	333	–	–	–
Associates and joint ventures	7	103,863	93,803	60,243	60,243
Other investments	8	21,034	18,167	1,275	1,275
Other financial assets	9	172	172	172	172
Amount due from associates and a joint venture	11	2,094	2,520	–	–
Loans to a subsidiary	12	–	–	2,073	–
Non-current assets		146,341	128,054	116,592	108,967
Other investments	8	33,980	7,561	18	678
Inventories	10	11,157	8,261	7,938	6,549
Trade and other receivables	11	40,444	36,231	59,456	39,911
Loans to a subsidiary	12	–	–	5,936	–
Cash and cash equivalents	13	36,940	64,707	16,751	44,425
Current assets		122,521	116,760	90,099	91,563
Total assets		268,862	244,814	206,691	200,530
Equity					
Share capital	14	85,270	85,263	85,270	85,263
Reserves	14	142,728	129,100	98,109	91,142
Equity attributable to owners of the Company		227,998	214,363	183,379	176,405
Non-controlling interests		133	153	–	–
Total equity		228,131	214,516	183,379	176,405
Liabilities					
Loans and borrowings	16	8,935	3,871	116	154
Deferred tax liabilities	17	997	802	–	–
Non-current liabilities		9,932	4,673	116	154
Loans and borrowings	16	3,008	1,106	10,071	8,585
Trade and other payables	18	27,427	23,992	13,125	15,349
Current tax liabilities		364	527	–	37
Current liabilities		30,799	25,625	23,196	23,971
Total liabilities		40,731	30,298	23,312	24,125
Total equity and liabilities		268,862	244,814	206,691	200,530

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 2014

	Note	2014 $'000	2013 $'000
Revenue	19	174,006	166,086
Changes in inventories of finished goods and work in progress		(656)	484
Raw materials		(128,270)	(119,909)
Other income		841	859
Depreciation of property, plant and equipment	4	(3,803)	(2,706)
Staff costs		(14,683)	(14,882)
Other expenses		(25,101)	(28,520)
Results from operating activities		2,334	1,412
Finance income	20	4,524	3,850
Finance costs	20	(491)	(557)
Net finance income		4,033	3,293
Share of profit of associates and joint ventures, net of tax		7,497	21,470
Profit before tax		13,864	26,175
Tax expense	21	(814)	(326)
Profit for the year	22	13,050	25,849
Profit attributable to:			
Owners of the Company		13,160	25,862
Non-controlling interests		(110)	(13)
Profit for the year		13,050	25,849
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		3,748	3,127
Exchange differences on monetary items forming part of the net investment		1,725	1,214
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		2	542
Net change in fair value of equity securities available-for-sale financial assets		738	200
Other comprehensive income for the year, net of tax		6,213	5,083
Total comprehensive income for the year		19,263	30,932
Total comprehensive income attributable to:			
Owners of the Company		19,303	30,945
Non-controlling interests		(40)	(13)
Total comprehensive income for the year		19,263	30,932
Earnings per share			
Basic earnings per share (cents)	23	11.10	21.88
Diluted earnings per share (cents)	23	11.08	21.84

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	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, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares under share option scheme	1,105	–	–	(775)	–	–	–	330	–	330
Purchase of treasury shares	–	–	(145)	–	–	–	–	(145)	–	(145)
Final one-tier dividend declared 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	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

* Included in accumulated profits is the Group's share of statutory common reserves of its associates and joint ventures of $14,133,000 (1 January 2013: $7,896,000) that are not distributable as cash dividends.

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	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 2014	85,263	(22)	(302)	192	(4,771)	7,385	126,618	214,363	153	214,516
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	13,160	13,160	(110)	13,050
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	3,678	–	–	3,678	70	3,748
Exchange differences on monetary items forming part of the net investment	–	–	–	–	1,725	–	–	1,725	–	1,725
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss	–	–	–	–	–	2	–	2	–	2
Net change in fair value of equity securities available-for-sale financial assets	–	–	–	–	–	738	–	738	–	738
Total other comprehensive income	–	–	–	–	5,403	740	–	6,143	70	6,213
Total comprehensive income for the year	–	–	–	–	5,403	740	13,160	19,303	(40)	19,263
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares under share option scheme	7	–	–	–	–	–	–	7	–	7
Final one-tier dividend declared of 3 cents per share in respect of year ended 31 December 2013	–	–	–	–	–	–	(3,560)	(3,560)	–	(3,560)
Special one-tier dividend declared of 2 cents per share in respect of year ended 31 December 2013	–	–	–	–	–	–	(2,374)	(2,374)	–	(2,374)
Capital contribution by a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	20	20
Share-based payment transactions	–	–	–	27	–	–	–	27	–	27
Issue of treasury shares under share option scheme	–	1	282	(51)	–	–	–	232	–	232
Total contributions by and distributions to owners	7	1	282	(24)	–	–	(5,934)	(5,668)	20	(5,648)
At 31 December 2014	85,270	(21)	(20)	168	632	8,125	133,844	227,998	133	228,131

* Included in accumulated profits is the Group's share of statutory common reserves of its associates and joint ventures of $14,831,000 that are not distributable as cash dividends.

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

Consolidated Statement of Cash Flows
Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit before tax		13,864	26,175
Adjustments for:			
Depreciation of property, plant and equipment	4	3,803	2,706
Dividend income		(478)	(1,288)
Equity-settled share-based payment transactions		27	29
(Gain)/Loss on disposal of:			
- other investments	20	(218)	25
- property, plant and equipment	22	220	112
Impairment losses on available-for-sale equity securities	20	220	517
Interest income	20	(122)	(199)
Interest expense		271	15
Other investment income	20	(850)	(349)
Net change in fair value of financial assets at fair value through profit or loss		(2,074)	(1,201)
Share of profit of associates and joint ventures, net of tax		(7,497)	(21,470)
		7,166	5,072
Changes in working capital:			
Inventories		(3,028)	4,074
Trade and other receivables		(6,798)	7,013
Trade and other payables		3,217	(1,113)
Cash from operations		557	15,046
Tax paid		(914)	(771)
Tax refunded		397	12
Net cash from operating activities		40	14,287
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,774)	(2,245)
Distribution from available-for-sale financial assets		705	1,813
Distribution from other investments		–	349
Dividends received from:			
- associates and joint ventures		7,743	19,860
- other investments		478	1,288
Interest received		122	199
Proceeds from disposal of:			
- other investments		6,481	3,510
- property, plant and equipment		720	120
Purchase of other investments		(31,881)	(2,961)
Purchase of intangible asset		(333)	–
Investment in a joint venture		(5,584)	–
Net cash (used in)/from investing activities		(23,323)	21,933

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

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from financing activities			
Deposits pledged		106	4
Dividends paid		(4,944)	(3,547)
Interest paid		(271)	(15)
Repayment of amounts due from associates and joint ventures		2,254	5,267
Payment of finance lease liabilities		(2,402)	(1,030)
Proceeds from exercise of share options		7	330
Issue of treasury shares pursuant to exercise of share options		232	72
Purchase of treasury shares		–	(145)
Repayment of borrowings		–	(281)
Loan from a non-controlling interests		510	–
Contribution by a non-controlling interest of a subsidiary		20	–
Net cash (used in)/from financing activities		(4,488)	655
Net (decrease)/increase in cash and cash equivalents		(27,771)	36,875
Cash and cash equivalents at 1 January		64,101	27,120
Effect of exchange rate fluctuations on cash held		110	106
Cash and cash equivalents at 31 December	13	36,440	64,101

Significant non-cash transactions

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

	2014 $'000	2013 $'000
Acquisition of property, plant and equipment under finance leases	8,476	2,757

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2015.

