EnGro Corporation Limited

BUILDING SUSTAINABILITY

ANNUAL REPORT 2008

BUILDING SUSTAINABILITY

EnGro Corporation 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 you partners.

REGISTERED OFFICE

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#08-05/06 Acer Building Tower B
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REGISTRAR

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

AUDITORS

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

PARTNER-IN-CHARGE

Adeline Lee
(with effect from F.Y 2006)

ENGRO
BUILDING SUSTAINABILITY

www.engro-global.com

A COMPANY DEDICATED TO **ECO-FRIENDLY** SPECIALTY CEMENT, **VALUE ADDING** SPECIALTY POLYMER AND **TECHNOLOGY FUSION** BUSINESS.

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OVER THE YEARS, OUR FIRM BELIEF IN CHAMPIONING AND CREATING A SUSTAINABLE FUTURE HAS RECEIVED REGIONAL RECOGNITION. NOW, MORE THAN EVER, WE ARE CONVINCED OF THE IMPORTANCE OF DEVELOPING THE EXHILARATING FIELD OF GREEN TECHNOLOGY — A FIELD WHICH OPENS UP A FUTURE FILLED WITH EXCITING IMPONDERABLES AND INFINITE POSSIBILITIES. AT ENGRO, WITH OUR YEARS OF EXPERIENCE, EXPERTISE AND WELL-PLACED RESOURCES, WE ARE CONFIDENT OF BECOMING THE PIONEER AND INNOVATOR OF THE EMERGING ERA OF TOMORROW'S GREEN BUILDING TECHNOLOGY.

- Specialty Cement
- Specialty Polymer
- Investments

ENGRO CORPORATION / ENVIRONMENT / INFRASTRUCTURE

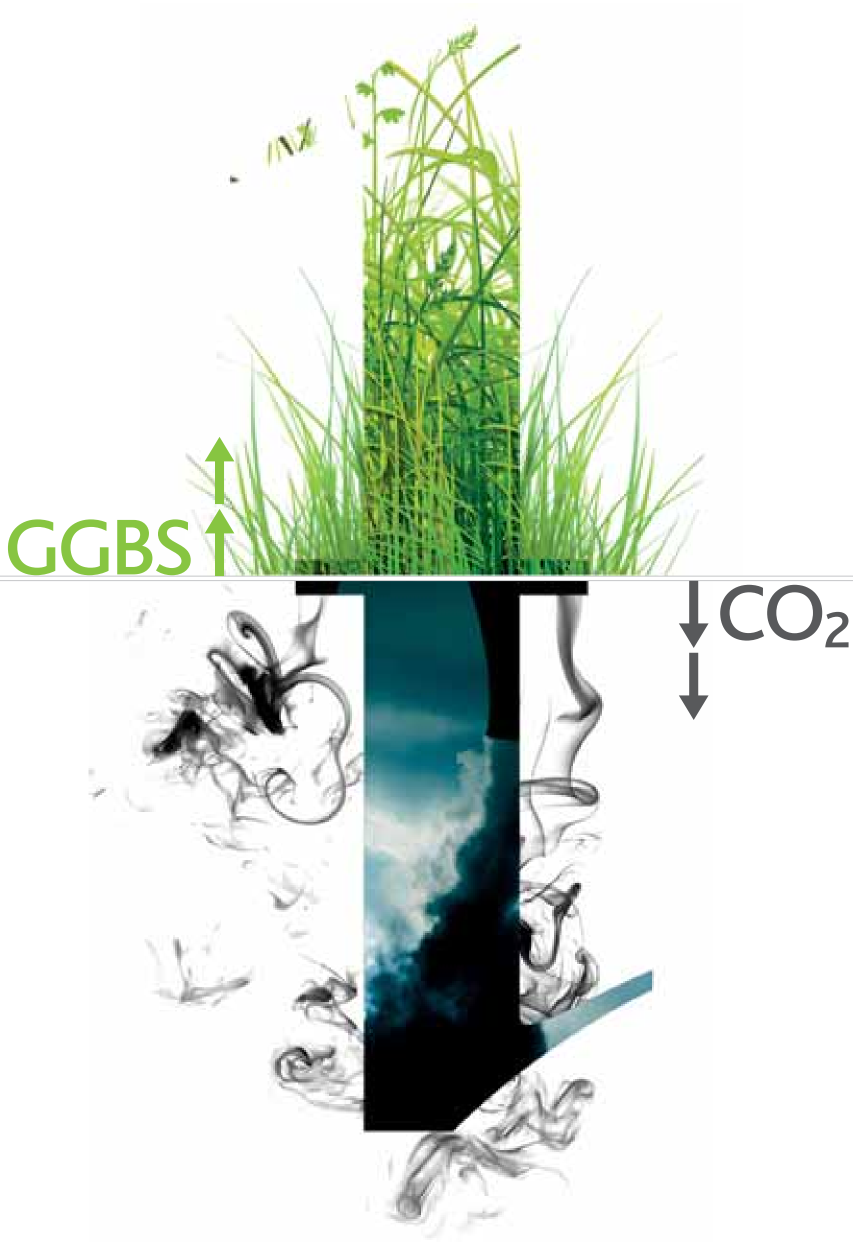
EnGro allocates top priority to our responsibility to sustain the environment that makes life on Earth possible and breathtakingly so. That the Earth needs protection and care is both a message that we want to spread and an end to which we are constantly working towards.


OUR **ULTIMATE GOAL** OF PURSUIT
IS STRIKING THE **PERFECT BALANCE**

BETWEEN THE CREATION OF A **VIBRANT,UPBEAT LIFESTYLE**
AND MAKING **A SUSTAINABLE DIFFERENCE**

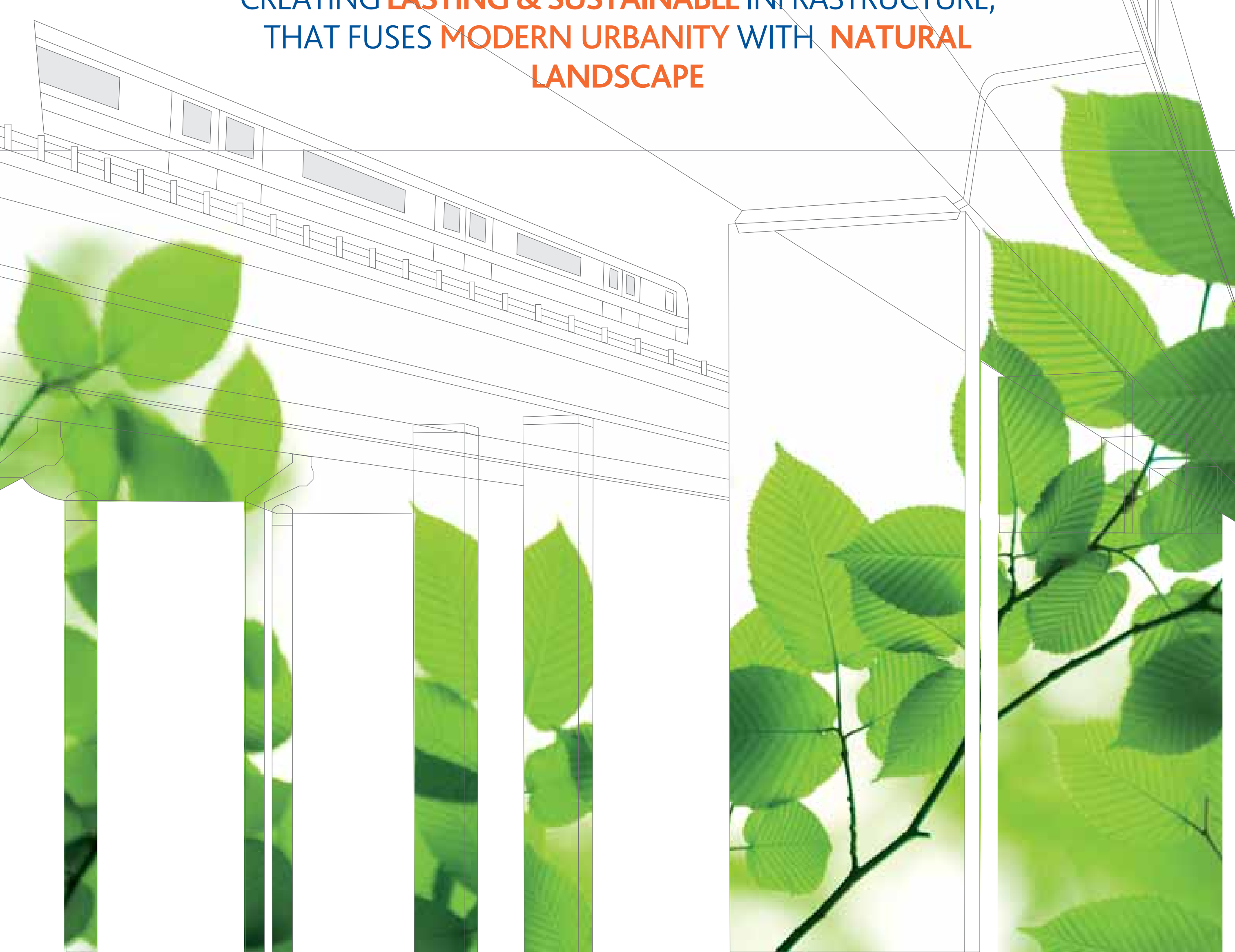
WE ENGINEER **GREEN SOLUTIONS**
WITH OUR **INNOVATIVE TECHNOLOGY** &
EXPERTISE,

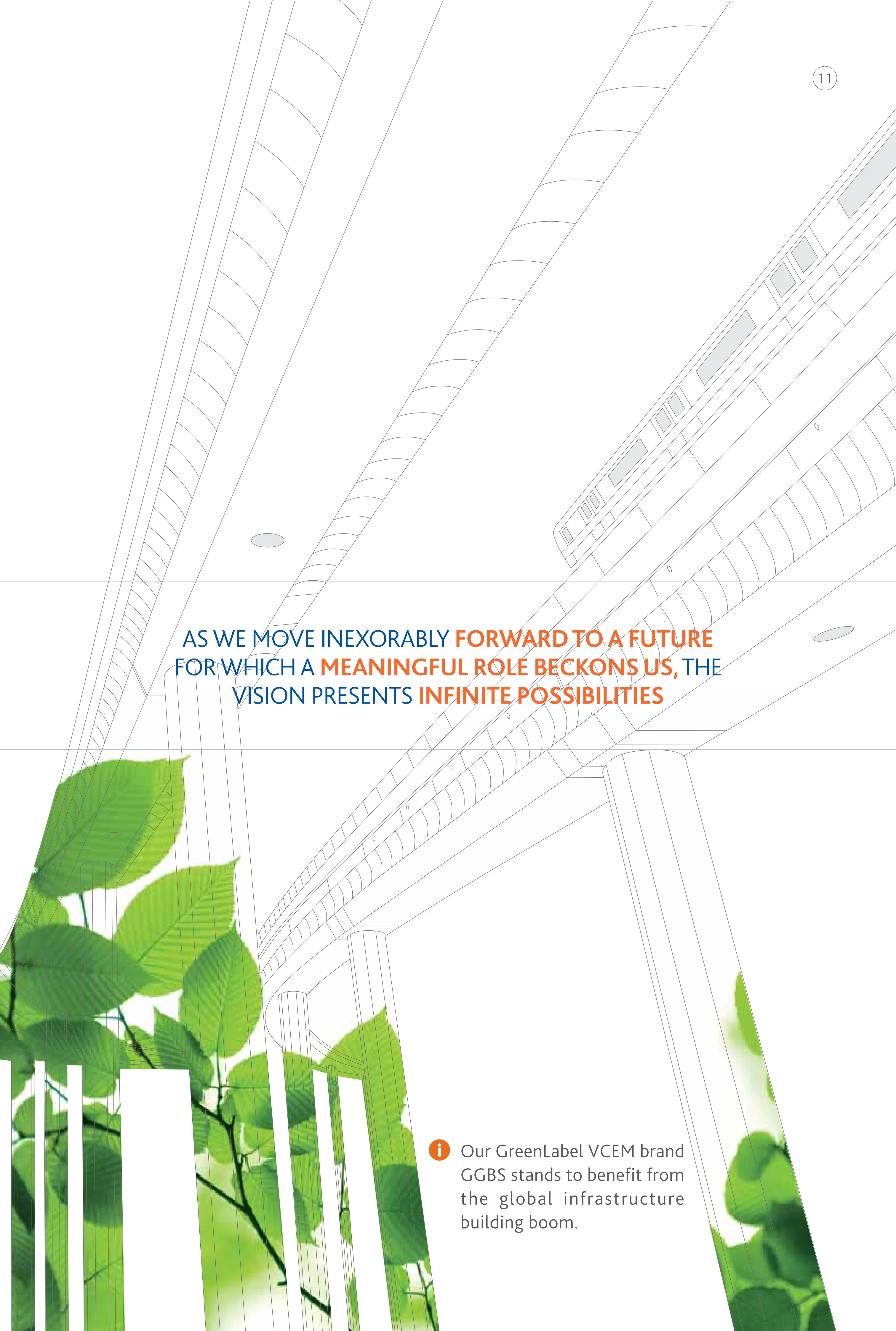
REPLACING THE HARMFUL
WITH THE **BOUNTY OF NEW LIFE,**



1 ton of GGBS can reduce nearly 1 ton of CO_2 generated by each ton of Ordinary Portland Cement (OPC) produced.

CREATING LASTING & SUSTAINABLE INFRASTRUCTURE, THAT FUSES MODERN URBANITY WITH NATURAL LANDSCAPE





AS WE MOVE INEXORABLY **FORWARD TO A FUTURE** FOR WHICH A **MEANINGFUL ROLE BECKONS US,** THE VISION PRESENTS **INFINITE POSSIBILITIES**

Our GreenLabel VCEM brand GGBS stands to benefit from the global infrastructure building boom.

EnGro's pursuit of excellence makes us a trusted partner in the supply of and promotion of high performance eco-friendly building materials. Our efforts at fulfilling our responsibility towards the creation of a sustainable future have been accorded due recognition by the Singapore Environment Council (SEC). We are proud to be the first organization to receive the Green Label for our eco-friendly building materials and will continue to break new grounds as we continue in our quest towards the future, the home of infinite possibilities.

"The Group continues to be **profitable** in 2008, lifted by a **commendable performance** by the Group's specialty cement and Singapore operations."

Tan Cheng Gay
Chairman

2008

GROUP TURNOVER

S$137.8 MILLION UP 8.9%

OPERATING PROFIT

S$10.9 MILLION UP 157.9%

GROUP NET PROFIT

S$6.2 MILLION

SINGAPORE OPERATIONS

LEADING ADVOCATE OF
ECO-FRIENDLY BUILDING MATERIALS

SPECIALTY CEMENT

4.7 MILLION TONS

PRODUCTION CAPACITY AS AT END 2008

SPECIALTY POLYMER

STRATEGIC TOLL COMPOUNDING WITH
EXXONMOBIL CHEMICAL

CHAIRMAN'S MESSAGE

Overview

The Group continues to be profitable in 2008, lifted by a commendable performance by the Group's specialty cement and Singapore operations. However, the Group's specialty polymer business was challenged by the weakened consumer goods and electronics sectors, thereby adversely affecting the group's performance.

The Group's turnover for the year ended 31 December 2008 was S$137.8 million, an increase of 8.9% over the previous year. The consolidated net profit after tax for the year was S$6.2 million compared to a net profit after tax of S$8.4 million in the previous year, representing a decrease of 25.4% from the previous year. At the operating level, profit before impairment, fair value adjustments and tax rose 157.9% to S$10.9 million in 2008 as a result of strong contribution from cement and building materials business.

The sub-prime crisis which occurred in 2007 together with the bursting of real estate bubble caused the worst global financial meltdown in 2008 since the Great Depression of 1929. The by now infamous collapse of Lehman Brothers in September 2008 caused panic and massive sell-off in the global equity markets and it is generally perceived that the global financial crisis could precipitate a protracted global recession if measures by various governments to rescue the world economy do not yield the intended results.

China is not immune to the global financial turmoil having seen its double-digit GDP growth reduced to single-digit due primarily to a sharp decrease in its export-driven manufacturing sector which has relied heavily on the U.S. and E.U. markets. We, however, remain cautiously bullish for our China joint ventures (JVs) and the Singapore building material business.

Singapore Operations

Our Singapore integral cement and ready-mix concrete (RMC) operations continue to gain strength in tandem with the construction sector despite a sharp drop in the private sector projects. Top-Mix Concrete is in the midst of setting up new RMC batching plants at strategic locations to have a broader market coverage.

