ENGRO
BUILDING SUSTAINABILITY

BUILDING SUSTAINABILITY

EnGro Corporation Limited
Annual Report 2009

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.

ENGRO

BUILDING SUSTAINABILITY

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

Specialty Cement
Specialty Polymer
Investments

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2 CORE BUSINESS

SPECIALTY CEMENT & SPECIALTY POLYMER

2 KEY TRENDS

ECO-FRIENDLY CEMENT
REPLACING CONVENTIONAL CEMENT

SPECIALTY POLYMER REPLACING METAL

BUILDING SUSTAINABILITY

EnGro's corporate vision of "Building Sustainability" reflects our commitment to play a part in building new urban lifestyle with the interest of future generations in mind, advocating the preservation of the Earth's precious resources by promoting greater use of eco-friendly products cum innovative solutions

"EnGro continues to make good progress in 2009, and the Group's performance was further boosted by gains from its property development investments in Singapore."

Tan Cheng Gay
Chairman

CHAIRMAN'S MESSAGE

Financial Review

EnGro continues to make good progress in 2009, and the Group's performance was further boosted by gains from its property development investments in Singapore. The Group's specialty cement business delivered marginally lower profit due to unforeseen plant breakdown in two of its production lines and higher distribution costs. Further, the global financial crisis continues to weaken the consumer goods and electronics sector, negatively impacting the Group's specialty polymer business.

The Group's turnover for the year ended 31 December 2009 was S$125.65 million, a decrease of 8.8% compared to previous year. The consolidated net profit after tax for the year was S$23.61 million compared to a net profit after tax of S$6.24 million in 2008, a three-fold increase.

The Board is recommending a first and final dividend of 3 cent per share as well as a special dividend of 2 cents per share resulting in a total dividend of 5 cent per share declared for FY2009, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2010.

Global Macro Overview

The global financial meltdown in 2008 left a weakened global economy struggling in first half of the year where recovery started to creep in from second half of 2009. What was perceived to be an imminent repeat of the Great Depression of 1929 was averted by the stimulus packages timely introduced by governments of the various countries. China's stimulus package was focusing primarily on infrastructure building and networks integration for its key infrastructure building program. In view of this, China is accelerating its construction pace and bringing forward many of its original infrastructure projects mapped out in its eleventh five-year plan. This will be positive for EnGro's business in China.

Building Sustainability

By augmenting EnGro's vision of "BUILDING DURABILITY" in its earlier years, the Group in 2008 put in place a new corporate vision "BUILDING SUSTAINABILITY" to define its journey going forward. Backed by more than three decades of accumulated experience, the group successfully transformed from a conventional clinker grinding operation to be a leading eco-friendly specialty cement producer. EnGro's business is leveraging on two global trends; namely the replacement of ordinary Portland cement (OPC) by eco-friendly cementitious products such as Ground Granulated Blastfurnace Slag (GGBS), and the replacement of metals by specialty polymer. Of late, the pro-Green movement pledged by leaders of most leading economies also serve as impetus and add weight to reinforce the two trends. EnGro's production facilities are strategically located with easy access to the developing economies and thus sustain itself moving forward with these two key pillars of growth that embrace the true spirit of its vision of "BUILDING SUSTAINABILITY". Having attained the status of a leading Green Cement producer in Singapore plus our green initiative, EnGro is ready to work hand in hand with its customers and business partners to go green and the eventuality is to be a distinct eco-friendly solutions provider in a carbon-constrained world.

The corporate vision of "BUILDING SUSTAINABILITY" also reflects EnGro's commitment to play a part in building new urban lifestyle with the interest of our future generations in mind, advocating the preservation of the Earth's precious resources by promoting greater use of eco-friendly products cum innovative solutions.

To date, EnGro has differentiated itself by adopting the strategy of technology fusion plus material science research. The Group will continue to invest and devote more resources in pursuit of product excellence. Our patented roller press with V-separator, a world's first, and the integral water proofing product (SmartPruf) incorporating GGBS are earlier results of our pursuit in innovation and excellence. Coupled the "Green Initiative" and having a common technology platform established equips EnGro to address new challenges with higher degree of confidence as the Group is aimed to emerge as a long-term player in markets where low carbon emissions prevail.

Business Review

a) Singapore Integral Cement and Ready-Mix Concrete (RMC) operation

Our integral cement and ready-mix concrete (RMC) operation continues to grow despite a sharp drop in private sector construction demand in 2009. The RMC subsidiary, Top-Mix Concrete has added a new batching plant to broaden its market coverage.

In the first half of 2009, drastic decline of Singapore's exports brought down GDP growth to negative territory. Against this backdrop, public sector construction recorded strong growth on the back of continued government pump prime where between S$18 to S$20 billion was committed for infrastructure works.

Singapore Government's vision to develop Singapore as an international hub will continue to generate demand for construction industry, though Singapore's Building and

CHAIRMAN'S MESSAGE

Construction Authority (BCA) forecasts that total contract value in 2010 will ease to between S$21 billion and S$27 billion in 2010, decline further in 2011 and 2012 in view of moderation in public sector construction program.

In Singapore, EnGro has been the pioneer specialty cement producer which professes strong transparency and promotion of its low-carbon Green Label certified range of eco-friendly building materials. Since 2007, EnGro's aspirations have led to the Group having been approved by the Singapore Environment Council (SEC) for use of the Singapore Green Label on nine (9) of its eco-friendly building products to-date. In early 2009, as further testament of EnGro's transparency in declaring the carbon intensity of its products, EnGro astutely completed an independent carbon footprint assessment of its VCEM brand GGBS (a.k.a. Ground Granulated Blastfurnace Cement) eco-friendly "Green Cement" and other blended cement products which incorporate GGBS.

Over the last two years, EnGro's "Green Initiative" has successfully introduced due awareness amongst property developers, builders, architects, civil and structural engineers, quantity surveyors as well as the various government departments. Our pursuit has generated interest and appreciation that low-carbon building materials enables Singapore to significantly reduced the embodied carbon dioxide (CO_2) emissions impacted by Singapore's building and construction sector. Our campaign is starting to bear fruits and we now see the industry responding positively to the merit and advantages of using slag cement that we have been reiterating two decades ago when GGBS was first introduced in Singapore as a high performance specialty cement with emphasis on durability.

Our "Green Initiative" also landed us with the first residential project in Singapore to specify the use of ready-mixed concrete (RMC) incorporating not less than 30% GGBS for the super-structures. With this significant milestone established, we foresee more real estate developers, consultants, and builders to call for the use of GGBS in both structural and non-structural building elements to meet the new standard calling for low-embodied carbon structure.

b) Specialty Cement Operations

In the second half of 2009, EnGro's joint venture company in Jiangsu province, namely Jiangsu Huailong Materials Co., Ltd commissioned its second GGBS production line with 600,000 tons annual production capacity. Combined with our JV plant in Incheon, South Korea, the combined annual GGBS production capacity of our GGBS associates has reached 5.3 million tons.

China has been progressing steadily with its infrastructure building plan. According to China's National Bureau of Statistics, spending on railroads is growing faster than on any other area of investment, rising 80.7 percent to 464.6 billion yuan in the first 11 months of 2009 compared to the corresponding period in 2008. The 2008 global financial crisis prompted China to bring forward its high-speed railway development plan and other key infrastructure programs. So far, it has announced the plan to increase the passenger network by a third to 16,000 kilometres by 2020. The centrepiece of the high-speed railway development is the 1,318-kilometre line that will cut the travelling time between Beijing and Shanghai to five hours. On top, building high-speed railway networks linking city-to-city in 1-hour to 3-hour to form economic circles has also been announced. The eventual objective is to form a number of sub- economic zones comprising of 25 to 30 million people each, hence achieving a more evenly yet sustainable GDP growth.

Amidst China government's stance to shift the growth pattern from a decades-old reliance on exports to stimulate domestic economic growth, China pre-empted in November 2009 its commitment to reduce 40-45% carbon emission by 2020 using 2005 level as benchmark, to combat global warming. Prior to the climate change meeting held in Copenhagen, China government further declared at the latest National People Congress (NPC) that besides the master plan to kindle GDP growth, China will formulate and implement policies to build an "industrial system" and "consumption pattern" with low carbon emissions. China's policy is therefore aimed to strike a balance of sustained GDP growth at around 8%, while meeting the ultimate goal of restructuring its key industries with energy efficiency in mind. What this means to EnGro is that the demand for our low-carbon GGBS (i.e. Green Cement) will grow.

c) Specialty Polymer

During year 2009, Resin & Pigments Technologies (R&P), a subsidiary of EnGro, continues to grow the specialty polymer business guided by the strategic toll compounding agreement signed with ExxonMobil Chemical Asia Pacific. In line with this strategy, most of the lower value-add colour compounding businesses will be re-prioritized among R&P's operations.

With the long term partnership with ExxonMobil Chemical paving the way, R&P will manufacture a broad range of ExxonMobil Chemical's specialty compounds for use in automotive interior and exterior applications, appliances and consumer products. R&P's facility in Jurong Island is located just two kilometres from ExxonMobil Chemical's petrochemical complex to provide integrated and efficient manufacturing support for ExxonMobil Chemical's specialty compounds supply chain. R&P is also ISO 9001 and Automotive ISO/TS16949 certified offering high level of quality and consistency standards required by the high-end and niche polymer segments.

In 2009, under the backdrop of the global recession in the manufacturing sector, R&P's heritage colour compounding business with an E&E principle was significantly impacted. R&P has taken these events as opportunity to re-align its business, including phasing out of the competitive and low value-add colour compounding operation. As a result, R&P's Johor Bahru (Malaysia) plant ceased operation in Q4 2009. With this change, R&P will in turn channel more resource in growing its toll compounding business in Singapore tapping on the recovery in global polymer market.

Starting from end 2009, the toll compounding businesses with ExxonMobil Chemical has been making good progress, with technology transfer and production scale-up well planned and on track. This sets a positive outlook for R&P in 2010, more so in an environment where automotive sector is expected to demonstrate a strong growth and recovery, especially in the Asia Pacific region.

d) Investment

EnGro's minority stake in two of Ho Bee Investments residential project, bore fruit in 2009. During the year, profit recognized for the newly completed The Coast project contributed to the dividend income of the Group. The other project, Turquoise, a 91-unit condominium in Sentosa Cove, is still under construction with TOP expected in June 2010. During the year, we also committed to co-invest with Yanlord and Ho Bee Group by taking a 10% stake in the Tangshan Nanhu Eco-City (唐山南湖生态城) project in China.