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 Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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 8 – Valuation of available-for-sale financial assets
- Note 10 – Allowance for inventory obsolescence
- Note 25 – Impairment of trade and other receivables

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 – Financial instruments.

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses 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 accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014 and concluded that the control in subsidiaries remained unchanged. Accordingly, the adoption of FRS 110 has no impact on the subsidiaries consolidated in the Group's financial statements.

Joint arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group classifies its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified certain investments in associates to joint ventures due to establishment of the Group's joint control included in the shareholders' agreements of these investees. Notwithstanding the reclassification, the investments continue to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in associates and joint ventures (note 7).

Offsetting of financial assets and liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, 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 change had no significant impact on the Group's presentation of receivables and payables due to/from the same counterparty in the financial statements. The Group had not previously offset any receivables and payables due/to from the same counterparty as these balances were not intended to be settled on a net basis and therefore were already presented on a gross basis in the financial statements.

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 policies.

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.

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.

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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 Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

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.

Investments in associates and joint-ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control 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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures 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).

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 reporting date. 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 are translated at the exchange rates at the reporting date. 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 or joint control 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 or joint venture that includes a foreign operation while retaining significant influence or joint control, 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 OCI, and are presented in the translation reserve in equity.

3 Significant accounting policies (cont'd)

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, held-to-maturity financial assets, 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.

Financial assets classified as held for trading comprise equity and debt securities actively managed by the Group.

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

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise a debt security.

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 prepayments).

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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 and cash and cash equivalents managed by fund managers 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.

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.

Non-derivative financial liabilities

Financial liabilities 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 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.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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.

Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

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.

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.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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.

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 33 years
Buildings and civil works	-	5% to 33⅓%
Plant, machinery and equipment	-	10% to 25%
Office equipment, furniture and fittings	-	10% to 20%
Computers	-	20% to 33⅓%
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.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, 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 and joint ventures.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3 Significant accounting policies (cont'd)

3.5 Intangible assets and goodwill (cont'd)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Franchise rights 10 years

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

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 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 nine months to be prolonged.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Loans and receivables and held-to-maturity investment securities

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

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 or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised 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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, 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. 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.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (group of CGUs) on a *pro rata* basis.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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 investments in associates or joint ventures is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture 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 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.

3.10 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.

3 Significant accounting policies (cont'd)

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 transactions.

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.

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.

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

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, associates and joint ventures 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.

A deferred tax asset is recognised for unused tax losses, tax credits 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 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 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 (the chief operating decision maker) 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 interest-earning fixed deposits and interest income, interest-bearing loans and interest expense, and tax assets and liabilities.

3 Significant accounting policies (cont'd)

3.16 Segment reporting (cont'd)

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

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 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Group and the Company in future financial periods, and which the Group does not plan to early adopt, are set out below.

- FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts and related interpretations*. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

  FRS 115 *Revenue from Contracts with Customers* is effective for annual periods beginning on or after 1 January 2017.

- FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

  FRS 109 *Financial Instruments* is effective for annual periods beginning on or after 1 January 2018.

FRS 115 and FRS 109 were issued on 19 November 2014 and 11 December 2014 respectively. The Group is currently evaluating the impact of the implementation of these standards.

4 Property, plant and equipment

Group	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 2013	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
Additions	–	147	2,656	35	23	6,799	590	10,250
Reclassification	–	–	445	409	–	(37)	(817)	–
Disposals/write-offs	(490)	(57)	(962)	(926)	(24)	(627)	–	(3,086)
Effect of movements in exchange rates	17	25	(11)	–	–	(35)	–	(4)
At 31 December 2014	415	23,159	24,413	1,293	1,530	14,503	131	65,444
Accumulated depreciation								
At 1 January 2013	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
Depreciation for the year	25	417	1,166	130	50	2,015	–	3,803
Reclassification	–	1	(111)	125	–	(15)	–	–
Disposals/write-offs	(75)	(57)	(849)	(627)	(23)	(516)	–	(2,147)
Effect of movements in exchange rates	7	23	24	4	–	(7)	–	51
At 31 December 2014	176	21,698	17,903	861	1,424	4,537	–	46,599

4 Property, plant and equipment (cont'd)

Group	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
Carrying amounts								
At 1 January 2013	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
At 31 December 2014	239	1,461	6,510	432	106	9,966	131	18,845

During the year, the Group acquired property, plant and equipment with an aggregate cost of $10,250,000 (2013: $5,002,000), of which $8,476,000 (2013: $2,757,000) were acquired under finance leases.

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 2013	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
Additions	–	189	16	20	–	590	815
Reclassification	–	701	116	–	–	(817)	–
Disposals/write-offs	–	(58)	–	(2)	–	–	(60)
At 31 December 2014	17,211	14,638	836	1,065	746	131	34,627
Accumulated depreciation							
At 1 January 2013	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
Depreciation for the year	–	209	28	22	57	–	316
Disposals/write-offs	–	(58)	–	(2)	–	–	(60)
At 31 December 2014	17,211	12,862	542	1,030	603	–	32,248
Carrying amounts							
At 1 January 2013	–	1,060	127	23	273	–	1,483
At 31 December 2013	–	1,095	190	37	200	358	1,880
At 31 December 2014	–	1,776	294	35	143	131	2,379

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Plant, machinery and equipment	2,309	519	–	–
Motor vehicles	9,607	4,553	137	186

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 33 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	
	2014	2013
	$'000	$'000
Equity investments at cost	53,769	51,654
Accumulated impairment losses	(42,267)	(41,667)
	11,502	9,987
Loans to subsidiaries	52,792	49,254
Accumulated impairment losses	(13,844)	(13,844)
	38,948	35,410
Interest in subsidiaries	50,450	45,397

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 2014, 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 recognised an impairment loss of $600,000 under other expenses in the Company's profit or loss (2013: nil).

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 four 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 amounts 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 data). The key assumptions were as follows:

	2014	2013
Company	%	%
Discount rate	9.00	8.30
Sales volume growth rate	6.10	6.19

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.

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.

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
Held by the Company				
CemtecAsia (H.K.) Limited[1]	Inactive	Hong Kong	100	100
CemtecAsia (M) Sdn Bhd[4]	Manufacture and sale of construction and building materials	Malaysia	100	100
Pacific Climate Solutions Pte Ltd	Carbon consultancy services	Singapore	100	100
EnGro Gobal Resources Pte Ltd (formerly known as S3 Technologies (Singapore) 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 construction and 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
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	100	100
SsangYong LTI (Pte) Ltd	Investment holding	Singapore	100	100
EnGro (Asia) Private Limited	Marketing and distribution of building materials	Singapore	80	80
Shanghai EverGro Commercial Co Ltd[6]	Trading, wholesale and distribution of building materials	People's Republic of China	100	–

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
Held by subsidiaries				
EnGro Chemicals Pte Ltd	Inactive	Singapore	100	100
MPT Pacific Technology Sdn Bhd[4]	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[2]	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 a subsidiary				
R&P (Pte.) Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	98.57	98.57
Burkill (Singapore) Pte Ltd	Inactive	Singapore	98.57	98.57
Resin & Pigment Technologies Sdn Bhd[5]	Inactive	Malaysia	98.57	98.57
Resin & Pigment Technologies (Wuxi) Co Ltd[7]	Inactive	People's Republic of China	98.57	98.57

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] Not required to be audited by laws of country of incorporation.
[7] Wuxi Taibo Public Accountants Partnership.