The bulk of 2009's demand will be generated by public sector projects such as major roads and MRT projects which will make up between $17 billion and $19 billion of 2009's construction demand to offset the decline in private sector demand. In a bid to boost the economy, the Government had decided to pump-prime and bring forward $4.7 billion worth of previously deferred construction projects.

In 2007, EnGro had the honour of becoming the first cement company to be awarded GreenLabel accreditation by the Singapore Environment Council (SEC). We started off with the GreenLabel being approved for use on our GGBS (Ground Granulated Blastfurnace Slag) product and today, EnGro has gained approval for use of the GreenLabel on a total of six products. This achievement makes EnGro the leading advocate for eco-friendly building materials in Singapore.

Our GGBS product is acknowledged by SEC as being able to replace a high percentage of Ordinary Portland Cement (OPC) thereby significantly reducing CO_2 generated by the cement industry which as a whole accounts for about 6% of the world's annual CO_2 emissions. It is worth highlighting that the carbon index that comes with all our GreenLabel products would allow users to assess the extent of CO_2 savings derived through the use of our eco-friendly GreenLabel products.

Specialty Cement

The start of EnGro's 2nd 5-year plan for our specialty cement division saw some very encouraging developments. During the year, two new production lines of 600,000 tons each were commissioned; one in Tangshan, Hebei province and one in Jinan, Shandong province. By the end of 2008, our joint ventures' total annual production capacity in China reached 4.2 million tons. This number will further increase to 4.8 million tons when the 2nd production line in HuaiAn, Jiangsu province commences operations in Q4 2009.

chairman's message (continued)

THE GROUP'S TURNOVER FOR THE YEAR ENDED 31 DECEMBER 2008 WAS **S$137.8 MILLION**, AN **INCREASE OF 8.9%** OVER THE PREVIOUS YEAR.

Combined with our GGBS JV plant in Incheon South Korea, the total annual capacity of our offshore joint ventures will hit 5.3 million tons by Q4 2009.

At the Second Session of the 11th National People's Congress (NPC) (十一届全国人大二次会议) held in Beijing recently, China's economic growth was openly discussed and the consensus of attendants is that an 8% GDP growth rate for 2009 is not unachievable. Moreover, an 8% growth does not in any way signify a recession but merely reflects a slow-down in economic growth. Being a vast country, it is inevitable to see varying growth rates between regions, with some regions growing faster than others. In line with the emphasis placed in the Bohai Rim Economic Zone during the China 11th 5-Year Plan, this economic zone stands on good ground to continue with double-digit growth. To bear out this point, it has been officially reported that the GDP for Tangshan Region is expected to be 11% for 2009.

Riding on the strong growth of the JingJinTang (京津唐 Beijing-Tianjin-Tangshan) triangle, our specialty cement JVs stand to benefit with plants strategically located within this region. In addition, China's Central Government launched a 4 trillion-yuan economic and financial stimulus package in late 2008 to ensure the nation's growth will be least affected by external shocks. One of the means of meeting China's long term goals of building a strong and sustainable domestic economy is to focus on major infrastructure developments that will link the vast rural hinterland to the coastal economic zones thus forming clusters of sub-economic zones. All these strong stimulus tablets augur well for our specialty cement business which should continue to contribute healthily to the Group's bottomline.

Specialty Polymer

EnGro's specialty polymer business has, under its subsidiary Resin & Pigments Technologies (R&P), successfully established a strategic toll compounding agreement with ExxonMobil Chemical Asia Pacific in Q3 2008. Pursuant to the new growth strategy, R&P also achieved ISO/TS 16949 automotive certification and is the first among compounders in Singapore to attain this certification, supporting its capability to process polymer compounds for specialty applications including automotive industry and other niche industry.

For reasons of the extended time period taken to establish its first major toll compounding contract with ExxonMobil Chemical, and the market size shrinkage of consumer products caused by the economic downturn, R&P could not contribute positively to the Group's results in 2008. However, strategic agreements such as this toll compounding agreement and other planned business initiatives would lay the foundation to support R&P's turnaround.

Under the toll compounding agreement, R&P will manufacture a broad range of ExxonMobil Chemical's specialty compounds for automotive interior and exterior applications, appliances and consumer products, in a logistically optimized manner. The strategic advantage of R&P's compounding facility is likely to add more such initiatives with other polymer manufacturers located in the Jurong Island petrochemical hub.

In view of the global economic turmoil which has also severely affected the polymer industry, R&P will endeavour to streamline operations to improve its cost competitiveness. We are pleased to share the news that because of its differentiated business and developmental approach, R&P has been seen as a resilient and innovative SME by A*STAR and

SPRING Singapore, and both these agencies have rendered various supports and recognitions to R&P.

Investments

In 2008, our minority stake in property development projects headed by Ho Bee Investments saw nearly half of the second condominium project (i.e. "Turquoise") in Sentosa sold during the year despite a soft market while the first project (i.e. "The Coast") was fully sold. Construction of the "The Coast" is on schedule with TOP expected to be obtained around April 2009. Gain from the projects, in the form of dividend payment, can be expected from the latter half of 2009 onwards.

Our VC high-tech investments were affected by the economic crisis in 2008 and one of our promising portfolio companies with steady revenue growth over five quarters fell victim due to poor visibility in the telecom sector. Our quoted investments also dropped in value as a result of the mark-down in valuation amidst the global equity market meltdown in late 2008, whereby equity markets lost more than half of their values with recovery nowhere in sight. However, most of our VC investments continue to be at the forefront of creating and producing the products of tomorrow, and those with the financial strength and real innovation will emerge stronger to see better days ahead as the global economy recovers. With a heavy dose of pragmatism, we expect our hi-tech venture capital activity to remain at low levels until the problems in the financial sector are resolved and the credit markets resume some normality.

In Conclusion

While we are prudent in acknowledging the gloomy overhang, we remain optimistic about making long-term investments in China. The driving force for our optimism is the major infrastructure developments and their spin-offs as announced by China's Central government. We are therefore moving forward selectively in identifying new investment opportunities for our specialty cement.

In Singapore, our integral cement and RMC operations is expected to benefit from the pump-priming stimuli announced by the Singapore Government including a number of key infrastructure projects to be built over the next decade.

The Group's specialty polymer business will continue its foundation building. We shall put more efforts in optimization, cost control and capitalizing the logistic advantages inherent in the Jurong Island.

Our spirits remain undeterred as we strive to crystallize our aspirations, with the confidence and support given by our partners and stakeholders. EnGro sailed through the deep lull experienced by the Singapore construction sector from late 1990s to early 2000s, and the experience gained therefrom will help us ride through this crisis. We strongly believe that continuation of the Group's culture of enriching win-win partnerships through instilling trust and commitments, while continuing our efforts to build new partnerships will navigate the Group through this unprecedented crisis.

Barring unforeseen circumstances, we remain hopeful that the Group will emerge stronger in 2009.

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

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

Tan Cheng Gay
Chairman

BOARD OF DIRECTORS

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.

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 senior positions with both foreign and local banks.

Mr Ng currently serves on the boards of SP Chemicals Ltd and Thai Beverage Public Company Ltd. In SP Chemicals Ltd, he is Chairman of the Board, Chairman of the Nominating Committee as well as a member of the Audit Committee. In Thai Beverage Public Company Ltd, Mr Ng serves as a member of the Audit Committee.

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 Juniper Capital Ventures (Pte) 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.

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.

BOARD OF DIRECTORS

TAN CHENG GAY
NG TAT PUN
SOH KIM SOON
TAN KENG BOON
TAN YOK KOON
TAN CHOO SUAN

MANAGEMENT TEAM

EDDY TAN
TSENG KAU CHOU
EUGENE HO
DR. CHEN EN YI
DR. LIM CHAN TENG
WONG TOON HONG
VINCENT LOH

BOARD OF DIRECTORS

TAN CHENG GAY
NG TAT PUN
SOH KIM SOON
TAN KENG BOON
TAN YOK KOON
TAN CHOO SUAN

MANAGEMENT TEAM

EDDY TAN
TSENG KAU CHOU
EUGENE HO
DR. CHEN EN YI
DR. LIM CHAN TENG
WONG TOON HONG
VINCENT LOH

MANAGEMENT TEAM

Eddy Tan
Chief Financial Officer

Mr Eddy Tan joined the Company in August 2008. He has overall responsibility and accountability over financial and procurement matters. Prior to joining the Company, he held various strategic and financial management positions in local and foreign MNCs; and he has worked in the telecommunications and computer industries both in Singapore and the United States.

Mr Tan holds both a BBA double-majoring in Information Systems Analysis & Design and Marketing, and an MBA double-majoring in Finance and Marketing from the University of Wisconsin-Madison, USA.

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.

Eugene Ho
Senior Manager,
Building Materials (Singapore)

Mr Eugene Ho joined the Company in 2008. He heads the Singapore Building Materials Division. He has more than 22 years of working experience in Building Materials Industry and has held various senior positions in major RMC companies both in local and overseas.

Mr Ho holds a B.Bus (Bus Adm) from RMIT University, Australia, M.Sc (Honors) in Marketing from National University of Ireland, Dip in Civil Eng from Singapore Polytechnic and Dip in Mgt Studies (SIM).

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, specializing 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.

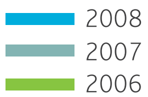
Mr Wong holds a B.Eng (Civil) from Nanyang Technological University and an MBA from the University of Surrey, UK.

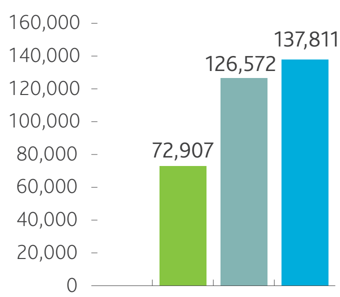
Vincent Loh
Assistant Manager,
Knowledge Management

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.

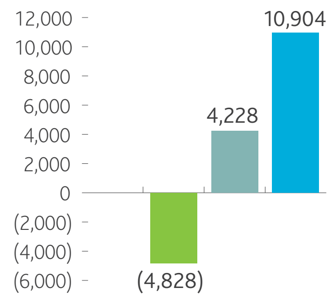
Mr Loh holds a B.Bus (Accounting) from Monash University, Australia, is a Certified Practicing Accountant (CPA) accredited by CPA Australia, and a member of the Institute of Certified Public Accountants of Singapore (ICPAS).

3 YEAR RESULTS AT A GLANCE

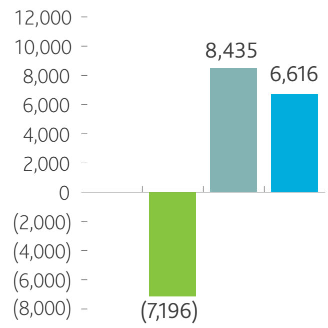




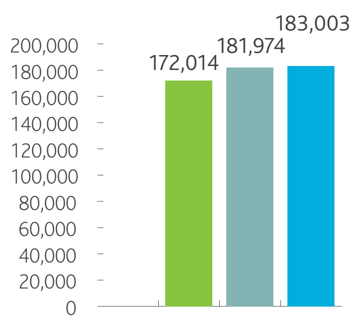
Revenue
($'000)



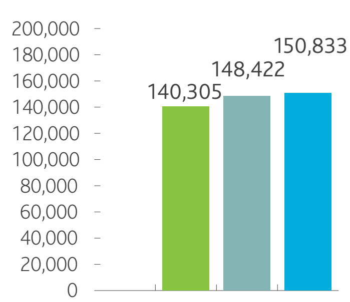
Profit before impairment, fair value difference and tax
($'000)



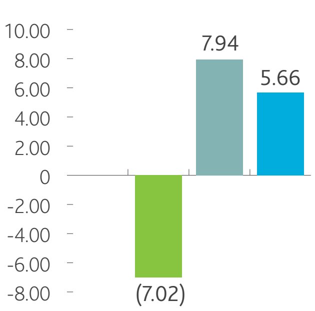
Profit attributable to shareholders
($'000)



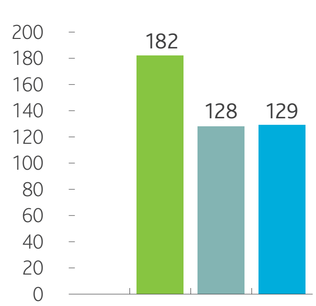
Total Assets
($'000)



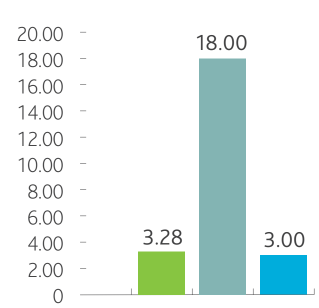
Net Assets Value
($'000)



Basic Earnings per Share
(cents)



Net Asset Value per Share
(cents)



Net Dividend per Share
(cents)

GROUP FINANCIAL HIGHLIGHTS

	FY2006	FY2007	FY2008
Consolidated Profit and Loss Statement ($'000)			
Revenue	72,907	126,572	137,811
Profit before impairment, fair value difference and tax	(4,828)	4,228	10,904
Profit after tax	(7,042)	8,359	6,236
Profit attributable to shareholders	(7,196)	8,435	6,616
Consolidated Balance Sheet ($'000)			
Total assets	172,014	181,974	183,003
Net assets value	140,305	148,422	150,833
Per Share (Cents)			
Basic Earnings	(7.02)	7.94	5.66
Net Assets Value	182	128	129
Net Dividend	3.28	18.00	3.00

SINGAPORE CEMENT & READY-MIX CONCRETE (RMC)

TOP-MIX DURABLE CONCRETE

ENGRO'S RMC SUBSIDIARY TOP-MIX CONCRETE CONTINUES TO EXPAND AND NEW PLANTS ARE BEING SET UP AT STRATEGIC LOCATIONS ACROSS THE ISLAND

Extending Our Footprint To Better Serve Customer Needs

EnGro's RMC subsidiary Top-Mix Concrete continues to expand and new plants are being set up at strategic locations across the island to better serve customers' needs. Top-Mix's growth is in line with Singapore government's plans to spend S$14 billion to improve Singapore's road infrastructure over the coming years. Although private construction demand has started to moderate, the silver lining is that public sector demand for construction services is likely to remain strong for the next few years.

The Group's cement terminal located at Jurong Port on Pulau Damar Laut (PDL) handled more than 500,000 metric tonnes of cement for our customers in 2008, up almost 70% from 2007. With a total storage capacity of 60,000 metric tonnes in duo-cell and multi-cell silo configuration, coupled with automatic packing and palletising systems, offers flexibility in handling different types of cement required by customers.

As part of the government's efforts to pump-prime the economy, the government will construct the new North-South Expressway, the Marina Coastal Expressway, widen the Central and Tampines Expressways, and make improvements at various interchanges. Some S$7 billion to S$8 billion will be spent on building the new 21-kilometre North-South Expressway, to be ready by 2020. Large public infrastructure projects scheduled to be rolled out include the extension of MRT lines such as the Downtown Line, the North-South Line, Jurong East Connection, and major road works.

To sustain the flow of jobs to small and medium construction firms, the Government will bring back some of the smaller public sector projects, of up to $50 million in value, which were earlier deferred to ease the pressure on construction resources.

