ENGRO

ENGRO CORPORATION LIMITED

ANNUAL REPORT *FINANCIAL YEAR 2007*

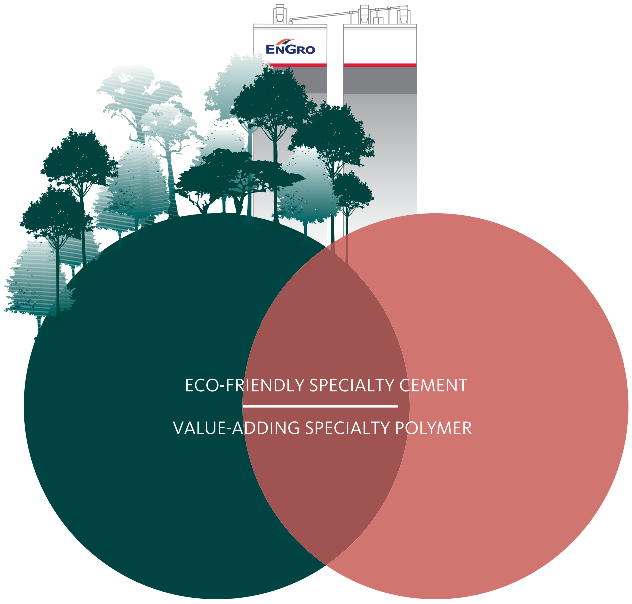
BUILDING SUSTAINABILITY

BUILDNG SUSTAINABILITY

EnGro has been a provider of superior building materials for 35 years, involved in shaping the landscapes of countries across Asia. We have maintained high standards of excellence for our products and services all these years, and we look forward to making a more significant impact on the industry together with our partners.

昂國集团

The logo reflects EnGro's new vision on regional growth and expansion through strategic partnerships. The striking combination of blue and orange symbolises EnGro and its partners. The design initiates the hemisphere of a globe that EnGro is expanding worldwide. EnGro is seen as progressive, confident, energetic and forging ahead with excellence.


ENGRO
ECO-FRIENDLY SPECIALTY CEMENT
VALUE-ADDING SPECIALTY POLYMER

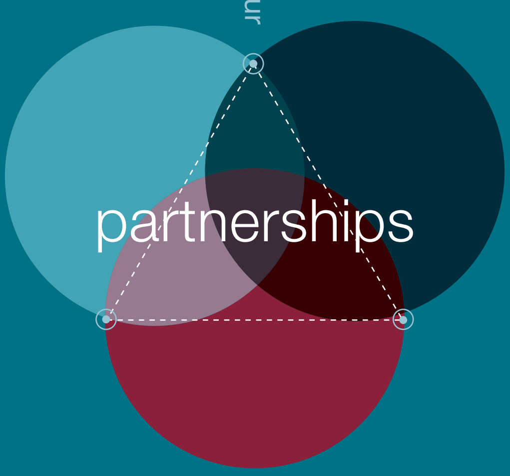
_CONTENTS

a company dedicated to

eco-friendly
specialty cement,
value adding
specialty polymer,
& technology
fusion business.

what drives our

partnerships




is what propels us
forward

35 years of dependable service

2 growth engines

the Group's turnover $126.6 million in 2007

3.6 million tons of GGBS p.a in China

2007 was a turnaround year

1st local cement company to attain the Green Label accreditation

S$8.4 million net profit after tax in 2007

2 core business

60,000 tons building material silo terminal storage capacity at Pulau Damar Laut (PDL)

2 core business
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60,000 tons building material silo terminal storage capacity at Pulau Damar Laut (PDL)

to greater

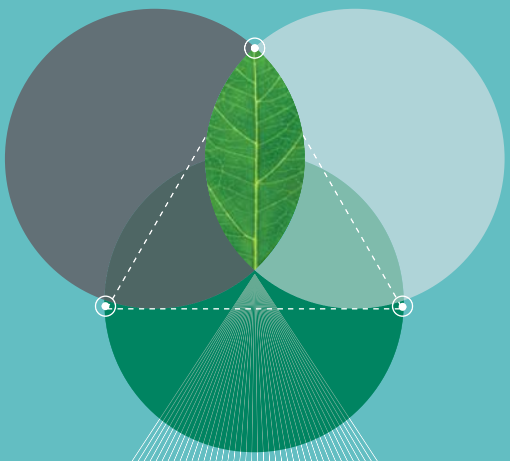
accomplishments,


&
bigger
dreams.

BUILDING
SUSTAINABILITY

focused

on a common vision



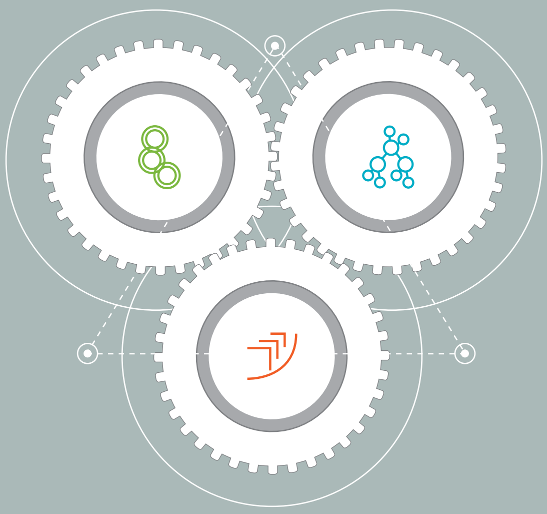
we strive for

excellence,

with a
corporate responsibility
towards our
environment.

our committed

team &



innovative

culture,

lead us to deliver results.

as we contribute to a sustainable future

EnGro aims to be a Trusted, Knowledgeable, Reliable, Environmental Conscious Partner in the supply and promotion of high performance eco-friendly building materials. We have received the Green Label by the Singapore Environment Council for our Eco-Friendly Building Materials, an official acknowledgement of our efforts to build a sustainable future.

work/day

Our state-of-the-art facilities at strategic locations are the production sources of building materials that serve millions. We take pride in our dedicated workforce and research capabilities that place us at the top of our game.

8.11 am

Location:
Cement Terminal / Pulau Damar Laut (PDL)

Our state-of-the-art Duo-Cell and Multi-Cell 60,000 tons PDL terminal stands us in good stead to service our customers efficiently.


昂国
ENGRO


ENGRO
BUILDING DURABILITY
P4246
Green Label ID no. 022-003
ECO-FRIENDLY BUILDING MATERIAL


TOP-MIX
DURABLE CONCRETE
A member of ENGRO

9.38 am

Location:

Top-Mix Concrete Batching Plant / Tampines, Singapore

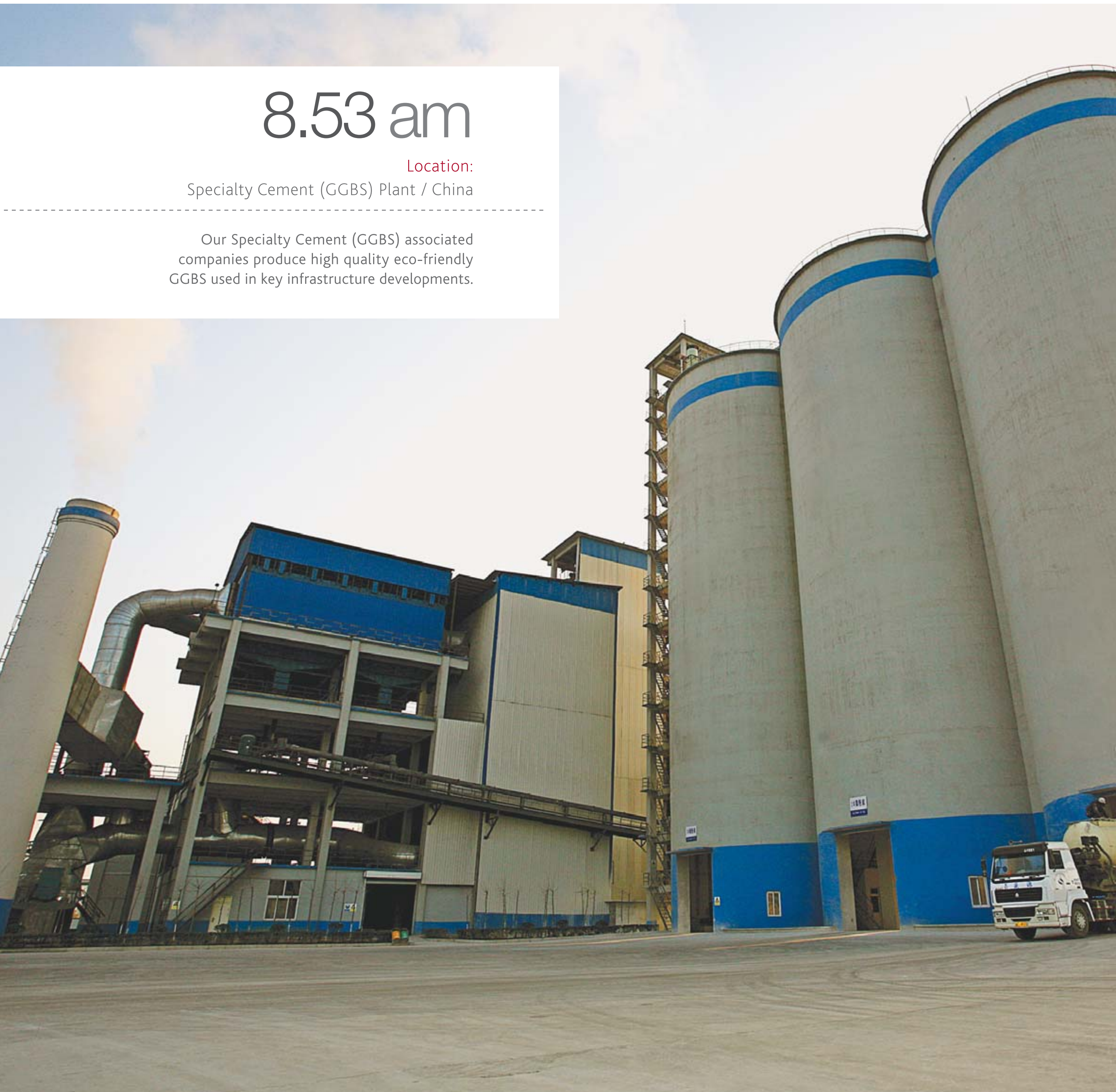
Top-Mix manufactures High Performance Concrete (HPC) using low heat high slag blastfurnace cement (LHPBFC or HSPBFC) for the most stringent civil and infrastructure requirements.

8.53 am

Location:

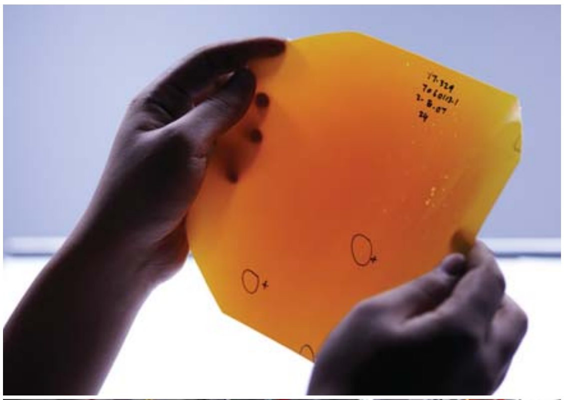
Specialty Cement (GGBS) Plant / China

Our Specialty Cement (GGBS) associated companies produce high quality eco-friendly GGBS used in key infrastructure developments.




UBE


潍钢集团






5.11 pm

Location:
Specialty Polymer (R&P) plant / JLT at Jurong Island, Singapore

Our strategic polymer compounding plant offers highly integrated and efficient processing solutions to the upstream polymer manufacturing plants on Jurong Island.


ENGRO
www.engro-global.com
TOP-MIX
LSH
THERMOMETER
TOKAIDO

corporate information

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Facsimile +65 6561 9770

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Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

AUDITORS

KPMG
Certified Public Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

PARTNER-IN-CHARGE

Adeline Lee
(with effect from F.Y 2006)

chairman’s message

2007 was an eventful year, marking the Group's return to profitability and reaffirming the decision to grow regionally while rationalising our Singapore operations to time with the recovery of the Singapore construction sector.

Tan Cheng Gay
Chairman

2007 was an eventful year, marking the Group's return to profitability and reaffirming the decision to grow regionally while rationalising our Singapore operations to time with the recovery of the Singapore construction sector.

Tan Cheng Gay
Chairman

chairman's message

FINANCIAL PERFORMANCE

2007 was a turnaround year. The Group's turnover for the year ended 31 December 2007 was S$126.6 million, an increase of 73.6% over the previous year. The consolidated net profit after tax for the year was S$8.4 million compared to a loss of S$7.0 million in the previous year.

OVERVIEW

It was an eventful year, marking the Group's return to profitability and reaffirming the decision to grow regionally while rationalising our Singapore operations to time with the recovery of the Singapore construction sector.

The year also coincides with the end of the first 5-year plan for our specialty cement business in China, during which we witnessed our annual capacity increase from our first plant of 600,000 tons to 4.2 million tons by 2008 and in the process establishing an industry leading position.

Rationalisation of our integrated cement and ready-mix concrete (RMC) operations in Singapore is uniquely reinforced by Ground Granulated Blastfurnace Slag (GGBS) supply from our Joint Ventures (JVs) in China. With the enhanced long-term competitive edge, the operations are better positioned to address future opportunities such as the Singapore government's new urbanisation plans to be achieved by 2020.

Another notable milestone achieved was EnGro being the first local cement company to attain the Green Label accreditation from the Singapore Environment Council (SEC) for our "VCEM" brand of GGBS, "P4246" and "P4246S" brands of high slag blended cement, which now carry the title of "Eco-Friendly Building Material".

SPECIALTY CEMENT

By now the proven scalable business model has seen the business grow an average 25% year-on-year over the past 5 years. As at the end of 2007, our specialty cement (GGBS) production capacity in China reached 3.6 million tons per annum. Through much effort by our China team, we can now lay claim to being one of the leading slag cement (GGBS) players in China.

Combined with our 0.5 million tons production capacity of GGBS JV in Incheon, South Korea, our total GGBS production capacity in North Asia is around 4.1 million tons per annum.

Our specialty cement (GGBS) JVs in China are strategically located and backed by strong partnership with leading steel groups, thus allowing the JVs to capitalise on the sustainable double-digit GDP growth generally acknowledged to be achievable in the foreseeable future in the emerging Bohai Rim Economic Zone (渤海湾经济区). We believe that China's GDP will continue to grow strongly in this zone attributable to its master plan linking highway, railway, waterway, air corridors, sea ports, and airports. The Bohai Rim Economic Zone will be as big or even bigger than the first two economic deltas built over the last three decades, and for this reason the infrastructure development program is expected to stretch over the next two decades.

Our JVs in 3 locations are approximately 300 km apart, and their strategic positions have allowed the JVs to complement each other in terms of supply to key infrastructure projects along the Beijing-Shanghai economic corridor (京沪经济走廊). This uniqueness coupled with the power of a common VCEM brand name place our JVs in the forefront by way of choice for what must be the most prestigious project, namely the Beijing-Shanghai High Speed Railway (京沪高速铁路), a 1,318 kilometre double-track railway project linking Beijing and Shanghai, currently proclaimed as the world's largest infrastructure project (US$21 billion) ever undertaken. Our GGBS under the VCEM brand by all of our JVs have been selected as approved suppliers of the requisite materials specifically specified to be used for the project.

In 2008, we move vigilantly towards our aspirations, with renewed confidence and support from our partners and stakeholders. Enriching existing partnerships and establishing new ones will continue to be our guiding principle to grow our business.

Being one of the focal points of development for the Bohai Rim economic zone, Tangshan has embarked upon a major urbanisation program by being the first to showcase scientific development and recyclable development (循环经济发展), with plans to build a "4 point, 1 belt" (四点一带) eco-city to complement Tianjin and Beijing, a powerful triangle within the Bohai Rim Economic Zone.

Caofeidian (曹妃甸), a natural deep-sea port falling under the administration of Tangshan city, is concurrently undergoing rapid transformation. Its focus is on steel cum downstream manufacturing, petrochemical, coal, salt and chemicals industries. The Caofeidian industrial zone is also earmarked to showcase Scientific Development and Recyclable Development (循环经济发展). As our GGBS JVs in Tangshan city and Jingtang Port are only 80 kilometers from Caofeidian, they are well positioned to serve its growing construction demand in the next 10 years.

The GGBS JVs established in the three provinces will serve as sound platform for EnGro to move forward with its second 5-year plan parallel to the continuous growth of the China economy.

SINGAPORE OPERATIONS

2007 marks the beginning of a new round of building boom with the construction industry registering an increase by 46% to S$24.5 billion, propelled by a record high private sector construction demand as well as renewed public sector developments made up of increased housing, educational and civil engineering construction contracts.

The Singapore Government recently announced plans to construct two new MRT lines (S$20 billion) to be built by 2020, and two new North-South expressways as part of urban development plan to transform Singapore to be a global metropolitan city with a 5.5 million population. A new master plan to build an integrated transit system linking road, bus, MRT and airport has also been finalised.