6 Intangible asset

Group	Franchise rights $'000
Cost	
Addition during the year and as at 31 December 2014	333
Accumulated amortisation	
At 1 January 2014 and 31 December 2014	–
Carrying amounts	
At 1 January 2014	–
At 31 December 2014	333

7 Associates and joint ventures

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Associates				
Equity investments, at cost	2,436	2,436	320	320
Loan to an associate	15,213	15,213	15,213	15,213
Share of reserves*	3,811	4,579	–	–
	21,460	22,228	15,533	15,533
Joint ventures				
Equity investments, at cost	57,317	51,733	44,710	44,710
Share of reserves*	25,086	19,842	–	–
	82,403	71,575	44,710	44,710
	103,863	93,803	60,243	60,243

* Included in share of reserves is the Group's share of statutory common reserves of its associates and joint ventures of $14,831,000 (2013: $14,133,000) that are not distributable as cash dividends.

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 Group's net investment in the associate, it is classified as non-current and stated at cost.

Details of the associates and joint ventures are as follows:

Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
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
Held by subsidiaries				
Changshu Changlong Concrete Co Ltd(5)	Manufacture and sale of building materials	People's Republic of China	40	40
Changshu Changxin Ready Mix Concrete Co Ltd(5)	Manufacture and sale of building materials	People's Republic of China	40	40

7 Associates and joint ventures (cont'd)

Name of joint ventures	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
Held by the Company				
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[(3)]	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan TangAng Materials Co Ltd[(3)]	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
Held by subsidiaries				
VCEM Materials Co Ltd[(4)]	Manufacture and sale of specialty cement	South Korea	40	40
Changshu Changyin Ready Mix Concrete Co Ltd[(6)]	Manufacture and sale of building materials	People's Republic of China	40	40
Qingdao Evergreen Materials and Technologies Co Ltd[(7)]	Manufacture and sale of specialty cement	People's Republic of China	34.40	–

The auditors of the associates and joint ventures are as follows:

(1) KPMG LLP, Singapore.

(2) For consolidation purposes, a member firm of KPMG International has performed specified audit procedures on certain significant accounts in accordance with International Standards on Auditing. For this purpose, an associate or joint venture 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) Zhongxi CPAs (Special General Partnership), China.

(4) Other member firm of KPMG International.

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

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

(7) Not required to be audited by laws of country of incorporation.

7 Associates and joint ventures (cont'd)

Associates

The Group has interests in one (2013: one) associate which is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

	HB Investments (China) Pte. Ltd.
Nature of relationship with the Group	Investment in property and real estate
Principal place of business/Country of incorporation	Singapore
Ownership interest/Voting rights held	20% (2013: 20%)

The following summarises the financial information of the Group's material associate based on its financial statements prepared in accordance with FRS. The table also includes summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
2014			
Revenue	–		
Loss from continuing operations	(2,200)		
Other comprehensive income	3,360		
Total comprehensive income	1,160		
Non-current assets	67,766		
Current assets	260		
Non-current liabilities	(76,066)*		
Current liabilities	(11)		
Net assets	(8,051)		
Add: Non-current liabilities	76,066		
Adjusted net assets	68,015		
Group's interest in net assets of investee at beginning of the year	13,371	8,857	22,228
Group's share of:			
- (loss)/profit from continuing operations	(440)	898	458
- other comprehensive income	672	352	1,024
- total comprehensive income	232	1,250	1,482
Dividends recognised during the year	–	(2,250)	(2,250)
Carrying amount of interest in investee at end of the year	13,603	7,857	21,460

* The non-current liabilities of the associate are, in substance, part of the net investment in the associate. Settlement of the amount is neither planned nor likely to occur in the foreseeable future.

7 Associates and joint ventures (cont'd)

Associates (cont'd)

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
2013			
Revenue	–		
Loss from continuing operations	(885)		
Other comprehensive income	2,590		
Total comprehensive income	1,705		
Non-current assets	66,595		
Current assets	271		
Non-current liabilities	(76,066)*		
Current liabilities	(11)		
Net assets	(9,211)		
Add: Non-current liabilities	76,066		
Adjusted net assets	66,855		
Group's interest in net assets of investee at beginning of the year	13,030	9,324	22,354
Group's share of:			
- (loss)/profit from continuing operations	(177)	15,539	15,362
- other comprehensive income	518	194	712
- total comprehensive income	341	15,733	16,074
Dividends recognised during the year	–	(16,200)	(16,200)
Carrying amount of interest in investee at end of the year	13,371	8,857	22,228

* The non-current liabilities of the associate are, in substance, part of the net investment in the associate. Settlement of the amount is neither planned nor likely to occur in the foreseeable future.

Joint ventures

Jiangsu Huailong Materials Co Ltd, Jinan Luxin Materials Co Ltd and Wuhan Wuxin Materials Co Ltd are unlisted joint arrangements in which the Group has joint control via investors' agreement and holds 33%, 40% and 40% (2013: 33%, 40% and 40%) ownership interest respectively. These investees are incorporated in the People's Republic of China, principally engaged in the manufacture and sale of specialty cement.

Jiangsu Huailong Materials Co Ltd, Jinan Luxin Materials Co Ltd and Wuhan Wuxin Materials Co Ltd are structured as separate vehicles and the Group has residual interests in their net assets. Accordingly, the Group classified its interests in these investees as joint ventures, which are equity-accounted.

The following summarises the financial information of each of the Group's material joint ventures based on their respective (consolidated) financial statements. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

2014	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd and its subsidiary $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
Revenue	36,345	110,670	90,338		
Profit from continuing operations [a]	1,285	6,893	7,960		
Other comprehensive income	1,369	2,483	1,898		
Total comprehensive income	2,654	9,376	9,858		
[a] Includes:					
- depreciation	3,001	4,890	3,098		
- interest expense	–	–	713		
- income tax expense	476	1,239	1,957		

7 Associates and joint ventures (cont'd)

2014	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd and its subsidiary $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
Non-current assets	19,577	50,225	73,039		
Current assets [b]	17,132	21,719	52,134		
Non-current liabilities [c]	–	–	(1,726)		
Current liabilities [d]	(4,354)	(12,948)	(74,429)		
Net assets	32,355	58,996	49,018		
Includes					
[b] cash and cash equivalents	2,930	3,946	24,631		
[c] non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(1,726)		
[d] current financial liabilities (excluding trade and other payables and provisions)	–	–	(32,993)		
Group's interest in net assets of investee at beginning of the year	13,019	21,865	14,508	22,183	71,575
Investment a new joint venture	–	–	–	5,584	5,584
Group's share of:					
- profit from continuing operations	514	2,757	2,653	1,115	7,039
- other comprehensive income	547	993	633	1,101	3,274
- total comprehensive income	1,061	3,750	3,286	2,216	10,313
Dividends recognised during the year	(1,138)	(2,017)	(1,618)	(296)	(5,069)
Carrying amount of interest in investee at end of the year	12,942	23,598	16,176	29,687	82,403

2013			
Revenue	43,948	77,065	52,880
Profit from continuing operations [a]	3,293	5,460	5,884
Other comprehensive income	1,410	2,160	1,809
Total comprehensive income	4,703	7,620	7,693
[a] Includes:			
- depreciation	2,953	5,457	1,344
- interest expense	–	–	136
- income tax expense	1,245	1,163	2,153
Non-current assets	21,447	52,824	57,129
Current assets [b]	16,800	18,974	22,573
Non-current liabilities [c]	–	–	(1,654)
Current liabilities [d]	(5,699)	(17,136)	(34,084)
Net assets	32,548	54,662	43,964
Includes			
[b] cash and cash equivalents	2,469	1,528	6,794
[c] non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–
[d] current financial liabilities (excluding trade and other payables and provisions)	–	–	–