The Tangshan Nanhu Eco-city in Hebei province will incorporate modern infrastructure with environmentally conscious living conditions and comprehensive recreational amenities. The strategic location of Tangshan is further enhanced by high-speed shuttle rail network linking the 3 cities, namely Beijing, Tianjin, and Tangshan. The Beijing-Tianjin high-speed shuttle service is already in operation and the Beijing-Tangshan line will be ready by end 2010. When the high-speed rail is fully built by 2011, travelling time between any of the two cities within the so-called "Golden Triangle" will be shortened to half an hour.

On the venture capital (VC) investment side, given the difficult exit environment and the sentiments of a weak IPO market, the General Partners of our VC funds are not resting on their laurels but are actively working with their stronger portfolio companies to ensure that the ones with the best prospects are adequately funded and their business models are still relevant and streamlined so that they will emerge stronger and better positioned as demand from the market recovers.

In the second half of 2009, we also saw signs of increased M&A activities and more venture-backed companies were filing to go for IPO. Although the number of IPOs will not return to pre-crisis levels any time soon, we are cautiously optimistic that this will lead to more exit opportunities for the VC funds that we have invested in 2010. With the stock market rallying towards the end of 2009, the value of our quoted stocks had also appreciated in tandem.

Future Prospects

While the global economy is recovering, there is still uncertainty as to whether the recovery can be sustained. In spite of concerns over heightening asset prices in China, accelerated infrastructure developments and continuous support by the China government augurs well for our specialty cement business in China. We remain cautiously bullish over the long-term prospects of our specialty cement investment in China.

In Singapore, the government's continuous investment in the public construction projects bodes well for our building material business. Coupled with the rising trend of building using "Green Cement" and "Low-Carbon Concrete" advocated by BCA, our integral cement and RMC operation with a wide range of Green Label certified low-carbon building materials is well-positioned to gain market shares.

Though starting on a low base, the Group's specialty polymer arm will benefit from its toll compounding arrangement with ExxonMobil Chemical Asia Pacific as partial substitution of its color compounding business.

Acknowledgement

Year 2009 as a whole had been kind to EnGro and the stellar results achieved in 2009 would not have been possible without the support of everyone in the EnGro family. I offer my heartfelt thanks to our customers, stakeholders, investors, my fellow Directors and our management team and staff for their continuing support, dedication and inspirations. With the confidence and support given by our partners and stakeholders, barring unforeseen circumstances, we remain confident that 2010 will continue to be a good year for EnGro.

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 as the Chairman of the Board of Directors of SP Chemicals Holdings Ltd. He also serves as an independent director and Audit committee member of of Thai Beverage Public Company Ltd.

Soh Kim Soon
Director

Mr Soh was appointed as Director in 2002 and is an independent non-executive Director. He serves as Chairman of the Nominating Committee and is a member of the Remuneration Committee. Mr Soh is currently Chairman of ORIX Investment And Management Private Limited and ORIX Leasing Singapore Limited. He also serves on the boards of 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.

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.

MANAGEMENT TEAM

SINGAPORE CEMENT & RMC OPERATIONS

Eugene Ho

B.Bus (Bus Adm), Royal Melbourne Institute of Tech. 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)

General Manager, Building Materials Division (Singapore)

Mr Eugene Ho joined the Company in 2008 as Senior Manager of the Singapore Building Materials Division and was promoted to General Manager of this division in 2010. He has more than 23 years of working experience in Building Materials Industry and has held various senior positions in the major RMC companies.

Chua Chee Kian

B.Eng (Mechanical) with Honours of 2nd Class (Division I) from University of Glasgow, UK and Dip in Mechanical Eng from Singapore Polytechnic

Plant Manager

Mr Chua joined the Company in 1996 and was promoted to position of Plant Manager in August 2009.

SPECIALTY CEMENT OPERATIONS

Dr. Chen En Yi

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

General Manager, Business Development (China)

Dr Chen joined the Company in 1996 and is a member of China business team. Dr Chen was promoted to the position of General Manager, Business Development (China) in 2010. Prior to joining the Company, he lectured in Tsinghua University China, specializing in cement and concrete technologies.

Dr. Lim Chan Teng

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

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.

SPECIALTY POLYMER OPERATIONS

Alex Tan

Adv Dip (Polymer Technology), Singapore Polytechnic

Executive Director

Resin & Pigment Technologies Pte Ltd

Alex Tan is the founder of the company which was formed in 1989. At R&P Singapore he oversee the business development of polymer colouring and advisor to process and technical development. Mr Tan also heads the business operation of R&P Wuxi. His experience is in the field of polymer extrusion compounding and colouring.

HQ DEPARTMENT HEADS

Jamie Lee

B.Acc from National University of Singapore, ICPAS member

Group Financial Controller

Ms Lee joined the Company in August 2009. She oversees the financial affairs and procurement for the Group. Ms Lee has over 20 years of regional experience in finance and accounting working in various local listed and multinational companies in the chemicals, engineering and manufacturing industries.

Wong Toon Hong

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

Manager, Strategic Business Unit

Mr Wong 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.

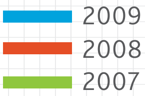
Vincent Loh

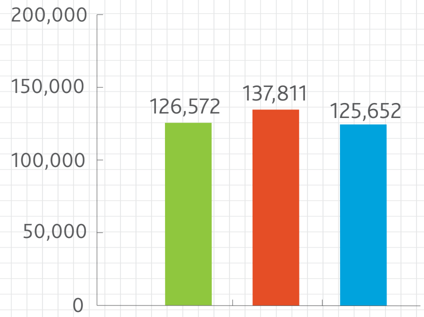
B.Bus (Accounting) from Monash University, Australia, is a Certified Practicing Accountant (CPA) accredited by both the CPA Australia and the ICPAS

Assistant Manager, Knowledge Management

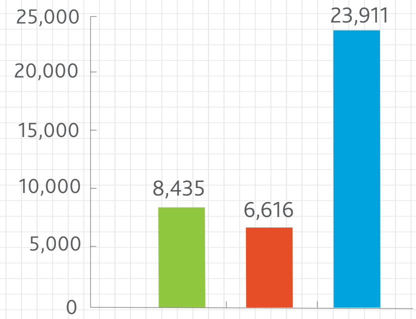
Mr Loh joined the Company in 2000 as the Internal Auditor. He has been promoted to head the Group's Knowledge Management department. His prior experiences include reviewing internal controls, co-ordination and review of the statutory and corporate reporting, and financial analysis for a range of industries.

3 YEAR RESULTS AT A GLANCE

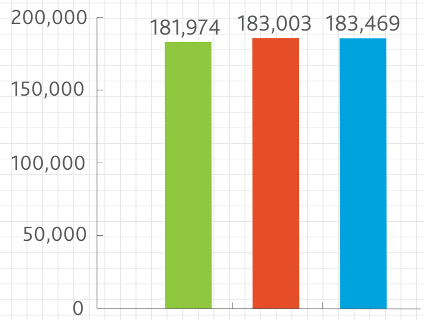




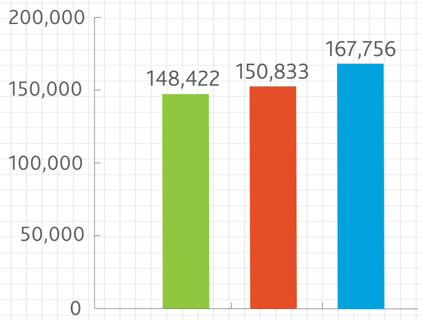
Revenue
($'000)



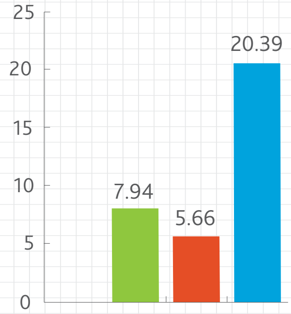
Profit attributable to shareholders
($'000)



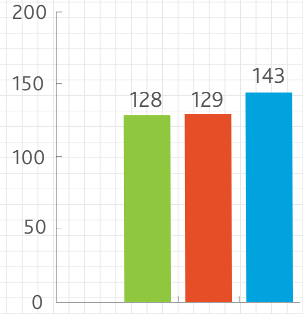
Total Asset
($'000)



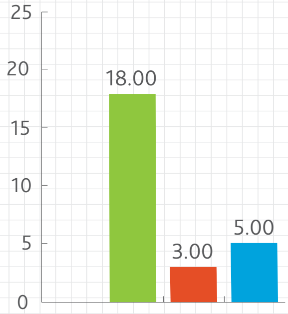
Net Assets Value
($'000)



Basic Earnings per Share
(cents)



Net Asset Value per Share
(cents)



Net Dividend per Share
(cents)

GROUP
FINANCIAL HIGHLIGHTS

ENGRO
BUILDING SUSTAINABILITY

278.6%

INCREASE IN GROUP NET PROFIT

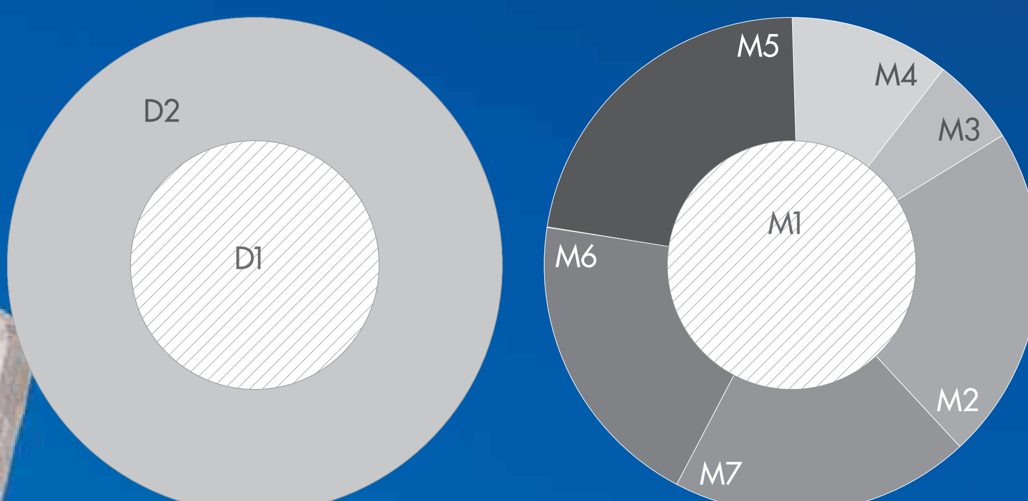
	FY2007	FY2008	FY2009
Consolidated Profit and Loss Statement ($'000)			
Revenue	126,572	137,811	125,652
Profit after tax	8,359	6,236	23,609
Profit attributable to shareholders	8,435	6,616	23,911
Consolidated Balance Sheet ($'000)			
Total assets	181,974	183,003	183,469
Net assets value	148,422	150,833	167,756
Per Share (Cents)			
Basic Earnings	7.94	5.66	20.39
Net Assets Value	128	129	143
Net Dividend	18.00	3.00	5.00