In addition, expansion of container port under PSA and the anticipated 4th airport terminal will provide spin off to the building of a seamless transit network and its ancillary developments along the way.

According to BCA estimates, the value of construction contracts awards in 2008 will reach S$23 to S$27 billion on the back of strong demand from the private sector. Projects in the pipeline will sustain construction GDP growth well into 2010.

The Government's aspiration to rejuvenate Singapore to accommodate a population of 5.5 million requires revamping construction code and practices, new building material specifications and new methdology to comply with green environment and new methodology. To EnGro, having an extended supply chain by sourcing environmental friendly GGBS from its own GGBS JV plants in China anchors our Singapore operations to gain further strength and command sustainable competitiveness.

Moving forward, we expect demand for cement, concrete as well as high performance concrete (HPC) to stay strong.

SPECIALTY POLYMER

Our second growth engine fell behind schedule, nevertheless it is on track to provide the processing solutions of the engineering polymers as well as higher-value colour compounding requirements. Resin & Pigment Technologies (R&P) continues to upgrade its compounding capabilities aimed at higher-value applications. R&P will continue to differentiate itself as a value-added polymer toll compounder, reducing its dependency on the price-competitive and mass market colour compounding services. R&P's Singapore compounding plant sited at Belgium specialty logistics player Katoe Natie's Jurong Logistics Terminal (JLT) has just completed its first year of operations. During the first year, focus and effort were spent on commissioning the new plant and customers prospect.

In 2008, R&P plans to continue upgrading existing equipment, technical resources, as well as attain the necessary certifications, such as ISO: TS16949 for the automotive industry.

The strategic importance of Jurong Island has been given a positive endorsement judging by the impending expansion programs embarked upon by the global petrochemical majors. These will provide steady supply to R&P.

We are confident that the demand growth for specialty engineering polymers in the Asian market will sustain and remain strong. The ideal location of the compounding facility located on Jurong Petrochemical Island will allow R&P to grow in parallel with global petrochemical majors.

INVESTMENT

In 2007, our minority stake in property development projects headed by Ho Bee Investments continue to do well. The condominium project by the name of "The Coast" was completely sold out and the second condominium project in Sentosa Cove, "Turquoise", was launched in the third quarter of 2007. Gain from the projects in the form of dividend payment is expected from 2009 onwards.

Our quoted investments fared well in 2007 due to healthy performance in the global equity markets despite a moderation towards the end of 2007.

We also expect to see our hi-tech venture capital investments bearing fruits in the near future.

IN CONCLUSION

With the various programs that have kicked in, we have grounds to be optimistic. Barring unforeseen circumstances, we expect to do better in 2008.

In 2008, we move vigilantly towards our aspirations, with renewed confidence and support from our partners and stakeholders. Enriching existing partnerships and establishing new ones will continue to be our guiding principle to grow our business.

In closing, I offer my deepest thanks to our customers and investors for their strong support throughout the year. My heartfelt thanks also go to our Board of Directors for their visionary guidance and inspirations.

Last but not the least, to our managers and our staffs, I thank them for their perseverance and enduring dedication.

Tan Cheng Gay
Chairman

directors' profile

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
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.

TAN CHOO SUAN
Director

Dr Tan was appointed in 2003 as a non-independent, non-executive Director. She serves as a member of the Audit Committee and Remuneration Committee. Following a career in academia and The World Bank, Dr Tan started Advanced Strategies Consultancy Ltd in Hong Kong in 1993 to be more directly involved in Asia's economic growth and development. She is related to Mr Tan Cheng Gay.

NG TAT PUN
Director

Mr Ng was appointed in 2002 and is an independent non-executive Director. He serves as Chairman of the Audit Committee and is a member of the Nominating Committee. Mr Ng has more than 35 years of experience in the Banking and Finance industry, having served in various senior positions with both foreign and local banks. Mr Ng also serves on the boards of SP Chemicals Ltd and Thai Beverage Public Company Ltd. He is Chairman of the Audit and Nominating Committee as well as member of the Remuneration Committee for SP Chemicals Ltd and member of the Audit Committee of Thai Beverage Public Company Ltd.

SOH KIM SOON
Director

Mr Soh was appointed as Director in 2002 and is an independent non-executive Director. He serves as Chairman of the Nominating Committee and is a member of the Remuneration Committee. Mr Soh is currently Chairman of ORIX Investment And Management Private Limited and ORIX Leasing Singapore Limited. He also serves on the boards of National Healthcare Group Private Limited, Juniper Capital Ventures (Pte) Ltd, Singamas Container Holdings Ltd, Frasers Centrepoint Asset Management Ltd and NTUC Income Insurance Cooperative Limited. He was previously Senior Managing Director of DBS Bank where he worked for more than 29 years.

TAN KENG BOON
Director

Mr Tan was appointed as Director in 1997 and is an independent non-executive Director. He serves as Chairman of the Remuneration Committee and is a member of the Audit Committee. Mr Tan is the Chief Executive of Seavi Advent Venture Management Pte Ltd and also serves on the boards of other private and publicly listed companies, including Ho Bee Investment Ltd and SunVic Chemical Holdings Ltd.

directors' profile

Tan Cheng Gay
Tan Yok Koon
Tan Choo Suan
Ng Tat Pun
Soh Kim Soon
Tan Keng Boon

management team

Tseng Kau Chou
D.V.V.S. Raju
Dr. Chen En Yi
Dr. Lim Chan Teng
Wong Toon Hong
Vincent Loh

management team

TSENG KAU CHOU
Senior Manager, Business Development (Specialty Polymer)

Mr Tseng joined the Company in January 2005 and was promoted to position of Senior Manager in July 2006. He heads the Specialty Polymer business. His prior industry experience includes various technical, operations, supply chain, project planning and business development involvements in major petrochemical and chemical companies.

Mr Tseng holds a B.Sc (High Honors) Degree in Chemical Engineering from the University of Texas in Austin, USA.

D.V.V.S. RAJU
Senior Manager (Building Materials Division)

Mr Raju joined the Company in 1992 and was promoted to position of Senior Manager in July 2007. He heads the Singapore Building Materials division. His past working experience includes project management, plant operations, maintenance management, and in-design supervision in cement and steel industries.

Mr Raju holds a B.Eng (Mechanical) from Andhra University, India and an MBA from the Australian National University, Australia.

DR. CHEN EN YI
Manager, Business Development (China)

Dr Chen joined the Company in 1996 and is a member of China business team. Prior to joining the Company, he lectured in Tsinghua University China, specialising in cement and concrete technologies.

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

DR. LIM CHAN TENG
Manager, Business Development (China)

Dr Lim joined the Company in February 2004 and is a member of China business development team. His previous working experience includes responsibilities in process technology, project planning, process design, business development and management in a major oil company.

Dr Lim holds a B.Sc in Chemical Engineering from Nanyang Technological University and a Ph.D in Chemical Engineering from the University of Manchester Institute of Science and Technology, UK.

WONG TOON HONG
Manager, Strategic Business Unit

Mr Wong joined the Company in 1994. He supports the CEO's Office and is responsible for the venture capital IT investments, and the Infocomm needs of the Group. His prior working experience includes positions in system development in sectors from defense, government, publishing, technology and business consulting for multinational companies in Asia Pacific.

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

VINCENT LOH
Assistant Manager, Knowledge Management

Mr Loh joined the Company in 2000 as the Internal Auditor. He has been promoted to head the Group's Knowledge Management department. His prior experiences include reviewing internal controls, co-ordination and review of the statutory and corporate reporting, and financial analysis for a range of industries.

Mr Loh holds a B.Bus (Accounting) from Monash University, Australia, is a Certified Practicing Accountant (CPA) accredited by CPA Australia, and a member of the Institute of Certified Public Accountants of Singapore (ICPAS).

singapore cement & ready-mix concrete (RMC)

The 1st local cement company to attain the Green Label accreditation.

VCEM P4246

(Green Label ID no: 022 003)

Eco-Friendly
Building Material

RIDING ON THE CONSTRUCTION UP CYCLE

During the construction lull, we rationalised our integrated cement and ready-mix concrete (RMC) operations and further strengthened our supply chain to gain competitiveness. We are pleased that we have gained inroads in the domestic market.

Our government's vision to build Singapore into a city of a 5.5 million population will significantly transform Singapore into a global metropolitan city. The key infrastructure buildings and spin-off programmes thereof will increase demand for construction materials and herald a new round of construction boom.

The two new MRT lines, two new expressways, port expansion, new commercial centres designated, doubling of hotel rooms to match the two Integrated Resort (IR) projects, residential building that follows en-bloc sales, expansions at Jurong Petrochemical Island, and the accelerated HDB building program, are projects in the pipeline which will sustain construction activity for an extended period.

Timed with this newly revived construction sector, we are at the beginning of a new construction up cycle and confidently look forward to participating in a string of key public and private projects scheduled over the next few years.

TERMINAL IN PULAU DAMAR LAUT (PDL)

The Group's state-of-the-art bulk cement terminal located at Jurong Port on Pulau Damar Laut (PDL) stands us in good stead to service our customers efficiently. With a total storage capacity of 60,000 metric tonnes, our PDL Terminal is designed with Duo-Cell and Multi-Cell configuration coupled with automatic packing and palletising systems for bagged cement operations. The configuration of silos allows flexibility for delivery of different types of specialty cement in volume.

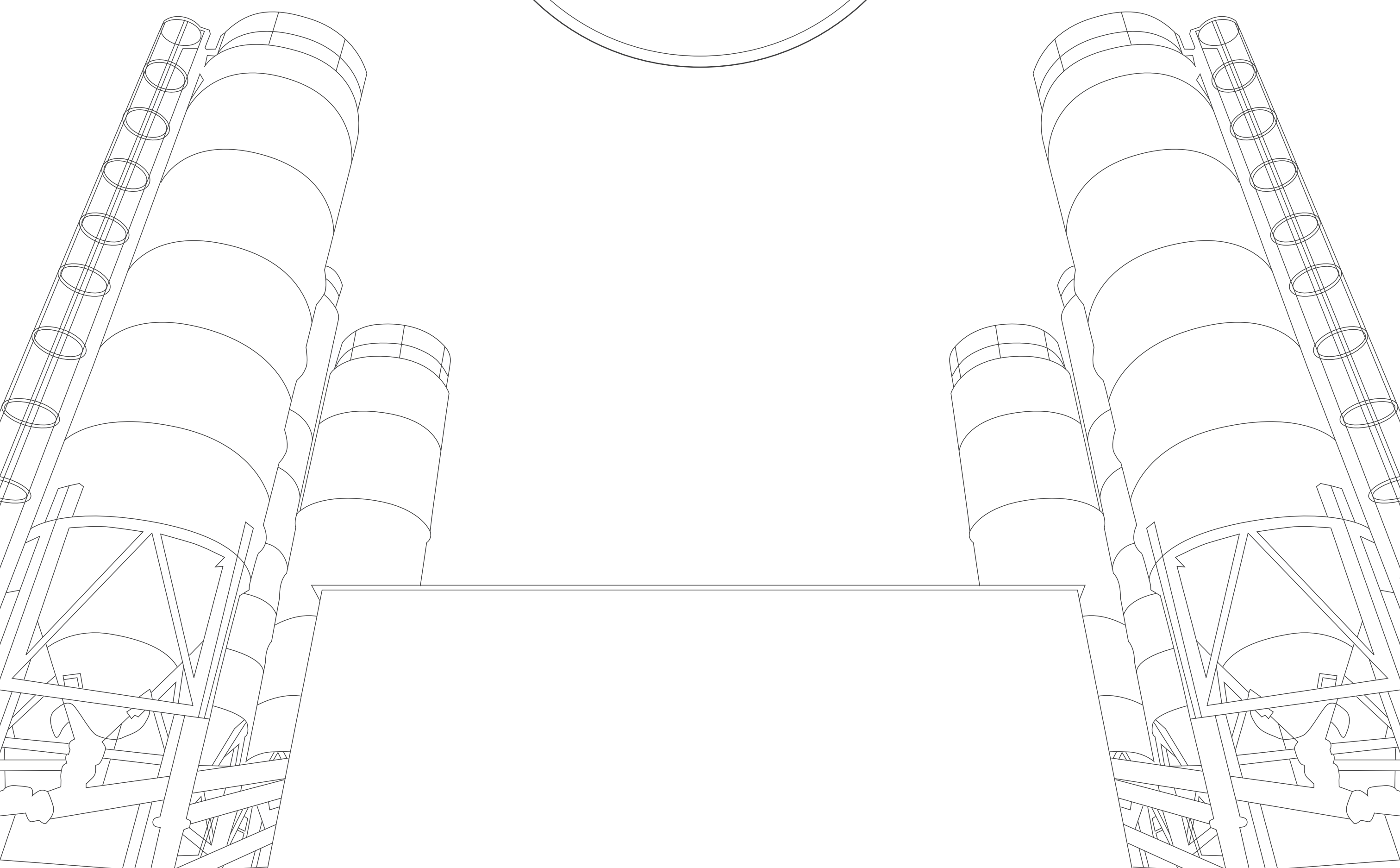
AN INTEGRATED APPROACH MEETING CUSTOMERS' NEEDS

Our products under the brand name of VCEM for GGBS together with P4246 and P4246S (our brand names for our High Slag Portland Blastfurnace Cement (HSPBFC)) are well recognised and established in the Singapore market. Top-Mix Concrete Pte Ltd ("Top-Mix"), our RMC arm, continues to expand to meet the strong demand in Singapore offered by the turnaround in the real estate market as well as the buoyant Singapore economy.

In 2007, a new mission was crafted to reflect the revitalised approach of our Singapore Cement and RMC operations, that is, "To Be a Trusted, Knowledgeable, Reliable, Environmental Conscious Partner in the supply and promotion of High Performance Concrete (HPC)". In line with the new mission, Top-Mix underwent a re-branding exercise in preparation to address the start of a construction boom in Singapore.

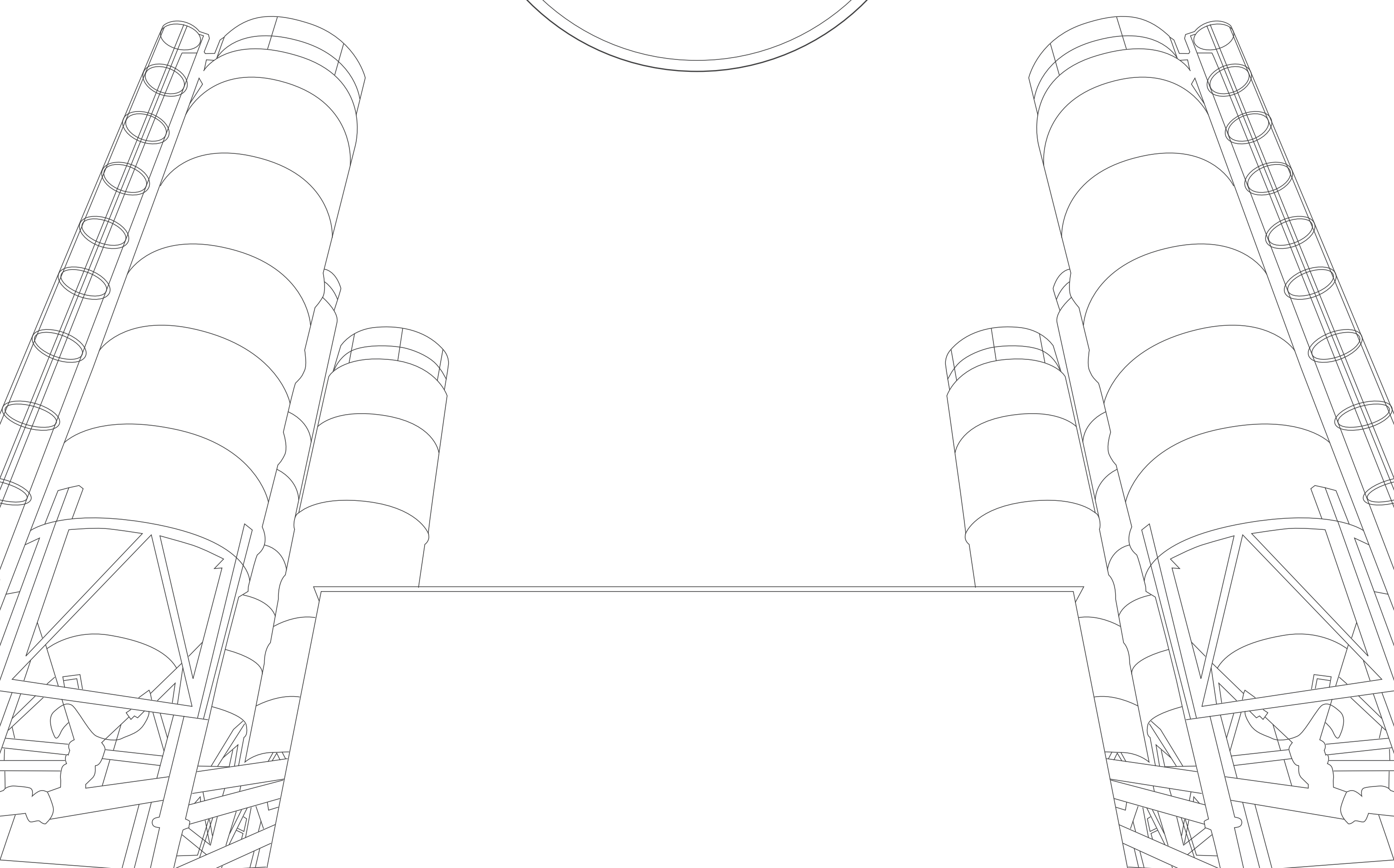
The new logo retains a part of the old Top-Mix icon, that is the alphabet "O" conveys the image of a spinning mixer drum on the concrete trucks, representing continuity of Top-Mix. The colour red represents a vibrant and progressive Top-Mix while grey signifies strong materials supply source assured by EnGro's Joint Venture (JV) entities in China; white lines across project a forward-looking vision. Top-Mix's renewed strength is described by the tagline "DURABLE CONCRETE", representing our resolve to provide quality materials to customers.