7 Associates and joint ventures (cont'd)

2013	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd and its subsidiary $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
Group's interest in net assets of investee at beginning of the year	12,729	18,817	13,173	21,331	66,050
Group's share of:					
- profit from continuing operations	1,317	2,184	1,961	646	6,108
- other comprehensive income	564	864	603	685	2,716
- total comprehensive income	1,881	3,048	2,564	1,331	8,824
Dividends recognised during the year	(1,591)	–	(1,229)	(479)	(3,299)
Carrying amount of interest in investee at end of the year	13,019	21,865	14,508	22,183	71,575

8 Other investments

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current investments				
Available-for-sale financial assets:				
- Debt security, unquoted	–	1,485	–	–
- Equity securities, quoted	3,676	1,840	–	–
- Equity securities, unquoted	14,422	12,809	58	58
Available-for-sale financial assets at cost:				
- Equity securities, unquoted	2,936	2,033	1,217	1,217
	21,034	18,167	1,275	1,275
Current investments				
Held-to-maturity financial asset:				
- Debt security, unquoted	1,324	–	–	–
Financial assets classified as held for trading:				
- Equity securities	9,058	7,066	–	183
- Debt securities	4,535	495	–	495
Financial assets designated as at fair value through profit or loss:				
- Equity securities	9,593	–	–	–
- Debt securities	6,531	–	–	–
- Hedge funds	2,921	–	–	–
Forward exchange contracts	18	–	18	–
	33,980	7,561	18	678

An impairment loss of $220,000 (2013: $517,000) in respect of available-for-sale equity securities of the Group was recognised in the profit or loss during the year.

8 Other investments (cont'd)

The unquoted debt security classified as held-to-maturity investment with a carrying amount of $1,324,000 (2013: nil) at 31 December 2014 bears interest at 8% (2013: nil) per annum and matures in September 2015.

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in note 25.

9 Other financial assets

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Club membership, at cost	238	238	238	238
Accumulated impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172

10 Inventories

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At cost				
Raw materials	2,528	1,702	–	–
Work in progress	6	32	–	–
Goods-in-transit	6,075	3,774	6,075	3,796
Finished goods	2,548	2,753	1,863	2,753
	11,157	8,261	7,938	6,549

During the year, inventories of $261,000 (2013: nil) were written down to net realisable value. The write down is included under other expenses in the profit or loss for the year.

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).

11 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Amounts due from associates and a joint venture, non-trade	2,094	2,520	–	–
Current				
Trade receivables due from				
- Subsidiaries	–	–	12,914	10,318
- Third parties	35,242	27,378	11,210	13,338
	35,242	27,378	24,124	23,656
Allowance for doubtful receivables	(436)	(523)	–	–
Net trade receivables	34,806	26,855	24,124	23,656
Non-trade receivables due from				
- Joint ventures	160	2,381	160	2,275
- Subsidiaries	–	–	34,433	8,989
Allowance for doubtful receivables	–	–	(496)	(56)
	160	2,381	34,097	11,208
Deposits	477	695	57	34
Other receivables	1,309	496	14	16
Tax recoverable	140	398	–	–
Loans and receivables	36,892	30,825	58,292	34,914
Prepayments	3,552	5,406	1,164	4,997
	40,444	36,231	59,456	39,911
Loans and receivables (non-current and current)	38,986	33,345	58,292	34,914

The non-current amounts due from associates and a joint venture pertains to dividend receivable from the associates and a joint venture which is unsecured, interest-free and is not expected to be settled within the next twelve months. There is no allowance for doubtful debts arising from these amounts.

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

The Group's and the Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 25.

12 Loans to a subsidiary

Included in loans to a subsidiary are:

(i) An amount of $2,073,000 (2013: nil) which is unsecured, interest-free and repayable in 2016.

(ii) An amount of $5,936,000 (2013: nil) which is unsecured, bears interest at 3% per annum and repayable in 2015.

No impairment loss has been recognised in respect of the loans to a subsidiary company.

13 Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed deposits	601	1,941	500	500
Bank balances	36,339	62,766	16,251	43,925
Cash and cash equivalents in the statements of financial position	36,940	64,707	16,751	44,425
Fixed deposits pledged	(500)	(606)	(500)	–
Cash and cash equivalents in the statement of cash flows	36,440	64,101	16,251	44,425

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 2014 for the Group and the Company are 0.2% (2013: 0.2%) and 0.3% (2013: 0.2%) per annum respectively.

14 Capital and reserves

Share Capital

	Ordinary shares			
	2014	2014	2013	2013
Company	No. of shares '000	$'000	No. of shares '000	$'000
In issue at 1 January	118,703	85,263	118,273	84,158
Issue of shares under share options scheme	–	7	430	1,105
In issue at 31 December	118,703	85,270	118,703	85,263

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.

14 Capital and reserves (cont'd)

Issuance of ordinary shares

During the year, the Company issued 60,000 (2013: 250,000) ordinary shares under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme at an exercise price of $0.75 (2013: $0.75) per ordinary share and 245,000 (2013: 180,000) ordinary shares under the EnGro Corporation Limited 2011 Employees' Share Option Scheme at an exercise price of $0.79 (2013: $0.79) per ordinary share.

These shares issued during the year were recorded against the Company's reserve for own shares.

Reserves

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Foreign currency translation reserve	632	(4,771)	–	–
Fair value reserve	8,125	7,385	–	–
Share option reserve	168	192	168	192
Reserve for own shares	(20)	(302)	(20)	(302)
Capital reserve	(21)	(22)	(21)	(22)
	8,884	2,482	127	(132)
Accumulated profits	133,844	126,618	97,982	91,274
	142,728	129,100	98,109	91,142

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 2014, the Group held 19,000 (2013: 324,000) 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.

15 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.

15 Employee share options (cont'd)

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

	2014		2013	
	Weighted average exercise price $	No. of options '000	Weighted average exercise price $	No. of options '000
Outstanding at 1 January	0.96	1,587	0.90	2,167
Forfeited	–	–	0.79	(35)
Exercised	0.78	(305)	0.74	(545)
Outstanding at 31 December	1.02	1,282	0.96	1,587
Exercisable at 31 December	1.02	1,282	0.96	1,587

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

	2014		2013	
Options exercised and exercise price	No. of ordinary shares issued '000	No. of treasury shares issued '000	No. of ordinary shares issued '000	No. of treasury shares issued '000
ESOS 2000				
Option 1 - $0.75 each	–	60	250	–
Option 3 - $0.55 each	–	–	–	80
ESOS 2011				
- $0.79 each	–	245	180	35
	–	305	430	115

At 31 December 2014, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted 1,077,500 shares (2013: 1,137,500 shares) and under its EnGro Corporation Limited 2011 Employees' Share Option Scheme amounted to 205,000 shares (2013: 450,000 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.

15 Employee share options (cont'd)

	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.

16 Loans and borrowings

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current liabilities				
Finance lease liabilities	8,935	3,871	116	154
Current liabilities				
Loans from subsidiaries	–	–	10,033	8,551
Loan from a non-controlling interest of a subsidiary	510	–	–	–
Finance lease liabilities	2,498	1,106	38	34
	3,008	1,106	10,071	8,585
	11,943	4,977	10,187	8,739

The loans from subsidiaries and a non-controlling interest of a subsidiary are unsecured, interest-free and repayable on demand.

Information about the Group's and the Company's exposures to interest rate, foreign currency and liquidity risks are disclosed in note 25.