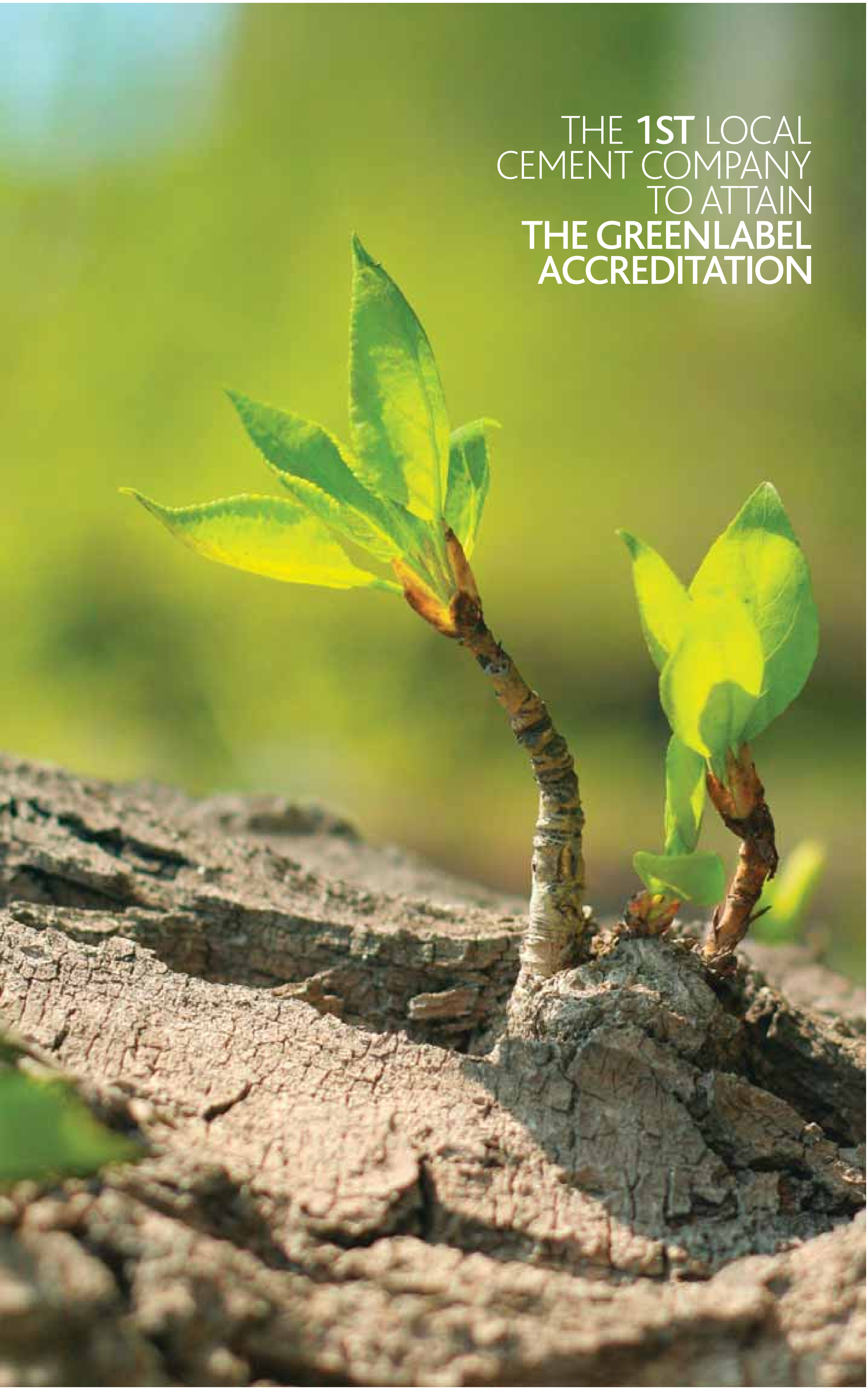
In tandem with the substantial expenditure that the government will spend on road and public infrastructure spending over the next decade, Top-Mix will position itself to meet the demand for concrete, and in particular, high performance eco-friendly concrete.

A Green Era Has Dawned On Singapore

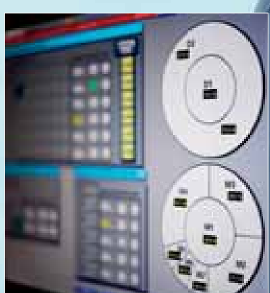
2008 marks the beginning of Singapore's green building era. On 15 April 2008, the Building and Construction Authority (BCA) introduced regulations that made it mandatory for all new building projects exceeding 2,000 m^2 gross floor area (GFA) to comply with the requirements of the BCA Green Mark green building scheme.

With this, Singapore became the first country in the world to mandate green buildings. The Basic Green Mark became the minimum standard for all new buildings in Singapore. Since the launch of BCA Green Mark Scheme in 2005, there are now more than 100 buildings with a total GFA of more than 5 million m^2 that are Green Mark certified; and the number is growing exponentially.

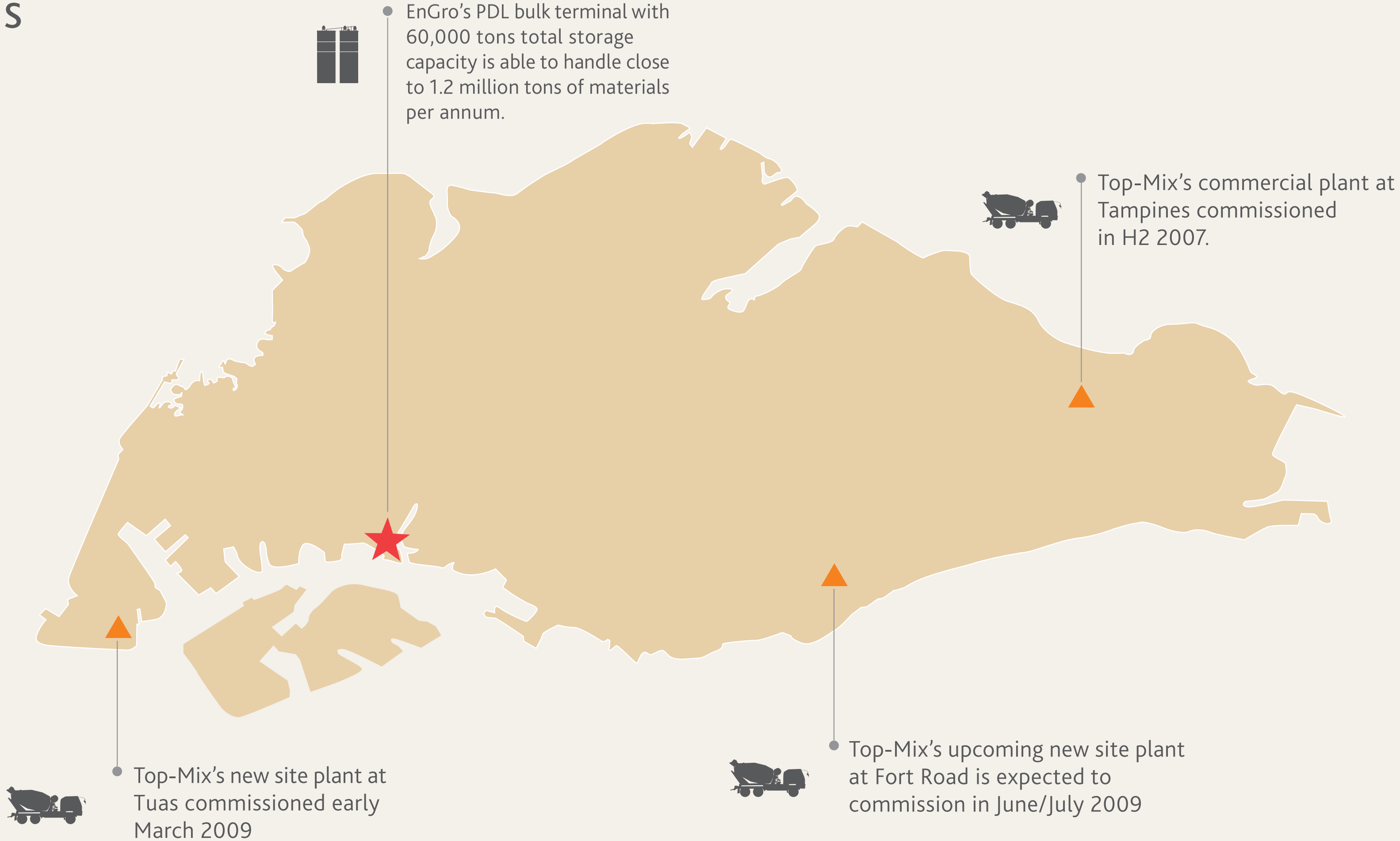
Developers now have to incorporate green building practices in order to comply with the BCA Green Mark


THE 1ST LOCAL CEMENT COMPANY TO ATTAIN THE GREENLABEL ACCREDITATION

EnGro maintains its ability to service local (both bulk and bag) sales competitively via its state-of-the-art bulk terminal located at Jurong Port on Pulau Damar Laut's (PDL). The terminal has a storage capacity of 60,000 metric tonnes in two silos - Duo-Cell and Multi-Cell configuration. The facility is built to handle different types of specialty cement in volume. capable to deliver 1.2 million tons annually.

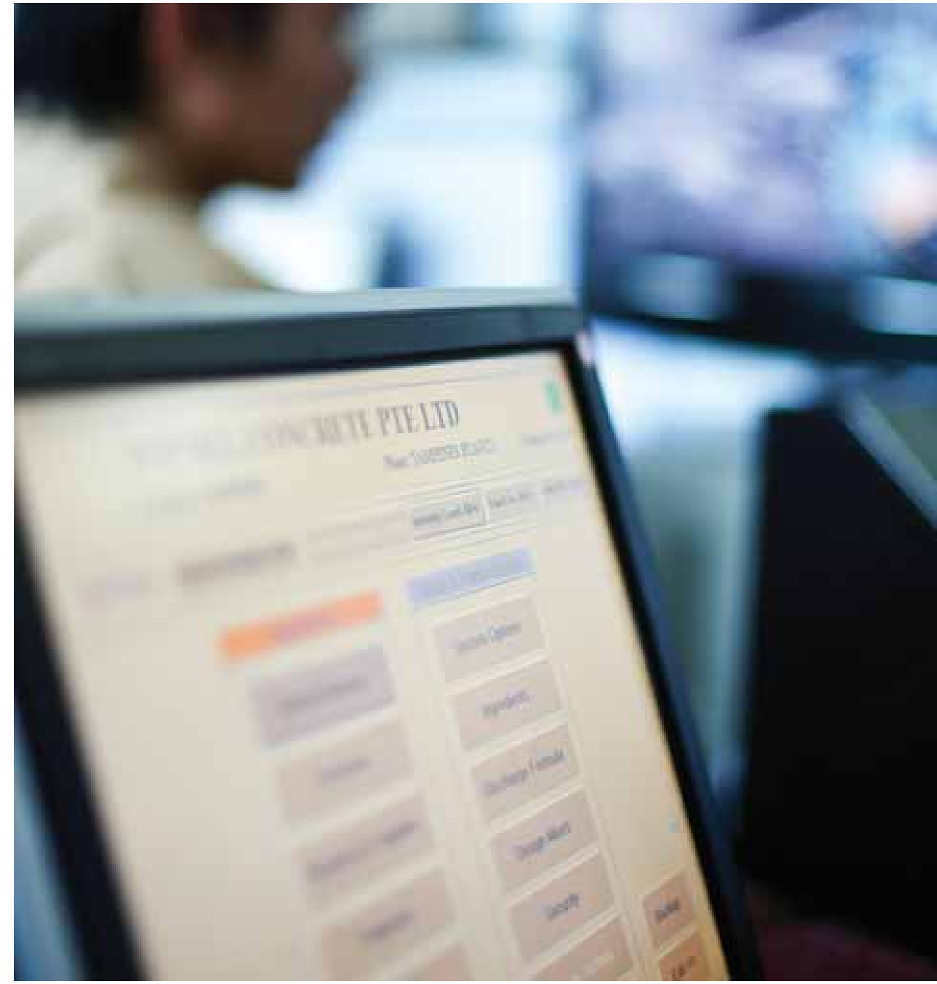

Silo Configuration

SINGAPORE CEMENT & READY-MIX CONCRETE OPERATIONS



Cement and blended cement are delivered from our PDL bulk terminal to Top-Mix Concrete's batching plants; forming the integral cement and RMC link-up

Top-Mix's fleet of concrete mixer trucks ensure timely delivery of consistent quality **DuraCrete** to its customers



(GreenLabel ID no: 022-003)
(GreenLabel ID no: 022-009)

ECO-FRIENDLY BUILDING MATERIAL

EnGro Corporation's 6 products with the Green Label accreditation.

GGBS

偉聖 VCEM BUILDING DURABILITY
(Green Label ID no: 022 003)

ULTRA-FINE SLAG POWDER

P8000
(Green Label ID no: 022 003)

BLENDED CEMENT

P4246S
(Green Label ID no: 022 003)

P4246
(Green Label ID no: 022 003)

P146
(Green Label ID no: 022 003)

CONCRETE

DuraCrete
(Green Label ID no: 022 009)

green building guidelines. Some efforts may become a cost-burden to developers but there are also cost-effective alternatives. With an extended vertical supply chain of materials from our China JV plants, EnGro's integral cement and RMC operations are well positioned to offer cost-effective cement and concrete solutions to help developers meet the BCA Green Mark criteria.

Converting Users to Slag Cement (GGBS) Concrete

For almost two decades, we have been helping Singapore builders to be accustomed to the use of GGBS in the production of concrete. Compared to Europe and U.S., the adoption of GGBS in the Singapore construction sector is still very much in its nascent stage and there is much upside potential for GGBS to be used in constructing an eco-friendly and high-durability built environment. Apart from its more common use in the construction of raft foundations and sub-structures, the industry is now ready to incorporate GGBS into super-structures. We are ready to serve the needs of this new market and we will play our part to help local contractors and builders shorten the learning curve thereby increasing their receptiveness towards GGBS concrete.

So far, Singapore has been a conducive live test-bed for proving the efficacy of GGBS in providing eco-friendly solutions for building sustainability. Through our involvement in pioneering the use of eco-friendly building materials in Singapore, **"Building Sustainability"** naturally evolves into a company philosophy that succinctly describes EnGro's aspirations. To highlight our commitment in promoting the use of eco-friendly building materials, EnGro under the auspices of our former name SsangYong Cement (S) Ltd, pioneered the use of blended cement in Singapore back in the late 80's; using GGBS to replace a high proportion of cement. Tuas Undersea Cable Tunnel, Suntec Convention & Exhibition Centre, Raffles City, MRT tunnels, Deep Tunnel Sewerage System (DTSS) are among the projects that feature our eco-friendly building materials; and one might rightly look upon these as some of our pioneer structures in Singapore that had "turned green".

Leading in GreenLabel Products

Subsequent to achieving GreenLabel certification for our GGBS products in 2007, we added three more items to our list of GreenLabel products. To-date, we have a total of six products certified by the Singapore Environment Council (SEC) under the GreenLabel banner; and we have more in the pipeline. The latest addition to our GreenLabel products is the **"DuraCrete"** brand of eco-friendly ready-mixed concrete; further attesting our strong support for the still-nascent Green Building movement in Singapore.

As one of the leading players in GreenLabel certified eco-friendly building materials, we strive to work closely with SEC to be the first cement company to spearhead the assessment of building materials' carbon footprint, that is, a measure of greenhouse gas (GHG) emission directly generated by the products. Each part of the lifecycle of our products is assessed and audited by qualified carbon footprint experts.

With the results of our carbon footprint assessment, we can help our customers reliably measure the extent of carbon dioxide (CO_2) savings generated as a result of using our GreenLabel materials thus enhancing the transparency of carbon footprint reporting in the local construction industry. It is hoped that our modest efforts in spearheading the carbon footprinting exercise will serve to inspire fellow industry players to similarly move in this direction, so as to enhance the GHG transparency in the local green building sector.

The recently announced public infrastructure projects are expected to translate into strong demand for eco-friendly blended cement (with high GGBS content). Similarly, demand for high performance concrete will increase amidst a more modest growth in the local construction landscape. At EnGro, our integral cement and RMC operations are aligned to contribute directly to the development of green buildings that will make Singapore a **"lively and yet liveable global city".**

SPECIALTY CEMENT

偉聖 VCEM BUILDING DURABILITY

www.vcem-global.com

A Winning Combination - Time, Location and Harmony

天时 * 地利 * 人和

As EnGro prepared itself to exit from its nearly 30 years of clinker grinding business in Singapore back in early 2000, the foresight of our Government in ridding the island Republic of its polluting industries registered strongly with our management, and the shutting down of our grinding mills also signaled the dawn of a new journey for EnGro. Instead of investing in the Ordinary Portland Cement (OPC) manufacturing, we chose the avenue which presented greater potential to the company given the landscape in Singapore then, targeting strategic locations in North Asia as production base for GGBS, particularly Tangshan in the Hebei province where most of the smoke-stack industries are located. Aside from helping the world to create a better place to live for our future generations, our GGBS plants also offered a solution to what was then an environmental headache faced by the many steel mills in China, namely, the treatment of slag which was mostly disposed off through dumping.

In China, the misconception of GGBS being a low grade replacement material which serves as filler to reduce costs for cement manufacturers and concrete users posed a major barrier in getting the market to accept and acknowledge GGBS as a material for building durability. Nevertheless, we saw a vacuum and daunting as it appeared then, we resolved to push ahead knowing the road forward was likely to be bumpy if we were to realize our dream of producing construction materials that positively contribute towards the environment. As it turned out, the education of the trade and users proved to be a tedious and painful exercise. We endured the multiple difficulties and obstacles thrown in our way and persevered with one firm belief that the light at the tunnel would be seen sooner than later.

The natural properties of GGBS enhance the durability of concrete structures thereby extending the lifespan of buildings while at the same time contributing to green environment by reducing almost one ton of CO_2 for each ton of Ordinary Portland Cement (OPC) that it replaces. In this regard, EnGro has had to educate the ready mix concrete (RMC) producers and cement manufacturers, consultants and eventually the building code, as it is the only way to reverse an unenviable and otherwise unsalvageable situation.