A PIONEER & A PERPETUAL INNOVATOR

Cement Terminal in Pulau Damar Laut (PDL)

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

PDL BULK TERMINAL
2 SILOS
DUO-CELL & MULTI-CELL



1.2
MILLION TONS ANNUALLY

365 DAYS

TO DATE, ENGRO GROUP HAS

9

ECO-FRIENDLY BUILDING MATERIALS AWARDED WITH GREENLABEL ACCREDITATION

GreenLabel ID no.: **022-003**
022-009
022-025

GGBS

VCEM™
(Green Label ID no: 022-003)

BLENDED CEMENT

P4246S
(Green Label ID no: 022-003)

P4246
(Green Label ID no: 022-003)

P197A
(Green Label ID no: 022-025)

P197B
(Green Label ID no: 022-025)

ULTRA-FINE SLAG POWDER

P8000
(Green Label ID no: 022-003)

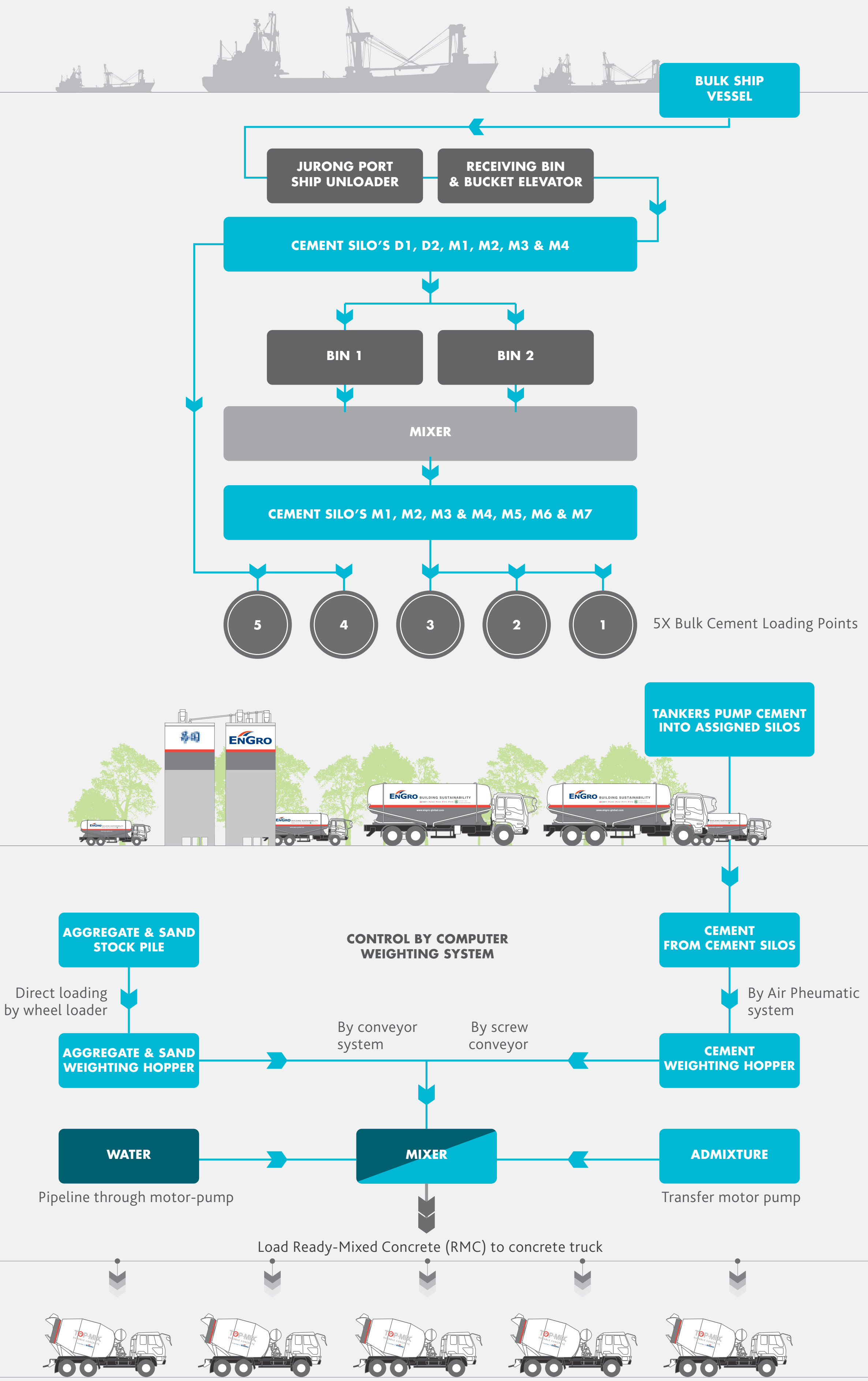
CONCRETE

DuraCrete™
(Green Label ID no: 022-009)

DRY MIX POWDER

Prime Screed
(Green Label ID no: 022-025)

Prime Mix
(Green Label ID no: 022-025)


BULK SHIP VESSEL
JURONG PORT SHIP UNLOADER
RECEIVING BIN & BUCKET ELEVATOR
CEMENT SILO'S D1, D2, M1, M2, M3 & M4
BIN 1
BIN 2
MIXER
CEMENT SILO'S M1, M2, M3 & M4, M5, M6 & M7
5
4
3
2
1
5X Bulk Cement Loading Points
TANKERS PUMP CEMENT INTO ASSIGNED SILOS
ENGRO
AGGREGATE & SAND STOCK PILE
CONTROL BY COMPUTER WEIGHTING SYSTEM
CEMENT FROM CEMENT SILOS
Direct loading by wheel loader
By Air Pheumatic system
By conveyor system
By screw conveyor
AGGREGATE & SAND WEIGHTING HOPPER
CEMENT WEIGHTING HOPPER
WATER
MIXER
ADMIXTURE
Pipeline through motor-pump
Transfer motor pump
Load Ready-Mixed Concrete (RMC) to concrete truck

INTEGRAL SINGAPORE CEMENT & READY MIX CONCRETE (RMC)

From last year's six Green Label certified products, our range of Green Label products has increased to nine products certified under the distinguished Singapore Green Label Scheme (SGLS).

Gearing Up For A Better Year

Construction demand in 2009 reached $21 billion, at the mid-range of Building and Construction Authority (BCA)'s revised forecast of between $18 billion and $24 billion released in July 2009. The private sector construction demand in 2009 was weakened significantly by the effects of the global financial crisis, particularly during the first half of 2009. This, fortunately, was mitigated by the continued strong public sector construction demand, which contributed strongly to the overall demand in 2009, led by various major civil engineering projects.

Public civil engineering construction reached a new historical high of S$8.0 billion in 2009, fuelled by major contracts awarded for the MRT Downtown Line Stage 2, Marina Coastal Expressway (MCE), Jurong Rock Cavern (Phase 1), and International Cruise Terminal (Marine Structures). In the series of MCE project, EnGro successfully garnered a contract to supply and deliver 100,000 mt of high slag blast furnace cement (HSPBFC) intended for use in ground improvement works of the MCE project with delivery ranging from April 2009 to September 2010.

The BCA estimates that 2010 will be a better year as total demand for the construction sector is forecast to reach as high as S$27 billion. The public sector is likely to be the main driver with demand from new MRT lines and civil engineering construction. To prepare for increase in demand, EnGro's RMC subsidiary Top-Mix Concrete commissioned a new batching plant at Marina East so as to better serve local customers in the central-southern region.

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 anticipated demand for high performance eco-friendly concrete.

Growing Our Range Of Low-carbon Singapore Green Label Certified Building Materials And Helping Our Peers In The Same

From last year's six Green Label certified products, our range of Green Label products has increased to nine products certified under the distinguished Singapore Green Label Scheme (SGLS). The newly certified products comprise of one product from our blended cement range and two products from our dry-mix powder range.

While expanding our range of Green Label products, we have also been working closely with our industry peers to obtain the Singapore Green Label certification for their products as well. By extending an olive branch to like-minded industry peers, we are confident that this will convince fellow industry players to join us in encouraging greater use of eco-friendly building materials, a vision espoused by the Singapore Building and Construction Authority (BCA) in the BCA 2nd Green Building Masterplan published in April 2009. This masterplan is an important stimulus in the still-nascent Green Building trend in Singapore, as it calls upon companies to generate productive yet less carbon-intensive methods of construction, utilize low-carbon materials to reduce embodied carbon and improve the operational carbon of buildings via energy efficiency management systems and solutions.

Creating Greater Climate Change Awareness Through Our "Green Initiative"

Singapore is the first and only country in the world to mandate the construction of green buildings since 2008. BCA Green Mark is now the common minimum requirement for all new buildings in Singapore. Since the launch of BCA Green Mark Scheme in 2005, there are now more than 300 buildings that are Green Mark certified; and the number is growing exponentially leading to growing demand for eco-friendly building materials, especially materials with low carbon footprint.

Ever since we started our "Green Initiative" a few years ago, the motive has always been to establish the critical linkage of "green actions" to CO_2 reduction by enhancing greater awareness about the importance of addressing embodied CO_2 emissions apart from operational CO_2 emissions. The latter focuses on emissions of CO_2 generated during the lifespan of the building or structure but the former highlights that CO_2 emissions generated during the construction phase can only be reduced through proper choice of low-carbon building


昂国
ENGRO
TOP-MIX
DURABLE CONCRETE
TOP-MIX
DURABLE CONCRETE
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materials. Embodied CO_2 and Operational CO_2 must be considered during the "design stage" of new buildings. Failure to reduce embodied CO_2 during the construction phase will result in significant amount of lost CO_2 reductions. A recent report from UK's Davis Langdon shows that the embodied CO_2 in a building equates to about 30 years of operational CO_2. In fact, this figure increases as the operational CO_2 of the building gets lower! Hence, the use of low embodied CO_2 materials will significantly reduce the building structures embodied CO_2 footprint.

In 2009, an important milestone of our "Green Initiative" was achieved in the form of an independent carbon footprint assessment duly completed for our selective Green Label products, thus culminating in our first "Carbon Footprint Report" and also being the first local cement sector player to do so. "Carbon Footprinting" serves as a strong "self check" as we took it in stride as our social calling to stress the importance of reducing embodied CO_2 to the industry.