16 Loans and borrowings (cont'd)

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	2014 Face value $'000	2014 Carrying amount $'000	2013 Face value $'000	2013 Carrying amount $'000
Group						
Loan from a non-controlling interest of a subsidiary	–	2015	510	510	–	–
Finance lease liabilities	1.30% – 3.52%	2015 – 2021	12,344	11,433	5,368	4,977
			12,854	11,943	5,368	4,977
Company						
Finance lease liabilities	1.50%	2018	163	154	205	188

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014 Future minimum lease payments $'000	2014 Present value of minimum lease payments $'000	2013 Future minimum lease payments $'000	2013 Present value of minimum lease payments $'000
Group				
Within one year	2,849	2,498	1,247	1,106
Between two to five years	9,476	8,916	4,113	3,863
More than five years	19	19	8	8
	12,344	11,433	5,368	4,977
Less: Future finance charges	(911)		(391)	
Present value of obligation	11,433		4,977	
Company				
Within one year	42	38	42	34
Between two to five years	121	116	163	154
	163	154	205	188
Less: Future finance charges	(9)		(17)	
Present value of obligation	154		188	

17 Deferred tax 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 liabilities of the Group during the year, after appropriate offsetting, are as follows:

Group	At 1 January 2014 $'000	Recognised in profit or loss (note 21) $'000	Witholding tax paid $'000	At 31 December 2014 $'000
Withholding tax on share of profits of associates and joint ventures	802	412	(288)	926
Property, plant and equipment	–	71	–	71
	802	483	(288)	997

Group	At 1 January 2013 $'000	Recognised in profit or loss (note 21) $'000	Witholding tax paid $'000	Reversal of deferred tax liabilities $'000	At 31 December 2013 $'000
Withholding tax on share of profits of associates and joint ventures	709	287	(171)	(23)	802

Deferred tax assets have not been recognised in respect of the following items:

	Group 2014 $'000	Group 2013 $'000
Unabsorbed tax losses	39,097	46,475
Unabsorbed wear and tear allowances	704	707
Unutilised donations	2,858	2,858
Deductible temporary differences	11,257	9,664
	53,916	59,704

The tax losses and unabsorbed wear and tear allowances at 31 December 2014 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' unabsorbed tax losses are subject to agreement by the local 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.

18 Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables				
- Third parties	13,639	10,398	2,395	4,331
- Joint ventures	1,208	–	1,208	–
Advances received from				
- Third parties	501	589	500	500
- Joint ventures	88	–	–	–
Accrued expenses	5,076	6,509	2,731	4,581
Dividend payable	3,764	2,774	3,764	2,774
Non-trade payables due to				
- Subsidiaries	–	–	357	353
Other payables	3,151	3,722	2,170	2,810
	27,427	23,992	13,125	15,349

The amounts due to joint ventures and subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposures to currency and to liquidity risks related to trade and other payables are disclosed in note 25.

19 Revenue

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

20 Finance income and finance costs

	Group	
	2014	2013
	$'000	$'000
Finance income		
Dividend income from:		
- Financial assets held for trading	278	288
- Available-for-sale financial assets	200	1,000
Interest income on bank deposits	122	199
Other investment income	850	349
Net change in fair value of financial assets:		
- Held for trading	1,402	1,201
- Designated as at fair value through profit or loss	672	–
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		
- Gain on disposal of other investments	218	–
Exchange gains	782	813
	4,524	3,850

20 Finance income and finance costs (cont'd)

	Group 2014 $'000	Group 2013 $'000
Finance costs		
Interest expense on bank borrowings	(1)	(6)
Interest expense on finance lease liabilities	(270)	(9)
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)
Impairment loss on equity securities available-for-sale financial assets	(220)	(517)
	(491)	(557)

21 Tax expense

	Group 2014 $'000	Group 2013 $'000
Current tax expense		
Current year	497	253
(Over)/Under provided in prior years	(166)	73
	331	326
Deferred tax expense		
Origination and reversal of temporary differences	468	–
Under provided in prior years	15	–
	483	–
	814	326

Reconciliation of effective tax rate

	Group 2014 $'000	Group 2013 $'000
Profit before tax	13,864	26,175
Less: Share of profit of associates and joint ventures (net of tax)	(7,497)	(21,470)
	6,367	4,705
Tax using the Singapore tax rate of 17% (2013: 17%)	1,082	800
Effect of tax rates in foreign jurisdictions	125	(2)
Non-deductible expenses	356	1,209
Tax exempt income	(68)	(1,605)
Utilisation of deferred tax benefits previously not recognised	(1,695)	(702)
Unrecognised deferred tax assets	711	186
(Over)/Under provided in prior years	(151)	73
Tax on unremitted profits	412	287
Tax deducted at source	54	96
Others	(12)	(16)
	814	326

22 Profit for the year

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

	Group	
	2014	2013
	$'000	$'000
Allowance for doubtful receivables	485	24
Bad debts (recovered)/written off	(21)	4
Loss on disposal of property, plant and equipment	220	112
Contributions to defined contribution plans	938	745
Audit fees paid to:		
- auditors of the Company	427	417
- other auditors	97	24
Non-audit fees paid to:		
- auditors of the Company	81	53
Operating lease expense	2,179	1,999
Write-down of inventories	261	–

23 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of $13,160,000 (2013: $25,862,000), and a weighted average number of ordinary shares outstanding of 118,560,000 (2013: 118,225,000), calculated as follows:

Weighted average number of ordinary shares

	Group	
	2014	2013
	No. of shares	No. of shares
	'000	'000
Issued ordinary shares at 1 January (excluding treasury shares)	118,379	117,985
Effect of share options exercised	181	360
Effect of own shares held	–	(120)
Weighted average number of ordinary shares during the year	118,560	118,225

23 Earnings per share (cont'd)

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on profit attributable to ordinary shareholders of $13,160,000 (2013: $25,862,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,787,000 (2013: 118,420,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2014	**2013**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares (basic)	118,560	118,225
Potential ordinary shares issuable under share options	227	195
Weighted average number of ordinary shares (diluted) during the year	118,787	118,420

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.

24 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.

Other operations include the provision of carbon consultancy services and wholesale of food and beverage. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

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.

24 Operating segments (cont'd)

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Others $'000	Total $'000
Revenue and expenses					
2014					
External revenues, representing consolidated revenue	168,848	5,153	–	5	174,006
Dividend income	–	–	478	–	478
Reportable segment profit/(loss) before tax	5,132	(1,691)	3,227	(152)	6,516
Share of profit/(loss) of associates and joint ventures	8,070	–	(573)	–	7,497
	13,202	(1,691)	2,654	(152)	14,013
Interest expense					(271)
Interest income					122
Tax expense					(814)
Profit for the year					13,050
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 and joint ventures	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
Assets and liabilities					
2014					
Total assets for reportable segments	86,099	7,117	70,643	399	164,258
Investments in associates and joint ventures					103,863
Other unallocated amounts					741
Consolidated total assets					268,862
Total liabilities for reportable segments	37,879	872	581	38	39,370
Other unallocated amounts					1,361
Consolidated total liabilities					40,731

24 Operating segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Others $'000	Total $'000
Assets and liabilities					
2013					
Total assets for reportable segments	106,027	4,726	37,919	–	148,672
Investments in associates and joint ventures					93,803
Other unallocated amounts					2,339
Consolidated total assets					244,814
Total liabilities for reportable segments	27,872	977	120	–	28,969
Other unallocated amounts					1,329
Consolidated total liabilities					30,298
Other segment information					
2014					
Capital expenditure	9,721	529	–	333	10,583
Depreciation	3,109	694	–	–	3,803
Impairment loss on equity securities available-for-sale financial assets	–	–	220	–	220
2013					
Capital expenditure	4,689	313	–	–	5,002
Depreciation	2,176	530	–	–	2,706
Impairment loss on equity securities available-for-sale financial assets	–	–	517	–	517

Reconciliation of reportable segment profit or loss

	2014 $'000	2013 $'000
Profit or loss		
Total profit or loss for reportable segments	6,516	4,521
Unallocated amounts	(149)	184
Share of profit of associates and joint ventures	7,497	21,470
Consolidated profit before tax	13,864	26,175

24 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
2014					
External customers	132,983	37,881	3,142	–	174,006
Inter-segment revenue	24,279	3,823	–	(28,102)	–
Total revenue	157,262	41,704	3,142	(28,102)	174,006
Total assets for reportable segments	141,074	15,272	7,912	–	164,258
Investments in associates and joint ventures					103,863
Other unallocated amounts					741
Consolidated total assets					268,862
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 and joint ventures					93,803
Other unallocated amounts					2,339
Consolidated total assets					244,814

25 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.