TOP-MIX
DURABLE CONCRETE



TOP-MIX

DURABLE CONCRETE



Our fleet of cement tankers and concrete mixer trucks are also given a new image - a seamless integration and a new force to be reckoned with. Relying on the assured supply of GGBS from our China JVs in close conjunction with our Central Lab, Top-Mix stands on good ground to supply High Performance Concrete (HPC) to meet the needs of infrastructure developments projected to stretch over the next two decades.

Backed by EnGro's in-house R&D initiative, Top-Mix manufactures "Durable Concrete" using low heat High Slag Portland Blastfurnace Cement (LHPBFC or HSPBFC) for the most stringent civil and infrastructure requirements. With the support of EnGro's accredited lab, Top-Mix ensures quality, consistency, and timely delivery to its customers.

Top-Mix's track records include the supply of ready-mix concrete to the new KK Women's and Children's Hospital, the Tan Tock Seng Hospital, the New Kranji Race Course, POS Bank Tower, NTUC Building Development at Harbour-Front, Biomedical Research & Development at Buona Vista and many other public and private projects.

Currently, the three batching plants of Top-Mix concrete are located at Tampines, Kallang and Changi North Road.

HELPING TO BUILD A GREEN FUTURE

We are an environmental conscious player and we believe that the use of GGBS in place of ordinary Portland cement (OPC) not only enhances the durable properties of concrete but also helps to reduce carbon dioxide (CO_2) emissions through reduced usage of clinker. Nearly two decades ago, we were the first company in Singapore to introduce High Slag Portland Blastfurnace Cement (HSPBFC) in the 1980s and were also the pioneer in the grinding of slag in scale in Singapore.

With the strong conviction that we could make a difference to saving the environment, after we shut down our cement grinding operations in Singapore in 2002, we formulated the policy to augment our forte by focusing on the manufacturing of specialty cement (GGBS) in China.

Among our peer players, we are proud to claim that we are ahead of others in promoting the use of green materials in line with the pursuit by the Singapore Government. "Green Building" practices represent a new direction in the construction industry. The emergent "Green Building" trend is gaining momentum due to growing awareness that global warming and the climate change effects could severely impact on our next generations. "Green Building" emphasizes the use of clean technology, and energy reduction practices, integrated with replacement of traditional material types with alternative building materials.

After many years of striving to promote the use of eco-friendly building materials, on 26th November 2007, we were officially granted the approval to use the Green Label by the Singapore Environment Council ("SEC") for our "VCEM" GGBS, as well as "P4246" and "P4246S" high slag blended cement brands. The certification is recognition that our "VCEM" brand of GGBS and "P4246" and "P4246S" high slag blended cement materials play a significant role in the emergent Green Building trend.

The SEC also accorded our Green Label materials ("VCEM" GGBS, as well as "P4246" and "P4246S" high slag blended cements) with the title "Eco-Friendly Building Material".

"We can't wait for tomorrow. We need to act today."
- quoted at a recent United Nations meeting on climate change

To Be The Leading High Performance GGBS Player In China

偉聖 VCEM BUILDING DURABILITY

GROWTH AND POTENTIAL OF SPECIALTY CEMENT BUSINESS

Five years after we planted our first seed in China, we are pleased to report to shareholders that performance at our JVs have fallen in line with expectation and we are confident that future prospects look promising as China economy looks set to continue its sterling and spectacular growth which augurs well for our specialty cement business.

During the year, three new production lines of annual production capacity of 600,000 tons each were commissioned. One of them located near Jingtang Port (京唐港) in Hebei Province (河北省) commenced operations in the third quarter of the year, while the plant in Jinan (济南), Shandong province (山东省) saw its capacity expand by 1.2 million tons to capitalise on the advantageous position the JV Company commands over the limited supply source of raw material.

As at the end of 2007, our production capacity in China touched 3 million tons per annum with another 0.6 million tons scheduled to be commissioned in Q1 of 2008. By mid-2008, we will be at 4.2 million tons per annum in China. Counting South Korea where we have a 0.5 million tons per annum GGBS plant, our associates together will by mid-2008 be in a position to proudly proclaim a total combined GGBS production capacity of 4.7 million tons per annum in North Asia. These numbers do not stop here as we strive to continue our growth through expansion as well as formation of new partnerships at strategic locations.

China is reaching the halfway mark of its 11th Five-Year Plan (covering a period from 2006 to 2010) which pins as one of its focal points the development of Bohai Rim Economic Region (渤海湾经济区) as its 3rd Economic Delta after the Pearl River Delta (珠江三角洲) and the Yangtze River Delta (长江三角洲). The master plans reveal prospects for coastal cities in Hebei province to grow steadily over the next 15 years.

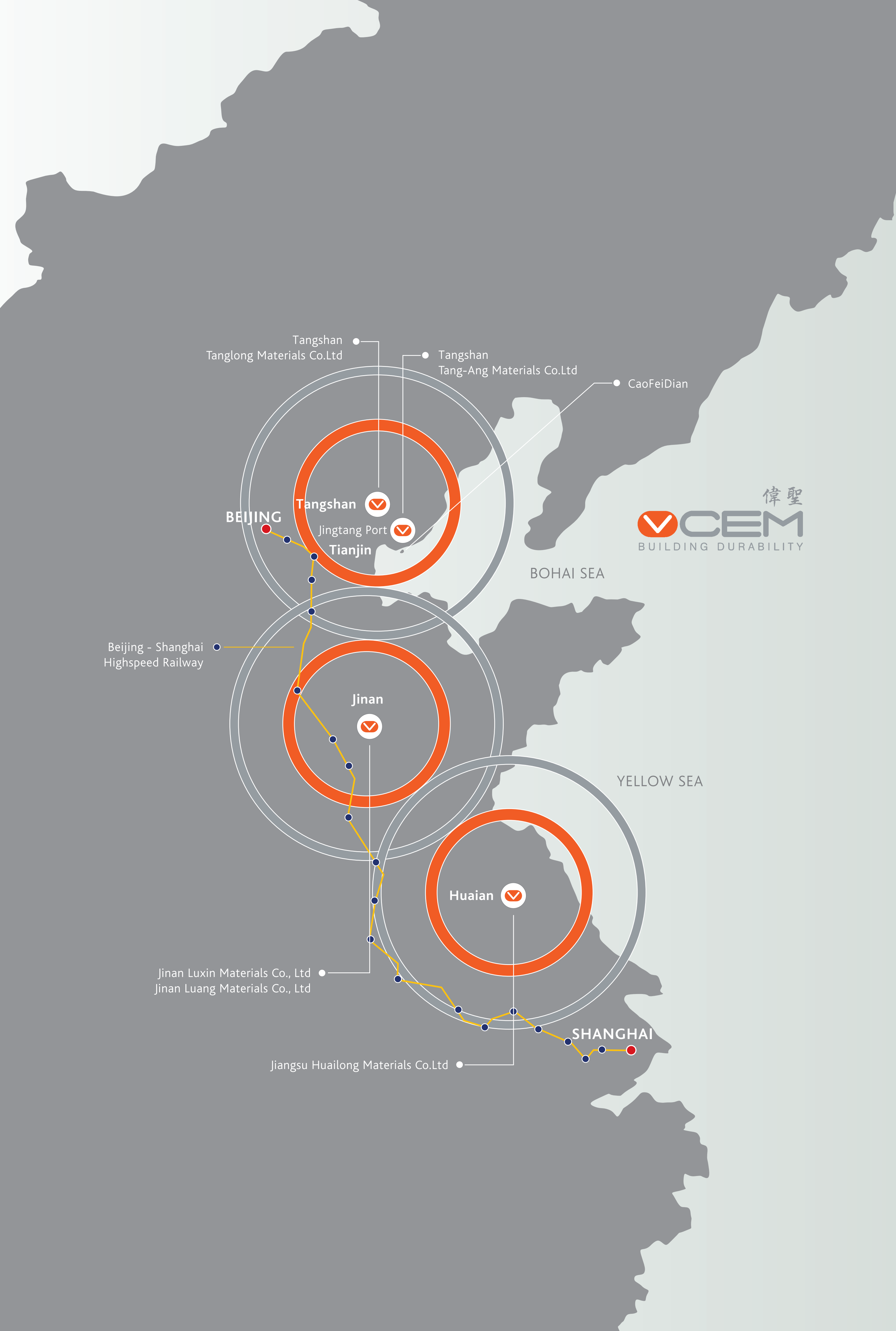
The miraculous economic growth within the Yangtze Delta and Pearl River Delta over the years is by now known to the world. What is of great significance to our associate companies is the fact that in addition to the above two coastal economic zones, China Central Government have over the last couple of years begun to direct its attention to the development of what is now know as the Bohai Rim Region. Recent events convince us that the growth in this new region will prove to be as spectacular, and conspicuously, the City of Tangshan (唐山市) where our first investment is located, now dubbed "the Pearl of Bohai Rim" (渤海明珠), happens to be located right in the centre of the whole area earmarked for massive coastal development under a young and dynamic leadership. The city has within a very short span of time already been given such transformation and growth never seen in the past. We now learn that the Tangshan area is projected to register a sustainable 15% GDP growth in the many years ahead, and we are confident that this will prove to be a self-fulfilling prophecy.

THE GROWING YEARS (2003 – 2007)

Ever since we initiated our specialty cement division five years ago, we have worked with the motto that strong and strategic partnerships with key steel mills were not only prerequisites to our success but also the foundation upon which our GGBS operations could be nurtured to expand over time to serve the ever increasing demand for GGBS fed by the massive infrastructure projects in different parts of the Middle Kingdom.

Realising early the added advantage which a joint marketing programme will bring to our JV companies located in different regions, we designed a common brand, namely, "VCEM", to be adopted by all of our JVs. These four alphabets represent our product's key features which are: Value-add, Cost-effective, Eco-friendly, and Material for the 21st century. We also had to continuously educate the end-users and cement plants alike, to bring home the "green" attribute of our product, in that usage of GGBS helps in the reduction of carbon dioxide (CO_2) emissions generated during cement production while at the same achieving the advantages of longer lifespan for structures constructed with the optimum GGBS mixture content; indeed, it is now a known fact that


_ value-add
_ cost-effective
_ eco-friendly
_ material for the 21st century


Tangshan
Tanglong Materials Co.Ltd
Tangshan
Tang-Ang Materials Co.Ltd
CaoFeiDian
Tangshan
BEIJING
Jingtang Port
Tianjin
偉聖
VCEM
BUILDING DURABILITY
BOHAI SEA
Beijing - Shanghai
Highspeed Railway
Jinan
YELLOW SEA
Huaian
Jinan Luxin Materials Co., Ltd
Jinan Luang Materials Co., Ltd
SHANGHAI
Jiangsu Huailong Materials Co.Ltd

structures built with GGBS, as compared to ordinary Portland cement (OPC), can last a hundred years.

LOOKING AHEAD (2008 – 2012)

Looking ahead, our team has imposed upon itself a formidable task best expressed through a very challenging Mission Statement: "To Be The Leading High Performance GGBS Player In China". To realise this, we must be heavyweight, which means we must build upon augmenting our production capacity by increasing the number of JVs in strategic locations.

Our production facilities, currently stretching across three provinces, namely, Hebei, Shandong, and Jiangsu and effectively encompassing potential target users within the Bohai Rim Region and the Yangtze River Delta, are ready to meet the growing demand from addressable markets along the corridor between these two economic zones with a total population of more than 300 million people. Within this region, it is generally envisaged that the domestic growth in China witnessed over the last few years is likely to be sustained for more years to come.

we believe that our VCEM brand of GGBS can contribute towards enabling the world to have access to good quality building structures that last beyond our generation, without impairing our environment.

China's Government has for years placed great emphasis on balanced development across the nation to include regions in the hinterland; pursuant to this, the Central Region and the Western Region are two emerging economic zones for prospecting.

MEGA INFRASTRUCTURE PROJECTS AT OUR DOORSTEPS

A) BEIJING-SHANGHAI HIGH SPEED RAILWAY PROJECT (京沪高速铁路)

The much-touted Beijing-Shanghai High Speed Railway Project (京沪高速铁路), budgeted to cost more than US$21 billion, is today the biggest and most expensive engineering project in China upon completion. After having kept everyone in suspense for many months, the project was finally given the official approval at the held 17th China People's Congress (中国共产党第十七次全国代表大会a.k.a.中共十七大). Upon the green light being given, 21 pre-fabrication work sites along the railway line are slated to commence working simultaneously, all of them requiring GGBS as an important ingredient. What may not be known is that this grand railway line runs across land, all of which literally sit within a 250 km radius of our 3 GGBS locations, namely, Tangshan, Jinan, and Huaian (as depicted in the map), and yes, all of our plants at the 3 locations have been approved to supply the requisite GGBS. From the first quarter of 2008, our JV plants are expected to commence supplying to this mega project.

B) TIANJIN ECO-CITY PROJECT (天津生态成) AND PEARL OF BOHAI RIM (渤海明珠)

The Singapore Government has signed an agreement with Tianjin to jointly develop an Eco-City, a concept first mooted by Singapore's Senior Minister Goh Chok Tong when he met Deputy Premier Wu Yi during a meeting in Beijing with Chinese Premier Wen Jiabao in April 2007.

The year 2007 saw China being bestowed with the discovery of one of the biggest oil fields off Tangshan coast, called the Nanpu Oil Field (冀东南堡油田), at a time when what is known as CaoFeiDian (曹妃甸), labelled the Hebei Biggest Project (河北最大工程), had over the previous 2 to 3 years been actively developed into one of China's largest deep sea port as well as a coal discharge logistics centre, plus site of a mega steel plant, and an oil refinery centre. More recently, it has been announced that Tangshan government will also be developing the whole CaoFeiDian – Tangshan corridor into another massive Eco-City with participation by European partners.

It is not difficult to imagine how our plants so fortuitously located within an area endowed with such abundant wealth will reap meaningful economic benefits as the area gets transformed into a modern and vibrant coastal city which when completed will become an automatic extension of Tianjin Eco-City. We are blessed by the fact that all of these massive mega projects are within a 300 kilometre distance from our plants, and how bright this Pearl of Bohai Rim (渤海明珠) will shine can already be imagined from the news that China has now pledged to spend 130 billion RMB to clean up the sea of Bohai Rim Region.

CONTRIBUTING TOWARDS A HARMONIOUS SOCIETY (和谐社会)

China policymakers' goal of engineering a "harmonious society" (和谐社会) during the 11th 5-Year Plan (十一五) (2006 – 2010) aims at reduced emission of carbon dioxide (CO_2) through energy conservation programs. Cement manufacturers being one of the main culprits for such emission make up one of the key industries that take the brunt as plants that fail to meet the criteria are being forced to shut down. This has the effect of driving up demand of GGBS to reduce clinker use. It also provides bright prospects for our GGBS operations since cement prices are projected to rise as a result of reduced supply.

As the rules governing emission of carbon dioxide (CO_2) become more and more stringent, the need for cement producers to replace clinker with more and more GGBS will become more and more pronounced. We are very pleased that the contribution our company makes toward the saving of our environment for our future generations increases as we increase our GGBS production capacity. This social responsibility prompts us to move even at a greater pace.

GREEN BUILDING (绿色建筑)

The goal of an "ecological civilisation" (生态文明) has been incorporated into the Constitution of the Communist Party of China at the 17th National Congress of the Communist Party of China (CPC) (中共十七大) in October 2007. At the 17th CPC (中共十七大), CPC Central Committee general secretary, Hu Jintao (胡锦涛), called on the Party to build an "ecological civilisation" (生态文明) while reiterating the "scientific outlook on development" (协调和可持续发展的科学发展观), which features focusing on people as a priority and ensuring comprehensive, harmonious and sustainable development.

Recent years have seen record levels of economic growth in China. The tail end of this, however, has been a less-than enviable environmental problem for China. The country produces more than 1 billion tons of waste a year, and the way in which it is treated is less than satisfactory. Waste is a major health hazard and is an enormous source of pollution. The cement industry alone discharges 1.1 billion tonnes of carbon dioxide (CO_2) a year.