With this report, carbon footprint information of our GGBS, blended cement and green concrete products can be made available to our customers. Our "DuraCrete" brand of green concrete, using GGBS as one of its eco-friendly ingredients, is also known as "Low-Carbon Concrete". It is a matter of time for low-carbon intensity materials to become the main focus of construction sector as at present, the need to reduce embodied carbon is still a relatively new concept to developers and contractors.

Our focus on producing "Low-Carbon Building Materials" came about with the vision that consumers, in wanting to conserve precious primary resources so as to save the planet, will very soon seek out low-carbon products to replace conventional products which inherently are associated with high-carbon intensity. In a foreseeable future where products are properly carbon labelled, no man is too insignificant to play a role in saving the earth as long as consumers have the option to choose 'low-carbon products' over conventional ones.

Under the banner of "Low-Carbon Building Materials", this range of products also serves to educate the market that low-carbon products do not necessarily command a premium price. In fact, our low-carbon Green Label products do not cost more for customers to adopt as compared to conventional building materials. Carbon footprint is not a mere fad; it forms the fundamental concept which facilitates the beginning of a "green era" where carbon labels and carbon indices become a common facet of future procurement decisions.

DuraCrete Low-Carbon Concrete Gaining Prominence

In China, the E.U. and U.S., the use of low-carbon concrete incorporating GGBS and other cementitious materials is very common in their respective construction sector. Singapore construction sector has also started to use low-carbon concrete and is encouraged by the Singapore BCA. In line with the BCA 2nd Green Building Masterplan, the local construction sector is going through a paradigm shift where building contractors and developers are shifting from conventional building practices to more sustainable construction practices. Hence, the market demand for eco-friendly building materials such as low-carbon concrete in Singapore is gaining momentum and will continue to accelerate in tandem with the Green Building campaign besides building durability.

As building contractors realize that they can no longer do what they always do, more will look towards products and solutions available in the market to meet the new challenges of today's new green world.

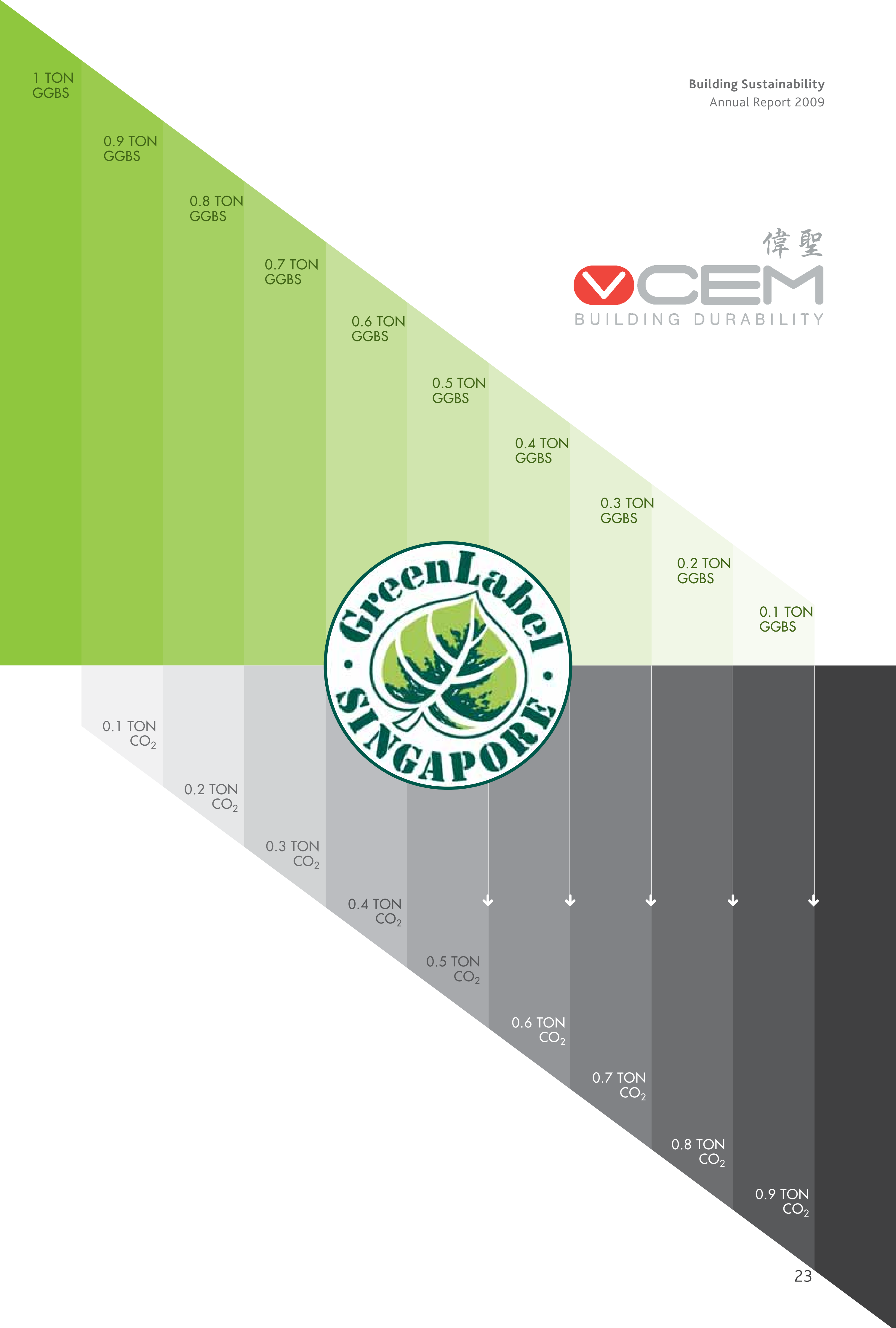
Concrete, being an important building material in the construction phase of a building or structure, can bring about significant reductions in the embodied CO_2 if low-carbon concrete is chosen over conventional concrete. As with all "new materials", it is only new because the application of it has not reach mass usage relative to conventional materials. But with many proven case studies on the use of low-carbon concrete in various concrete building applications, it is only a matter of time before it becomes common in Singapore's construction sector.

Our DuraCrete brand of low-carbon concrete coupled with carbon footprint data, which have received very positive response and encouraging results so far, allow contractors and developers to reliably measure the extent of carbon dioxide (CO_2) savings as a result of using DuraCrete low-carbon concrete. This enables property developers and building contractors to showcase how "green" their buildings are, in order to meet the growing "green" appetite of property buyers in Singapore. By making low-carbon building materials a common element of their building projects, local developers are en route to construct truly sustainable **"LOW-CARBON GREEN BUILDINGS".**

GROUND GRANULATED BLASTFURNACE SLAG
(GGBS)

ONE TON REDUCES NEARLY ONE TON

CARBON DIOXIDE
(CO_2)


1 TON GGBS
0.9 TON GGBS
0.8 TON GGBS
0.7 TON GGBS
0.6 TON GGBS
0.5 TON GGBS
0.4 TON GGBS
0.3 TON GGBS
0.2 TON GGBS
0.1 TON GGBS
0.1 TON CO_2
0.2 TON CO_2
0.3 TON CO_2
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0.7 TON CO_2
0.8 TON CO_2
0.9 TON CO_2


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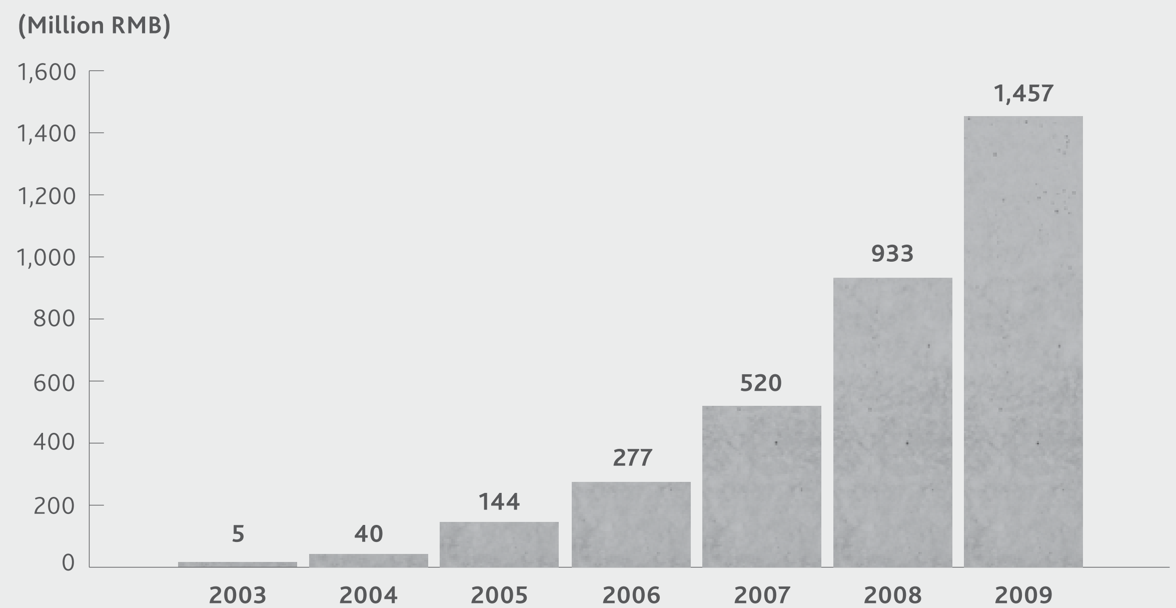
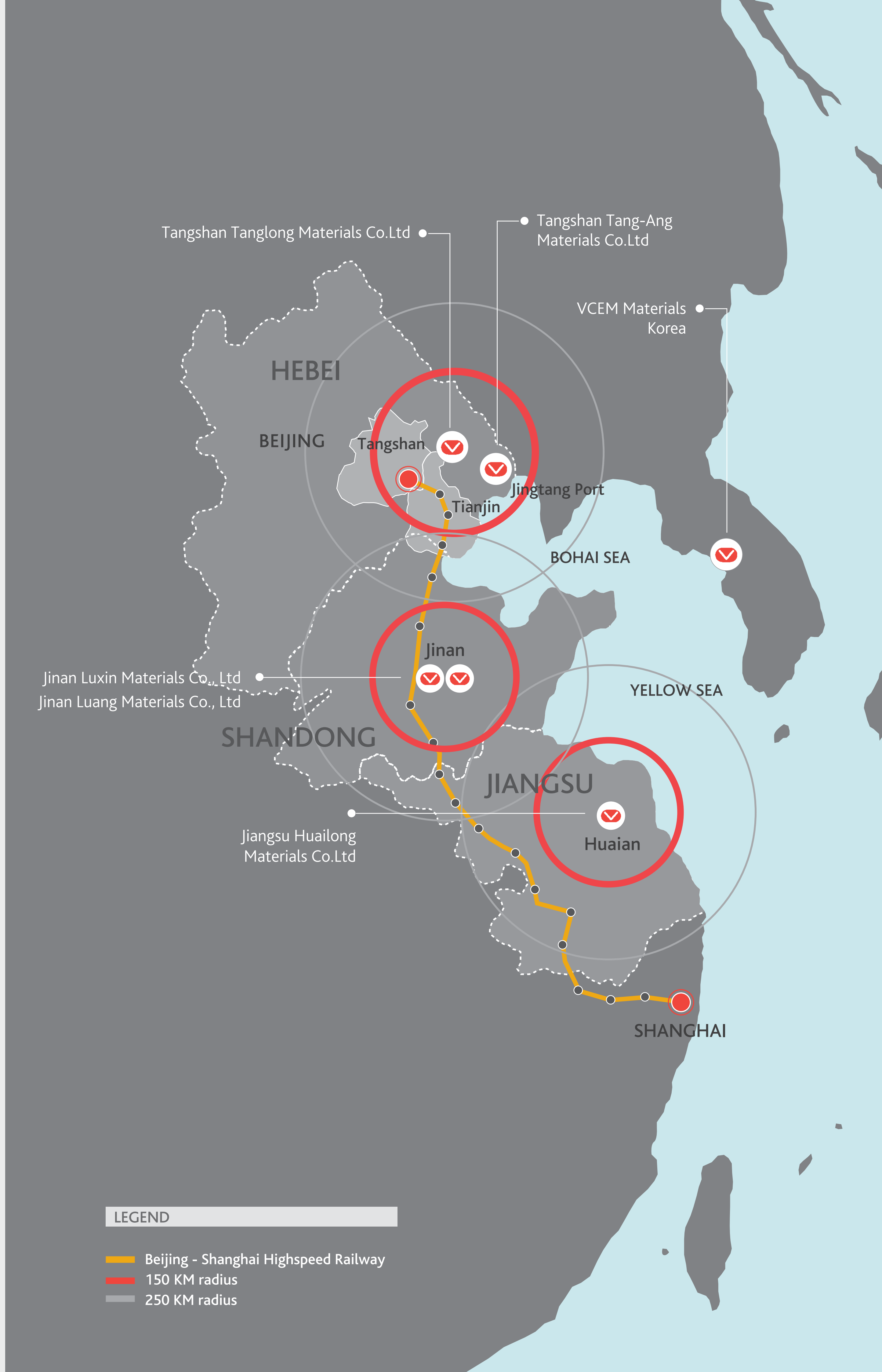
GGBS JV PLANTS
ANNUAL PRODUCTION CAPACITY