25 Financial instruments (cont'd)

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.

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 amounts of financial assets in the statements of financial position represents the Group and the Company's respective maximum exposures 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.

25 Financial instruments (cont'd)

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:

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Available-for-sale financial asset					
- Debt security	8	–	1,485	–	–
Held-to-maturity financial asset					
- Debt security, unquoted	8	1,324	–	–	–
Financial assets classified as held for trading					
- Debt securities	8	4,535	495	–	495
Financial assets designated as at fair value through profit or loss					
- Debt securities	8	6,531	–	–	–
Loans and receivables	11	38,986	33,345	58,292	34,914
Loans to a subsidiary	12	–	–	8,009	–
Cash and cash equivalents	13	36,940	64,707	16,751	44,425
Recognised financial assets		88,316	100,032	83,052	79,834

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

	2014 Gross $'000	2014 Impairment losses $'000	2013 Gross $'000	2013 Impairment losses $'000
Group				
Not past due	22,630	–	28,634	–
Past due 0 – 30 days	11,018	–	3,269	–
Past due 31 – 90 days	4,860	–	825	–
Past due 91 days	914	(436)	1,140	(523)
	39,422	(436)	33,868	(523)
Company				
Not past due	62,561	–	33,261	–
Past due 0 – 30 days	2,804	–	1,502	–
Past due 31 – 90 days	805	–	101	–
Past due 91 days	627	(496)	106	(56)
	66,797	(496)	34,970	(56)

An analysis of the credit quality of loans and receivables that are neither past due nor impaired indicates that the balances are of acceptable risk.

25 Financial instruments (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	523	557	56	74
Impairment loss recognised in profit or loss	485	24	440	–
Amount utilised	(576)	(47)	–	(18)
Translation difference	4	(11)	–	–
At 31 December	436	523	496	56

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.

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 2014, the Group's exposure to credit risk comprises $25,180,000 (2013: $26,334,000), $4,814,000 (2013: $2,582,000) and $8,992,000 (2013: $4,429,000) from companies in the geographic regions of Singapore, People's Republic of China and Malaysia respectively.

At 31 December 2014, the Group's exposure to credit risk primarily comprises $36,565,000 (2013: $32,085,000) 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).

Derivatives

Forward contracts are entered into with banks and financial institutions which are regulated.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $36,940,000 and $16,751,000 respectively at 31 December 2014 (2013: $64,707,000 and $44,425,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions which are regulated.

25 Financial instruments (cont'd)

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.

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					
2014					
Non-derivative financial liabilities					
Loan from a non-controlling interest of a subsidiary	510	(510)	(510)	–	–
Finance lease liabilities	11,433	(12,344)	(2,849)	(9,476)	(19)
Trade and other payables*	26,838	(26,838)	(26,838)	–	–
	38,781	(39,692)	(30,197)	(9,476)	(19)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	18	–	–	–	–
- Inflow	–	2,646	2,646	–	–
- Outflow	–	(2,628)	(2,628)	–	–
	18	18	18	–	–
	38,799	(39,674)	(30,179)	(9,476)	(19)
2013					
Non-derivative financial liabilities					
Finance lease liabilities	4,977	(5,368)	(1,247)	(4,113)	(8)
Trade and other payables*	23,403	(23,403)	(23,403)	–	–
	28,380	(28,771)	(24,650)	(4,113)	(8)
Company					
2014					
Non-derivative financial liabilities					
Finance lease liabilities	154	(163)	(42)	(121)	–
Trade and other payables*	12,625	(12,625)	(12,625)	–	–
Loans from subsidiaries	10,033	(10,033)	(10,033)	–	–
	22,812	(22,821)	(22,700)	(121)	–
Derivative financial instruments					
Forward exchange contracts (gross-settled)	18	–	–	–	–
- Inflow	–	2,646	2,646	–	–
- Outflow	–	(2,628)	(2,628)	–	–
	18	18	18	–	–
	22,830	(22,803)	(22,682)	(121)	–

25 Financial instruments (cont'd)

		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)	–	–
Loans from subsidiaries	8,551	(8,551)	(8,551)	–	–
	23,588	(23,605)	(23,442)	(163)	–

* Excludes advances received.

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. 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 are denominated mainly in the US dollar, China renminbi, Australia dollar and Euro.

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	Australia dollar $'000	Euro $'000
Group				
2014				
Trade and other receivables	639	2,514	–	–
Cash and cash equivalents	8,188	5,629	399	–
Other investments	21,150	–	341	773
Loan from a non-controlling interest of a subsidiary	–	(510)	–	–
Trade and other payables	(309)	(1,208)	–	–
	29,668	6,425	740	773

25 Financial instruments (cont'd)

	US dollar $'000	China renminbi $'000	Australia dollar $'000	Euro $'000
Group				
2013				
Trade and other receivables	5,051	9,934	–	–
Cash and cash equivalents	15,619	2,619	–	–
Other investments	4,579	–	–	–
Trade and other payables	(95)	(7)	–	–
	25,154	12,546	–	–
Company				
2014				
Trade and other receivables	5,112	4,036	–	–
Cash and cash equivalents	4,103	3,038	–	–
Other investments	58	–	–	–
Loans to subsidiaries	39,316	8,009	–	–
Trade and other payables	(100)	(1,208)	–	–
Loans from subsidiaries	(8,122)	(1,013)	–	–
	40,367	12,862	–	–
2013				
Trade and other receivables	4,949	7,415	–	–
Cash and cash equivalents	12,665	2,117	–	–
Other investments	58	–	–	–
Loans to subsidiaries	32,410	–	–	–
Trade and other payables	–	(2)	–	–
Loans from subsidiaries	(3,794)	–	–	–
	46,288	9,530	–	–

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 2013, as indicated below:

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
31 December 2014				
US dollar	(2,967)	(23)	(4,037)	(6)
China renminbi	(643)	–	(1,286)	–
Australia dollar	(74)	–	–	–
Euro	(78)	–	–	–
31 December 2013				
US dollar	(2,515)	(23)	(4,629)	(6)
China renminbi	(1,255)	–	(953)	–

25 Financial instruments (cont'd)

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 Group's interest-bearing financial instruments are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets classified as held for trading				
- Debt securities	4,535	495	–	495
Financial assets designated as at fair value through profit or loss				
- Debt securities	6,531	–	–	–
	11,066	495	–	495

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately $901,000 (2013: $33,000) for the Group. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 2013.