As part of our contribution towards the environment, we continue to emphasise that our specialty cement help in promoting "Green Building" practices in China because our GGBS is able to replace ordinary Portland cement (OPC) by one-to-one ton ratio, thereby reducing carbon dioxide (CO_2) emission. "Green Building" (绿色建筑) is gaining preference as the building practice of choice at major global cities; in tandem with realisation that half of the world's population reside in major cities, thereby cities contribute at least half of the world's carbon dioxide (CO_2) emissions.

In November 2007, China released on trial basis its inaugural Green Building standards, the "Green Building Management Evaluation System" (绿色建筑评价标识管理办法) and "Green Building Technology Evaluation Policy" (绿色建筑评价技术细则). This heralds the start of China's "Green Building" era.

The "Green Building Management Evaluation System" (绿色建筑评价标识管理办法) applies to existing residential buildings and government buildings that are more than one year old and in good condition. The Chinese government also indicated that tax rebates and other financial incentives would be announced in due course in support of future construction and purchase of energy efficient buildings.

In line with the growing environmental consciousness and global construction boom, we believe that our VCEM brand of GGBS can contribute towards enabling the world to have access to good quality building structures that last beyond our generation, without impairing our environment.

"We can't wait for tomorrow. We need to act today."
-quoted during a recent United Nations meeting to discuss climate change issues.

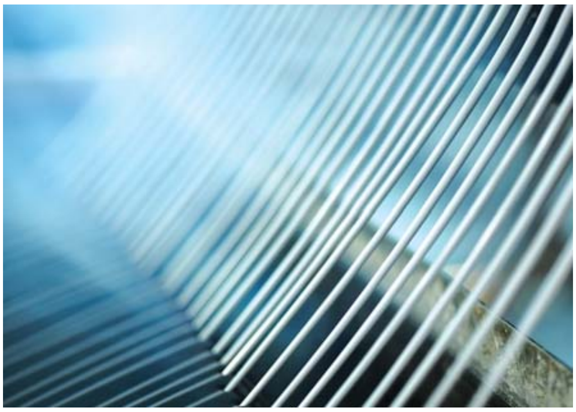
specialty polymer

R&P will work towards defining a new dimension of business options and opportunities for the polymer manufacturers and end users.

OPERATING IN A GROWING PETROCHEMICAL HUB

There has been a significant increase of major chemical related investments into Singapore last year, proving once again that the country's petrochemical and polymer industry still strikes confidence among the majors. Global giants have made several world scale investment commitments in key manufacturing facilities and R&D centres in Singapore, and this will continue to boost the Republic's role as a major hub for chemical, petrochemicals and polymer products in the region.

For the next three years, the asset investment on Jurong Island is expected to increase from S$26 billion to S$40 billion. In terms of capacity, it will amount to some 22 million tons of monomer and derivatives materials annually. As for the essential ethylene building block, Singapore's ethylene capacity output will hit 4 million tons by 2011, and it will thus accelerate the downstream industries to be even more diverse and sophisticated.



In 2007, our Specialty Polymer subsidiary Resin & Pigment Technologies ("R&P") successfully built and commissioned its compounding plant operations on Jurong Island. Backed by strong supply chain infrastructure and logistics operation support from Katoen Natie, this strategic polymer compounding establishment is designed to offer highly integrated and efficient processing solutions to the upstream polymer manufacturing plants on Jurong Island. It will serve its niche and designated role in the polymer value adding chain, and will ride on the growth of downstream processing activities on Jurong Island.

Key focus for R&P in 2008 and the following years will be in the effort of establishing and growing toll processing works with the major polymer manufactures on Jurong Island. R&P will also focus on improving its capabilities to attain top rate operation efficiency and technical development support know-how. This will enable the Group to capture the related opportunities in the major petrochemical and chemical manufacturing hub in Singapore.

PRESENCE IN THE KEY MARKETS

In the years to come, demand for polymers will mainly be driven by the main industries in automotives, electronics and other consumer goods, especially in the Asia Pacific region. The performance requirements for engineering polymers will continue to get higher, moving with the trend of applying polymers as alternative materials in various products. Higher requirements set by the major users will drive polymer material suppliers to develop more variations of customised polymer compounds. One important role offered by R&P is in the aspect of providing customised product development and commercialisation support for both polymer material suppliers and end users.

R&P's manufacturing facilities are suitably located in the key markets in Singapore, Malaysia and China, enabling the company to provide colour compounding and customised polymer material modification supports and solutions as required in the main application markets.

LEVERAGE ON CAPABILITIES

In order to capture full opportunities in the current polymer compounding industry, R&P innovates to engage in developing works with both the polymer manufacturers and end users. R&P is committed to continuously improve on its processing and technical capabilities. R&P will also strive to work on process automation and processing modelling to differentiate itself as a value-added polymer compounder.

Going forward, R&P will work towards defining a new dimension of business options and opportunities for the polymer manufacturers and end users.

investments

HI-TECH INVESTMENTS

Since the Hi-Tech bubble burst in year 2000, our venture capital investment program went through rationalising and streamlining accordingly. Pursuing our belief in a technology infusion strategy to support our core businesses, we continued to invest in leading venture funds and selective direct investments.

With the surge in Internet traffic in recent years fuelled by the high demand of triple play due to video, voice and data, and the convergence of communications, wireless mobility and interactive digital media, this has given rise to investment opportunities which our venture funds are addressing.

We continue to leverage on our established network to help local startups and successful US portfolio companies to tap into opportunities in Asia Pacific and Singapore.

Despite the sub-prime crisis, our leading venture fund investments in the United States and Singapore continue to perform, and we are cautiously optimistic of e-Invest and Juniper's Venture Capital (VC) investments.

PARTNERS IN PROPERTY

This segment of EnGro's business is growing well. When our company was still known as SsangYong Cement (S) Limited, we joined force with Ho Bee Group to start the Parliament View luxury apartment project in London back in 1999. The success of this project laid the foundation for continuing partnership building with Ho Bee Group, which now include projects in Shanghai and Sentosa Cove ("The Coast" and "Turquoise" condominium projects) in Singapore. The public's response to The Coast project in Sentosa has been overwhelming and we expect contributions in the form of dividend payment from the project from late 2009 onwards.

strategies for growth

BUILDING PARTNERSHIPS

Historically, EnGro was born out of a partnership which continues to form the foundation of how we grow. Today, a few leading Chinese steel mills and a European specialty chemicals logistics operator count as some of our key partners. In spite of the cultural diversity, we relish the cooperation with our partners and continue to explore new opportunities to embrace deeper collaborations. In fact, exposure to diverse cultures through these working relationships have helped to cultivate EnGro's corporate culture which is both global in thinking and outlook, yet localised in approach.

BUILDING SCALABILITY

We take special interests in the cultivation of businesses that can flourish steadily regardless of geographical landscape. Our highly scalable GGBS business has proven to be one such business model, having expanded at a rate of 25% year-on-year. So has our specialty polymer business. Our Venture Capital (VC) approach of investment has allowed EnGro to seize the opportunity to embark on the specialty polymer business as a new engine of growth.

BUILDING SUSTAINABILITY

We continue to emphasise that the Group's profitability should not be at the expense of the environment. With the conviction to manage our carbon footprint, we are geared towards promoting "greener ways" of doing business. Inherently, carbon dioxide (CO_2) emission is reduced by our specialty cement (GGBS), which reduces the amount of clinker required in cement production. We plan to grow our specialty cement (GGBS) business further in line with our commitments towards building durability cum sustainability. Our specialty polymer business is also embarking on eco-friendly initiatives in line with the Group's direction to build sustainability, thereby amplifying our intent and environmental commitment towards Building Sustainability for future generations.

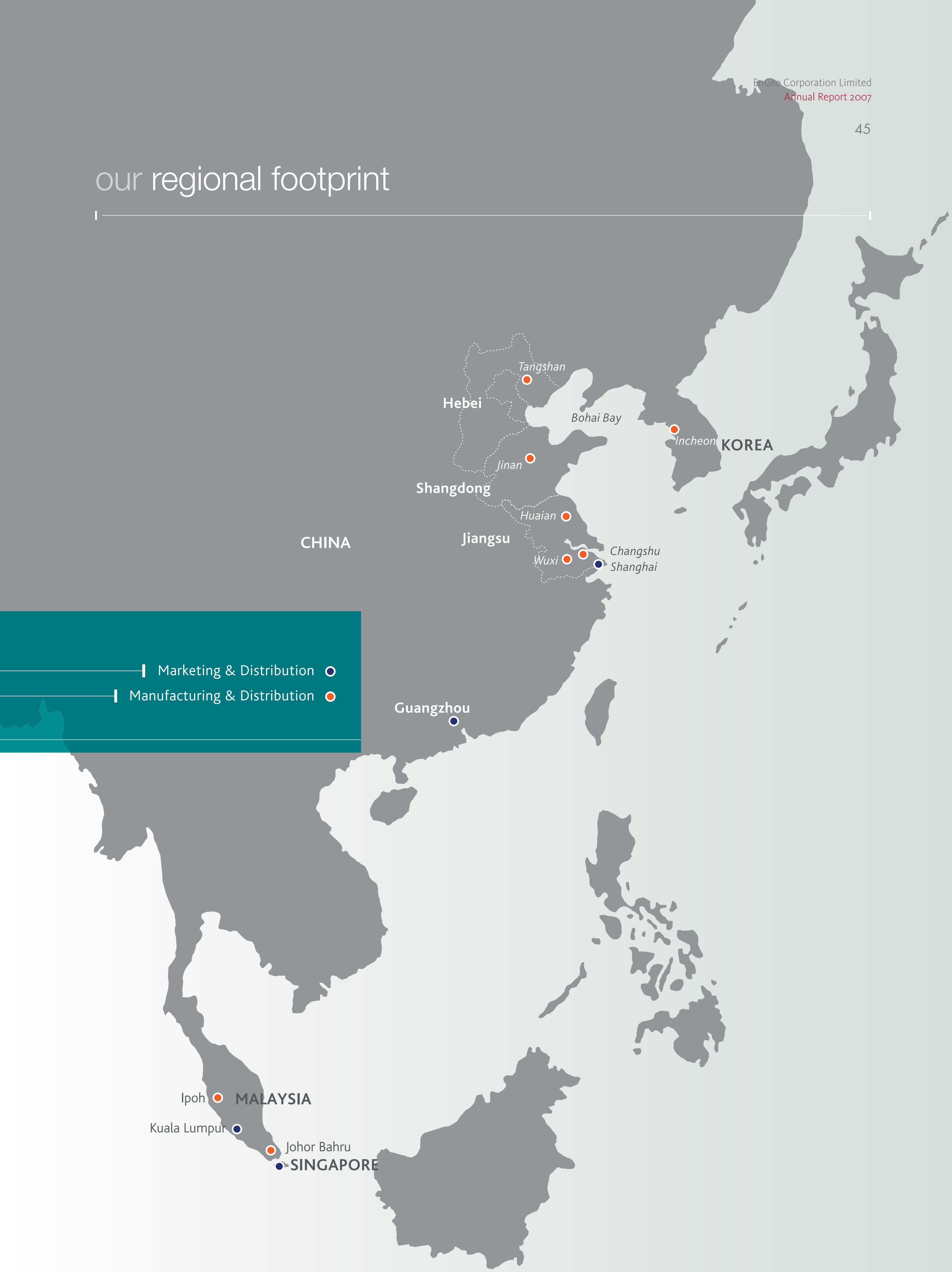
CORPORATE SOCIAL RESPONSIBILITY

As Singapore's pioneer investor in Tangshan, we are pleased to have been able to play a minor role in bringing the governments of Singapore and Tangshan closer and will continue to do what we can in the co-operation between the two governments.

In recognition of the satisfactory results achieved by our JV company in Tangshan, and as our appreciation for what the community had done for our JV, we recently launched the EnGro Leadership Scholarship program in collaboration with Nanyang Technology University (NTU).

We are thankful to NTU for the opportunity for EnGro, through this token gesture, to contribute in a small way to the Greater Tangshan community which have been most instrumental in the success of our JV in Tangshan, without whose support the performance by our JV with Tangshan Steel Group todate would not have been possible.

our regional footprint



corporate structure

LEGEND

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

ENGRO

SPECIALTY CEMENT & BUILDING MATERIALS

GGBS

40%	Tangshan Tanglong Materials Co Ltd
40%	Jinan Luxin Materials Co Ltd
40%	Jiangsu Huailong Materials Co Ltd
40%	Jinan Luang Materials Co Ltd
40%	Tangshan Tang-Ang Materials Co Ltd
40%	VCEM Materials Co Ltd

RMC

100%	Top-Mix Concrete Pte Ltd
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

DRY MIX

100%	S3 Technologies Pte Ltd
100%	S3 Technologies (S) Pte Ltd
100%	CemtecAsia (M) Sdn Bhd
100%	S3 Technologies Sdn Bhd
100%	Shanghai S3 Building Materials Co Ltd

SPECIALTY POLYMER

88.59%	Resin & Pigment Technologies Pte Ltd
88.59%	Resin & Pigment Technologies (Wuxi) Co Ltd
88.59%	Resin & Pigment Technologies Sdn Bhd

INVESTMENTS

100%	Sancem Investment Pte Ltd
100%	SsangYong LTI Pte Ltd
100%	e-Invest Limited
100%	Juniper Capital Ventures (Pte) Ltd

PROPERTY DEVELOPMENT

30%	HBS Investments Pte Ltd
30%	Parliament View Developments Limited
10%	Ho Bee Cove Pte Ltd

corporate governance report

EnGro Corporation Limited (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The board of directors (the "Board") recognizes the importance of good corporate governance and the offering of high standards of accountability to the shareholders. This report outlines the Company's corporate governance processes and activities as set out in the Singapore Code of Corporate Governance 2005 (the "Code").

The Board confirms that the Company has generally adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained the deviation from the Code in this report.

BOARD MATTERS

Code Guideline 1.1:
The Board's conduct of its affairs

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.

Code Guideline 1.5:
Matters requiring Board approval

Code Guideline 1.3:
Delegation of authority

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. Certain functions are delegated to various board committees, namely, the Nominating Committee (the "NC"), the Audit Committee (the "AC"), and the Remuneration Committee (the "RC").

Code Guideline 4.6:
Key information regarding directors

The members of the Board and the respective committees are as follows:

	Board	Nominating Committee	Audit Committee	Remuneration Committee
Non-independent Directors				
Tan Cheng Gay (executive)	Chairman	–	–	–
Tan Yok Koon (executive)	Member	Member	–	–
Tan Choo Suan (non-executive)	Member	–	Member	Member
Independent and Non-executive Directors				
Ng Tat Pun	Member	Member	Chairman	–
Soh Kim Soon	Member	Chairman	–	Member
Tan Keng Boon	Member	–	Member	Chairman

Code Guideline 1.4:
Meetings of the Board and board committees

The number of Board, NC, AC and RC meetings held in FY2007 and the attendance of each Board member at those meetings were as follows:

	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Directors								
Tan Cheng Gay	4	4	–	–	–	–	–	–
Tan Yok Koon	4	4	1	1	–	–	–	–
Tan Choo Suan	4	4	–	–	4	4	1	1
Ng Tat Pun	4	4	1	1	4	4	–	–
Soh Kim Soon	4	4	1	1	–	–	1	1
Tan Keng Boon	4	4	–	–	4	4	1	1

Code Guideline 1.6:
Directors to receive appropriate training

New directors, upon appointment, are briefed on the business and organization structure of the Company. There are update sessions to inform the directors on new legislation and/or regulations that are relevant to the Group.

Code Guideline 1.7:
Formal letter to new directors, setting out duties and obligations

A formal letter will be provided to each director upon his appointment, setting out the director's duties and obligation.

BOARD OF DIRECTORS

Code Guideline 2.1:
Independent directors to make up at least one-third of the Board

The Board comprises six directors, two of whom are executive directors, three of whom are independent and non-executive directors and one of whom is non-executive director.

Code Guideline 2.3:
Appropriate size of Board

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.

Code Guideline 2.5:
Role of NEDs and meetings of NEDs

Where warranted, the non-executive directors (NEDs) meet without the presence of management or executive directors to review any matters that must be raised privately.

corporate governance report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Principle 3:
Chairman and Chief Executive Officer

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 judgment on corporate affairs of the Group.

Code Guideline 3.2:
Chairman's responsibilities

The Chairman is responsible for, among others, exercising control over 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.

BOARD COMMITTEES

Nominating Committee

Code Guideline 4.1:
Terms of reference
Guideline 4.2:
Re-nomination of directors

The NC is guided by its Terms of Reference and is responsible for, among others, the review of all appointments and re-nomination of directors having regard to their independence, qualifications, performance and contributions.

Code Guideline 4.3:
Independence of directors

The NC has reviewed the independence of each director for the financial year ended 31 December 2007 ("FY2007") in accordance with the Code's definition of independence and is satisfied that half of the Board comprises independent directors.

Code Guideline 4.4:
Multiple board representations

When a director has multiple board representations, the NC would review if the said director is able to and has been adequately carrying out his duty as a director of the Company.