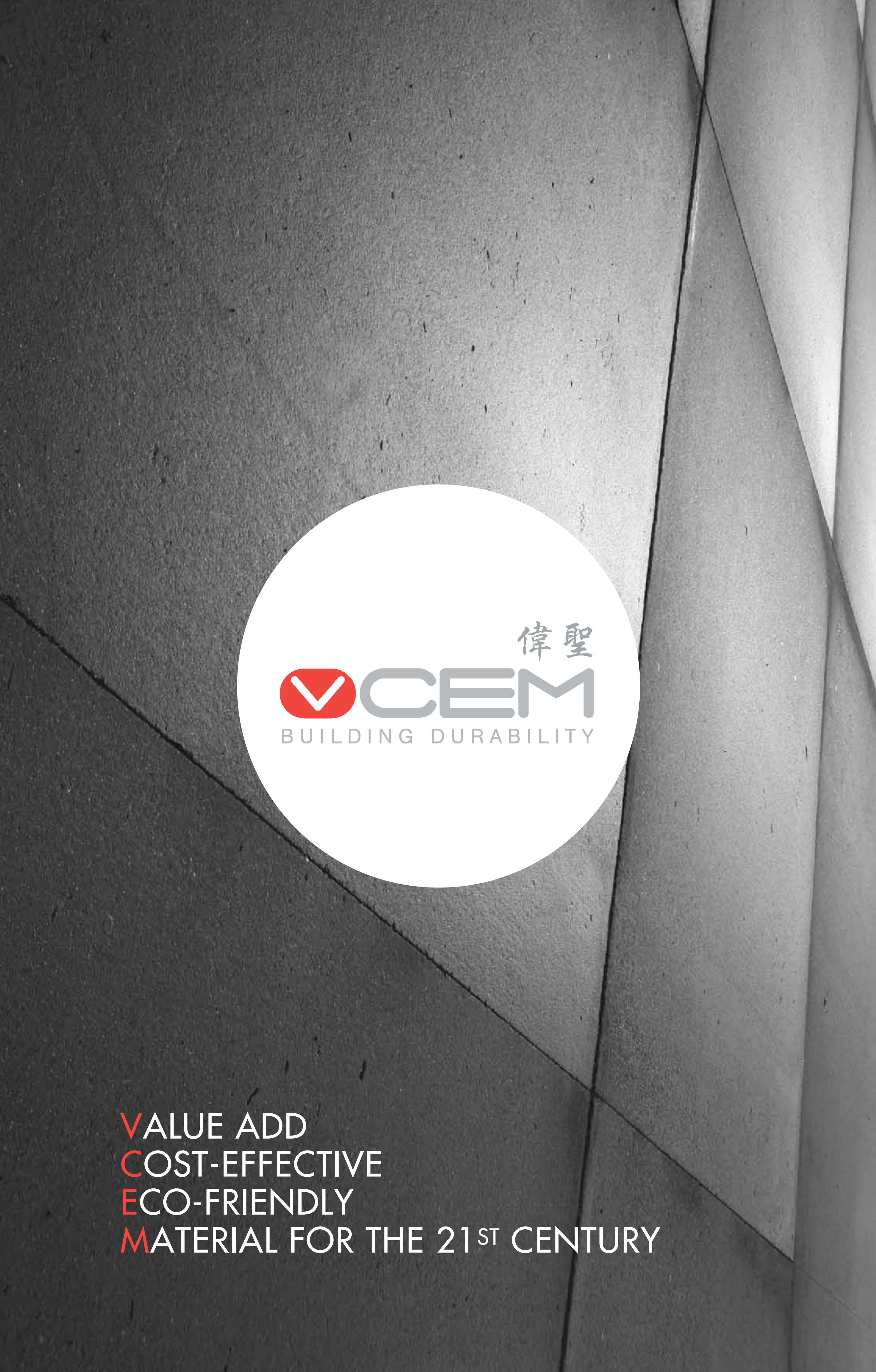
5.3 MILLION TONS P.A.

1.2 MILLION **Tangshan Tanglong** Materials Co., Ltd	0.6 MILLION **Tangshan Tang-Ang** Materials Co., Ltd	0.6 MILLION **Jinan Luxin** Materials Co., Ltd
1.2 MILLION **Jinan Luang** Materials Co., Ltd	1.2 MILLION **Jiangsu Huailong** Materials Co., Ltd	0.5 MILLION **VCEM Materials** Korea

EnGro China GGBS JVs
Accumulative Revenue

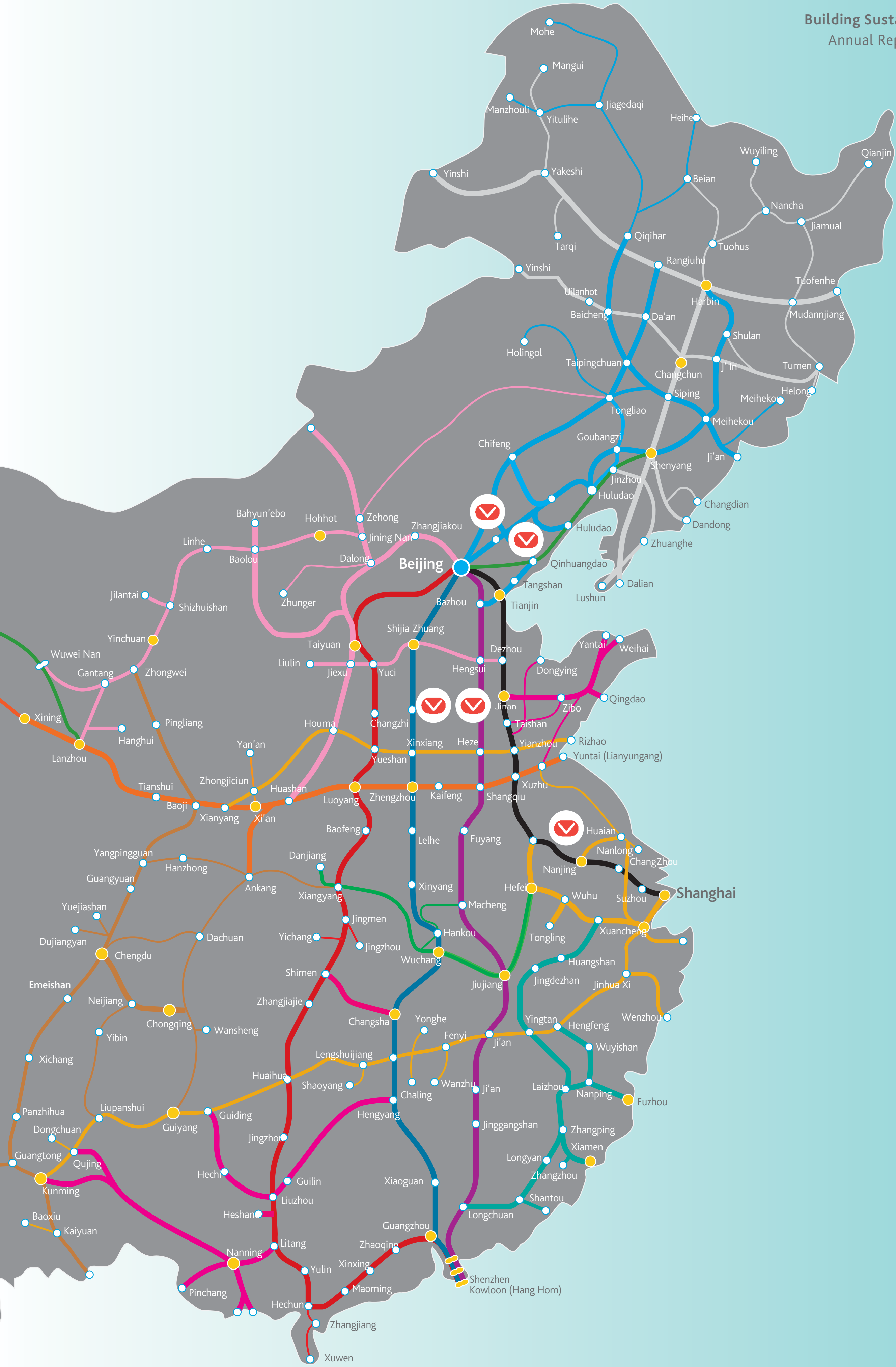






CHINA NATIONAL RAILWAY DEVELOPMENTS

- Jingjiu Line (Beijing to Kowloon)
- Jingguang Line (Beijing to Guangzhou)
- Jingshen Line (Beijing to Shenyang)
- Beijing to Changsha, Guangxi, Guandong, Hainan)
- Jinghu Line (Beijing to Shanghai), Changjiang Delta
- Huhang Line (Shanghai to Hangzhou), Xuanhang Line, Central China Networks
- Longhai Line, Major East-West Railways
- Qingzang Line (Xining to Lhasa)
- Lanxin Line, Xinjiang Region
- Inner Mongolia,Northern Region
- Northeastern Region to Beijing
- Lüda to Northeast Region
- Hanzhong Chanjiang Region
- Changyu Line
- Western Region
- Shangdong Region
- Fujian, Zhejiang Region
- Kowloon Canlon Railway