Cash flow sensitivity analysis for variable rate instruments

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

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 $1,810,000 (2013: $1,465,000). For investments classified as fair value through profit or loss, the impact on profit before tax would have been an increase of $1,865,000 (2013: $707,000). The analysis is performed on the same basis for 2013. 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.

25 Financial instruments (cont'd)

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	Held for trading $'000	Designated as at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group									
31 December 2014									
Available-for-sale financial assets									
- Equity securities	8	–	–	–	–	21,034	–	21,034	18,098*
Held-to-maturity financial asset									
- Debt security	8	–	–	1,324	–	–	–	1,324	1,253
Financial assets classified as held for trading									
- Debt securities	8	4,535	–	–	–	–	–	4,535	4,535
- Equity securities	8	9,058	–	–	–	–	–	9,058	9,058
Financial assets designated as at fair value through profit or loss									
- Debt securities	8	–	6,531	–	–	–	–	6,531	6,531
- Equity securities	8	–	9,593	–	–	–	–	9,593	9,593
- Hedge funds	8	–	2,921	–	–	–	–	2,921	2,921
Forward exchange contracts	8	–	18	–	–	–	–	18	18
Trade and other receivables	11	–	–	–	38,986	–	–	38,986	38,986
Cash and cash equivalents	13	–	–	–	36,940	–	–	36,940	36,940
		13,593	19,063	1,324	75,926	21,034	–	130,940	127,933
Finance lease liabilities	16	–	–	–	–	–	(11,433)	(11,433)	(11,433)
Loan from a non-controlling interest of a subsidiary	16	–	–	–	–	–	(510)	(510)	(510)
Trade and other payables	18	–	–	–	–	–	(26,838)	(26,838)	(26,838)
		–	–	–	–	–	(38,781)	(38,781)	(38,781)

* Excludes available-for-sale financial assets at cost.

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Held for trading $'000	Designated as at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group									
31 December 2013									
Available-for-sale financial assets									
- Debt security	8	–	–	–	–	1,485	–	1,485	1,485
- Equity securities	8	–	–	–	–	16,682	–	16,682	14,649*
Financial assets classified as held for trading									
- Debt securities	8	495	–	–	–	–	–	495	495
- Equity securities	8	7,066	–	–	–	–	–	7,066	7,066
Trade and other receivables	11	–	–	–	33,345	–	–	33,345	33,345
Cash and cash equivalents	13	–	–	–	64,707	–	–	64,707	64,707
		7,561	–	–	98,052	18,167	–	123,780	121,747
Finance lease liabilities	16	–	–	–	–	–	(4,977)	(4,977)	(4,977)
Trade and other payables	18	–	–	–	–	–	(23,403)	(23,403)	(23,403)
		–	–	–	–	–	(28,380)	(28,380)	(28,380)
Company									
31 December 2014									
Available-for-sale financial assets									
- Equity securities	8	–	–	–	–	1,275	–	1,275	58*
Forward exchange contracts	8	–	18	–	–	–	–	18	18
Trade and other receivables	11	–	–	–	58,292	–	–	58,292	58,292
Loans to a subsidiary	12	–	–	–	8,009	–	–	8,009	8,009
Cash and cash equivalents	13	–	–	–	16,751	–	–	16,751	16,751
		–	18	–	83,052	1,275	–	84,345	83,128
Finance lease liabilities	16	–	–	–	–	–	(154)	(154)	(154)
Trade and other payables	18	–	–	–	–	–	(12,625)	(12,625)	(12,625)
		–	–	–	–	–	(12,779)	(12,779)	(12,779)

* Excludes available-for-sale financial assets at cost.

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Held for trading $'000	Designated as at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company									
31 December 2013									
Available-for-sale financial assets									
- Equity securities	8	–	–	–	–	1,275	–	1,275	58*
Financial assets classified as held for trading									
- Debt securities	8	495	–	–	–	–	–	495	495
- Equity securities	8	183	–	–	–	–	–	183	183
Trade and other receivables	11	–	–	–	34,914	–	–	34,914	34,914
Cash and cash equivalents	13	–	–	–	44,425	–	–	44,425	44,425
		678	–	–	79,339	1,275	–	81,292	80,075
Finance lease liabilities	16	–	–	–	–	–	(188)	(188)	(188)
Trade and other payables	18	–	–	–	–	–	(14,849)	(14,849)	(14,849)
		–	–	–	–	–	(15,037)	(15,037)	(15,037)

* Excludes available-for-sale financial assets at cost.

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.

25 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2014				
Financial assets held for trading	7,837	5,756	–	13,593
Financial assets designated as at fair value through profit or loss	6,300	12,745	–	19,045
Available-for-sale financial assets	3,676	174	14,248	18,098
Forward exchange contracts	–	18	–	18
	17,813	18,693	14,248	50,754
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
Company				
31 December 2014				
Available-for-sale financial assets	–	–	58	58
Forward exchange contracts	–	18	–	18
	–	18	58	76
31 December 2013				
Financial assets held for trading	–	678	–	678
Available-for-sale financial assets	–	–	58	58
	–	678	58	736

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 2014, available-for-sale financial assets with a carrying amount of $171,000 (2013: $1,470,000) 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 Group. In addition, available-for-sale financial assets with a carrying amount of $1,485,000 (2013: nil) were transferred from Level 2 to Level 1 because the securities became quoted securities for which quoted prices in active markets were regularly available.

Apart from above, there were no other transfers between Level 1 and Level 2, or transfers into Level 3 occurring during the years ended 31 December 2013 and 2014. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

25 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

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	
	2014	**2013**
	$'000	**$'000**
Group		
At 1 January	12,638	13,685
Total losses recognised in profit or loss		
- Finance cost	(112)	(517)
Total gains recognised in other comprehensive income		
- Net change in fair value of equity securities available-for-sale financial assets	78	790
Purchases	1,810	1,308
Settlements	(649)	(1,668)
Transfer out of Level 3	(171)	(1,470)
Exchange movement	654	510
At 31 December	14,248	12,638
Company		
At 1 January and 31 December	58	58

At 31 December 2014 and 31 December 2013, 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 2014. Otherwise, the latest available valuation obtained is adjusted for any capital contributions and distributions where relevant, up to 31 December 2014, to determine the fair values of these venture capital funds as at 31 December 2014.

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 $1,425,000 (2013: $1,264,000). 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.

26 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.

Other financial assets and liabilities

The carrying 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.

27 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Within one year	2,567	3,351	874	649
Between two to five years	4,538	2,292	2,598	1,294
More than five years	7,791	4,879	6,470	4,879
	14,896	10,522	9,942	6,822

Leases as lessor

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

	Group	
	2014	2013
	$'000	$'000
Within one year	292	389
Between two to five years	–	292
	292	681

28 Capital commitments

As at year end, the Group has commitments amounting to $7,284,000 (2013: $7,394,000) in respect of additional investments in venture capital funds.

As at 31 December 2014, the Group has entered into contracts to purchase property, plant and equipment for $389,000 (2013: nil).

29 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.

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	
	2014	**2013**
	$'000	**$'000**
Directors' fees	263	258
Short-term employee benefits		
- directors	1,638	2,067
- other management personnel	1,362	1,478
	3,263	3,803

Other related party transactions

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

In 2014, sales of finished goods by the Company to its subsidiaries amounted to $24,279,000 (2013: $17,759,000).

In 2014, purchases of finished goods by the Company from a joint venture amounted to $9,278,000 (2013: $11,056,000).

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.

	2014	**2013**
	$'000	**$'000**
Dividends received	200	1,000

In the prior year, there was a repayment of loan of $5,384,000 by HBS Investment Pte Ltd.