Code Guideline 4.5:
Description of process of selection and appointment of new directors

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process to cast its net as wide as possible for the right candidate.

Code Guideline 4.6:
Key Information regarding directors

The directors who held office during the year up to the date of this report are disclosed in the Report of Directors on page 56. Details of the directors' profiles are set out on page 32 of this Annual Report.

Code Guideline 5.1:
A process to assess Board performance
Guideline 5.2:
Performance criteria

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

In evaluating the Board's performance, an evaluation exercise to assess the effectiveness of the Board for FY2007 was conducted. The objective of the evaluation exercise is to uncover strengths and challenges so that the Board is in a better position to provide the required expertise and oversight. This performance evaluation was carried out by having the NC members complete a questionnaire collectively. In assessing the Board's effectiveness, the NC considers a number of factors including Board composition, information to the Board, Board procedures and accountability, CEO/top management and standards of conduct.

Code Guideline 6.1:
Board members to be provided with timely information
Guideline 6.2:
To include background and explanatory information

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 programme for non-executive Board members to familiarize and update themselves with the Group's operations. In October 2007, the non-executive Board members were given a tour of the Group's new plant at Tangshan for a better understanding of the operations of the Group.

Code Guideline 6.5:
Procedure for Board to take independent professional advice at Company's cost

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 Committee

Code Guideline 7.2:
Duties of RC

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.

Code Guideline 8.1:
Package should align executive directors' interests with shareholders' interest

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;

(ii) the 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; and

(iii) 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.

The CEO is also granted share options under the Company's SsangYong Cement (Singapore) Limited 2000 Employee Share Option Scheme.

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 paid a director fee for being a member of the Nominating Committee. He is also granted share options under the Company's SsangYong Cement (Singapore) Limited 2000 Employee Share Option Scheme.

corporate governance report

Code Guideline 8.2:
Remuneration of non-executive directors to consider contribution, effort, time spent and responsibilites

The non-executive directors do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the Shareholders at every annual general meeting ("AGM"), the non-executive directors do not receive any other forms of remuneration from the Company.

Code Guideline 8.4:
Long term incentive schemes

No options were granted in FY 2007. During the year, the Company issued 38,617,500 ordinary shares as a result of a rights issue on the basis of 1 right share for every 2 existing shares held by shareholders at an issued price of $0.30 per share. As a result of the rights issue, the exercise price was adjusted to $0.75 per share and the number of options adjusted to increase by 50%. Details of the share options adjusted for the executive directors are disclosed in the Directors' Report.

The table below shows a summary of the remuneration of the directors for the year ended 31 December 2007:

	Remuneration band[1]	Fees	Salary	Bonus	Other benefits	Total
	S$	%	%	%	%	%
Executive Directors						
Tan Cheng Gay	250,000 to 499,999	–	70	26	4	100
Tan Yok Koon	250,000 to 499,999	2	65	25	8	100
Non-executive Directors						
Tan Choo Suan	0 to 249,999	100	–	–	–	100
Ng Tat Pun	0 to 249,999	100	–	–	–	100
Soh Kim Soon	0 to 249,999	100	–	–	–	100
Tan Keng Boon	0 to 249,999	100	–	–	–	100

(1) Includes salaries, fees, bonuses and the value of benefits in kind, earned during the year from the Group by directors of the Company

The Board has not included an annual remuneration report in its annual report for FY2007 (as suggested by guidance note 9.1 of the Code) as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company.

Accountability

Code Guideline 10.1:
Board's responsibility to provide balanced, understandable assessment of the Company's performance and position on interim basis

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).

Code Guideline 10.2:
Management should provide Board with management accounts on a monthly basis

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.

Audit Committee

Code Guideline 11.2:
AC members should be appropriately qualified to discharge their responsibilities

The AC members have many years of experience in accounting and finance related matters. Therefore, the Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC.

Code Guideline 11.8:
Disclosure of AC's activities

In line with the practice of quarterly reporting, the AC met every quarter to review the quarterly financial results of the Group.

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 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 has reviewed the non-audit services provided by the external auditors to the Group in FY2007 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit. It has also reviewed interested person transactions of the Group for FY2007 and had accordingly reported its findings to the Board.

Code Guideline 11.7:
Whistle-Blowing Policy

The Group has a Whistle-Blowing Policy for the Group 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.

corporate governance report

INTERNAL AUDIT

Code Guideline 13.1:
Internal Auditor's primary line of reporting

The Internal Auditor reports directly to the Chairman of the AC on audit matters and to the CEO on administrative matters. Part of the IA function has been outsourced to an external accounting firm.

RISK AND MANAGEMENT

Code Guideline 12.1:
AC to review the effectiveness of the Company's internal controls at least annually

The Company's external auditors, KPMG carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls annually to the extent of their scope as laid out in their audit plan. Material non-compliance and weaknesses are reported to the AC. The management follows up on these recommendations.

Code Guideline 12.2:
Board to comment on the adequacy of the internal controls

Generally, the risks are exposure to credit, liquidity, market, interest rate and foreign currency risks arising in the normal course of the Group's business. The details of the Group's exposure to financial risk and methods used by management to control such risks are summarized on Note 23 under notes to financial statements.

Based on the information and reports provided by the Internal Auditor and the external auditors, nothing has come to the AC's attention that suggests internal control and risk management processes are not satisfactory.

COMMUNICATIONS WITH SHAREHOLDERS

Code Guideline 14.2:
Timely disclosure of information

The Company has adopted quarterly reporting of its financial results with effect from FY2003. Accordingly, in FY2007, quarterly financial results of the Company were published via SGXNET. The Company may also, on an ad hoc basis, hold media and analysts briefings and publish press releases of its annual financial results.

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST.

All Shareholders receive the annual report and the notice of AGM (the "Notice of AGM"). The Notice of AGM is advertised in the newspapers and published via SGXNET.

Code Guideline 15.1:
Shareholders to have the opportunity to participate effectively and to vote in AGMs

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.

Code Guideline 15.3:
Chairpersons of board committees and external auditors to be present at general meetings

The Chairpersons of the AC, NC and RC are also present and available to address 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.

MATERIAL CONTRACTS

SGX-ST Listing Manual Rule 1207(8)

There is no material contract entered into by the Group and the Company involving the interests of the CEO, director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERNAL CODE ON DEALINGS IN SECURITIES

SGX-ST Listing Manual Rule 1207(18)

The Company has adopted its own internal Code of Best Practices in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing two weeks before the announcement of the Company's first three quarters' results, or one month before the announcement of the Company's annual results and ending on the date of the announcement of such financial results.

INTERESTED PERSON TRANSACTION

SGX-ST Listing Manual Rule 907

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. The Company's disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 December 2007 is as follows:

Name of interested person	Aggregate value of all interested person transactions for the year ended 31 December 2007 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Ho Bee Cove Pte Ltd		
Interest income from loan	586	-
Repayment of loan	(8,741)	-

Note:

Ho Bee Cove Pte Ltd is a company in which the Company has a 10% interest. A controlling shareholder of the Company also has an interest in Ho Bee Cove Pte Ltd.

_FINANCIAL CONTENTS

directors' report

year ended 31 December 2007

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 2007.

DIRECTORS

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

Tan Cheng Gay
Tan Yok Koon
Tan Choo Suan
Ng Tat Pun
Soh Kim Soon
Tan Keng Boon

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the 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**	**Holdings at 21 January 2008**
The Company			
Ordinary shares			
- direct interests held			
Tan Cheng Gay	386,500	579,750	579,750
Tan Choo Suan	946,000	1,419,000	1,419,000
Soh Kim Soon	31,000	46,500	46,500
- deemed interests held			
Tan Choo Suan	38,956,700	59,139,500	59,839,500
Tan Keng Boon	10,000	15,000	15,000
Options to subscribe for ordinary shares			
Tan Cheng Gay	230,000	345,000	345,000
Tan Yok Koon	190,000	285,000	285,000

The above options to subscribe for ordinary shares, which have an exercise price of $1.13 per share, was granted on 1 December 2006. The exercise period is between 2 December 2007 to 1 December 2016.

During the year, the Company issued 38,617,500 ordinary shares as a result of a rights issue on the basis of 1 right share for every 2 existing shares held by shareholders at an issue price of $0.30 per share. As a result of the rights issue, the exercise price was adjusted to $0.75 per share and the number of options adjusted to increase by 50%.

By virtue of Section 7 of the Act, Tan Choo Suan is deemed to have interest in the shares held by EnGro Corporation Limited in its subsidiaries, at the beginning and at the end of the financial year.

directors' report

year ended 31 December 2007

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 companies, either at the beginning or at the end of the financial year.

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 13 and 25 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 company 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

The Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. Details of the Scheme was described in the Directors' report of the Company for the year ended 31 December 2000. The Scheme is administered by the Company's Remuneration Committee comprising three directors, Tan Keng Boon (Chairman), Tan Choo Suan and Soh Kim Soon.

Information regarding the Scheme are as follows:

(a) The exercise price of the options is set at $1.13 per share.
(b) The exercise price was adjusted to $0.75 per share, as a result of the rights issue during the year.
(c) The options can be exercised after 2 December 2007.
(d) All options are settled by physical delivery of shares.
(e) The options granted shall expire on 1 December 2016.

At the end of the financial year, details of the outstanding options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Adjusted exercise price per share	Options outstanding at 1 January 2007	Options granted	Options adjusted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2007	Number of option holders at 31 December 2007	Exercise period
1/12/2006	$1.13	$0.75	2,130,000	–	935,000	–	(260,000)	2,805,000	22	2/12/2007 – 1/12/2016

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.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options adjustment for financial year ended 31/12/2007	Aggregate options granted since commencement of Scheme to 31/12/2007	Aggregate options exercised since commencement of Scheme to 31/12/2007	Aggregate options outstanding as at 31/12/2007
Tan Cheng Gay	115,000	345,000	–	345,000
Tan Yok Koon	95,000	285,000	–	285,000

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

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.

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
Tan Choo Suan	Non-independent and non-executive director
Tan Keng Boon	Independent and non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies 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, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

directors' report

year ended 31 December 2007

AUDITORS

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

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

17 March 2008

statement by directors

In our opinion:

(a) the financial statements set out on pages 62 to 102 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 2007 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

17 March 2008

independent auditors' report

members of the Company
EnGro Corporation Limited

We have audited the financial statements of EnGro Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 62 to 102.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

(a) the consolidated financial statements of the Group and the balance sheet 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 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) 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
Certified Public Accountants

Singapore
17 March 2008

balance sheets

as at 31 December 2007

	Note	Group		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	3	**10,897**	10,030	**570**	637
Subsidiaries	4	**–**	–	**66,657**	75,539
Associates	5	**50,161**	47,135	**30,205**	28,591
Other investments	6	**39,202**	38,722	**4,155**	4,398
Other financial assets	7	**5,140**	13,295	**5,140**	13,295
		105,400	109,182	**106,727**	122,460
Current assets					
Inventories	8	**12,627**	8,896	**5,508**	2,448
Trade and other receivables	9	**27,549**	16,739	**16,800**	5,432
Other investments	6	**20,149**	21,109	**1,913**	2,164
Cash and cash equivalents	10	**16,249**	16,088	**9,439**	6,076
		76,574	62,832	**33,660**	16,120
Total assets		**181,974**	172,014	**140,387**	138,580
Equity attributable to equity holders of the Company					
Share capital	11	**82,562**	70,977	**82,562**	70,977
Reserves	12	**65,860**	69,328	**40,157**	48,084
		148,422	140,305	**122,719**	119,061
Minority interest		**1,529**	2,863	**–**	–
Total equity		**149,951**	143,168	**122,719**	119,061
Non-current liabilities					
Financial liabilities	14	**13,102**	14,492	**11,364**	11,583
Deferred tax liabilities	15	**126**	280	**–**	–
		13,228	14,772	**11,364**	11,583
Current liabilities					
Trade and other payables	16	**17,359**	12,924	**3,644**	1,390
Financial liabilities	14	**1,302**	1,038	**2,660**	6,546
Current tax payable		**134**	112	**–**	–
		18,795	14,074	**6,304**	7,936
Total liabilities		**32,023**	28,846	**17,668**	19,519
Total equity and liabilities		**181,974**	172,014	**140,387**	138,580

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

income statement

year ended 31 December 2007

	Note	Group 2007 $'000	Group 2006 $'000
Revenue	17	**126,572**	72,907
Changes in inventories of finished goods and work-in-progress		**3,783**	1,018
Raw materials		**(108,052)**	(60,615)
Other income		**1,562**	2,488
Depreciation of property, plant and equipment	3	**(1,696)**	(5,185)
Staff costs		**(10,021)**	(8,739)
Other expenses		**(13,816)**	(11,296)
Finance income	20	**5,091**	3,873
Finance expenses	20	**(2,977)**	(5,168)
Share of profits of associates (net of tax)		**5,343**	3,871
Profit/(loss) before income tax		**5,789**	(6,846)
Income tax credit/(expense)	19	**2,570**	(196)
Net profit/(loss) for the year	18	**8,359**	(7,042)
Attributable to:			
Equity holders of the Company		**8,435**	(7,196)
Minority interest		**(76)**	154
Net profit/(loss) for the year		**8,359**	(7,042)
Basic earnings/(loss) per share (cents)	21	**7.94**	(7.02)
Diluted earnings/(loss) per share (cents)	21	**7.88**	(7.02)

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

statement of changes in equity

year ended 31 December 2007

Group	Share capital $'000	Share premium $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits/ (losses) $'000	Total attributable to equity holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2006	38,618	32,359	–	2,938	(2,432)	76,017	147,500	2,546	150,046
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	261	–	–	261	–	261
Exchange differences on monetary items forming part of net investment	–	–	–	(3,109)	–	–	(3,109)	–	(3,109)
Net change in fair value of equity securities available-for-sale transferred to income statement	–	–	–	–	(818)	–	(818)	–	(818)
Net change in fair value of equity securities available-for-sale	–	–	–	–	6,119	–	6,119	–	6,119
Net gain/(loss) recognised directly in equity	–	–	–	(2,848)	5,301	–	2,453	–	2,453
Net loss for the year	–	–	–	–	–	(7,196)	(7,196)	154	(7,042)
Total recognised income and expense for the year	–	–	–	(2,848)	5,301	(7,196)	(4,743)	154	(4,589)
Value of employee services received for issue of share options	–	–	18	–	–	–	18	–	18
Transfer from share premium to share capital upon implementation of the Companies (Amendment) Act 2005	32,359	(32,359)	–	–	–	–	–	–	–
Final dividend paid of 4 cents per share less tax at 20%	–	–	–	–	–	(2,470)	(2,470)	–	(2,470)
Issue of shares by a subsidiary to minority shareholders	–	–	–	–	–	–	–	110	110
Disposal of subsidiary and associate	–	–	–	–	–	–	–	53	53
At 31 December 2006	70,977	–	18	90	2,869	66,351	140,305	2,863	143,168

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

statement of changes in equity

year ended 31 December 2007

Group	Share capital $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits/ (losses) $'000	Total attributable to equity holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2007	70,977	18	90	2,869	66,351	140,305	2,863	143,168
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	381	–	–	381	–	381
Exchange differences on monetary items forming part of net investment	–	–	(2,381)	–	–	(2,381)	–	(2,381)
Net change in fair value of equity securities available-for-sale transferred to income statement	–	–	–	20	–	20	–	20
Net change in fair value of equity securities available-for-sale	–	–	–	4,000	–	4,000	–	4,000
Net gain/(loss) recognised directly in equity	–	–	(2,000)	4,020	–	2,020	–	2,020
Net profit for the year	–	–	–	–	8,435	8,435	(76)	8,359
Total recognised income and expense for the year	–	–	(2,000)	4,020	8,435	10,455	(76)	10,379
Value of employee services received for issue of share options	–	195	–	–	–	195	–	195
Final dividend paid of 4 cents per share less tax at 18%	–	–	–	–	(2,533)	(2,533)	–	(2,533)
Interim dividend paid of 18.29 cents per share less tax at 18%	–	–	–	–	(11,585)	(11,585)	–	(11,585)
Issue of shares under rights issue	11,585	–	–	–	–	11,585	–	11,585
Purchase of shares from minority interest	–	–	–	–	–	–	(1,258)	(1,258)
At 31 December 2007	82,562	213	(1,910)	6,889	60,668	148,422	1,529	149,951