Mohe
Mangui
Manzhouli
Yitulihe
Jiagedaqi
Heihe
Wuyiling
Qianjin
Yinshi
Yakeshi
Beian
Nancha
Jiamual
Tarqi
Qiqihar
Tuohus
Rangiuhu
Yinshi
Ulanhot
Harbin
Tuofenhe
Baicheng
Da'an
Mudannjiang
Holingol
Shulan
Taipingchuan
Changchun
J'in
Tumen
Siping
Helong
Meihekou
Tongliao
Meihekou
Chifeng
Goubangzi
Ji'an
Shenyang
Jinzhou
Huludao
Changdian
Dandong
Huludao
Zhuanghe
Qinhuangdao
Dalian
Lushun
Tangshan
Tianjin
Bahyun'ebo
Hohhot
Zehong
Zhangjiakou
Jining Nan
Linhe
Baolou
Dalong
Beijing
Zhunger
Jilantai
Shizhuishan
Bazhou
Yinchuan
Taiyuan
Shijia Zhuang
Dezhou
Yantai
Weihai
Wuwei Nan
Liulin
Jiexu
Yuci
Hengsui
Dongying
Gantang
Zhongwei
Qingdao
Jinan
Zibo
Xining
Changzhi
Taishan
Pingliang
Houma
Rizhao
Hanghui
Xinxiang
Heze
Yanzhou
Lanzhou
Yan'an
Yueshan
Yuntai (Lianyungang)
Tianshui
Zhongjiciun
Huashan
Xuzhu
Baoji
Luoyang
Zhengzhou
Kaifeng
Shangqiu
Xianyang
Xi'an
Huaian
Baofeng
Fuyang
Nanlong
Yangpingguan
Lelhe
ChangZhou
Hanzhong
Danjiang
Nanjing
Shanghai
Guangyuan
Ankang
Xinyang
Hefei
Xiangyang
Wuhu
Suzhou
Macheng
Yuejiashan
Jingmen
Tongling
Xuancheng
Dujiangyan
Dachuan
Yichang
Hankou
Jingzhou
Chengdu
Wuchang
Huangshan
Shirnen
Jingdezhen
Jinhua Xi
Emeishan
Jiujiang
Neijiang
Zhangjiajie
Changsha
Yonghe
Yingtan
Hengfeng
Wenzhou
Chongqing
Wansheng
Fenyi
Yibin
Ji'an
Wuyishan
Lengshuijiang
Xichang
Huaihua
Shaoyang
Wanzhu
Laizhou
Chaling
Ji'an
Nanping
Fuzhou
Liupanshui
Panzhihua
Guiding
Hengyang
Guiyang
Dongchuan
Jinggangshan
Zhangping
Jingzhou
Xiamen
Guangtong
Qujing
Longyan
Hechi
Zhangzhou
Kunming
Guilin
Xiaoguan
Liuzhou
Shantou
Baoxiu
Longchuan
Kaiyuan
Heshan
Guangzhou
Litang
Zhaoqing
Nanning
Xinxing
Yulin
Shenzhen
Kowloon (Hang Hom)
Pinchang
Maoming
Hechun
Zhangjiang
Xuwen

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偉聖 VCEM BUILDING DURABILITY

Our VCEM brand GGBS, now renowned as a Value-add, Cost-effective, Eco-friendly, Material for the 21st century, has been supplied to the 1,318km dual-carriageway Beijing-Shanghai High-Speed Railway project

Thanks to these timely measures, China emerged at the end of year 2009 with a GDP growth of 8.7% very much in line with its projection.

Urbanization Gaining Pace In China

Early 2009, when the world economy was threatened with a global meltdown brought about by the financial crisis promising to become the worst global recession felt since the Great Depression of 1929, China government leaders, not wanting its decade-growth to lose steam, swiftly implemented a 4 trillion yuan (US$884 billion) stimulus package.

While these stimulating measures have shown results, they have also raised new issues such as soaring bad bank loans, fears of inflation and slumping fiscal revenues. Nevertheless, China has clearly emerged as the first major economy to recover from the current global malaise and, in the process, it has surpassed Japan to become the second largest economy in the world in the fourth quarter of 2009. Although Japan's gross domestic product (GDP) for 2009 at US$5 trillion was just a tad higher than China's US$4.9 trillion, China from the fourth quarter produced more goods and services (i.e. enjoyed higher GDP) than did Japan. It still has some way to go before catching up with the United States, which boasts a GDP of US$14.5 trillion for 2009. If China can grow 4% faster than the US annually, it is likely to surpass the US economy in 25-30 years.

China has strong pro-growth government that can speed up the modernization of its infrastructure and can exert great influence in certain sectors such as renewable energy, steel and exports of manufacturing goods. China's one-party rule may be suitable for leading a country from a low to middle income nation but to make the leap to a high income nation requires a focus on innovation and a liberal environment that retains and attracts talent.

Over the past decade, narrowing the disparity between the eastern seaboard growth zones and the vast western region was an important issue to be tackled as a result of which China has been emphasizing growth in the western regions. However, reports reveal that the disparity has on the contrary become even more pronounced as the economic growth zones in Pearl River Delta (PRD), Yangtze River Delta (YRD) and Bohai Rim Region continue to attract more investments.

Exodus of suburbanites into the 1st and 2nd tier cities in China continues to put pressure on employment growth in the PRD, YRD and Bohai Rim economic zones. As more suburbanites migrate to the large 1st-tier and 2nd-tier cities, demand for housing, education, medical care, and other lifestyle products will continue to show a burgeoning trend.

China's High-Speed Railway Revolution

To soften the blow, creation of more clustered cities has gathered added momentum with increased significance, and in many instances, such clustered cities are being linked by high speed railway system which creates demand for specialty cement.

On 10 December 2009, the world witnessed the commissioning of a railway line known as Wuhan-Guangzhou High Speed Rail (nicknamed "WuGuang Line"("武广高铁")), the world's fastest train running at over 380 km per hour: This is a dedicated 968-kilometer railway linking Wuhan, in the heart of central China, to Guangzhou, on the southeastern coast. The unveiling of the WuGuang line was completed over a period of four years, at an investment amount of nearly US$15 billion.

This heralds in the beginning of a juggernaut that will drive China's 42 other high-speed railway lines to completion within the next three years. Over the next five years there'll be more high-speed railway added in China than the rest of the world combined. Given the size of the country, the density of the population, and the exponential speed at which technology (particularly the importance of going Green with the sole objective of reducing carbon emissions) is gaining importance, China looks set to be the one nation which will continue to require great amount of specialty cement to satisfy its voracious appetite for major infrastructure projects.

High-speed railway is seen as a clean way to boost the expansion of China's transportation system. Dedicated passenger lines will help meet the ever increasing rail demand projected to more than triple to five billion passengers per year by 2020. Bridges and tunnels as well as the concrete bed


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Our GGBS product has the prowess of a truly eco-friendly product befitting use in the 21st century as it is capable of replacing up to about 80% of conventional material, namely, Ordinary Portland Cement (OPC).

beneath the track have been designed for higher speed train service in times to come.

Our VCEM brand GGBS, now renowned as a Value-add, Cost-effective, Eco-friendly, Material for the 21st century, has been supplied to the 1,318km dual-carriageway Beijing-Shanghai High-Speed Railway project since first quarter of 2008. To-date, close to 600,000 tons of VCEM GGBS has been supplied to the Beijing-Shanghai High-Speed Railway project.

Apart from GGBS used in structural concrete elements, our unique P8000 brand ultra-fine GGBS is an indispensable material used to make the prefabricated slabs in the FF Bögl slab track system approved for high-speed railways. The FF Bögl slab track system consists of transversely pre-stressed precast slabs which are coupled together longitudinally with force-transmitting joints. The system can be used on embankments, frame structures, in tunnels and troughs and even – in a modified form - on long bridges.

Green Continues To Dominate – Carbon Footprint Assessment Completed In April 2009

Our GGBS product has the prowess of a truly eco-friendly product befitting use in the 21st century as it is capable to replace up to about 80% of conventional material, namely, Ordinary Portland Cement (OPC). In April 2009, we completed our first independent carbon footprint assessment on our VCEM brand GGBS produced in two of our GGBS production plants located in Hebei province, China.

In line with Corporate Social Responsibility, and armed with a foresight that in time to come, there will be an obligation for all responsible corporate entities to declare carbon footprint as part of the requirements to accord consumers and end users the option to choose products that best suit their "carbon appetite", our two GGBS production plants in Hebei province had engaged independent environmental consultants to conduct carbon footprint assessment on their products.

This exercise also forms part of an extension of our "Green Initiative" to create greater awareness among members of the construction sector on the need to focus on the "embodied carbon dioxide (CO_2) emissions" of buildings instead of just focusing on "operational CO_2" which addresses energy efficiency of action plans.

The "embodied CO_2" refers to the volume of CO_2 emitted during the manufacture, building and construction of a building or structure. Embodied CO_2 can only be reduced during the construction phase of a building or structure. Hence, if action is not taken timely with a view of reducing the embodied CO_2 during the construction phase, the opportunity to reduce embodied CO_2 may forever be lost. With this understanding in mind, we set out over the past few years to create awareness that the use of low-carbon footprint materials will significantly reduce the building structure's embodied CO_2 footprint. Carbon Footprint is one fundamental principle that will allow the construction industry participants to discern between the various types of materials by reviewing their respective carbon footprint results.