In 2014, the dividends received from associates and joint ventures amounted to $7,319,000 (2013: $19,499,000).

30 Contingencies

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2014, the net current liabilities and deficits in shareholders' funds of these subsidiaries amounted to approximately $6,431,000 and $14,651,000.

31 Subsequent events

On 15 January 2015, the Group extended a loan of $6,471,000 to a joint venture, in proportion to the Group's shareholdings, for purpose of funding the joint venture's capital expenditure.

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

	Group and Company	
	2014	2013
	$'000	$'000
Final one-tier dividend proposed of 3 cents per share (2013: 3 cents per share)	3,561	3,561
Special one-tier dividend proposed of 2 cents per share	–	2,374
	3,561	5,935

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	
	2014	2013
$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	3
Total	5	5

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.

Statistics of Shareholdings

As at 16 March 2015

SHARE CAPITAL

Issued & fully paid-up	:	$85,270,272.17
Class of shares	:	Ordinary shares
Voting rights excluding treasury shares	:	one vote per ordinary share
Number of issued shares excluding treasury shares	:	118,683,500
Number of treasury shares	:	19,000
Percentage of treasury shares	:	0.016%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	40	2.11	813	0.00
100 - 1,000	301	15.88	203,687	0.17
1,001 - 10,000	1,098	57.94	4,649,992	3.92
10,001 - 1,000,000	445	23.48	25,187,823	21.22
1,000,001 AND ABOVE	11	0.58	88,641,185	74.69
TOTAL	**1,895**	**100.00**	**118,683,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	AFRO-ASIA INTERNATIONAL ENTERPRISES PTE LIMITED	44,463,000	37.46
2	AFRO ASIA SHIPPING CO (PTE) LTD	14,270,500	12.02
3	UOB KAY HIAN PRIVATE LIMITED	13,148,010	11.08
4	CHUA WEE KENG	5,535,100	4.66
5	DBS NOMINEES (PRIVATE) LIMITED	2,503,525	2.11
6	MORPH INVESTMENTS LTD	1,596,500	1.35
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMTED	1,546,550	1.30
8	NG SOO GIAP OR CHEW SOOI GUAT	1,465,000	1.23
9	TAN CHOO SUAN	1,419,000	1.20
10	PERFORMANCE INVESTMENT PTE LTD	1,404,000	1.18
11	ZEN PROPERTY MANAGEMENT PTE LTD	1,282,500	1.08
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	842,500	0.71
13	NEW TOWN DEVELOPMENT PTE LTD	826,000	0.70
14	LIM CHER KHIANG	737,830	0.62
15	KWOK HAE MENG	714,250	0.60
16	SON FONG MENG	706,000	0.60
17	LIM & TAN SECURITIES PTE LTD	644,600	0.54
18	TAN CHOO HOON @ TAN CHENG GAY	636,750	0.54
19	CHEN ENYI	620,000	0.52
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	548,050	0.46
	TOTAL	**94,909,665**	**79.96**

Note:
The percentages are computed based on 118,683,500 ordinary shares (excluding 19,000 shares held as treasury shares) as at 16 March 2015.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 16 March 2015, 44.43% 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.

Statistics of Shareholdings

As at 16 March 2015

SUBSTANTIAL SHAREHOLDINGS

as shown in the Company's Register of Substantial Shareholders as at 16 March 2015

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	51.87
Chua Thian Poh	165,000	45,745,500	(2)	45,910,500	38.68
Ho Bee Holdings (Pte) Ltd	–	45,745,500	(3)	45,745,500	38.54
Tan Choo Pin	25,500	44,463,000	(4)	44,488,500	37.48
Ng Giok Oh	–	15,674,500	(5)	15,674,500	13.21
Afro-Asia International Enterprises Pte. Limited	44,463,000	–		44,463,000	37.46
Afro Asia Shipping Co (Pte) Ltd	14,270,500	1,404,000		15,674,500	13.21
The Estate of the late Tan Kiam Toen, deceased	–	60,137,500	(6)	60,137.500	50.67

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 by 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 to dispute by her siblings, namely Mr Tan Cheng Gay, Mr Tan Yok Koon, Mdm Tan Choo Pin and Mr Tan Chin Hoon, and this is presently the subject matter of Suit 570.

The percentages are computed based on 118,683,500 ordinary shares (excluding 19,000 shares held as treasury shares) as at 16 March 2015.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of EnGro Corporation Limited (the "Company") will be held at 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Tuesday, 28 April 2015 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 2014 and the Reports of the Directors and 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 2014. **(Resolution 2)**

3(a) To re-elect Mr Tan Cheng Gay who retires pursuant to Article 87 of the Company's Articles of Association. **(Resolution 3)**

3(b) To re-appoint Mr Ng Tat Pun pursuant to Section 153(6) of the Companies Act, Cap 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company **(Resolution 4)**

Mr Ng Tat Pun will, upon re-appointment as a Director of the Company, remain as a Chairman 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 5)**

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$262,500 for the financial year ended 31 December 2014 (2013: S$258,062). **(Resolution 6)**

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 7)**

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 8)**

6.3 Authority to grant options and to allot and issue shares under 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 9)

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 10)

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 11)

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, the Share Transfer Books and the Register of Members of the Company will be closed on 8 July 2015 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 2015 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 for the financial year ended 31 December 2014, if approved at the Annual General Meeting, will be paid on 29 July 2015.

By Order of the Board

Joanna Lim
Company Secretary

13 April 2015

EXPLANATORY NOTE

In relation to Ordinary Resolutions 3 and 4 proposed in items 3(a) and 3(b) above, the detailed information on Messrs Tan Cheng Gay and Mr Ng Tat Pun are set out in the section entitled "Directors Profile" and Table 3 in the Corporate Governance Report of the Company's 2014 Annual Report.

Mr Tan Cheng Gay is the brother of Mr Tan Yok Koon (Executive Director 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 Ng Tat Pun, 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 6

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2014.

Ordinary Resolution 7

Resolution 7 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 8

Resolution 8 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 8 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 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Ordinary Resolution 9

Resolution 9 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 10

Resolution 10 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 11

Resolution 11 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 2014 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.

5) **Personal data privacy:**

   By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the personal data of the member by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the proxy(ies) and/or representative(s) of the member to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the breach of warranty of the member.

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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 2014 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 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Tuesday, 28 April 2015 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 2014 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 2014. **(Resolution 2)**		
3.	To re-elect Mr Tan Cheng Gay (Retiring under Article 87). **(Resolution 3)**		
4.	To re-appoint Mr Ng Tat Pun under Section 153(6) of the Companies Act, Cap 50. **(Resolution 4)**		
5.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**		
6.	To approve the payment of Directors' fees of S$262,500 for the financial year ended 31 December 2014 (2013: S$258,062). **(Resolution 6)**		
7.	To authorise Directors to allot and issue shares pursuant to the exercise of options granted under the ESOS 2000. **(Resolution 7)**		
8.	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate. **(Resolution 8)**		
9.	To authorise Directors to grant options and to allot and issue shares under the ESOS 2011. **(Resolution 9)**		
10.	To authorise Directors to issue shares under the EnGro PSA Scheme. **(Resolution 10)**		
11.	To approve the renewal of the Share Purchase Mandate. **(Resolution 11)**		

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 ____________________ 2015

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.

Personal data privacy:
By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (“AGM”) and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the personal data of the member by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the proxy(ies) and/or representative(s) of the member to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the breach of warranty of the member.

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The Company Secretary

ENGRO CORPORATION LIMITED

29 International Business Park
#08-05/06 Acer Building Tower B
Singapore 609923

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