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

cash flow statement

year ended 31 December 2007

	Group	
	2007	2006
	$'000	$'000
Operating activities		
Profit/(loss) before income tax	**5,789**	(6,846)
Adjustments for:		
Amortisation of financial guarantee	**(199)**	(133)
Bad debts written off	**–**	43
Depreciation of property, plant and equipment	**1,696**	5,185
Dividend income	**(419)**	(642)
Equity settled share-based payment transactions	**195**	18
(Gain)/loss on disposal of:		
- associate	**–**	207
- subsidiary	**–**	(47)
- investments	**(975)**	(646)
- property, plant and equipment	**(36)**	(1,254)
Impairment losses on equity securities available-for-sale	**200**	234
Interest income	**(1,480)**	(2,123)
Interest expense	**1,302**	775
Negative goodwill arising from additional investment in subsidiary/ acquisition of associate	**(429)**	(444)
Net change in fair value of financial assets held for trading	**(1,761)**	966
Net change in fair value of equity securities available-for-sale transferred to income statement	**20**	818
Reversal of provision for restoration cost	**–**	(250)
Share of profits of associates (net of tax)	**(5,343)**	(3,871)
(Write-back)/allowance:		
- doubtful receivables	**(53)**	224
- inventory obsolescence	**(20)**	99
	(1,513)	(7,687)
Changes in working capital:		
Inventories	**(3,611)**	(1,435)
Trade and other receivables	**(10,477)**	6,236
Trade and other payables	**4,538**	66
Cash used in operations	**(11,063)**	(2,820)
Income taxes recovered/(paid)	**3,230**	(4,445)
Cash flows from operating activities	**(7,833)**	(7,265)
Investing activities		
Additional investment in subsidiary	**(829)**	–
Cash paid for investment in associates	**(1,614)**	(6,085)
Dividends received	**3,419**	5,365
Interest received	**862**	1,656
Net cash outflow on acquisition of associate	**–**	(357)
Proceeds from/(cash paid on) disposal of		
- associate	**–**	249
- subsidiary	**–**	(175)
- other investments	**8,253**	14,891
- property, plant and equipment	**75**	3,927
Purchase of other investments	**(3,607)**	(14,893)
Purchase of property, plant and equipment	**(2,575)**	(3,745)
Repayment of loan/(loan to) an investee company	**8,741**	(12,656)
Cash flows from investing activities	**12,725**	(11,823)

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

cash flow statement

year ended 31 December 2007

	Group	
	2007	2006
	$'000	$'000
Financing activities		
Dividends paid by the Company	**(14,118)**	(2,470)
Deposits pledged	**15**	(2,609)
Interest paid	**(1,264)**	(775)
Proceeds from issue of shares under rights issue	**11,585**	–
Proceeds from minority shareholders from issue of shares by a subsidiary	**–**	110
(Repayment)/proceeds from long term borrowings	**(948)**	11,655
Repayment of finance lease, net	**(319)**	(302)
Proceeds/(repayment) of short term borrowings	**363**	(5,657)
Cash flows from financing activities	**(4,686)**	(48)
Net increase/(decrease) in cash and cash equivalents	**206**	(19,136)
Cash and cash equivalents at beginning of year	**13,479**	32,789
Effect of exchange fluctuations on cash held	**(30)**	(174)
Cash and cash equivalents at end of year	**13,655**	13,479
Comprising:		
- Cash and cash equivalents (Note 10)	**16,249**	16,088
- Deposits pledged (Note 10)	**(2,594)**	(2,609)
	13,655	13,479

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

notes to the financial statements

year ended 31 December 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 March 2008.

1 DOMICILE AND ACTIVITIES

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

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

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The 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.

The preparation of financial statements in conformity with FRS 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 4 – Subsidiaries
- Note 8 – Inventories
- Note 9 – Trade and other receivables
- Note 23 – Financial risk management

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

notes to the financial statements

year ended 31 December 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. 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 are changed where necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated against the investment to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates by the Company

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. 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 on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments (see note 2.6).

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land and assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives at the following annual rates:

Leasehold land	-	Over the remaining unexpired lease of 19 years
Leasehold apartment	-	5%
Building and civil works	-	6% to $33^1/_3$%
Plant, machinery and equipment, office equipment, furniture and fittings	-	9% to $33^1/_3$%
Computers, motor vehicles and transport equipment	-	20% to $33^1/_3$%

Depreciation method, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

notes to the financial statements

year ended 31 December 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets - Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries and associates.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9.

Negative goodwill represents the excess of the Group's interest in the net fair value of the the identifiable assets, liabilities and contingent liabilities of the acquiree over the cost of the acquisition. Negative goodwill is recognised immediately in the income statement.

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as 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 and investment strategies. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets if they are not classified in any other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Non-derivative financial instruments (cont'd)

Available-for-sale financial assets (cont'd)

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 investment partnerships are recognised in the financial statements as and when they are received. Such distributions are initially treated as return of investment and are therefore set off against the cost of the investment. Any distributions received in excess of the cost of the investment are taken to income statement. Distributed quoted equity shares are stated at market value and any increases or decreases in carrying amount are included in the income statement.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

notes to the financial statements

year ended 31 December 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires 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 guarantees is transferred to the income statement.

Share capital

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.

2.7 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease 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.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal term of a lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (cont'd)

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, determined using the first-in-first-out method, includes all costs in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less anticipated cost of completion and the estimated cost of disposal after making allowance for damaged, obsolete and slow-moving items.

Finished goods and work-in-progress include the cost of raw materials, direct labour and attributable production overheads.

2.9 Impairment – 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, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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

2.10 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

notes to the financial statements

year ended 31 December 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Employee benefits (cont'd)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

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

2.11 Provision

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.

Provision for restoration cost relates to costs of dismantling and removing assets and restoring the premises to its original condition as stipulated in operating lease agreements.

2.12 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

Transfer of risks and rewards vary depending on the individual shipping terms of the sale.

Interest income

Interest income from bank deposits is accrued on a time apportioned basis on the principal outstanding and at the rate applicable. Interest income from structured deposits is recognised on a receipt basis when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Revenue recognition (cont'd)

Dividend income

Dividend income from equity investments is recognised when the shareholder's right to receive payment is established, which in the case of quoted investments is the ex-dividend date.

2.13 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised 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 expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.14 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the 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 legally an enforceable right to offset current tax liabilities and assets and they relate to income 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 to the extent that it is probable that future taxable profits will be available against which the temporary differences 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.

notes to the financial statements

year ended 31 December 2007

3 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold land $'000	Leasehold apartment $'000	Building and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Total $'000
Cost									
At 1 January 2006	363	311	833	33,101	16,807	1,750	1,650	2,874	57,689
Additions	–	–	–	2,290	1,884	135	141	212	4,662
Disposals/write-offs	–	–	–	(14,441)	(608)	(213)	(95)	(174)	(15,531)
Translation differences on consolidation	(3)	(2)	(40)	(60)	(82)	(27)	–	(20)	(234)
At 31 December 2006	360	309	793	20,890	18,001	1,645	1,696	2,892	46,586
Additions	–	–	–	598	1,719	107	64	87	2,575
Disposals/write-offs	–	–	–	(34)	(14)	(84)	(2)	(172)	(306)
Reclassification	–	–	–	1,171	1,172	24	71	170	2,608
Translation differences on consolidation	–	–	8	8	13	5	–	3	37
At 31 December 2007	**360**	**309**	**801**	**22,633**	**20,891**	**1,697**	**1,829**	**2,980**	**51,500**
Accumulated depreciation and impairment losses									
At 1 January 2006	–	126	15	26,093	13,133	1,089	1,526	2,320	44,302
Depreciation charge for the year	–	85	36	2,574	2,122	113	84	171	5,185
Disposals/write-offs	–	–	–	(11,930)	(513)	(160)	(89)	(165)	(12,857)
Translation differences on consolidation	–	(1)	(1)	(17)	(30)	(13)	–	(12)	(74)
At 31 December 2006	–	210	50	16,720	14,712	1,029	1,521	2,314	36,556
Depreciation charge for the year	–	9	36	643	630	116	96	166	1,696
Disposals/write-offs	–	–	–	(34)	(5)	(76)	(1)	(153)	(269)
Reclassification	–	(73)	–	1,327	1,095	37	54	168	2,608
Translation differences on consolidation	–	–	1	3	4	2	–	2	12
At 31 December 2007	**–**	**146**	**87**	**18,659**	**16,436**	**1,108**	**1,670**	**2,497**	**40,603**
Carrying amount									
At 1 January 2006	363	185	818	7,008	3,674	661	124	554	13,387
At 31 December 2006	360	99	743	4,170	3,289	616	175	578	10,030
At 31 December 2007	**360**	**163**	**714**	**3,974**	**4,455**	**589**	**159**	**483**	**10,897**

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Building and civil works $'000	Plant, machinery and equipment $'000	Office equipment and furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Total $'000
Cost						
At 1 January 2006	17,211	13,154	988	1,494	526	33,373
Additions	–	71	7	44	10	132
At 31 December 2006	17,211	13,225	995	1,538	536	33,505
Additions	–	105	1	14	–	120
At 31 December 2007	**17,211**	**13,330**	**996**	**1,552**	**536**	**33,625**
Accumulated depreciation and impairment losses						
At 1 January 2006	14,936	11,380	715	1,429	303	28,763
Depreciation charge for the year	2,275	1,699	39	41	51	4,105
At 31 December 2006	17,211	13,079	754	1,470	354	32,868
Depreciation charge for the year	–	49	45	42	51	187
At 31 December 2007	**17,211**	**13,128**	**799**	**1,512**	**405**	**33,055**
Carrying amount						
At 1 January 2006	2,275	1,774	273	65	223	4,610
At 31 December 2006	–	146	241	68	182	637
At 31 December 2007	**–**	**202**	**197**	**40**	**131**	**570**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $2,575,000 (2006: $4,662,000), of which $nil (2006: $917,000) was acquired under finance leases.

As at 31 December, the carrying amount of property, plant and equipment acquired under finance leases are as follows:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Plant, machinery and equipment	**832**	944	**–**	–
Motor vehicles	**223**	303	**123**	171

As at 31 December, the carrying amount of property, plant and equipment pledged as security for credit facilities extended by banks are as follows:

	Group	
	2007 $'000	2006 $'000
Freehold land	**360**	360
Building and civil works	**949**	960

notes to the financial statements

year ended 31 December 2007

4 SUBSIDIARIES

	Company 2007 $'000	Company 2006 $'000
Equity investments, at cost	**45,202**	46,414
Impairment losses	**(32,167)**	(32,529)
	13,035	13,885
Loans to subsidiaries	**63,026**	75,554
Impairment losses	**(9,404)**	(13,900)
	53,622	61,654
Total interest in subsidiaries	**66,657**	75,539

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

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 loans receivable. 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 subsidiaries, 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 judgement 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.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
Held by the Company				
CemtecAsia (H.K.) Limited [4]	Sale of construction and building materials and provision of liaison and coordination services to related companies	Hong Kong	**100**	100
CemtecAsia (M) Sdn Bhd [1]	Manufacture and sale of construction and building materials	Malaysia	**100**	100
Pacific Technology Private Limited	Dormant	Singapore	**100**	100
S3 Technologies (S) Pte Ltd	Manufacture and sale of construction and building materials	Singapore	**100**	100
S3 Technologies Pte Ltd	Manufacture and sale of construction and building materials	Singapore	**100**	100
S3 Technologies Sdn Bhd [1]	Manufacture and sale of building plasters	Malaysia	**100**	100

4 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2007 %	2006 %
Held by the Company				
Sancem Investment Pte Ltd	Investment trading	Singapore	**100**	100
Shanghai S3 Building Materials Co Ltd (2)	Manufacture and sale of building materials	People's Republic of China	**100**	100
SsangYong Cement (S) Pte Ltd	Sale of building materials	Singapore	**100**	100
Vermiculite Industries (Pte) Ltd	Under voluntary liquidation	Singapore	**100**	100
e-Invest Limited (1)	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 Digital VIII (Singapore) Pte Ltd	Under voluntary liquidation	Singapore	**100**	100
SsangYong Digital XII (Singapore) Pte Ltd	Under voluntary liquidation	Singapore	**100**	100
SsangYong LTI Pte Ltd	Investment holding	Singapore	**100**	100
Held by subsidiaries				
EnGro Chemicals Pte Ltd	Manufacture and sale of concrete and related products	Singapore	**100**	100
MPT Pacific Technology Sdn. Bhd. (1)	Dormant	Malaysia	**100**	100
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	**100**	100
Burkill (Singapore) Pte Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	**88.59**	75.86
Resin & Pigment Technologies Pte Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	**88.59**	75.86
Resin & Pigment Technologies Sdn Bhd (3)	Manufacture of thermosetting synthetic resin and plastic materials	Malaysia	**88.59**	75.86
Resin & Pigment Technologies (Wuxi) Co Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	**88.59**	75.86

The Company acquired an additional 331,500 ordinary shares in Resin & Pigment Technologies Pte Ltd ("R & P") at a price of S$2.50 per share, increasing its effective equity interest in R & P from 75.86% to 88.59%.

Except for the following, all other subsidiaries are audited by KPMG Singapore:

(1) Audited by other member firms of KPMG International.

(2) Audited by Foo Kon Tan Grant Thornton, Singapore.

(3) Audited by SQ Morrison, Malaysia.

(4) Audited by KT Chan and Company, Hong Kong.

notes to the financial statements

year ended 31 December 2007

5 ASSOCIATES

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Cost of investments	**40,018**	38,549	**30,205**	28,591
Share of reserves	**10,143**	8,586	**–**	–
Interests in associates	**50,161**	47,135	**30,205**	28,591

Details of significant associates are as follows:

Name of associates	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
Held by the Company				
HBS Investments Pte Ltd [1]	Investment holding	Singapore	**30**	30
Jiangsu Huailong Materials Co Ltd [2]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Jinan Luang Materials Co Ltd [4]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Jinan Luxin Materials Co Ltd [2]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Tangshan Tanglong Materials Co Ltd [2]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Tangshan Tang-Ang Materials Co Ltd [4]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Held by subsidiaries				
VCEM Materials Co Ltd [3]	Manufacture and sale of specialty cement	South Korea	**40**	40
Changshu Changlong Concrete Co Ltd [2]	Manufacture and sale of building materials	People's Republic of China	**40**	40
Changshu Changxin Ready Mix Concrete Co Ltd [2]	Manufacture and sale of building materials	People's Republic of China	**40**	40
Changshu Changyin Ready Mix Concrete Co Ltd [4]	Manufacture and sale of building materials	People's Republic of China	**40**	40

(1) Audited by KPMG, Singapore.

(2) Audited by Foo Kon Tan Grant Thornton, Singapore.

(3) Audited by Samil PricewaterhouseCoopers, South Korea.

(4) Not audited as associates are not significant as defined under clause 718 of the SGX-ST Listing Manual.

The summarised financial information relating to associates, which is not adjusted for the percentage of ownership held by the Group, are as follows:

	2007 $'000	2006 $'000
Assets and liabilities		
Total assets	**226,265**	171,233
Total liabilities	**91,015**	61,816
Results		
Revenue	**118,404**	85,637
Net profit after taxation	**12,845**	9,431

5 ASSOCIATES (CONT'D)

Certain of the shares in an associate of S$3,990,000 was pledged to a joint venture party to provide the Company's share of guarantee for a bank loan for another associate.

6 OTHER INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current investments				
Equity securities available-for-sale	**39,202**	38,722	**4,155**	4,398
Current investments				
Structured deposits designated at fair value through profit or loss	**8,736**	8,888	**1,892**	2,149
Equity securities held for trading	**11,413**	12,221	**21**	15
	20,149	21,109	**1,913**	2,164

The above investments are principally denominated in US dollars and held in companies with US dollars as their functional currency.

An impairment loss of $200,000 (2006: $1,052,000) in respect of available-for-sale equity securities of the Group was recognised during the year based on the estimated future cash flows of the available-for-sale investments. Information on critical judgements involved in estimating the fair values of equity securities is set out in Note 23.

At 31 December 2007, equity securities held for trading and structured deposits totalling $16,798,000 (2006: $17,899,000) of a certain subsidiary is pledged as security to obtain a bank loan for the subsidiary.

The effective interest rates and repricing analysis of structured deposits at the balance sheet date are as follows:

			Fixed interest rate maturing		
	Effective interest rate	Floating interest	within 1 year	After 1 to 5 years	Total
	%	$'000	$'000	$'000	$'000
2007					
Group	**5.1**	**1,892**	**–**	**6,844**	**8,736**
Company	**2.3**	**1,892**	**–**	**–**	**1,892**
2006					
Group	6.4	2,149	–	6,739	8,888
Company	9.3	2,149	–	–	2,149

notes to the financial statements

year ended 31 December 2007

7 OTHER FINANCIAL ASSETS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Loan to an investee company	**4,968**	13,123	**4,968**	13,123
Club membership	**238**	238	**238**	238
Impairment losses	**(66)**	(66)	**(66)**	(66)
	172	172	**172**	172
	5,140	13,295	**5,140**	13,295

The loan to an investee company, in which the Company has a 10% equity interest, is unsecured and repayable in financial year 2009. The loan has an effective interest rate of 4.57% (2006: 3.76%) during the financial year.

8 INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Raw materials	**3,512**	3,575	**–**	–
Work-in-progress	**273**	209	**–**	–
Finished goods	**8,842**	5,112	**5,508**	2,448
	12,627	8,896	**5,508**	2,448

Included in the inventories of the Group are raw materials of $343,000 (2006: $289,000) and finished goods of $3,212,000 (2006: $2,637,000) which are carried at net realisable values. The allowance has been included as part of other expenses.

In 2007, raw materials and changes in finished goods and work-in-progress recognised in cost of sales amounted to $104,269,000 (2006: $59,597,000).