Having set out with a tall order to convince developers and builders to move toward using more GGBS in making concrete to create a green environment, the process continues to be an assiduous effort by EnGro and our GGBS JV plants. One is able to perceive the magnitude of the difficulty by looking at Germany as an example, where through long period of unabated efforts to promote the increased use of blended cement, it was only by 2007 that Germany saw its sales of cement containing slag exceeded those of OPC for the first time, the former taking up 39.8 percent of the market, compared with 35.2 percent for OPC. This is a good benchmark to prove our point that the adoption of GGBS in China and Asia still has a long journey ahead. But so far, we're glad to have been able to move with baby steps though we stay committed to transforming our efforts into a big leap for the construction sector in time to come.

A few years ago, EnGro introduced a continuous program to educate customers on the benefits of using GGBS for building and infrastructure construction. Through a "do-it-yourself (DIY)" approach, we conjured up a common brand name called VCEM which allows our GGBS JV plants to exchange and trade operational experiences with one another, while at the same time standardizing the quality control and technical production control standards, thereby boosting the overall management standards at all the GGBS JV plants. So far, our group of GGBS JV plants under the VCEM umbrella is recognized as a group that strongly upholds material quality standards, with constant support from EnGro's Singapore-based central lab team.

Through the joint-effort of the GGBS JV plants coupled with a common VCEM brand platform, our VCEM brand of GGBS has been officially specified by China's Ministry of Railway for use in the mega-size Beijing-Shanghai High-Speed Railway project which will cost more than US$20 billion to build, spanning 1,318 km linking Beijing and Shanghai, which when completed in 2013 will be the first among China's plan to build a total of eight key high-speed railway lines linking

(Green Label ID no: 022-003)

ECO-FRIENDLY
BUILDING MATERIAL

偉聖 VCEM
BUILDING DURABILITY

- **V**ALUE-ADD
- **C**OST-EFFECTIVE
- **E**CO-FRIENDLY
- **M**ATERIAL FOR THE 21st CENTURY

THE VCEM BRAND ALSO CARRIES THE TAGLINE **"BUILDING DURABILITY"**, REFLECTING OUR COMMITMENT TOWARDS ENHANCING CONCRETE STRENGTH WITH THE USE OF VCEM GGBS IN ORDER TO **BUILD STRUCTURES MEANT TO LAST** AS COMPARED WITH WHAT IS BUILT WITH CONVENTIONAL CEMENT.


CHINA
Tangshan Tanglong Materials Co.Ltd
Tangshan Tang-Ang Materials Co.Ltd
BEIJING
Tangshan
Jingtang Port
Tianjin
BOHAI SEA
Jinan
Jinan Luxin Materials Co., Ltd
Jinan Luang Materials Co., Ltd
YELLOW SEA
Jiangsu Huailong Materials Co.Ltd
Huaian
SHANGHAI
N
LEGEND
Beijing - Shanghai Highspeed railway
150 KM radius
250 KM radius

China's 1st-tier and 3rd/4th-tier rural cities. This link-up will create an integrated railway network that forms the backbone of China's domestic economic development framework. Since the first quarter of 2008, EnGro's GGBS JV plants have commenced supply of VCEM brand GGBS to the construction sites of the Beijing-Shanghai High-Speed Railway project. In spite of this, GGBS is still only partially accepted and is used in smaller percentages in the production of concrete than the percentage that would show the best qualities of GGBS.

At present, China's still-nascent GGBS industry's total production capacity has risen to more than 30 million tons per annum, and yet represents only a minute fraction of the total annual cement production volume in China estimated at around 1.39 billion tons a year.

EnGro's specialty cement business has benefited from the famous Chinese saying which describes the combination of three complementary elements, that is, "Timing" (天时), "Location" (地利), and "Harmony" (人和); a truly winning combination that has bestowed upon EnGro with three strategically located joint venture plants, which benefit from the developments of the Bohai Rim Economic Zone as well as the economic extension of Jiangsu province from the south into the northern part of the province, not to mention our JV plants in Jinan (济南) is the provincial capital of Shandong province with the largest population in China. We have yet to reap the fruits of our labour but we are convinced that the Chinese government's stimulus packages will continue to support the growth in coming decades, and the day will come when our GGBS will be accorded its due recognition by the construction sector.

GGBS, A Truly Green Cement For An Eco-friendly Built Environment

Conventional cement or better known as Ordinary Portland Cement (OPC) is the key component of concrete and is produced by intergrinding clinker and gypsum into a fine powder. Clinker is an intermediate product produced by intergrinding raw materials such as limestone, shale, clay and aluminium oxide in preset proportions, and heating the composite materials at very high temperatures (>1500 °C) in rotary kilns. Producing one ton of cement emits nearly one ton of carbon dioxide (CO_2) due to the calcination of the raw materials and the combustion of fuels. High resource consumption as a result of producing a ton of OPC is what makes OPC such a significant contributor to global warming, responsible for 6% of the world's total CO_2 emission, and is the third ranking producer of CO_2 in the world transport and energy generation industries.

In addition to optimising the energy efficiency of Ordinary Portland Cement (OPC) production plants, the amount of cement used in concrete mixes can be reduced by using cement substitutes (a.k.a. supplementary cementitious materials). EnGro's VCEM brand specialty cement (GGBS) is one such material that can replace cement in concrete to as high as 75%, thereby significantly reducing the level of CO_2 emission by the building industry, achievable only through the construction of Green Buildings.

An evolving green movement is enveloping the global construction landscape with eco-cities being planned in different destinations all over the world, a concept which up to a few years ago still remained only a myth. The concept of eco-cities is well placed to become a global reality, with China and UAE now vying to be the first to build one. China's Sino-Singapore Tianjin Eco-City(中新天津生态城)project seeks to address the challenge of sustainable development in a holistic and balanced manner, and this aim is underpinned by the concept of man living in harmony with his fellow men, with the economy and with the environment.

In view of GGBS's low carbon footprint, the life-cycle of concrete is improved significantly through the reduction of close to 1 ton of CO_2 for each ton of Ordinary Portland Cement (OPC) that is replaced in making concrete. In addition, studies by the Portland Cement Association of the U.S. have shown that a 1% replacement of OPC with GGBS results in approximately 1% reduction in energy consumption per unit of concrete. With CO_2 reduction and embodied energy reduction properties, GGBS complements the concept that undermines the construction of eco-cities.

Study also shows that the solar reflectance of slag cement is greater than that of Ordinary Portland Cement and thus GGBS can improve the solar reflectance of concrete, leading to savings in electricity consumption. This further proves that GGBS is not only durable and eco-friendly, but also helps in improving energy efficiency of buildings and infrastructures via reduction of "Heat Island Effect".

Our JV plants make use of the blast furnace slag from the steel mills as the key input material to grind into GGBS. Blast Furnace Slag is formed when iron ore or iron pellets, coke and limestone ($CaCO_3$) are melted together in a blast furnace. During the metallurgical smelting process, the lime content (CaO) in limestone is chemically combined with sulfur, aluminates and silicates, impurities found in the ore and coke ash, leaving the non-metallic molten material to be quenched by high-pressure water to produce a sand-like granule called blast furnace slag. This is then ground into GGBS (Ground Granulated Blastfurnace Slag). With the commissioning of our JV slag grinding plants, the blast furnace slag dumping at our partners' steel mills has halted completely as the slag is now re-cycled into useful raw material for our GGBS, thus preventing the hazardous environmental impacts due to slag dumping.

If one were to carefully analyze the process flow described above, it becomes apparent that the grinding of blast furnace slag into GGBS actually promotes the repeated use of a primary material, that is, limestone ($CaCO_3$), which is "utilized" twice during its lifespan, first as an indispensable part in the iron making process, and then subsequently used to form molten slag that eventually becomes the input material for GGBS.

The principle of recycling and reusing slag to produce GGBS is in line with the China Central government's long-term goals of building a harmonious and environmentally friendly society that minimizes the use of the natural resources. This is a small role that EnGro is taking on as we advocate a greener future for the next generation in China and the rest of the world.

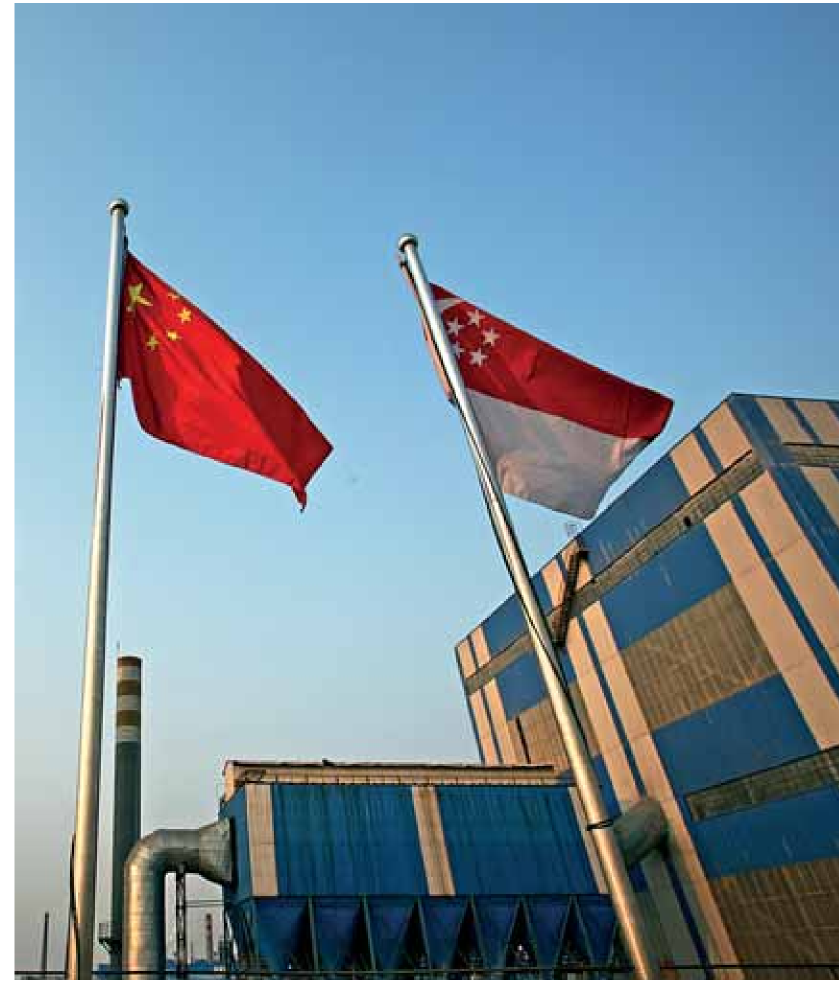
China's High Speed Railway Development

Implementation of a grandiose railway network undertaken in China now will continue over the next two decades, to meet the demands of its national economy and enhance its social development. Based on plans revised in November 2008, China plans to have more than 120,000 km of rail lines by 2020, about 60 percent of which are to be electrified. The Chinese Ministry of Railways (MOR) in November 2008 also announced the increased in mileage of passenger-dedicated lines planned to be in service by 2020 to 16,000 km in a revised Medium- and Long-term Railway Network Plan. Construction of all railway projects in the revised Medium- and Long-term Railway Network Plan will need a total investment of some 5 trillion yuan (732 billion U.S. dollars). This revised Medium- and Long-term Railway Network Plan covers the years 2004-2020, and so includes money already spent and lines already built.

The Passenger Dedicated Lines form an important element in China's Railway expansion program, with two main objectives – to improve the quality and capacity of long-distance passenger services and to release much-needed capacity for freight trains on the existing network.

During the 11th 5-Year Plan, 4 North-South and 4 East-West key passenger-dedicated high-speed railway lines will be built. The four North-South routes are Beijing-Shanghai (北京-上海), Beijing-Wuhan-Guangzhou-Shenzhen (北京-武汉-广州-深圳), Beijing-Shenyang-Harbin (Dalian) (北京-沈阳-哈尔滨(大连), and Hangzhou-Ningbo-Fuzhou-Shenzhen (杭州-宁波-福州-深圳). The four East-West routes are Xuzhou-Zhengzhou-Lanzhou (徐州-郑州-兰州), Hangzhou-Nanchang-Changsha(杭州-南昌-长沙), Qingdao-Shijiazhuang-Taiyuan (青岛-石家庄-太原), and Nanjing-Wuhan-Chongqing-Chengdu (南京-武汉-重庆-成都). In addition, regional inner-city networks will also be built in the Yangtze River Delta (长江三角洲), the Pearl River Delta (珠江三角洲) and the Bohai Rim Economic Zone (渤海湾经济区).


偉聖
VCEM
BUILDING DURABILITY
TO BE THE LEADING
HIGH PERFORMANCE
GGBS PLAYER
IN CHINA



EnGro's GGBS joint ventures is a symbol of strong bond forged between us and our joint venture partners from the steel industry

EnGro's GGBS joint venture plants in China are currently supplying GGBS to the 1,318 km high speed railway line project currently being constructed at more than 21 key construction sites between Beijing and Shanghai

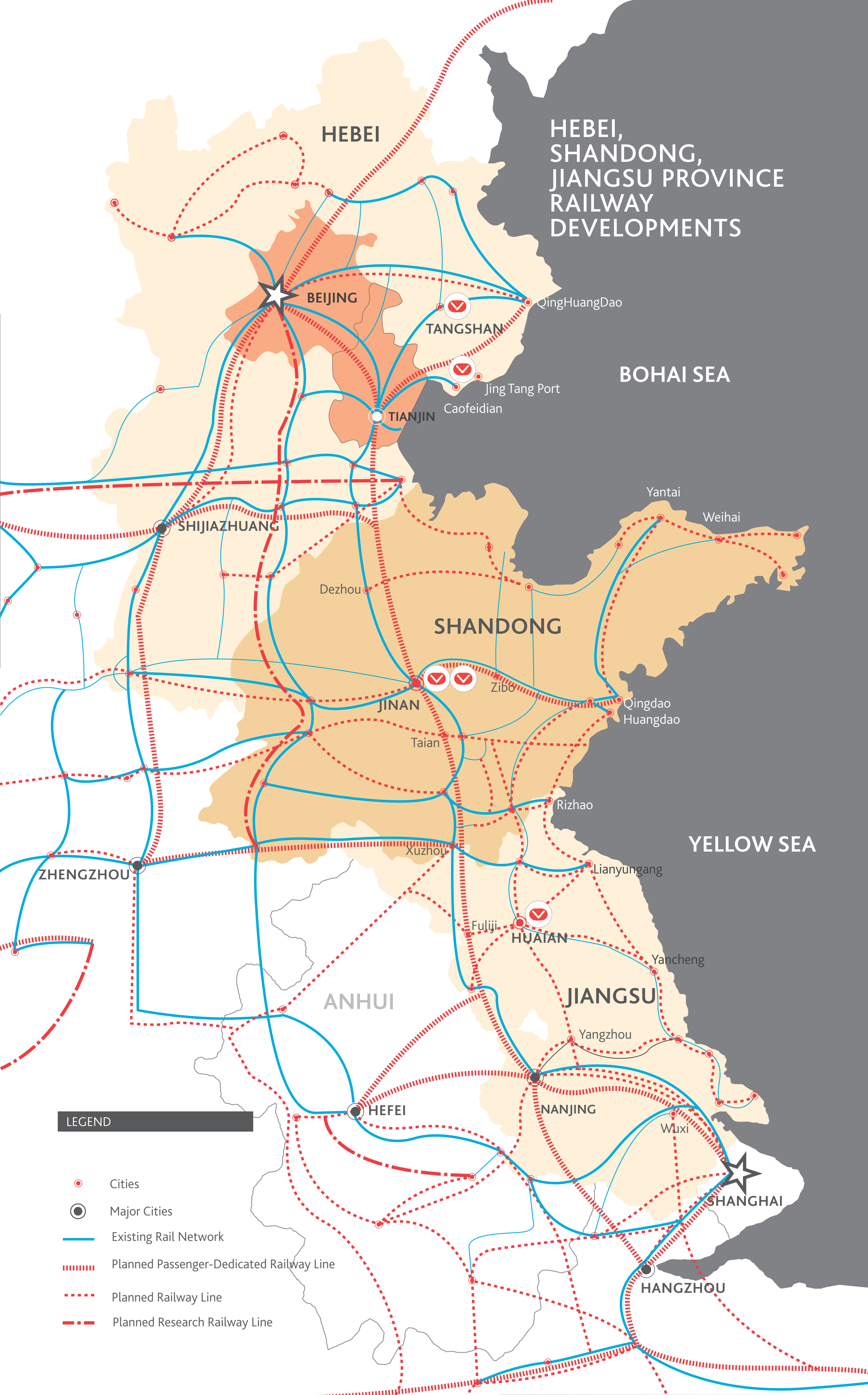
All staffs at the GGBS joint venture plants are important to the success of the plants

Our joint venture located in Jinan city, capital of Shandong province has a total production capacity of 1.8 million tons p.a.