Each ton of conventional cement or also known as Ordinary Portland Cement (OPC) emits nearly one ton of carbon dioxide (CO_2) due to the calcination of the raw materials and the combustion of fuels. The global cement industry singly contributes about 5% of the worldís anthropogenic CO_2. Since 2002, member companies of the World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative (CSI) have collectively made significant progress on measuring, reporting and mitigating their CO_2 emissions, and sharing their progress with the rest of the cement industry. One of the key levers for carbon emission reductions is the substitution of carbon-intensive clinker with other, lower carbon materials with cementitious properties. Our GGBS is a type of low-carbon cement that may prove irreplaceable in meeting the global movement of the cement majors to substituting carbon-intensive clinker on one-to-one basis by mass.

The chemical and mechanical properties of GGBS are similar to those of Portland cement. GGBS has been proven to be economically viable and tested at scale for long-term durability. It is no longer just applicable to niche markets; in China in particular, this material has gained wider acceptance in the construction industry where stringent material and building

standards exist. In the long term the fact that GGBS offers opportunities to reduce the CO_2 intensity of cement production assures the product to attract strong support by governments as well as different industries.

In spite of Copenhagen Meeting resulting in no binding commitments, the evolving green movement will continue to be driven by growing public awareness and strong initiatives taken by players from different industries, with growing numbers waking up to the significance and importance of Corporate Social Responsibility (CSR).

In China, the building of eco-friendly cities ("Eco-Cities") has proliferated and the speed at which such Eco-cities will continue to mushroom is likely to increase rapidly under circumstances where being "Green" is of so much more importance as the days go by. Tianjin Eco-City project is one good example, the other being the Nanjing Jiangxin Eco-Island project and the Hangzhou Eco-Park project. From this time last year, we have been seeing more eco-cities being rolled out, and these are live examples of the concept of man living in harmony with his fellow men, with the economy and with the environment. Although EnGro can only play a small role to advance a greener future for the future generations in China as well as the rest of the world, our devotion for a greener future for our environment will continue relentlessly.

VCEM - Our GGBS Brand Name
VCEM, serving as a common platform for our GGBS JVs to show a united force and strength is gaining greater appreciation and wider acceptance as the over-spilling effects become apparent. VCEM has a Singapore heritage in that it was coined by our Chairman and has the support of EnGro's Singapore-based central lab team. It is worth highlighting that as of February 2010, all our GGBS associates in China have obtained approval from the Singapore Environment Council (SEC) to use the Singapore Green Label certification, thereby attesting to the green attributes of their VCEM brand GGBS befitting the description of an eco-friendly building material. The power of VCEM Brand becomes a force felt by our partners, and it is our vision that end-users will similarly be enamored with VCEM brand name.

From the beginning of our venture into China's specialty cement business since 2002, capacity building has been our unannounced main focus. As we strive to seek out more joint venture possibilities, we will continue to adhere to our strategy which has served us well, namely, to work hand in hand with steel partners by assisting them to turn a recycling industry into a profitable win-win situation for both. The success

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Board Meetings of China GGBS associate companies

achieved to-date is visible to all of our partners and in the process we have made true friends in China. As China gains momentum rapidly in its push for a greener environment, we remain confident that the valuable experience we have amassed over the last few years will come in handy for our JV plants to become meaningful players in this arena.

Infrastructures Development In China And Asia - Continuing Boost To GGBS Demand

Economic stimulus packages introduced by China and other Asian governments continue to play a contributory role in the growth of their respective economies where infrastructures development has been one of the key prime-pumping tools to ensure Gross Domestic Product (GDP) continues to grow.

With China having commissioned the world's fastest train and railway line, success of China's continuing growth is to a large extent going to rely upon its grandiose plan which will be pivotal in connecting 1st-tier cities with the surrounding 2nd-tier, or even 3rd-tier cities via an extensive high-speed railway network thereby creating the formation of cluster economies aimed at mobility thereby boosting domestic consumptions through improved flow of people, goods and services within these new economic clusters.

EnGro's GGBS Business Stands On Strong Footing Amidst Uncertain Times

As the world economy continues to be troubled by much unknown looming around at different corners of the global financial sectors, the future looks, indeed, at best uncertain. Fortunately, our GGBS business sits pretty well under the present seemingly unfavourable circumstances.

As espoused last year, the process of building our specialty cement (GGBS) business is really akin to wine-making, and we're still at the stage of nurturing the vines, fully aware that harvesting is a long way ahead of us. To achieve a quintessentially elegant, expressive and harmonious, all encompassing wine, our harvesters are accumulating skills and experience, fine-tuning as they plough along. We continue to believe that the seeds that we have picked and planted will prove to be vintage, but more time is required.

The color of the day is "Green" and we believe there is more to be done in the "Green" sphere, such that we are confident of GGBS having more than just eco-labels and low carbon footprints to offer. Beyond this, we are standing up to offer our experience and knowledge for sharing with industry peers as part of our "Friends in Building Sustainability" platform, which will enable small- and medium-sized enterprises (SMEs) to gain strength through our joint mutual interactions with them.

As bears retreat into hibernation, and the bulls return in form, we will ride the bulls cautiously optimistic that our specialty cement can offer more to our customers, partners and stakeholders.

"The pathway toward a more sustainable future presents vast opportunities in a range of business segments as global challenges become the key strategic drivers for companies over the next decade." (Quoted from the Vision 2050 Project paper published by the World Business Council for Sustainable Development (WBCSD) in February 2010)

SPECIALTY POLYMER
RESIN & PIGMENT TECHNOLOGIES (R&P)

VALUE ADDING
SPECIALTY POLYMER

KEY MILESTONES

SPECIALTY TOLL
COMPOUNDING AGREEMENT

TS/ISO 16949 CERTIFIED

AWARDED TS/ISO 16949CERTIFICATION IN 2008

SPECIALTY POLYMER

www.resinpts.com

Located within Singapore's petrochemical hub, R&P suitably fits into the strategic growth direction of the country to provide specialty value-add to the downstream petrochemical businesses.

Singapore's Jurong Island Petrochemical Industry On A Rapid Growth Path

Singapore has established itself as one of the leading oil refining and petrochemicals locations in Asia and the rapid growth of its petrochemicals sector stems from the country's strong base in petroleum refining. The Singapore government has widely promoted petrochemicals projects to broaden its industrial mix and integrate its existing base of oil refineries with the growing downstream petrochemicals business.

The favorable investment climate and strong Singapore government support has placed Singapore as a destination of choice for petrochemical majors. Moreover, the country is focusing on strengthening its technology and knowledge base via the establishment of research institutes to support investors. Also in the works is the focused growth of chemical and petrochemical logistics capabilities to further support these investors. In fact, the chemical sector contributed approximately 30% of Singapore's total manufacturing output in 2009, establishing it as one of the leading sectors steering the nation's economy.

Singapore's Jurong Island is the centerpiece of the energy and chemical industry in the country and home to more than 95 leading petroleum, petrochemicals and specialty chemicals companies from all over the world. It has attracted investments of over S$30 billion thus far. With its 'plug-and-play' infrastructure and industry integration which includes shared facilities such as marine facilities, wastewater facilities and service pipelines, companies located in the island can save up to 20% of their capital costs. Jurong Island is an ideal, cost-effective base for integrated production in the region, providing a unique advantage for investors from around the world.

The year 2010 sees the world emerge from the global recession and the demand for petrochemical products growing in Asia Pacific, especially China. Coupling the positive demand outlook with the ideal geographical location of Jurong Island and Singapore within the region, the new petrochemicals capacity in Singapore is positioned to focus on serving the Chinese market. And with the coming on stream of the world-class Shell and ExxonMobil crackers in 2010 and 2011 respectively, Singapore's ethylene capacity will be doubled to four million tons per year. Thus allowing the industry to further avail ready feedstock for specialty chemical and advanced material manufacturing opportunities.

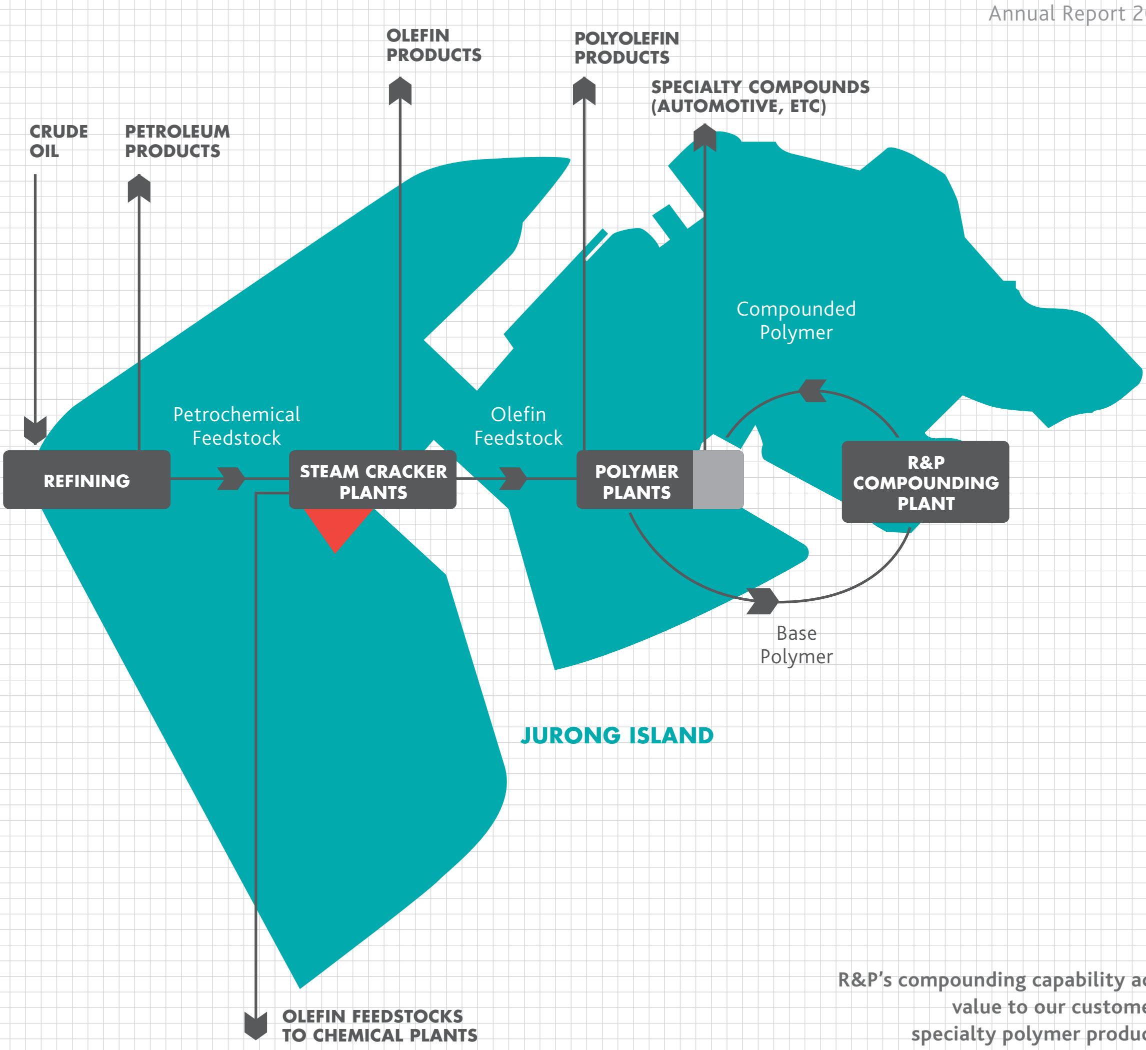
Singapore's petrochemical hub in Jurong Island has the economics of scale in operations and is expected to help Singapore become one of the supply leaders in Asia's olefin market, and thus provide a strong presence in the general purpose resin market. The credibility and popularity of Singapore as a regional energy and petrochemicals hub also serves to help the industry encourage expansion of existing facilities and attract new investments as economic conditions improve.