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventory items are identified as obsolete and the allowance is charged to income statement. 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 operating expenses and decrease inventory (current assets).

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade receivables due from				
- Subsidiaries	**–**	–	**2,520**	1,850
- Third parties	**20,619**	14,861	**4,239**	2,089
	20,619	14,861	**6,759**	3,939
Allowance for doubtful receivables	**–**	(2,018)	**(135)**	(704)
Net trade receivables	**20,619**	12,843	**6,624**	3,235
Non-trade receivables due from subsidiaries	**–**	–	**9,302**	–
Allowance for doubtful receivables	**–**	–	**(4,360)**	–
	–	–	**4,942**	–
Loan to subsidiary	**–**	–	**1,000**	–
Loan to associates	**2,408**	–	**1,480**	–
Dividend receivable from associates	**1,307**	739	**–**	–
Deposits	**603**	549	**81**	82
Other receivables	**1,079**	181	**290**	31
Prepayments	**100**	253	**5**	23
Tax recoverable	**1,433**	2,174	**2,378**	2,061
Net non-trade receivables	**6,930**	3,896	**10,176**	2,197
	27,549	16,739	**16,800**	5,432

Outstanding balances with subsidiaries and associates are unsecured, interest-free and repayable on demand.

Credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable 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.

At 31 December, the maximum exposure to credit risk for trade receivables, mainly to retail customers, is $20,619,000 (2006: $12,843,000) for the Group and $6,624,000 (2006: $3,235,000) for the Company.

At 31 December, the ageing of trade receivables, including non-trade receivables from subsidiaries, are as follows:

	Gross	Impairment losses	Gross	Impairment losses
	2007	2007	2006	2006
	$'000	$'000	$'000	$'000
Group				
Not past due	**14,918**	**–**	9,253	–
Past due 0 – 30 days	**3,708**	**–**	1,931	–
Past due 31 – 90 days	**1,158**	**–**	1,913	254
Past due 91 days	**835**	**–**	1,764	1,764
	20,619	**–**	14,861	2,018
Company				
Not past due	**5,000**	**–**	1,921	–
Past due 0 – 30 days	**926**	**–**	627	–
Past due 31 – 90 days	**1,106**	**–**	492	–
Past due 91 days	**9,029**	**4,495**	899	704
	16,061	**4,495**	3,939	704

notes to the financial statements

year ended 31 December 2007

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The change in impairment loss during the year is as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
At 1 January	**2,018**	1,810	**704**	728
Provision utilised	**(2,000)**	(37)	**(704)**	(24)
Impairment loss (written back)/recognised	**(53)**	224	**–**	–
Reclassification	**–**	–	**4,495**	–
Translation difference	**35**	21	**–**	–
At 31 December	**–**	2,018	**4,495**	704

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

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 collectibility 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 judgement or utilised different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded operating expenses and decrease receivables (current assets).

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Fixed and term deposits	**12,128**	8,519	**8,703**	4,875
Demand deposits and cash in hand	**4,121**	7,569	**736**	1,201
Cash and cash equivalents	**16,249**	16,088	**9,439**	6,076

As at 31 December 2007, term deposits of $2,594,000 (2006: $2,609,000) of the Group are pledged as security to obtain credit facilities for the Group.

The weighted average effective interest rates per annum relating to cash and cash equivalents at 31 December 2007 for the Group and the Company are 2.9% (2006: 1.5%) and 4.4% (2006: 1.1%) per annum respectively.

11 SHARE CAPITAL

	Group and Company			
	2007 No. of shares ('000)	2007 $'000	2006 No. of shares ('000)	2006 $'000
Fully paid ordinary shares with no par value:				
At 1 January	**77,235**	**70,977**	77,235	38,618
Transfer from share premium to share capital upon implementation of the Companies (Amendment) Act 2005	**–**	**–**	–	32,359
Issue of shares under rights issue	**38,618**	**11,585**	–	–
At 31 December	**115,853**	**82,562**	77,235	70,977

During the year, the Company issued 38,617,500 ordinary shares as a result of a rights issue on the basis of 1 right share for every 2 existing shares held by shareholders at an issue price of $0.30 per share. As a result, the Company's ordinary shares increased to 115,853,000 ordinary shares as at 31 December 2007.

At 31 December 2007, the Company has 2,805,000 outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme (Note 13).

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

12 RESERVES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Foreign currency translation reserve	**(1,910)**	90	**–**	–
Fair value reserve	**6,889**	2,869	**277**	345
Share option reserve	**213**	18	**213**	18
Accumulated profits	**60,668**	66,351	**39,667**	47,721
	65,860	69,328	**40,157**	48,084

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and

(b) foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

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

The accumulated profits of the Group includes an amount of $10,859,000 (2006: $9,475,000) attributable to associates.

13 EMPLOYEE SHARE OPTIONS

The Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The Scheme is administered by the Company's Remuneration Committee comprising three directors, Tan Keng Boon (Chairman), Tan Choo Suan and Soh Kim Soon.

Information regarding the Scheme are as follows:

(a) The exercise price of the options is set at $1.13 per share.

(b) During the year, the Company issued 38,617,500 ordinary shares as a result of a rights issue on the basis of 1 right share for every 2 existing shares held by shareholders at an issue price of $0.30 per share. As a result of the rights issue, the exercise price was adjusted to $0.75 per share and the number of options adjusted to increase by 50%.

(c) The options can be exercised after 2 December 2007.

(d) All options are settled by physical delivery of shares.

(e) The options granted shall expire on 1 December 2016.

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

	2007		2006	
	Exercise price $	No. of options outstanding ('000)	Exercise price $	No. of options outstanding ('000)
At 1 January	**1.13**	**2,130**	–	–
Forfeited	**1.13**	**(260)**	–	–
Adjustment as a result of rights issue	**0.75**	**935**	–	–
Granted	**–**	**–**	1.13	2,130
At 31 December	**0.75**	**2,805**	1.13	2,130

No options were exercised during the year.

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 a Black-Scholes model. 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.

13 EMPLOYEE SHARE OPTIONS (CONT'D)

Date of grant of options	1 December 2006
Fair value at measurement date	$0.10
Share price	$1.12
Exercise price	$1.13
Exercise price adjusted	$0.75
Expected volatility	19.4%
Expected option life	5.0 years
Expected dividends	5.38%
Risk-free interest rate	3.01%

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.

14 FINANCIAL LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current liabilities				
Long-term bank loans (secured)	**11,779**	11,752	**11,000**	11,000
Long-term bank loans (unsecured)	**600**	1,574	**–**	–
Finance lease liabilities	**359**	603	**–**	20
Financial guarantees	**364**	563	**364**	563
	13,102	14,492	**11,364**	11,583
Current liabilities				
Short-term bank loans (secured)	**171**	58	**–**	–
Short-term bank loans (unsecured)	**900**	675	**–**	–
Loans from subsidiaries (unsecured)	**–**	–	**2,640**	6,513
Finance lease liabilities	**231**	305	**20**	33
	1,302	1,038	**2,660**	6,546
Total financial liabilities	**14,404**	15,530	**14,024**	18,129

The secured bank loans are secured on property, plant and equipment and other investments as disclosed in note 3 and 6 respectively.

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

notes to the financial statements

year ended 31 December 2007

14 FINANCIAL LIABILITIES (CONT'D)

Finance lease liabilities

At balance sheet date, the Group and the Company had obligations under finance leases that are repayable as follows:

	2007		2006	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Group				
Repayable within 1 year	**255**	**231**	353	305
Repayable after 1 year but within 5 years	**380**	**359**	649	603
	635	**590**	1,002	908
Less: Future finance charges	**(45)**		(94)	
Present value of obligation	**590**		908	
Company				
Repayable within 1 year	**21**	**20**	36	33
Repayable after 1 year but within 5 years	**–**	**–**	21	20
	21	**20**	57	53
Less: Future finance charges	**(1)**		(4)	
Present value of obligation	**20**		53	

Terms and debt repayment schedule

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

	Nominal interest rate	Year of maturity	2007		2006	
			Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group						
S$ floating rate						
- loan A	Swap rate + 0.7%	2009	**11,000**	**11,000**	11,000	11,000
- loan B	Cost of funds + 2%	2009	**1,500**	**1,500**	2,250	2,250
RM floating rate						
- loan A	BLR + 1%	2020	**820**	**820**	809	809
- loan B	5.1% to 5.2%	2008	**130**	**130**	–	–
Finance lease liabilities	2.5% to 10.5%	2007 - 2011	**590**	**590**	908	908
			14,040	**14,040**	14,967	14,967
Company						
S$ floating rate						
- loan A	Swap rate + 0.7%	2009	**11,000**	**11,000**	11,000	11,000
Finance lease liabilities	2.5%	2008	**20**	**20**	53	53
			11,020	**11,020**	11,053	11,053

14 FINANCIAL LIABILITIES (CONT'D)

The following are the expected contractual undiscounted cash inflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2007					
Non-derivative financial liabilities					
Variable interest rate loans	**13,450**	**(14,536)**	**(1,591)**	**(12,279)**	**(666)**
Finance lease liabilities	**590**	**(635)**	**(255)**	**(380)**	**–**
Trade and other payables*	**14,348**	**(14,348)**	**(14,348)**	**–**	**–**
	28,388	**(29,519)**	**(16,194)**	**(12,659)**	**(666)**
2006					
Non-derivative financial liabilities					
Variable interest rate loans	14,059	(15,697)	(1,290)	(13,653)	(754)
Finance lease liabilities	908	(1,002)	(353)	(649)	–
Trade and other payables*	10,074	(10,074)	(10,074)	–	–
	25,041	(26,773)	(11,717)	(14,302)	(754)

* Excludes accrued expenses and provision for loss on claim.

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
2007					
Variable interest rate loans	**11,000**	**(11,747)**	**(427)**	**(11,320)**	**–**
Finance lease liabilities	**20**	**(21)**	**(21)**	**–**	**–**
Trade and other payables*	**2,335**	**(2,335)**	**(2,335)**	**–**	**–**
	13,355	**(14,103)**	**(2,783)**	**(11,320)**	**–**
2006					
Variable interest rate loans	11,000	(12,174)	(427)	(11,747)	–
Finance lease liabilities	53	(57)	(36)	(21)	–
Trade and other payables*	785	(785)	(785)	–	–
	11,838	(13,016)	(1,248)	(11,768)	–

* Excludes accrued expenses

Financial guarantees

Financial guarantees relates to guarantees given by the Company to banks in respect of banking facilities amounting to $529,000,000 (2006: $249,000,000) granted to an investee company in which the Company has a 10% interest. The financial guarantees expire in 2009 and 2010.

notes to the financial statements

year ended 31 December 2007

15 DEFERRED TAX

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

Group	At 1 January 2006 $'000	Credited to income statement $'000	Translation differences $'000	At 31 December 2006 $'000	Credited to income statement $'000	Translation differences $'000	At 31 December 2007 $'000
Deferred tax liabilities/ (assets)							
Property, plant and equipment	2,913	(2,625)	(8)	280	(154)	–	**126**
Others	1,127	(1,127)	–	–	–	–	**–**
	4,040	(3,752)	(8)	280	(154)	–	**126**

At 31 December, deferred tax assets have not been recognised in respect of the following temporary differences:

	Group 2007 $'000	Group 2006 $'000
Tax losses and unabsorbed wear and tear allowances	**68,596**	68,396
Deductible temporary difference	**5,495**	5,216
Unremitted overseas income	**(30,118)**	(27,358)
	43,973	46,254

The tax losses and unabsorbed wear and tear allowances are subject to agreement by the various authorities and compliance with tax regulations. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the above temporary differences in accordance with the accounting policy disclosed in note 2.14.

16 TRADE AND OTHER PAYABLES

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Trade payables due to:				
- Subsidiaries	**–**	–	**–**	123
- Third parties	**8,331**	6,451	**2,080**	416
Bills payable	**4,564**	2,115	**–**	–
Accrued expenses	**2,935**	2,749	**1,309**	605
Amount due to associate (non-trade)	**34**	68	**–**	–
Other payables	**1,419**	1,440	**255**	246
Provision for loss on claim	**76**	101	**–**	–
	17,359	12,924	**3,644**	1,390

The weighted average effective interest rate of bills payable of the Group at 31 December 2007 is 6.25% per annum (2006: 5.9%).

The non-trade amount due to associate is unsecured, interest-free and repayable on demand.

17 REVENUE

Revenue of the Group represents net sales billed to external customers. Transactions within the Group are eliminated. Revenue of the Company represents net sales billed to external customers and related corporations.

18 NET PROFIT/(LOSS) FOR THE YEAR

The following items have been included in arriving at net profit/(loss) for the year:

	Group	
	2007	2006
	$'000	$'000
Amortisation of financial guarantee	(199)	(133)
(Gain)/loss on disposal of:		
- associate	–	207
- subsidiary	–	(47)
- property, plant and equipment	(36)	(1,254)
Included in staff costs:		
- contribution to defined contribution plan	520	510
- value of employee services received for issue of share options	195	18
Negative goodwill arising from additional investment in subsidiary/acquisition of associate	(429)	(444)
Non-audit fees paid to auditors of the Company	99	50
Operating lease expenses	1,892	1,548
Reversal of provision for restoration cost	–	(250)
(Write-back)/allowance for inventory obsolescence	(20)	99

19 INCOME TAXES

	Group	
	2007	2006
	$'000	$'000
Current tax expenses		
Current year	42	(3)
(Over)/Underprovision in prior years	(2,458)	3,951
	(2,416)	3,948
Deferred tax expenses		
Movements in temporary differences	(1)	7
Overprovision in prior years	(153)	(3,759)
	(154)	(3,752)
Income tax (credit)/expense	(2,570)	196

notes to the financial statements

year ended 31 December 2007

19 INCOME TAXES (CONT'D)

Reconciliation of effective tax rate

	Group	
	2007	**2006**
	$'000	**$'000**
Profit/(loss) before income tax	**5,789**	(6,846)
Tax calculated using Singapore tax rate of 18% (2006: 20%)	**1,042**	(1,369)
Effect of different tax rates in foreign jurisdictions	**4**	(42)
Expenses not deductible for tax purposes	**246**	811
Group relief	**–**	(2)
Income not subject to tax	**(691)**	(1,090)
Utilisation of deferred tax benefits previously not recognised	**(820)**	(281)
Unrecognised deferred tax assets	**234**	1,964
Under/(Over)provision in prior years	**(2,611)**	192
Others	**26**	13
	(2,570)	196

20 FINANCE INCOME AND EXPENSE

	Group	
	2007	**2006**
	$'000	**$'000**
Finance income		
Dividend income		
- equity securities held for trading	**395**	410
- equity securities available-for-sale	**24**	232
Gain/(loss) on disposal of		
- equity securities held for trading	**944**	794
- equity securities available-for-sale	**31**	(148)
Interest income		
- bank deposits	**383**	413
- structured deposits	**510**	681
- loan to an investee company	**587**	467
- others	**–**	562
Investment income		
- equity securities held for trading	**84**	137
- equity securities available-for-sale	**319**	325
Write-back of allowance for doubtful receivables	**53**	–
Net change in fair value of financial assets held for trading at fair value through profit or loss	**1,761**	–
Finance income	**5,091**	3,873

20 FINANCE INCOME AND EXPENSE (CONT'D)

	Group 2007 $'000	Group 2006 $'000
Finance expense		
Interest expense		
- bank borrowings	**(1,258)**	(746)
- finance lease liabilities	**(44)**	(29)
Net change in fair value of equity securities available-for-sale transferred to income statement	**(20)**	(818)
Net change in fair value of financial assets held for trading	**–**	(966)
Allowance for doubtful debts receivable	**–**	(224)
Bad debts written off	**–**	(43)
Exchange loss	**(1,455)**	(2,108)
Impairment loss on equity securities available-for-sale	**(200)**	(234)
Finance expense	**(2,977)**	(5,168)

21 EARNINGS PER SHARE

	Group 2007	Group 2006
Basic earnings per share is based on:	**$'000**	**$'000**
Net profit attributable to ordinary shareholders	**8,435**	(7,196)
	No. of shares ('000)	**No. of shares ('000)**
Issued ordinary shares at beginning of the year	**77,235**	77,235
Effect of rights issue of shares	**28,986**	25,250
Weighted average number of ordinary shares in issue during the year	**106,221**	102,485
	$'000	**$'000**
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	**8,435**	(7,196)
	No. of shares ('000)	**No. of shares ('000)**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**106,221**	102,485
Potential ordinary shares issuable under share options	**864**	–
Adjusted weighted average number of ordinary shares in issue	**107,085**	102,485

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.

notes to the financial statements

year ended 31 December 2007

22 SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

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 income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following business 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 and holding of investments in venture capital funds.

Geographical Segments

The Group's operations are mainly in Singapore, Malaysia and Greater 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 assets.