"We are now in the middle of a financial crisis but that does not mean that climate change will slow down. And when the world has recovered from the economic recession, it will not have recovered from climate change."

(Quoted by UN Secretary-General Ban Ki-moon at the UN climate change conference in the Polish city of Poznan)

A bird's-eye view of the production facility in Huaian city, Jiangsu province


HEBEI, SHANDONG, JIANGSU PROVINCE RAILWAY DEVELOPMENTS
HEBEI
BEIJING
TANGSHAN
QingHuangDao
Jing Tang Port
Caofeidian
TIANJIN
BOHAI SEA
SHIJIAZHUANG
Dezhou
SHANDONG
Yantai
Weihai
Zibo
JINAN
Qingdao
Huangdao
Taian
Rizhao
YELLOW SEA
Xuzhou
ZHENGZHOU
Lianyungang
Fuliji
HUAIAN
Yancheng
ANHUI
JIANGSU
Yangzhou
NANJING
HEFEI
Wuxi
SHANGHAI
HANGZHOU
LEGEND
Cities
Major Cities
Existing Rail Network
Planned Passenger-Dedicated Railway Line
Planned Railway Line
Planned Research Railway Line

A) Hebei Province Railway Developments

Hebei Province and Beijing Municipality are collaborating on a new passenger railway network capable of speeds of up to 350 kilometers per hour before the end of the 11th Five-Year Plan period (2006-2010). In total, the 82.6 billion Yuan (US$10.9 billion) network will add 844 kilometers of rail, including high speed and passenger railway and will cover parts of the Beijing-Shanghai, Beijing-Guangzhou, and Tianjin-Qinhuangdao lines. From Beijing as the epicenter, the railway network will radiate in multiple directions to cities nearby, including Baoding, Shijiazhuang, Langfang, Tangshan, Qinhuangdao, and Zhangjiakou. The network will also connect with the high speed passenger railway in Taiyuan, Shanxi Province. Existing railway lines in Hebei Province are also undergoing transformation to reach speeds of between 160 - 200 kilometers per hour.

B) Shandong Province Railway Developments

During the 11th Five-Year Plan period (2006-2010), Shandong will construct and refurbish some 2,770 km of railway tracks. By 2010, the total railway would add up to 4,670 km and a "3-vertical, 3-horizontal" railway network will then be achieved. By 2010, the new construction and refurbishment of Shandong's railway lines consisting of 6 key railway lines will be completed, namely, Jinan-Qingdao Passenger Dedicated Line, Beijing-Shanghai High-Speed Railway (Shandong section), Qingdao–Yantai Inter-City Track Line, Yantai–Weihai Inter-City Track Line, Weihai –Rongcheng Inter-City Track Line, and Huangdao-Rizhao Railway Line.

Shandong will build a 1,500 km intercity railway network which when completed will create a "1-cluster, 1-circle, 1-belt" combined networks of inter-connected railway tracks, comprising the Shandong Peninsular Cluster network, Jinan City Circle network, and South Shandong Provincial belt network, realizing a "1-hour economic circle" connecting any two points within each of these networks.

Global Infrastructure Development Will Boost GGBS Demand

Leaders of the world are implementing economic stimulus packages to trigger growth in their respective economies with much emphasis placed on infrastructure development as one of the pump-priming tools to boost Gross Domestic Product (GDP) growth and jump-start the global economy.

U.S. has recently jumped onto the transportation infrastructure development band-wagon, waking up to its aged infrastructure network of expressways, bridges and railways which in some instances are actually derelict. As mentioned above, China is in the midst of developing a world-class domestic logistic network which will help China develop its local economy through the formation of clustered economies linking the coastal cities with China's vast hinterland via an extensive high-speed railway network that will free up existing railways to solely handle movements of goods. This will lay the foundation to further speed up development into the hinterland.

The infrastructure development boom in China, U.S. and Asia augurs well for our specialty cement (GGBS) business as these infrastructure developments require high-performance concrete which requires GGBS as one of its key ingredients.

Our specialty cement business' first five-year plan came and went in a flash with some positive developments but leaving much room for improvement amidst the current gloomy global economic backdrop. The process of building EnGro's GGBS business is akin to wine-making, and we're very much at the stage of nurturing the vines, fully aware that harvesting is still a long way ahead of us. Ultimately, as how wine-makers would describe their yearnings for a good harvest, we are hopeful that ours will turn out to be quintessentially elegant, expressive and harmonious, all encompassing.

We are convinced that GGBS will someday face its day of reckoning and as how premium wine is made and time will be its best catalyst. With the right attitude, our passion for this business will see us through the current global gloom and, hopefully when the bears go back into hibernation, we'll be ready to ride the bulls.

SPECIALTY POLYMER

www.resinpts.com

TOLLING SUCCESS

In late 2008, R&P established a major compounding agreement with ExxonMobil Chemical Asia Pacific

Building And Connecting Molecules In The Value Adding Chain

Our Specialty Polymer business subsidiary company Resin & Pigment Technologies (R&P) since a few years ago had set its sight on a new business model to position itself as a value-adding and niche polymer processor in the region. This modern and sophisticated business model inherently comprises of strategic partnerships and strategic plant location, coupled with specialized domain capability building; a combination that has positioned R&P to capture mainstream volumes directly linked to the strongest demand growth for polymer in the region including China and India. In tandem, the new model facilitates R&P's involvement in the supply chain of niche and differentiated specialty polymer products, a path which is hoped to create sustainable long term growth prospects for R&P.

In implementing the new strategy, R&P established an operational alliance with global specialty logistics player Katoen Natie and commissioned a modern polymer compounding plant on Jurong Island, adjacent to some of the biggest petrochemical and polymer plants in the region. An experienced team is in place to manage R&P's plant in Jurong Island, which has scalable capacity, bulk material handling capabilities and equipped with modern manufacturing tools.

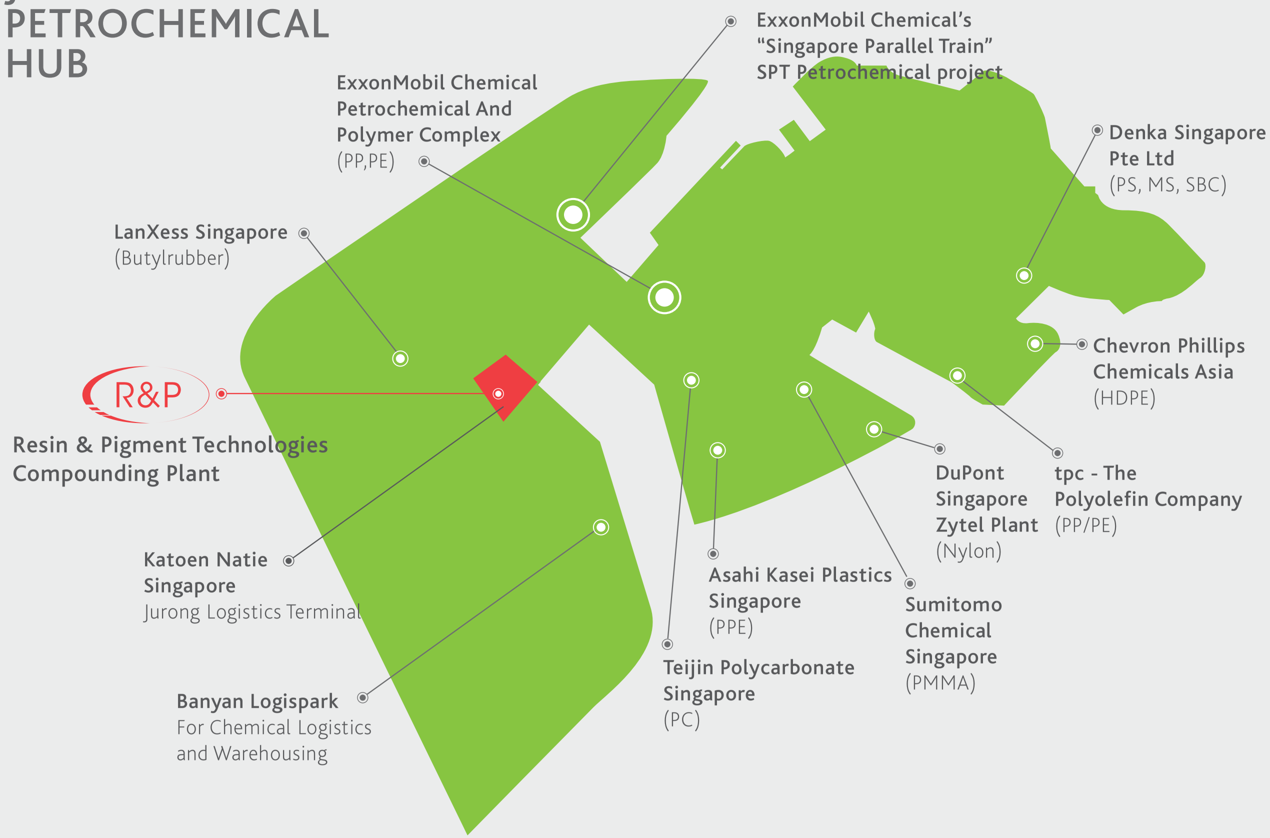
2008 marked the year where important developments took place at R&P. In H1 2008, R&P attained TS/ISO 16949 certification, a demonstration of its level of quality and consistency standards to service the higher requirements of specialty polymers for specific industry end-users. Subsequently, in late 2008, R&P established a major compounding agreement with ExxonMobil Chemical Asia Pacific to manufacture a broad range of specialty compounds for use in Automotive applications, appliances and consumer products. According to ExxonMobil Chemical, it will leverage its global portfolio of specialty plastics and elastomers using the Singapore complex as the primary source of polyolefins for the production of its specialty compounds. This agreement with R&P is part of ExxonMobil Chemical's move to step up its specialty compounds supply in Asia Pacific.

The establishment of the compounding agreement with ExxonMobil Chemical is an important milestone for R&P as it lays the foundation for R&P to play an integral role in Singapore and the region by working closely with its partners and key compounding customers.

DEFINING NEW DIMENSIONS OF BUSINESS OPTIONS & OPPORTUNITIES

Adding performance and colours to polymers that serves our lifestyle.

JURONG ISLAND PETROCHEMICAL HUB



Located in the heart of Singapore's world-class petrochemical hub, coupled with a strategic partnership with a leading global polymer logistics company (Katoen Natie), R&P Singapore's site is set up to support the big scale and high efficiency specialty polymer compounding requirements of the polymer producers.

R&P supports material manufacturers to stay at the forefront of the specialty polymer compound marketplace. R&P is proactive in working closely with material manufacturers in providing the necessary polymer product development services to swiftly support next-generation product development and commercialization plans.

With a modern compounding plant that is located in the mainstream polymer manufacturing hub and has inherently supply chain efficiency advantage, R&P's facilities will continue to serve the niche compounding requirements of the industry.

WITH **RIGOROUS COST MONITORING PROGRAM** AND AN **EXPERIENCED MANAGEMENT** TEAM, R&P IS CONFIDENT THAT IT WILL **RIDE THROUGH THE UNPRECEDENTED CRISIS TO EMERGE STRONGER**

In 2008, R&P's China facility in Wuxi transitioned into an efficient and modern operation; its plant now has the capability to supply differentiated Masterbatch products for various thermoplastic processing applications. With its Wuxi plant, R&P can tap on China's major demand market for polymer and related Masterbatch products, to fully capture the readily accessible business opportunities. In line with the Group's philosophy of "Building Sustainability", R&P is also an advocate of environmental-friendly processes and products, whereby a program is in place to develop eco-friendly Masterbatch products through its in-house R&D program.

In view of the current depressed consumer product demand and market volatility caused by the severe global economic slowdown, R&P is optimizing its allocation of resources to closely manage cost and adopts a cautious approach in managing its colour compounding business so as to mitigate unnecessary exposures. With a rigorous cost monitoring program and an experienced management team in place, R&P is confident that it will be able to ride through the unprecedented crisis to emerge stronger.

It is worth highlighting that R&P, in the course of its business and capability development process, has received various recognitions, grants and supports from key government agencies especially SPRING Singapore, A*STAR, SIMTech and EDB. We are fortunate to have gained the concerted support of these agencies, a testament that with the new business model, R&P can set itself apart from the other toll compounding players in Singapore.

INVESTMENTS

The Coast, Sentosa Cove

The Turquoise, Sentosa Cove

Hi-Tech Investments

The current economic crisis is of near unprecedented proportions and likely to be worse than the Great Depression period which started from 1929. In light of our VC investments being mostly in the U.S., inevitably our portfolio performance has been affected by the ongoing recession. As such, most of our portfolio companies that make products to serve other corporate customers are affected by the slow down of capital expenditure in various sectors, particularly the telecommunication and semi-conductor memory sectors. Consequently, one of our portfolio companies involved in optical components fell victim to the sudden economic downturn despite five consecutive quarters of revenue growth. We expect distribution proceeds from our VC funds to slow down in the next 24 months, or until growth resumes again.

Our strategic intent in hi-tech investments remains highly focused in value creation, and we continue to derive value and innovations that result in long term growth of the Group's core businesses. As an example, one of our portfolio company in nanotechnology produces specialty chemicals that serve multiple industries in the creation of other down-stream consumer products with functional properties that will improve our daily lives. Hence, we remain committed to our investment program on a very selective but practical basis.

Going by past precedents, when viewed as an asset class beyond a 5-year horizon, the VC industry will recover and resume growth, as innovation and value creation continue to strive even during periods of slow or no economic growth.

As the effects of the U.S. Government stimulus package, as well as those from other major countries, work its way through the economy, and with the restoration of confidence in the banking system and financial markets in the U.S., we are cautiously optimistic that our stronger portfolio investments will ride out the storm to reposition themselves to capture the opportunities when the world economy rebounds.

Partners in Property - Property Development

Our strategic partnership with Ho Bee Group in the area of property development dates back to 1999 with the luxury Parliament View apartment project in London. Since then, our minority stake in property development projects headed by Ho Bee Investments have expanded to world-class cities such as Singapore and Shanghai.

The Coast, a life-style residential project at Sentosa Cove, with 249 units is 100% sold-to-date, and TOP is expected around April 2009. Construction works at The Turquoise, another choice residential project at Sentosa Cove, is progressing well with 48% of its 91 units sold-to-date. We expect strong earnings contribution in the latter half of 2009 from the completed and fully sold The Coast project which will soon be receiving its TOP.

CORPORATE SOCIAL RESPONSIBILITY

EnGro-Jinan Steel Joint Venture Jinan Luxin (Luang) welcomes visit by teachers and students of Singapore Tampines Junior College

On 10th of November 2008, forty-six teachers and students from Singapore's Tampines Junior College ("TPJC") arrived in Jinan for a 3-day Twinning Program between TPJC and Shandong Experimental High School, located close to our plant.

During one of the side visits initiated by Singapore's EnGro Corporation Limited ("EnGro"), the teachers and students on 11th November visited the Jinan Massacre Memorial Hall (济南惨案纪念堂) located at the Baotu Spring Park (趵突泉公园), a tourist attraction in Jinan. They were pleasantly surprised to learn that the original bronze statue of Cai Gong-shi (蔡公时), a martyr of the 1928 May 3rd Jinan Massacre committed by the Japanese army, was actually donated by the late Mr. Tan Kah Kee, a prominent great philanthropist, patron of education and deeply patriotic overseas Chinese from colonial Singapore, and how it had gone through a long and winding journey surviving the Japanese invasion before eventually finding its home in what truly is its hometown. It certainly had a great impact in gelling the bonding between the younger generations of the two cities through what had taken place in history. Without great efforts by Singaporeans especially the Singapore Chinese Chamber of Commerce & Industry (新加坡中华总商会) and other overseas Chinese, the Memorial Hall for the statue would not have become a reality.

On 12th of November, the TPJC students and teachers accompanied by their Vice-Principal, Mr. He Qingli, and four other senior staffs of the Shandong Experimental High School (East Campus), visited Jinan Luxin (Luang) Materials Co., Ltd. They also attended a presentation on the company and toured the joint venture's modern production facilities with an annual capacity of 1.8 million tons of high-performance Ground Granulated Blast-furnace Slag (GGBS), nowadays known as eco-friendly specialty cement.