Business Segments

Revenue and expenses	Cement and building materials $'000	Specialty Polymer $'000	Investments $'000	Eliminations $'000	Total $'000
2007					
Total revenue from external customers	51,321	75,251	–	–	126,572
Segment results	(2,362)	271	2,359	–	268
Share of profits of associates	4,983	–	360	–	5,343
	2,621	271	2,719	–	5,611
Interest expense					(1,302)
Interest income					1,480
Income tax credit					2,570
Net profit for the year					8,359

22 SEGMENT REPORTING (CONT'D)

Revenue and expenses	Cement and building materials $'000	Specialty Polymer $'000	Investments $'000	Eliminations $'000	Total $'000
2006					
Total revenue from external customers	22,391	50,516	–	–	72,907
Segment results	(12,726)	663	(2)	–	(12,065)
Share of profits of associates	3,032	–	839	–	3,871
	(9,694)	663	837	–	(8,194)
Interest expense					(775)
Interest income					2,123
Income tax expense					(196)
Net loss for the year					(7,042)
Assets and liabilities					
2007					
Segment assets	**40,876**	**22,494**	**54,881**	**–**	**118,251**
Interest in associates					**50,161**
Unallocated assets					**13,562**
Total assets					**181,974**
Segment liabilities	**8,727**	**9,393**	**193**	**–**	**18,313**
Unallocated liabilities					**13,710**
Total liabilities					**32,023**
2006					
Segment assets	35,629	22,488	56,068	–	114,185
Interest in associates					47,135
Unallocated assets					10,694
Total assets					172,014
Segment liabilities	4,842	9,289	263	–	14,394
Unallocated liabilities					14,452
Total liabilities					28,846
Other segment information					
2007					
Capital expenditure	**2,097**	**478**	**–**	**–**	**2,575**
Depreciation	**690**	**1,006**	**–**	**–**	**1,696**
2006					
Capital expenditure	732	3,930	–	–	4,662
Depreciation	4,604	581	–	–	5,185

notes to the financial statements

year ended 31 December 2007

22 SEGMENT REPORTING (CONT'D)

Geographical Segments

	Singapore $'000	Malaysia $'000	Greater China $'000	Elimination $'000	Total $'000
2007					
External customers	**83,053**	**32,465**	**11,054**	**–**	**126,572**
Inter-segment sales	**–**	**1,903**	**–**	**(1,903)**	**–**
Total revenue	**83,053**	**34,368**	**11,054**	**(1,903)**	**126,572**
Segment assets	**103,396**	**7,561**	**7,294**	**–**	**118,251**
Capital expenditure	**2,219**	**152**	**204**	**–**	**2,575**
Depreciation	**1,086**	**279**	**331**	**–**	**1,696**
2006					
External customers	36,749	27,907	8,251	–	72,907
Inter-segment sales	13	4,189	–	(4,202)	–
Total revenue	36,762	32,096	8,251	(4,202)	72,907
Segment assets	109,264	1,338	3,583	–	114,185
Capital expenditure	4,477	93	92	–	4,662
Depreciation	4,913	86	186	–	5,185

23 FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Group. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such written policies are reviewed annually by the Board of Directors and quarterly reviews are undertaken to ensure that the Group's policy guidelines are adhered to.

The 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 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 Audit Committee.

Credit risk

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 over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

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.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

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.

Market risk

Market risk is the risk that changes in market prices, principally interest rates and foreign exchange rates, 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 on risk.

Interest rate risk

Interest rate swaps, which are denominated in Singapore dollars, have been entered into to hedge some of the Group's exposure to floating rate interest. The swaps mature over the next two years to match the maturity of the related loans and have interest rates of 3.88% per annum. At 31 December 2007, the Group had outstanding interest rate swaps with a notional contract amount of $11,000,000 (2006: $11,000,000). These interest rate swaps are classified as fair value hedges.

The net fair value of swap at 31 December 2007 is insignificant.

Sensitivity analysis

For the interest rate swap accounted for as a fair value hedge, an increase of 100 bp in interest rate at the reporting date would increase profit or loss by $110,000 (2006: $27,726). A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

For the other variable rate financial assets and liabilities, an increase/(decrease) of 100 bp in interest rate at the reporting date would (decrease)/ increase equity and income statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Group	**$'000**	**$'000**	**$'000**	**$'000**
31 December 2007				
Variable rate instruments	**(135)**	**135**	**–**	**–**
31 December 2006				
Variable rate instruments	(58)	58	–	–

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases, investments and borrowings that are denominated in a currency other than Singapore dollars, principally US dollars.

notes to the financial statements

year ended 31 December 2007

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

At 31 December, the Group's and Company's exposure to currencies, other than the respective functional currencies of group entities, are as follows:

	Singapore dollar $'000	US dollar $'000	Chinese renminbi $'000	Hong Kong dollar $'000	Japanese yen $'000
Group					
2007					
Trade and other receivables	**94**	**6,134**	**1,307**	**–**	**–**
Cash and cash equivalents	**–**	**4,839**	**–**	**–**	**–**
Investments	**–**	**22,379**	**–**	**–**	**–**
Financial liabilities	**–**	**–**	**–**	**–**	**–**
Trade and other payables	**(3)**	**(2,197)**	**(58)**	**–**	**–**
	91	**31,155**	**1,249**	**–**	**–**
2006					
Trade and other receivables	3	3,001	739	–	–
Cash and cash equivalents	–	3,970	–	817	1,332
Investments	–	24,827	–	–	–
Financial liabilities	–	–	–	–	–
Trade and other payables	(52)	(1,877)	(9)	–	–
	(49)	29,921	730	817	1,332
Company					
2007					
Trade and other receivables	**–**	**–**	**1,706**	**–**	**–**
Cash and cash equivalents	**–**	**3,590**	**–**	**–**	**–**
Investments	**–**	**5,251**	**–**	**–**	**–**
Financial liabilities	**–**	**(2,059)**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**–**	**–**	**–**
Loans to subsidiaries	**–**	**36,333**	**829**	**–**	**–**
	–	**43,115**	**2,535**	**–**	**–**
2006					
Trade and other receivables	–	74	–	–	–
Cash and cash equivalents	–	3,515	–	–	–
Investments	–	5,752	–	–	–
Financial liabilities	–	(2,165)	–	–	–
Trade and other payables	–	–	–	–	–
Loans to subsidiaries	–	30,899	3,673	–	–
	–	38,075	3,673	–	–

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase/(decrease) income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis (cont'd)

	Group $'000	Company $'000
31 December 2007		
US dollar	**(3,116)**	**(4,312)**
Chinese renminbi	**(125)**	**(254)**
31 December 2006		
US dollar	(2,992)	(3,808)
Chinese renminbi	(73)	(367)
Hong Kong dollar	(82)	–
Japanese yen	(133)	–

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

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of the financial instruments of the Group and Company.

Investments in equity securities

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date, latest percentage yield per General Partners' valuation report and latest financing price.

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Intra-group financial guarantees

The value of financial guarantees provided by the Company is determined by reference to the difference in the interest rates, determined by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available.

Other financial assets and liabilities

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

notes to the financial statements

year ended 31 December 2007

24 COMMITMENTS

At the balance sheet date:

(a) the Group has commitments amounting to $7,788,000 (2006: $7,559,000) in respect of additional investments in certain private equity investments and partnership investments;

(b) the Group and the Company have commitments amounting to $958,000 (2006: $3,658,000) in respect of additional investment in an associate;

(c) the Group and the Company have the following future minimum lease payments under non-cancellable operating leases of warehouse, factory and office space and office equipment:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Payable:				
- within 1 year	**920**	986	**365**	424
- within 2 to 5 years	**1,495**	1,916	**1,089**	1,055
- after 5 years	**1,100**	1,270	**295**	450
	3,515	4,172	**1,749**	1,929

(d) the Company has commitments for the purchase of building materials of $2,060,000 (2006: $2,079,000).

25 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 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.

The key management personnel compensation (including directors) during the year are as follows:

	Group	
	2007	2006
	$'000	$'000
Directors' fees	**255**	215
Short-term employee benefits		
- directors	**773**	648
- others	**869**	790
	1,897	1,653

Other Related Parties Transactions

In 2007, purchases of finished goods by the Company from an associate amounted to $2,165,000 (2006: Nil).

25 RELATED PARTIES (CONT'D)

Other Related Parties Transactions (cont'd)

During the year, the Group had the following transactions with Ho Bee Cove Pte Ltd, a company held by a substantial shareholder of the Company.

	2007 $'000	2006 $'000
Investments in equity securities	–	100
(Repayment) of/Shareholders loans	(8,741)	12,656
Interest income receivable from the shareholders loan	586	467

26 SUBSEQUENT EVENTS

After the balance sheet date:

(a) The Directors proposed the following dividends which have not been provided for in the financial statements:

	Group and Company	
	2007 $'000	2006 $'000
Final one-tier dividend proposed of 3 cents per share (2006: 4 cents per share less tax at 18%)	3,476	2,533

(b) One of the Group's trade debtors, with an outstanding balance of $607,000, went into receivership. The recoverable amount cannot be presently estimated and accordingly no provision has been made in the consolidated financial statements.

27 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 23	*Borrowing Costs*
FRS 108	*Operating Segments*
INT FRS 111	*FRS 102 Group and Treasury Share Transactions*
INT FRS 112	*Service Concession Arrangements*

FRS 23 will become effective for financial statements for the year ending 31 December 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements.

The Group has not considered the impact of accounting standards issued after the balance sheet date.

statistics of shareholdings

as at 11 March 2008

SHARE CAPITAL

Issued & fully paid-up	:	$83,070,499
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 11 March 2008, 44.29% 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.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	202	9.22	41,845	0.04
1,000 - 10,000	1,481	67.63	5,571,728	4.78
10,001 - 1,000,000	495	22.60	22,587,842	19.38
1,000,001 and above	12	0.55	88,326,085	75.80
Total	**2,190**	**100.00**	**116,527,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Afro-Asia International Enterprises Pte. Limited	43,885,000	37.66
2	Afro Asia Shipping Co Pte Ltd	13,972,500	11.99
3	UOB Kay Hian Pte Ltd	13,202,510	11.33
4	DBS Nominees Pte Ltd	3,062,400	2.63
5	United Overseas Bank Nominees Pte Ltd	2,353,300	2.02
6	CIMB Bank Nominees (S) Sdn Bhd	2,180,000	1.87
7	Kheng Ho Huat Company (Private) Ltd	2,001,000	1.72
8	Performance Investment Pte Ltd	1,982,000	1.70
9	Chua Wee Keng	1,713,000	1.47
10	Tan Choo Suan	1,419,000	1.22
11	Zen Property Management Pte Ltd	1,282,500	1.10
12	OCBC Nominees Singapore Pte Ltd	1,272,875	1.09
13	Kwok Hae Meng	622,250	0.53
14	Citibank Nominees Singapore Pte Ltd	590,250	0.51
15	Tan Cheng Gay	579,750	0.50
16	Kim Eng Securities Pte. Ltd.	565,550	0.49
17	CIMB-GK Securities Pte. Ltd.	563,220	0.48
18	Tan Siew Keng Christina	500,000	0.43
19	Morph Investments Ltd	448,500	0.38
20	Phillip Securities Pte Ltd	440,025	0.38
Total		**92,635,630**	**79.50**

statistics of shareholdings

as at 11 March 2008

SUBSTANTIAL SHAREHOLDERS
as shown in the Company's Register of Substantial Shareholders

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	60,416,500	(1)	61,835,500	53.07
Afro-Asia International Enterprises Pte. Limited	43,885,000	-		43,885,000	37.66
Afro Asia Shipping Co Pte Ltd	13,972,500	1,982,000		15,954,500	13.69
Chua Thian Poh	165,000	45,467,500	(2)	45,632,500	39.16
Ng Noi Hinoy	300,000	45,332,500	(3)	45,632,500	39.16
Ho Bee Holdings (Pte) Ltd	-	45,167,500	(4)	45,167,500	38.76
Tan Choo Pin	25,500	43,885,000	(5)	43,910,500	37.68
Ng Giok Oh	-	15,954,500	(6)	15,954,500	13.69

Notes:

Mr Chua Thian Poh is deemed to have an interest in the shareholdings of Mdm Ng Noi Hinoy and vice versa by virtue of their relationship as husband and wife. By virtue of Section 7 of the Singapore Companies Act, Cap 50, Mr Chua Thian Poh and Mdm Ng Noi Hinoy are deemed to have an interest in the shares owned by Ho Bee Holdings (Pte) Ltd.

(1) This represents Dr Tan Choo Suan's deemed interest of 60,416,500 shares held in the name of the following:-
- (a) 43,885,000 shares held by Afro-Asia International Enterprises Pte. Limited;
- (b) 13,972,500 shares held by Afro Asia Shipping Co Pte Ltd;
- (c) 1,982,000 shares held by Performance Investment Pte Ltd; and
- (d) 577,000 shares held by New Town Development Pte Ltd.

(2) This represents Mr Chua Thian Poh's deemed interest of 45,467,500 shares held in the name of the following:-
- (a) 45,167,500 shares held by Ho Bee Holdings (Pte) Ltd; and
- (b) 300,000 shares held by his spouse.

(3) This represents Mdm Ng Noi Hinoy's deemed interest of 45,332,500 shares held in the name of the following:-
- (a) 45,167,500 shares held by Ho Bee Holdings (Pte) Ltd; and
- (b) 165,000 shares held by her spouse.

(4) This represents Ho Bee Holdings (Pte) Ltd's deemed interest of 45,167,500 shares held in the name of the following:-
- (a) 43,885,000 shares held by Afro-Asia International Enterprises Pte. Limited; and
- (b) 1,282,500 shares held by Zen Property Management Pte Ltd.

(5) This represents Mdm Tan Choo Pin's interest of 43,885,000 shares held in the name of Afro-Asia International Enterprises Pte. Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

(6) This represents Mdm Ng Giok Oh's deemed interest of 15,954,500 shares held in the name of the following:-
- (a) 13,972,500 shares held by Afro Asia Shipping Co Pte Ltd; and
- (b) 1,982,000 shares held by Performance Investment Pte Ltd.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 25 International Business Park, German Centre, 5th Floor, Stuttgart & Munich Rooms, Singapore 609916 on Friday, 25 April 2008 at 10:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2007. **(Resolution 2)**

3. To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:-

   (a) Mr Tan Yok Koon (retiring under Article 87) **(Resolution 3)**

   (b) Mr Soh Kim Soon (retiring under Article 87) **(Resolution 4)**

4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

5. To approve Directors' fees of S$255,000 for the financial year ended 31 December 2007. **(Resolution 6)**

6. To consider and if thought fit, pass the following ordinary resolutions, with or without modifications:

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

"That approval be and is hereby given to the Directors to offer and grant options under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme approved by the Company on 15 January 2001 (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued shares in the capital of the Company excluding treasury shares, from time to time." **(Resolution 7)**

[See Explanatory Note 1]

AS SPECIAL BUSINESS (CONT'D)

6.2 Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50

(a) "That, pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively referred as "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of instruments previously issued in the event of rights, bonus or capitalization issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force,

provided always that

(i) 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 percent (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty percent (20%) of the Company's total number of issued shares excluding treasury shares, and for the purpose of this resolution, the issued share capital shall be the Company's issued shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities,

(b) new shares arising from exercising share options or vesting of shares awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Limited; and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

[See Explanatory Note 2]

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

notice of annual general meeting

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed on 13 June 2008 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5:00 p.m. on 12 June 2008 will be registered to determine shareholders' entitlement to the proposed dividend. The final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2007, if approved at the Annual General Meeting, will be paid on 3 July 2008.

By Order of the Board

Joanna Lim
Company Secretary

Singapore, 9 April 2008

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.

Explanatory Notes:

1. The **ordinary resolution no. 7** is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares pursuant to the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "Scheme"), which was approved at the Extraordinary General Meeting of the Company held on 15 January 2001, of up to an amount not exceeding in total fifteen percent (15%) of the Company's total number of issued shares excluding treasury shares for the time being pursuant to the exercise of the options under the Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. The **ordinary resolution no. 8** is to allow the Directors of the Company from the date of that meeting until the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

PROXY FORM

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

IMPORTANT

1. For investors who have used their CPF monies to buy EnGro Corporation Limited's shares, this Annual Report 2007 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, Stuttgart & Munich Rooms, Singapore 609916 on Friday, 25 April 2008 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 2007 and the Reports of the Directors and the Auditors thereon.	**(Resolution 1)**		
2.	To declare a final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2007.	**(Resolution 2)**		
3.	Re-election of Mr Tan Yok Koon (Retiring under Article 87).	**(Resolution 3)**		
4.	Re-election of Mr Soh Kim Soon (Retiring under Article 87).	**(Resolution 4)**		
5.	To appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.	**(Resolution 5)**		
6.	To approve Directors' fees of S$255,000 for the financial year ended 31 December 2007.	**(Resolution 6)**		
7.	To authorize Directors to allot and issue shares pursuant to the exercise of options granted under Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme.	**(Resolution 7)**		
8.	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.	**(Resolution 8)**		

Please indicate with a cross [X] 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 ________________________ 2008

Total Number of Shares Held

....

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

* Delete where applicable

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

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

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

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Fold along this line

Affix Postage Stamp Here

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

Fold along this line

Designed and Produced by
Credence Partnership Pte Ltd

EnGro Corporation Limited

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

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Facsimile: +65 6561 9770

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