The teachers and students of TPJC felt enriched by the Twinning Program and the extra visits staged by EnGro were a bonus that added tremendous value to their school program. Through the visits to the Jinan Massacre Memorial Hall and the industrial plant, the students and teachers of both the schools realized Singapore and Jinan have established exchanges not only in educational and cultural fields, but also in the area of industrial and economic collaborations. In addition, these two cities are also historically bonded by strong friendship and deep feelings forged in the past.

Forging an Evergreen Bond with Tangshan City officials

EnGro's Leadership Scholarship program in collaboration with Nanyang Technology University (NTU) allows us to express our gratitude to the Tangshan community for what it has done for our GGBS JV in Tangshan.

Apart from bringing the governments of Singapore and Tangshan closer, the relationship we have forged with the Leadership Class candidates from Tangshan will shine forever, not just for our JV company, but for what Singapore seeks out to achieve in the zone which promises to be one of the brightest spots of the vibrant Bohai Rim Economic Zone (渤海湾经济区). Looking completely as strangers to each other as recent as in March 2008, but over a not too long and yet not too short one-year period, we established a strong bonding with them. Although their one year program with NTU came to an end quickly, it is hoped that they will bring home a valuable piece of knowledge and memory to help them successfully realize the dream of Tangshan city becoming the "Pearl of the Bohai Rim Economic Zone". They have assured EnGro that they will do their level best to assist us in anyway possible, and EnGro will tap on to this unique situation it enjoys to in turn help all Singaporeans who have the desire to venture out in Tangshan. We have been asked to disseminate on their behalf this message: Tangshan welcomes you!

EnGro Leadership Scholarship Program for students from HuaiAn

Continuing with the same spirit in forging a close relationship with the people of where our Joint Venture sits through offering something which symbolizes meaningful contributions by EnGro, our JV company in HuaiAn, Northern Jiangsu province, have also chosen to offer 5 scholarship totaling S$100,000 to 5 selected officers from HuaiAn to attend this one-year Program at NTU. These five students have in fact just arrived in early March to begin their one-year student life all over again.

Helping to Create an Eco-Friendly Built Environment in Singapore

To be perceived as being eco-friendly as against merely "trying" to be ecocorporate social responsibility (continued)

Social gathering with NTU students from Tangshan

Tampines JC students' visit to Luxin/Luang plant

friendly, there lies a fine line that distinguishes a genuine advocate of the environment from green-washing marketing gimmicks. More than two decades ago when we embarked on promoting the use of GGBS for blended cement in Singapore, there were industry participants who were cynical about our resolve. Over the years, the utilization of GGBS in blended cement has increased but with much room for improvement. We take great comfort in noting that the world has finally waken up to the very serious environmental issues such as global warming and rising sea levels which are a result of record-level greenhouse gas (GHG) emissions that continue to plague the earth.

The extension of EnGro's business operations into North Asia to establish various joint ventures with steel mills to build GGBS plants underpins the Group's strong commitment to conduct business in an environmentally meaningful manner so that our future generations have something bright to look forward to. We feel that any profit generating business does not have to survive at the expense of harming the environment.

Incidentally, it is also this same mindset of wanting to contribute positively towards the environment that realized our dream of transforming our specialty polymer business into one that also adopts an eco-friendly production mindset; utilizing eco-friendly value-add ingredient materials in the polymer compounding processes.

Since a few years back, carbon footprint assessment for our key products had been planned as part of a larger initiative to create greater transparency in greenhouse gas (GHG) emission reporting and accountability. In collaboration with the Singapore Environment Council (SEC), 2008 marked the year where the first step in the right direction took place with the initiation of the carbon footprint assessment program.

The carbon index that accompanies our GreenLabel products will enable our customers to quantify the emission reductions that result from the use of EnGro's eco-friendly GreenLabel products. "DuraCrete", our brand of eco-friendly ready-mixed concrete, is the latest addition to our growing list of eco-friendly products under the Singapore GreenLabel banner. EnGro continues to be the advocate of eco-friendly building materials with six products listed in Singapore Environment Council's (SEC) GreenLabel list, and many more to follow in coming months.

EnGro's carbon footprint assessment initiative is the first in a series of efforts that the Group will undertake to raise awareness among our customers and industry players, highlighting the vast "green" potential for entities in Singapore to contribute positively towards environmental sustainability. With the small steps we have taken, it is hoped that other like-minded industry players will be inspired to come forth with their respective contributions towards "greening" our built environment in Singapore.

"We can't wait for the recession to be over to start doing our part for the environment"
(A quote by participants at a recent United Nations gathering to discuss climate change issues at Poznan in Poland)

OUR REGIONAL FOOTPRINT

CORPORATE STRUCTURE

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

ENGRO

SPECIALTY CEMENT & BUILDING MATERIALS

GGBS

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

RMC

100%	Top-Mix Concrete Pte Ltd	Singapore
40%	Changshu Chang Long Concrete Co Ltd	China
40%	Changshu Chang Xin Ready Mix Concrete Co Ltd	China
40%	Changshu Chang Yin Ready Mix Concrete Co Ltd	China

DRY MIX

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

SPECIALTY POLYMER

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

INVESTMENTS

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

PROPERTY DEVELOPMENT

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

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 FY2008 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	5	5	–	–	–	–	–	–
Tan Yok Koon	5	5	1	1	–	–	–	–
Tan Choo Suan	5	4	–	–	4	3	1	1
Ng Tat Pun	5	5	1	1	4	4	–	–
Soh Kim Soon	5	5	1	1	–	–	1	1
Tan Keng Boon	5	5	–	–	4	4	1	1

CORPORATE GOVERNANCE **REPORT**

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

The Directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. Directors are also informed of regulatory changes affecting the Company.

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.

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
Code 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 2008 (“FY2008”) 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 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 46. Details of the directors’ profiles are set out on page 18 of this Annual Report.

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

The NC is responsible for assessing the effectiveness and performance of the Board. In FY2008, an evaluation exercise to assess the performance of the Board was conducted. This evaluation was carried out by having all board members complete a questionnaire individually. In assessing the Board’s effectiveness, the NC considers a number of factors including Board composition, information to the Board, Board procedures and accountability.

Code Guideline 6.1:
Board members to be provided with timely information
Code 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 2008, the non-executive Board members were given a tour of the Group’s new plant at Jinan 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.

CORPORATE GOVERNANCE **REPORT**

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.

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

The executive directors are also granted share options during the year ended 31 December 2008. Details of the share options granted are disclosed in the Directors' Report.

The table below shows a summary of the remuneration of the directors for the year ended 31 December 2008:

	Remuneration band[1]	Fees	Salary	Bonus	Other benefits	Total
	S$	%	%	%	%	%
Executive Directors						
Tan Cheng Gay	250,000 to 499,999	–	61	36	3	100
Tan Yok Koon	250,000 to 499,999	1	60	32	7	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
Key Executives						
Chen En Yi	0 to 249,999	–	58	30	12	100
Ho Pol Lim Eugene	0 to 249,999	–	74	12	14	100
Tan Kah Hock Eddy	0 to 249,999	–	89	–	11	100
Tseng Kau Chou	0 to 249,999	–	73	16	11	100
Wong Toon Hong	0 to 249,999	–	70	21	9	100

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

The Board has not included an annual remuneration report in its annual report for FY2008 (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.

CORPORATE GOVERNANCE **REPORT**

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 FY2008 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 FY2008 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.

INTERNAL AUDIT

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

The internal audit function is currently outsourced to UHY Lee Seng Chan & Co which reports directly to the Audit Committee.

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 LLP 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 FY2008, 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 to questions raised. In addition, the external auditors are present at AGMs to address queries, if any, on the conduct of the audit and the preparation and content of the Auditors' Report.

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.

CORPORATE GOVERNANCE **REPORT**

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 2008 is as follows:

Name of interested person	**Aggregate value of all interested person transactions for the year ended 31 December 2008 (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	122	-
HBS Investments Pte Ltd		
Loan	2,357	-
Ho Bee Investment Ltd		
Provision of counter indemnity	2,728	-

Note:

Ho Bee Cove Pte Ltd and HBS Investments Pte Ltd are companies in which the Company has a 10% and 30% interest respectively. A controlling shareholder of the Company also has an interest in Ho Bee Cove Pte Ltd, HBS Investments Pte Ltd and Ho Bee Investment Ltd.

FINANCIAL CONTENTS

DIRECTORS' **REPORT**

Year Ended 31 December 2008

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 2008.

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 2009
The Company			
Ordinary shares			
- direct interests held			
Tan Cheng Gay	579,750	579,750	579,750
Tan Yok Koon	–	366,000	366,000
Tan Choo Suan	1,419,000	1,419,000	1,419,000
Soh Kim Soon	46,500	46,500	46,500
- deemed interests held			
Tan Cheng Gay	–	826,000	826,000
Tan Choo Suan	59,139,500	60,963,500	60,963,500
Tan Keng Boon	15,000	15,000	15,000
Options to subscribe for ordinary shares			
- at $0.75 per share (granted on 1 December 2006), between 2 December 2007 to 1 December 2016			
Tan Cheng Gay	345,000	345,000	345,000
Tan Yok Koon	285,000	–	–
- at $1.17 per share (granted on 8 January 2008), between 9 January 2009 to 7 January 2018			
Tan Cheng Gay	–	1,200,000	1,200,000
Tan Yok Koon	–	500,000	500,000

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.

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) Options were granted on 1 December 2006 (Option 1) and 8 January 2008 (Option 2).
(b) The exercise prices of the options are set at $0.75 per share (Option 1) and $1.17 per share (Option 2).
(c) The options can be exercised after 2 December 2007 (Option 1) and 9 January 2009 (Option 2).
(d) The options granted shall expire on 1 December 2016 (Option 1) and 7 January 2018 (Option 2).

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	Options outstanding at 1 January 2008	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2008	Number of option holders at 31 December 2008	Exercise period
1/12/2006	$0.75	2,805,000	–	(1,385,000)	–	1,420,000	16	2/12/2007 – 1/12/2016
8/1/2008	$1.17	–	3,445,000	–	(300,000)	3,145,000	27	9/1/2009 – 7/1/2018

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.

DIRECTORS' **REPORT**

Year Ended 31 December 2008

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

Name of director	Options granted for financial year ended 31/12/2008	Aggregate options granted since commencement of Scheme to 31/12/2008	Aggregate options exercised since commencement of Scheme to 31/12/2008	Aggregate options outstanding as at 31/12/2008
Tan Cheng Gay	1,200,000	1,545,000	–	1,545,000
Tan Yok Koon	500,000	785,000	(285,000)	500,000

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 LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

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

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

18 March 2009

STATEMENT **BY DIRECTORS**

In our opinion:

(a) the financial statements set out on pages 52 to 89 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, 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

18 March 2009

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 2008 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 52 to 89.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(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 2008 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 LLP
Public Accountants and
Certified Public Accountants

Singapore
18 March 2009

BALANCE SHEETS
As at 31 December 2008

		Group		Company	
	Note	2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	3	10,918	10,897	783	570
Subsidiaries	4	–	–	66,340	66,657
Associates	5	57,872	50,161	33,387	30,205
Other investments	6	35,375	39,202	3,214	4,155
Other financial assets	7	956	5,140	956	5,140
		105,121	105,400	104,680	106,727
Current assets					
Inventories	8	11,327	12,627	5,490	5,508
Trade and other receivables	9	33,871	27,549	26,071	16,800
Other investments	6	16,807	20,149	2,415	1,913
Cash and cash equivalents	10	15,877	16,249	8,642	9,439
		77,882	76,574	42,618	33,660
Total assets		183,003	181,974	147,298	140,387
Equity attributable to equity holders of the Company					
Share capital	11	83,605	82,562	83,605	82,562
Reserves	12	67,228	65,860	45,572	40,157
		150,833	148,422	129,177	122,719
Minority interest		1,149	1,529	–	–
Total equity		151,982	149,951	129,177	122,719
Non-current liabilities					
Financial liabilities	14	1,705	13,102	620	11,364
Deferred tax liabilities	15	492	126	–	–
		2,197	13,228	620	11,364
Current liabilities					
Trade and other payables	16	16,374	17,359	2,860	3,644
Financial liabilities	14	12,092	1,302	14,641	2,660
Current tax payable		358	134	–	–
		28,824	18,795	17,501	6,304
Total liabilities		31,021	32,023	18,121	17,668
Total equity and liabilities		183,003	181,974	147,298	140,387

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

INCOME STATEMENT
Year Ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue	17	137,811	126,572
Changes in inventories of finished goods and work-in-progress		(757)	3,783
Raw materials		(107,277)	(108,052)
Other income		1,309	1,562
Depreciation of property, plant and equipment	3	(1,784)	(1,696)
Staff costs		(10,782)	(10,021)
Other expenses		(16,755)	(13,816)
Finance income	20	2,543	5,091
Finance expenses	20	(8,934)	(2,977)
Share of profits of associates (net of tax)		8,552	5,343
Profit before income tax		3,926	5,789
Income tax credit	19	2,310	2,570
Net profit for the year	18	6,236	8,359
Attributable to:			
Equity holders of the Company		6,616	8,435
Minority interest		(380)	(76)
Net profit for the year		6,236	8,359
Basic earnings per share (cents)	21	5.66	7.94
Diluted earnings per share (cents)	21	5.64	7.88

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

STATEMENT OF **CHANGES IN EQUITY**

Year Ended 31 December 2008

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 and associates	–	–	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
Acquisition of 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.

STATEMENT OF **CHANGES IN EQUITY**

Year Ended 31 December 2008

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 2008	82,562	213	(1,910)	6,889	60,668	148,422	1,529	149,951
Exchange differences on translation of financial statements of overseas subsidiaries and associates	–	–	465	–	–	465	–	465
Exchange differences on monetary items forming part of net investment	–	–	(27)	–	–	(27)	–	(27)
Net change in fair value of equity securities available-for-sale transferred to income statement	–	–	–	1,224	–	1,224	–	1,224
Net change in fair value of equity securities available-for-sale	–	–	–	(3,817)	–	(3,817)	–	(3,817)
Net gain/(loss) recognised directly in equity	–	–	438	(2,593)	–	(2,155)	–	(2,155)
Net profit for the year	–	–	–	–	6,616	6,616	(380)	6,236
Total recognised income and expense for the year	–	–	438	(2,593)	6,616	4,461	(380)	4,081
Value of employee services received for issue of share options	–	414	–	–	–	414	–	414
Final one-tier dividend paid of 3 cents per share	–	–	–	–	(3,507)	(3,507)	–	(3,507)
Issue of shares under share option scheme	1,043	–	–	–	–	1,043	–	1,043
At 31 December 2008	83,605	627	(1,472)	4,296	63,777	150,833	1,149	151,982

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

CASH FLOW STATEMENT

Year Ended 31 December 2008

	Group	
	2008	2007
	$'000	$'000
Operating activities		
Profit before income tax	3,926	5,789
Adjustments for:		
Allowance/(write-back):		
- doubtful receivables	250	(53)
- inventory obsolescence	157	(20)
Amortisation of financial guarantee	(633)	(199)
Bad debts written off	578	–
Depreciation of property, plant and equipment	1,784	1,696
Dividend income	(379)	(419)
Equity settled share-based payment transactions	414	195
(Gain)/loss on disposal of:		
- investments	66	(975)
- property, plant and equipment	(178)	(36)
Impairment losses on equity securities available-for-sale	2,302	200
Interest income	(755)	(1,480)
Interest expense	909	1,302
Negative goodwill arising from additional investment in subsidiary	–	(429)
Net change in fair value of derivatives	142	–
Net change in fair value of financial assets held for trading at fair value through profit and loss	3,529	(1,761)
Net change in fair value of equity securities available-for-sale transferred to income statement	1,224	20
Share of profits of associates (net of tax)	(8,552)	(5,343)
	4,784	(1,513)
Changes in working capital:		
Inventories	1,144	(3,611)
Trade and other receivables	(383)	(10,477)
Trade and other payables	(943)	4,538
Cash generated from/(used in) operations	4,602	(11,063)
Income taxes recovered	2,550	3,230
Cash flows from operating activities	7,152	(7,833)
Investing activities		
Additional investment in subsidiary	–	(829)
Investment in associates	(3,182)	(1,614)
Loan to associates	(2,357)	–
Dividends received	5,032	3,419
Interest received	772	862
Proceeds from disposal of:		
- other investments	762	8,253
- property, plant and equipment	231	75
Purchase of:		
- other investments	(2,684)	(3,607)
- property, plant and equipment	(1,686)	(2,575)
Repayment of loan by an investee company	–	8,741
Cash flows from investing activities	(3,112)	12,725

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

CASH FLOW **STATEMENT**

Year Ended 31 December 2008

	Group	
	2008	2007
	$'000	$'000
Financing activities		
Dividends paid by the Company	(3,507)	(14,118)
Deposits pledged	(565)	15
Interest paid	(909)	(1,264)
Proceeds from issue of shares under rights issue	–	11,585
Proceeds from issue of shares under share options scheme	1,043	–
Repayment of long term borrowings	(642)	(948)
Repayment of finance lease, net	(9)	(319)
(Repayment)/proceeds of short term borrowings	(401)	363
Cash flows from financing activities	(4,990)	(4,686)
Net (decrease)/increase in cash and cash equivalents	(950)	206
Cash and cash equivalents at beginning of year	13,655	13,479
Effect of exchange fluctuations on cash held	13	(30)
Cash and cash equivalents at end of year	12,718	13,655
Comprising:		
- Cash and cash equivalents (Note 10)	15,877	16,249
- Deposits pledged (Note 10)	(3,159)	(2,594)
	12,718	13,655

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2009.

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 and 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 6 – Other investments
- 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (cont'd)

Business combinations (cont'd)
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.

2.3 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (cont'd)

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 18 years
Leasehold apartment	-	5%
Buildings and civil works	-	6% to 33⅓%
Plant, machinery and equipment, office equipment, furniture and fittings	-	9% to 33⅓%
Computers, motor vehicles and transport equipment	-	20% to 33⅓%

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

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Non-derivative financial instruments (cont'd)
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.

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

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

Distributions of cash or quoted equity shares made by venture funds are recognised in the financial statements as and when they are received. Such distributions are initially treated as return of investment and are therefore 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment (cont'd)

Non-financial assets (cont'd)
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.

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.

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.

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.

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Employee benefits (cont'd)

Short-term benefits (cont'd)

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.

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. Interest income from structured deposits is recognised on a receipt basis when the right to receive payment is established. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2008

3 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold land $'000	Leasehold apartment $'000	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Total $'000
Cost									
At 1 January 2007	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)
Reclassifications	–	–	–	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
Additions	–	–	–	191	1,212	254	86	103	1,846
Disposals/write-offs	–	–	–	–	(98)	(4)	(4)	(362)	(468)
Translation differences on consolidation	(16)	(14)	43	(28)	(11)	23	(4)	15	8
At 31 December 2008	344	295	844	22,796	21,994	1,970	1,907	2,736	52,886
Accumulated depreciation and impairment losses									
At 1 January 2007	–	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)
Reclassifications	–	(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
Depreciation charge for the year	–	8	37	605	750	109	95	180	1,784
Disposals/write-offs	–	–	–	–	(51)	(3)	(4)	(357)	(415)
Translation differences on consolidation	–	(7)	6	–	(19)	11	(3)	8	(4)
At 31 December 2008	–	147	130	19,264	17,116	1,225	1,758	2,328	41,968
Carrying amount									
At 1 January 2007	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
At 31 December 2008	344	148	714	3,532	4,878	745	149	408	10,918

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings 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 2007	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
Additions	–	254	2	57	103	416
Disposals	–	–	–	–	(127)	(127)
At 31 December 2008	17,211	13,584	998	1,609	512	33,914
Accumulated depreciation and impairment losses						
At 1 January 2007	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
Depreciation charge for the year	–	67	41	40	55	203
Disposals	–	–	–	–	(127)	(127)
At 31 December 2008	17,211	13,195	840	1,552	333	33,131
Carrying amount						
At 1 January 2007	–	146	241	68	182	637
At 31 December 2007	–	202	197	40	131	570
At 31 December 2008	–	389	158	57	179	783

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,846,000 (2007: $2,575,000), of which $160,000 (2007: Nil) 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 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Plant, machinery and equipment	698	832	54	–
Motor vehicles	166	223	98	123

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 2008 $'000	Group 2007 $'000
Freehold land	344	360
Buildings and civil works	898	949

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

4 SUBSIDIARIES

	Company 2008 $'000	Company 2007 $'000
Equity investments, at cost	45,202	45,202
Impairment losses	(32,167)	(32,167)
	13,035	13,035
Loans to subsidiaries	62,147	63,026
Impairment losses	(8,842)	(9,404)
	53,305	53,622
Total interest in subsidiaries	66,340	66,657

The loans to subsidiaries are non-trade in nature, unsecured and interest-free. The settlements 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 associates and loans receivable from them. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments and loans. These factors include, but are not limited to, the activities and financial position of the entities, their payment behaviour and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different 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 and associates.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
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 Pte Ltd	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
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
e-Invest Limited (1)	Investment holding	Hong Kong	100	100
Vermiculite Industries (Pte) Ltd	Liquidated	Singapore	–	100

4 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
Held by the Company				
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	Liquidated	Singapore	–	100
SsangYong Digital XII (Singapore) Pte Ltd	Liquidated	Singapore	–	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
Held by the Company and subsidiaries				
Burkill (Singapore) Pte Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	88.59	88.59
Resin & Pigment Technologies Pte Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	88.59	88.59
Resin & Pigment Technologies Sdn Bhd (3)	Manufacture of thermosetting synthetic resin and plastic materials	Malaysia	88.59	88.59
Resin & Pigment Technologies (Wuxi) Co Ltd (2)	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	88.59	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.

5 ASSOCIATES

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Equity investments at cost	43,200	40,018	33,387	30,205
Share of reserves*	14,672	10,143	–	–
Interests in associates	57,872	50,161	33,387	30,205

* Included in share of reserves are the Group's share of statutory common reserves of its associates of $4,144,000 (2007: $2,533,000) that are not distributable as cash dividends.

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

5 ASSOCIATES (CONT'D)

Details of the significant associates are as follows:

Name of associates	Principal activities	Place of incorporation	Effective equity held by the Group 2008 %	2007 %
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 (2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Jinan Luxin Materials Co Ltd (2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan Tanglong Materials Co Ltd (2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan TangAng Materials Co Ltd (2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
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 (2)	Manufacture and sale of building materials	People's Republic of China	40	40

(1) Audited by KPMG, Singapore.
(2) The statutory audited financial statements, prepared in accordance with People's Republic of China generally accepted accounting principles of these associates, are audited by Chinese Certified Public Accountants. For the consolidation purposes, the financial statements of these associates have been prepared in accordance with Singapore Financial Reporting Standards and audited by Foo Kon Tan Grant Thornton, Singapore, in accordance with Singapore Standards on Auditing.
(3) Audited by Samil PricewaterhouseCoopers, South Korea.

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

	2008 $'000	2007 $'000
Assets and liabilities		
Total assets	264,911	226,265
Total liabilities	111,179	91,015
Results		
Revenue	164,870	118,404
Net profit after taxation	21,751	12,845

The Group's share of net assets of an associate of up to $4,200,000 was pledged to a joint venture party to provide the Group's share of guarantee for a bank loan for another associate.

6 OTHER INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Non-current investments				
Equity securities available-for-sale	35,375	39,202	3,214	4,155
Current investments				
Structured deposits designated at fair value through profit or loss	9,360	8,736	2,407	1,892
Equity securities held for trading	7,447	11,413	8	21
	16,807	20,149	2,415	1,913

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

An impairment loss of $2,302,000 (2007: $200,000) in respect of available-for-sale equity securities of the Group was recognised in the income statement during the year based on the estimated future cash flows of the available-for-sale investments or fair value less cost to sell.

At 31 December 2008, equity securities held for trading and structured deposits totalling $13,375,000 (2007: $16,798,000) of a subsidiary were pledged as security to obtain a bank loan for the Company.

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

	Effective interest rate %	Floating interest maturing after 5 years $'000	Fixed interest maturing after 5 years $'000	Total $'000
2008				
Group	3.9	2,407	6,953	9,360
Company	–	2,407	–	2,407
2007				
Group	5.1	1,892	6,844	8,736
Company	2.3	1,892	–	1,892

Source of estimation uncertainty

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

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

Fair values of structured deposits are determined based on valuations provided by the banks at balance sheet date.

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

7 OTHER FINANCIAL ASSETS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Loans to an investee company	784	4,968	784	4,968
Club membership	238	238	238	238
Impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172
	956	5,140	956	5,140

The loans to an investee company, in which the Company has a 10% equity interest, is unsecured and repayable in financial year 2011. The loan had an effective interest rate of 3.5% (2007: 4.57%) per annum during the financial year. The floating interest rates reprice within 1 to 5 years.

8 INVENTORIES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Raw materials	3,044	3,512	–	–
Work-in-progress	47	273	–	–
Finished goods	8,236	8,842	5,490	5,508
	11,327	12,627	5,490	5,508

Included in the inventories of the Group are raw materials of $437,000 (2007: $343,000) and finished goods of $2,613,000 (2007: $3,212,000) which are carried at net realisable values. The allowance has been included as part of other expenses.

In 2008, raw materials and changes in finished goods and work-in-progress recognised in cost of sales amounted to $108,034,000 (2007: $104,269,000).

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 its inventory (current assets).

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables due from				
- Subsidiaries	–	–	2,847	2,520
- Third parties	21,015	20,619	7,694	4,239
	21,015	20,619	10,541	6,759
Allowance for doubtful receivables	(254)	–	(135)	(135)
Net trade receivables	20,761	20,619	10,406	6,624
Non-trade receivables due from subsidiaries	–	–	9,272	9,302
Allowance for doubtful receivables	–	–	(4,923)	(4,360)
	–	–	4,349	4,942
Loan to subsidiary	–	–	1,000	1,000
Loans to associates	4,614	2,408	3,638	1,480
Loan to an investee company	4,168	–	4,168	–
Dividend receivable from associates	1,622	1,307	–	–
Deposits	378	603	81	81
Other receivables	869	1,079	3	290
Prepayments	124	100	48	5
Tax recoverable	1,335	1,433	2,378	2,378
Net non-trade receivables	13,110	6,930	15,665	10,176
	33,871	27,549	26,071	16,800

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

The loan to an investee company, in which the Company has a 10% interest, is unsecured and repayable in financial year 2009. The loan had an effective interest rate of 3.5% per annum during the financial year and bears floating interest.

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 2008, the Group's exposure to credit risk comprises $15,190,000 (2007: $13,037,000) from construction companies and $5,571,000 (2007: $7,582,000) from manufacturers. At 31 December 2008, the Company's exposure to credit risk comprises amounts due from construction companies.

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

	2008		2007	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Not past due	16,925	–	14,918	–
Past due 0 – 30 days	2,815	–	3,708	–
Past due 31 – 90 days	569	–	1,158	–
Past due 91 days	706	254	835	–
	21,015	254	20,619	–

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

9 TRADE AND OTHER RECEIVABLES (CONT'D)

	2008		2007	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Company				
Not past due	7,796	–	5,000	–
Past due 0 – 30 days	1,559	–	926	–
Past due 31 – 90 days	1,063	–	1,106	–
Past due 91 days	9,395	5,058	9,029	4,495
	19,813	5,058	16,061	4,495

Impairment losses

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At 1 January	–	2,018	4,495	704
Provision utilised	–	(2,000)	–	(704)
Impairment loss recognised/(written back)	250	(53)	–	–
Reclassifications	–	–	563	4,495
Translation difference	4	35	–	–
At 31 December	254	–	5,058	4,495

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

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 its receivables (current assets).

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Fixed and term deposits	6,207	12,128	4,453	8,703
Demand deposits and cash in hand	9,670	4,121	4,189	736
Cash and cash equivalents	15,877	16,249	8,642	9,439

As at 31 December 2008, term deposits of the Group of $3,159,000 (2007: $2,594,000) 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 2008 for the Group and the Company are 1.7% (2007: 2.9%) and 1.6% (2007: 4.4%) per annum respectively.

11 SHARE CAPITAL

	Group and Company			
	2008	2008	2007	2007
	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Fully paid ordinary shares with no par value:				
At 1 January	115,853	82,562	77,235	70,977
Issue of shares under share options scheme	1,385	1,043	–	–
Issue of shares under rights issue	–	–	38,618	11,585
At 31 December	117,238	83,605	115,853	82,562

During the year, the Company issued 1,385,000 ordinary shares under the Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme at an exercise price of $0.75 per ordinary share. As a result, the Company's ordinary shares increased to 117,238,000 ordinary shares as at 31 December 2008.

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.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the financial assets, return on investments, profitability, and cashflow of the Group on a continuous basis. The Board also monitors the level of dividends to shareholders.

12 RESERVES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Foreign currency translation reserve	(1,472)	(1,910)	–	–
Fair value reserve	4,296	6,889	(458)	277
Share option reserve	627	213	627	213
Accumulated profits	63,777	60,668	45,403	39,667
	67,228	65,860	45,572	40,157

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 $14,660,000 (2007: $10,859,000) attributable to associates.

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Year Ended 31 December 2008

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) Options were granted on 1 December 2006 (Option 1) and 8 January 2008 (Option 2).
(b) The exercise prices of the options are set at $0.75 per share (Option 1) and $1.17 per share (Option 2).
(c) The options can be exercised after 2 December 2007 (Option 1) and 9 January 2009 (Option 2).
(d) The options granted shall expire on 1 December 2016 (Option 1) and 7 January 2018 (Option 2).

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

	2008		2007	
	Weighted average exercise price $	No. of options outstanding ('000)	Weighted average exercise price $	No. of options outstanding ('000)
At 1 January	0.75	2,805	1.13	2,130
Granted	1.17	3,445	–	–
Forfeited	1.17	(300)	1.13	(260)
Exercised	0.75	(1,385)	–	–
Adjustment as a result of rights issue	–	–	0.75	935
At 31 December	1.04	4,565	0.75	2,805
Exercisable at 31 December	0.75	1,420	0.75	2,805

Options exercised in 2008 resulted in 1,385,000 shares being issued at an exercise price of $0.75 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $0.96 per share. No options were exercised in 2007.

The Company also granted 3,445,000 options to subscribe for unissued shares in the Company during the year. At 31 December 2008, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted to 4,565,000 (2007: 2,805,000).

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.

Date of grant of options	Option 1 1 December 2006	Option 2 8 January 2008
Fair value at measurement date	$0.10	$0.14
Share price	$1.12	$1.17
Exercise price	$1.13	$1.17
Exercise price adjusted	$0.75	–
Expected volatility	19.4%	31.6%
Expected option life	5.0 years	5.0 years
Expected dividends	5.38%	7.64%
Risk-free interest rate	3.01%	2.39%

13 EMPLOYEE SHARE OPTIONS (CONT'D)

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Non-current liabilities				
Long-term bank loans (secured)	737	11,779	–	11,000
Long-term bank loans (unsecured)	–	600	–	–
Finance lease liabilities	455	359	107	–
Financial guarantees	513	364	513	364
	1,705	13,102	620	11,364
Current liabilities				
Short-term bank loans (secured)	11,065	171	11,000	–
Short-term bank loans (unsecured)	600	900	–	–
Loans from subsidiaries (unsecured)	–	–	3,469	2,640
Finance lease liabilities	285	231	30	20
Financial derivatives	142	–	142	–
	12,092	1,302	14,641	2,660
Total financial liabilities	13,797	14,404	15,261	14,024

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

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

Finance lease liabilities

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

	2008		2007	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Group				
Repayable within 1 year	312	285	255	231
Repayable after 1 year but within 5 years	501	455	380	359
	813	740	635	590
Less: Future finance charges	(73)		(45)	
Present value of obligation	740		590	
Company				
Repayable within 1 year	35	30	21	20
Repayable after 1 year but within 5 years	124	107	–	–
	159	137	21	20
Less: Future finance charges	(22)		(1)	
Present value of obligation	137		20	

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Year Ended 31 December 2008

14 FINANCIAL LIABILITIES (CONT'D)

Financial guarantees

Financial guarantees relates to guarantees given by the Company to banks in respect of banking facilities amounting to $529,000,000 (2007: $529,000,000) granted to an investee company in which the Company has a 10% interest. The financial guarantees expire in 2009 and 2010.

Terms and debt repayment schedule

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

	Nominal interest rate	Year of maturity	2008 Face value $'000	2008 Carrying amount $'000	2007 Face value $'000	2007 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	600	600	1,500	1,500
RM floating rate						
- loan A	BLR + 1%	2020	761	761	820	820
- loan B	5.1% to 5.2%	2008 - 2009	41	41	130	130
Finance lease liabilities	2.5% to 5.4%	2008 - 2013	740	740	590	590
			13,142	13,142	14,040	14,040
Company						
S$ floating rate						
- loan A	Swap rate + 0.7%	2009	11,000	11,000	11,000	11,000
Finance lease liabilities	2.5% to 3.3%	2008 - 2013	137	137	20	20
			11,137	11,137	11,020	11,020

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

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group					
2008					
Non-derivative financial liabilities					
Variable interest rate loans	12,402	(12,939)	(12,052)	(335)	(552)
Finance lease liabilities	740	(813)	(312)	(501)	–
Trade and other payables*	13,815	(13,815)	(13,815)	–	–
Derivative financial liabilities					
Forward exchange contracts	142	(142)	(142)	–	–
	27,099	(27,709)	(26,321)	(836)	(552)
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)

* Excludes accrued expenses and provision for loss on claim.

14 FINANCIAL LIABILITIES (CONT'D)

	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					
2008					
Non-derivative financial liabilities					
Variable interest rate loans	11,000	(11,320)	(11,320)	–	–
Finance lease liabilities	137	(159)	(35)	(124)	–
Trade and other payables*	1,689	(1,689)	(1,689)	–	–
Derivative financial liabilities					
Forward exchange contracts	142	(142)	(142)	–	–
	12,968	(13,310)	(13,186)	(124)	–
2007					
Non-derivative financial liabilities					
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)	–

* Excludes accrued expenses

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 2007 $'000	Credited to income statement $'000	Translation differences $'000	At 31 December 2007 $'000	Credited to income statement $'000	Debited to share of profit of associates $'000	Translation differences $'000	At 31 December 2008 $'000
Deferred tax liabilities/ (assets)								
Property, plant and equipment	280	(154)	–	126	(82)	–	(2)	42
Withholding tax on share of associates' profits	–	–	–	–	–	450	–	450
	280	(154)	–	126	(82)	450	(2)	492

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

	Group	
	2008 $'000	2007 $'000
Tax losses and unabsorbed wear and tear allowances	67,093	68,596
Deductible temporary differences	5,648	5,495
Unremitted overseas income	(31,592)	(30,118)
	41,149	43,973

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2008

15 DEFERRED TAX (CONT'D)

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 Group's accounting policy as disclosed in note 2.14.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables due to third parties	6,777	8,331	855	2,080
Bills of exchanges	5,274	4,564	–	–
Accrued expenses	2,494	2,935	1,171	1,309
Amounts due to associates (non-trade)	126	34	–	–
Other payables	1,638	1,419	834	255
Provision for loss on claim	65	76	–	–
	16,374	17,359	2,860	3,644

The weighted average effective interest rate of bills payable of the Group at 31 December 2008 is 4.47% per annum (2007: 6.25%).

The non-trade amounts due to associates are 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 FOR THE YEAR

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

	Group	
	2008	2007
	$'000	$'000
Amortisation of financial guarantee	(633)	(199)
Gain on disposal of property, plant and equipment	(178)	(36)
Included in staff costs:		
- contribution to defined contribution plan	551	520
- value of employee services received for issue of share options	414	195
Negative goodwill arising from additional investment in subsidiary	–	(429)
Non-audit fees paid to auditors of the Company	41	99
Operating lease expenses	1,871	1,892
Allowance/(write-back) for inventory obsolescence	157	(20)

19 INCOME TAXES

	Group	
	2008	**2007**
	$'000	**$'000**
Current tax expenses		
Current year	33	42
Overprovision in prior years	(2,261)	(2,458)
	(2,228)	(2,416)
Deferred tax expenses		
Movements in temporary differences	–	(1)
Overprovision in prior years	(82)	(153)
	(82)	(154)
Income tax credit	(2,310)	(2,570)

Reconciliation of effective tax rate

	Group	
	2008	**2007**
	$'000	**$'000**
Profit before income tax	3,926	5,789
Tax calculated using Singapore tax rate of 18% (2007: 18%)	707	1,042
Effect of different tax rates in foreign jurisdictions	(68)	4
Expenses not deductible for tax purposes	733	246
Income not subject to tax	(2,069)	(691)
Utilisation of deferred tax benefits previously not recognised	(655)	(820)
Unrecognised deferred tax assets	1,356	234
Overprovision in prior years	(2,343)	(2,611)
Others	29	26
	(2,310)	(2,570)

20 FINANCE INCOME AND EXPENSE

	Group	
	2008	**2007**
	$'000	**$'000**
Finance income		
Dividend income		
- equity securities held for trading	371	395
- equity securities available-for-sale	8	24
Gain/(loss) on disposal of		
- equity securities held for trading	12	944
- equity securities available-for-sale	(78)	31
Interest income		
- bank deposits	247	383
- structured deposits	386	510
- loan to an investee company	122	587
Investment income		
- equity securities held for trading	–	84
- equity securities available-for-sale	1,474	319
Write-back of allowance for doubtful receivables	–	53
Exchange gain	1	–
Net change in fair value of financial assets held for trading at fair value through profit or loss	–	1,761
Total finance income	2,543	5,091

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

20 FINANCE INCOME AND EXPENSE (CONT'D)

	Group	
	2008	2007
	$'000	$'000
Finance expense		
Interest expense		
- bank borrowings	(878)	(1,258)
- finance lease liabilities	(31)	(44)
Net change in fair value of equity securities available-for-sale transferred to income statement	(1,224)	(20)
Net change in fair value of financial assets held for trading at fair value through profit or loss	(3,529)	–
Net change in fair value of derivatives	(142)	–
Allowance for doubtful receivables	(250)	–
Bad debts written off	(578)	–
Exchange losses	–	(1,455)
Impairment losses on equity securities available-for-sale	(2,302)	(200)
Total finance expense	(8,934)	(2,977)

21 EARNINGS PER SHARE

	Group	
	2008	2007
Basic earnings per share is based on:	$'000	$'000
Net profit attributable to ordinary shareholders	6,616	8,435
	No. of shares ('000)	No. of shares ('000)
Issued ordinary shares at beginning of the year	115,853	77,235
Effect of rights issue of shares	–	28,986
Effect of share options exercised	965	–
Weighted average number of ordinary shares in issue during the year	116,818	106,221

	Group	
	2008	2007
Diluted earnings per share is based on:	$'000	$'000
Net profit attributable to ordinary shareholders	6,616	8,435
	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	116,818	106,221
Potential ordinary shares issuable under share options	396	864
Adjusted weighted average number of ordinary shares in issue	117,214	107,085

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

22 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 of 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**	**Total $'000**
2008				
Total revenue from external customers	88,350	49,461	–	137,811
Segment results	3,271	(2,967)	(4,776)	(4,472)
Share of profits of associates	8,525	–	27	8,552
	11,796	(2,967)	(4,749)	4,080
Interest expense				(909)
Interest income				755
Income tax credit				2,310
Net profit for the year				6,236
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

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

22 SEGMENT REPORTING (CONT'D)

Business Segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Total $'000
Assets and liabilities				
2008				
Segment assets	51,442	17,790	48,358	117,590
Interest in associates				57,872
Unallocated assets				7,541
Total assets				183,003
Segment liabilities	8,632	9,032	104	17,768
Unallocated liabilities				13,253
Total liabilities				31,021
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
Other segment information				
2008				
Capital expenditure	654	1,192	–	1,846
Depreciation	736	1,048	–	1,784
2007				
Capital expenditure	2,097	478	–	2,575
Depreciation	690	1,006	–	1,696

Geographical Segments

	Singapore $'000	Malaysia $'000	Greater China $'000	Elimination $'000	Total $'000
2008					
External customers	104,172	19,927	13,712	–	137,811
Inter-segment sales	11	282	–	(293)	–
Total revenue	104,183	20,209	13,712	(293)	137,811
Segment assets	101,805	7,005	8,780	–	117,590
Capital expenditure	1,467	70	309	–	1,846
Depreciation	1,110	319	355	–	1,784
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

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, taking into account their financial position, past payment experience with the Group and available independent ratings.

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.

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 in 2009 to match the maturity of the related loans and have interest rates of 3.88% per annum. At 31 December 2008, the Group had outstanding interest rate swaps with a notional contract amount of $11 million (2007: $11 million). These interest rate swaps are classified as fair value hedges.

The net fair value of outstanding swaps at 31 December 2008 is insignificant.

Sensitivity analysis

For the interest rate swaps accounted for as fair value hedges, an increase of 100 bp in interest rate at the reporting date would increase profit by $83,000 (2007: $110,000). 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year Ended 31 December 2008

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis (cont'd)

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 income statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/(loss)	
	100 bp increase	100 bp decrease
Group	$'000	$'000
31 December 2008		
Variable rate instruments	(97)	97
31 December 2007		
Variable rate instruments	(135)	135

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.

At 31 December, the Group's and the 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	Malaysia ringgit $'000
Group				
2008				
Trade and other receivables	582	4,008	2,883	–
Cash and cash equivalents	–	6,048	–	–
Investments	–	17,284	–	–
Trade and other payables	(28)	(6,723)	(9)	(13)
	554	20,617	2,874	(13)
2007				
Trade and other receivables	94	6,134	1,307	–
Cash and cash equivalents	–	4,839	–	–
Investments	–	22,379	–	–
Trade and other payables	(3)	(2,197)	(58)	–
	91	31,155	1,249	–
Company				
2008				
Trade and other receivables	–	–	1,722	–
Cash and cash equivalents	–	5,353	–	–
Investments	–	4,043	–	–
Financial liabilities	–	(2,213)	–	(4)
Loans to subsidiaries	–	39,874	872	–
	–	47,057	2,594	(4)
2007				
Trade and other receivables	–	–	1,706	–
Cash and cash equivalents	–	3,590	–	–
Investments	–	5,251	–	–
Financial liabilities	–	(2,059)	–	–
Loans to subsidiaries	–	36,333	829	–
	–	43,115	2,535	–

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Income Statement				
US dollar	(1,592)	(2,327)	(4,542)	(3,976)
Chinese renminbi	(287)	(125)	(259)	(254)
Equity				
US dollar	(470)	(789)	(164)	(336)

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 or latest financing price.

Derivatives
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.

The fair value of foreign exchange contracts is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

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 2008

24 COMMITMENTS

At the balance sheet date:

(a) the Group has commitments amounting to $5,580,000 (2007: $7,788,000) in respect of additional investments in certain private equity investments and partnership investments;

(b) the Group and the Company have commitments amounting to $Nil (2007: $958,000) 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Payable:				
- within 1 year	746	920	272	365
- within 2 to 5 years	1,873	1,495	1,088	1,089
- after 5 years	952	1,100	23	295
	3,571	3,515	1,383	1,749

(d) the Company has commitments for the purchase of building materials of $890,000 (2007: $2,060,000).

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.

Compensation of the key management personnel (including directors) during the year are as follows:

	Group	
	2008	2007
	$'000	$'000
Directors' fees	255	255
Short-term employee benefits (included in staff costs)		
- directors	909	773
- other management personnel	1,072	869
	2,236	1,897

Other Related Parties Transactions

In 2008, purchases of finished goods by the Company from an associate amounted to $5,371,000 (2007: $2,165,000).

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

	2008	2007
	$'000	$'000
Repayment of shareholders' loans	–	(8,741)
Interest income from the shareholders' loan	122	586

25 RELATED PARTIES (CONT'D)

Other Related Parties Transactions (cont'd)

During the year, the Group had granted a loan of $2,357,000 to HBS Investments Pte Ltd. In additions, the Group provided a counter indemnity to Ho Bee Investment Ltd (the holding company of HBS Investments Pte Ltd) in favour of HBS Investments Pte Ltd (in proportion to the Group 30% interest in HBS Investments Pte Ltd), of $2,728,000.

26 SUBSEQUENT EVENTS

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

	Group and Company	
	2008	2007
	$'000	$'000
Final one-tier dividend proposed of 3 cents per share (2007: 3 cents per share)	3,517	3,507

27 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation and* FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Amendment relating to eligible hedged items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards and* FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- *Improvements to* FRSs
- FRS 108 *Operating Segments*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in a statement of comprehensive income. Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

Other than the changes in disclosures relating to FRS 1, the initial application of the above standards (including their 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 12 March 2009

SHARE CAPITAL

Issued & fully paid-up	:	$83,605,343
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 12 March 2009, 43.94% 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	201	9.28	43,747	0.04
1,000 - 10,000	1,474	68.08	5,579,816	4.76
10,001 - 1,000,000	478	22.08	22,599,352	19.27
1,000,001 and above	12	0.56	89,014,585	75.93
Total	**2,165**	**100.00**	**117,237,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Afro-Asia International Enterprises Pte Limited	44,463,000	37.93
2	Afro Asia Shipping Co Pte Ltd	14,270,500	12.17
3	UOB Kay Hian Pte Ltd	13,180,510	11.24
4	DBS Nominees Pte Ltd	2,985,400	2.55
5	CIMB Bank Nominees (S) Sdn Bhd	2,980,000	2.54
6	United Overseas Bank Nominees Pte Ltd	2,160,800	1.84
7	Kheng Ho Huat Company (Private) Ltd	2,001,000	1.71
8	Chua Wee Keng	1,713,000	1.46
9	Tan Choo Suan	1,419,000	1.21
10	Performance Investment Pte Ltd	1,404,000	1.20
11	Zen Property Management Pte Ltd	1,282,500	1.09
12	OCBC Nominees Singapore Pte Ltd	1,154,875	0.99
13	Citibank Nominees Singapore Pte Ltd	888,750	0.76
14	New Town Development Pte Ltd	826,000	0.70
15	Kwok Hae Meng	622,250	0.53
16	Tan Cheng Gay	579,750	0.49
17	Morph Investments Ltd	573,500	0.49
18	CIMB-GK Securities Pte. Ltd.	545,220	0.47
19	Kim Eng Securities Pte. Ltd.	453,550	0.39
20	Phillip Securities Pte Ltd	430,025	0.37
Total		**93,933,630**	**80.13**

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	60,963,500	(1)	62,382,500	53.21
Chua Thian Poh	165,000	46,045,500	(2)	46,210,500	39.42
Ng Noi Hinoy	300,000	45,910,500	(3)	46,210,500	39.42
Ho Bee Holdings (Pte) Ltd	-	45,745,500	(4)	45,745,500	39.02
Tan Choo Pin	25,500	44,463,000	(5)	44,488,500	37.95
Ng Giok Oh	-	15,674,500	(6)	15,674,500	13.37
Afro-Asia International Enterprises Pte. Limited	44,463,000	-		44,463,000	37.93
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000		15,674,500	13.37

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 60,963,500 shares held in the name of the following:-
  (a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited;
  (b) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd;
  (c) 1,404,000 shares held by Performance Investment Pte Ltd; and
  (d) 826,000 shares held by New Town Development Pte Ltd.

(2) This represents Mr Chua Thian Poh's deemed interest of 46,045,500 shares held in the name of the following:-
  (a) 45,745,500 shares held by Ho Bee Holdings (Pte) Ltd; and
  (b) 300,000 shares held by his spouse through a nominee.

(3) This represents Mdm Ng Noi Hinoy's deemed interest of 45,910,500 shares held in the name of the following:-
  (a) 45,745,500 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 45,745,500 shares held in the name of the following:-
  (a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited; and
  (b) 1,282,500 shares held by Zen Property Management Pte Ltd.

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

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

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, Munich Room, Singapore 609916 on Friday, 24 April 2009 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 2008 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 2008. **(Resolution 2)**

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

   (a) Mr Tan Keng Boon (retiring under Article 87) **(Resolution 3)**

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

   (b) Dr Tan Choo Suan (retiring under Article 87) **(Resolution 4)**

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

AS SPECIAL BUSINESS

5. To approve Directors' fees of S$255,000 for the financial year ended 31 December 2008. **(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 (the "Scheme") approved by the Company on 15 January 2001 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)**

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 Trading 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)**

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 12 June 2009 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 11 June 2009 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 2008, if approved at the Annual General Meeting, will be paid on 26 June 2009.

By Order of the Board

Joanna Lim
Company Secretary

Singapore, 8 April 2009

Statement pursuant to Article 57(3) of the Company's Articles of Association

The effect of the resolutions under the heading "Special Business" in this notice of Annual General Meeting is as follows:-

Ordinary Resolution 6

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2008.

Ordinary Resolution 7

Resolution 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.

Ordinary Resolution 8

Resolution 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.

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.

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 2008 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

*I / We, ______________________________

of ______________________________

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

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

*and/or

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Friday, 24 April 2009 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 2008 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 2008.	**(Resolution 2)**		
3.	Re-election of Mr Tan Keng Boon (Retiring under Article 87).	**(Resolution 3)**		
4.	Re-election of Dr Tan Choo Suan (Retiring under Article 87).	**(Resolution 4)**		
5.	To appoint Messrs KPMG LLP 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 2008.	**(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 ________________________ 2009

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

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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

Design & Art Direction by
Credence Partnership

BUILDING SUSTAINABILITY

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