Our specialty polymer business subsidiary Resin & Pigment Technologies (R&P) is well-positioned to take advantage of this positive outlook surrounding Singapore's petrochemical hub. Located within Singapore's petrochemical hub, R&P suitably fits into the strategic growth direction of the country to provide specialty value-add to the downstream petrochemical businesses.

Having established itself as part of the petrochemical value chain within Singapore's Petrochemical Hub in Jurong Island, R&P stands out as a niche and pioneer toll compounder in Singapore's petrochemical hub on Jurong Island. Equipped with ISO/TS 16949 certification, R&P has proven to be of high quality and operational standards suited even for the stringent automotive industry.

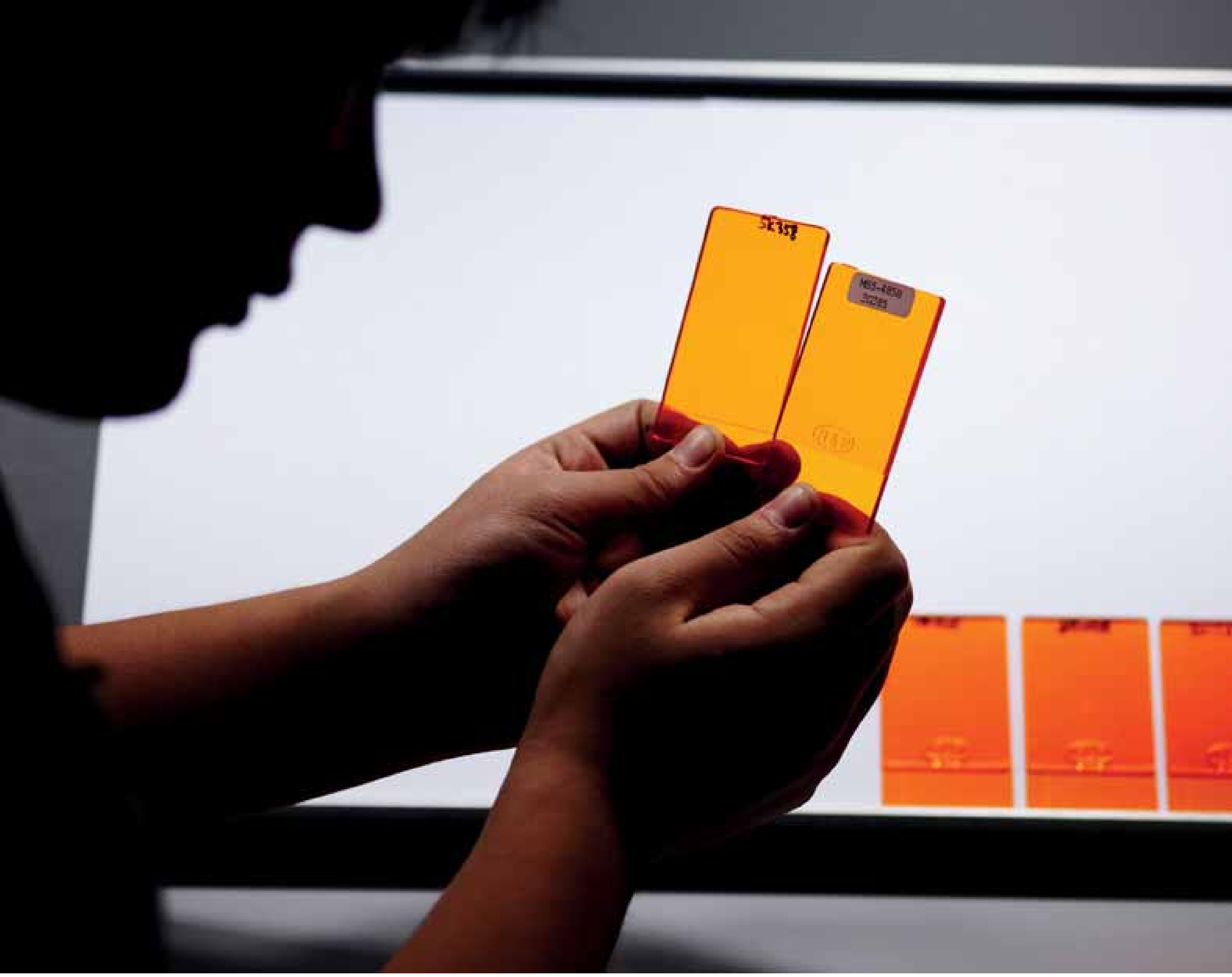
Chemical Logistics Landscape Set To Change

As a key host to the industry, Singapore's prominence in the logistics industry has not gone unnoticed. The country was ranked amongst the top 3 logistics hubs in the latest World Bank shipping survey, and lays host to 21 of the world's top 25 Third Party Logistics companies. The Singapore government aims to provide best-value industrial facilities, and facilitate value-creation in the industry for



R&P's compounding capability adds value to our customer's specialty polymer products.

R&P is located within the Jurong Logistics Terminal (Aerial View)



Specialty Polymer

third party service providers (3PLs), chemical logistics companies and companies requiring general warehousing through the establishment of several logistic hubs in the country.

As part of the plan to support Singapore as a Petrochemical hub on Jurong Island is the Banyan LogisPark, an 80 hectare strip of land dedicated to transshipment and break-bulk operations for bulk liquid petroleum and petrochemicals products, supporting manufacturers in Singapore and within the Asian chemicals industry. Being Singapore's first integrated chemical logistic park, it serves as a one-stop hub to handle both bulk liquids and solid chemicals and houses the global scale Belgium Chemical logistics provider Katoen Natie.

The establishment of strong chemical logistic handling capabilities within the country provides economies of scale to chemical manufacturers who will be able to reduce their logistics costs significantly while focusing on their core competency. This includes various focuses on supply chain integration with third party chemical logistic companies outsourcing downstream activities such as Filling, Packaging, Sampling and also Contract manufacturing. In anticipation for this need is the strongly established operational partnership between Katoen Natie and R&P which provides Compounding, Processing and Logistics one-stop services under one roof in the Jurong Logistics Terminal.

With the logistic infrastructure and operation support as foundation of R&P's business strategy, R&P is well-plugged into the mainstream of the chemical and polymer value-adding chain on Jurong Island.

Petrochemical Capacity Expansion In Singapore

In the recovery year of 2009, most of the petrochemical companies have picked up their momentum. In the past year, the most notable change in the landscape of Jurong Island being ExxonMobil's multi-billion expansion on the Singapore Parallel Train Petrochemical Complex.

The new chemical complex will feature the latest, state-of-the-art proprietary technologies. The project will be located at and fully integrated with the company's existing Singapore site on Jurong Island, providing feedstock, operating and investment synergies with both the chemical plant and refinery. It is scheduled to start-up in 2011.

ExxonMobil has also established a toll compounding agreement with R&P. Under the agreement, R&P will manufacture a broad range of ExxonMobil Chemical's specialty compounds for use in the automotive interior and exterior applications, appliances and consumer products.

The R&P facility is located just two kilometers from ExxonMobil Chemical's petrochemical complex. ExxonMobil Chemical 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.

Specialty compounds, such as ExxonMobil's line of Exxtral™ performance polyolefins, will be produced at R&P's facility to supply customers throughout Asia Pacific. This new capacity, which can be expanded significantly in line with growing needs, will enhance ExxonMobil Chemical's global competitiveness in supply. ExxonMobil Chemical will utilize its existing sales network and service infrastructure to serve customers across the region.

Riding on the toll compounding arrangement with ExxonMobil Chemical, R&P's value-adding role has since stepped up the pace, with positive range and quantities of specialty compounds scheduled for manufacturing in 2010 and beyond.

INVESTMENTS

The General Partners of our venture capital (VC) funds have been very focused on ensuring that their stronger portfolio companies were adequately funded and business models refocused to stay relevant to market needs so that they will emerge stronger and better positioned as the economy recovers.

Venture Capital Investments
Given the difficult exit environment and the sentiments of a weak IPO market, the General Partners of our venture capital (VC) funds have been very focused on ensuring that their stronger portfolio companies were adequately funded and business models refocused to stay relevant to market needs so that they will emerge stronger and better positioned as the economy recovers.

There were signs of increased M&A activities with companies able to generate sustainable revenue growth, and more venture-backed companies are filing to go for IPO in the second half. Although the number of IPOs will not return to pre-crisis levels any time soon, we are cautiously optimistic that this will lead to more exit opportunities from our venture capital fund portfolio companies in 2010. With the stock market rallying towards the end of 2009, the value of our quoted stocks had also appreciated in tandem.

While fund raising activities in the US venture capital sector remained low-key throughout 2009, the fourth quarter offers signs of hope that 2010 will see more exit opportunities. The year also ended with 12 venture-backed Initial Public Offerings and 263 M&A transactions.

Although the US VC community has also consolidated to be more nimble, it is also clear that the path to full recovery will take time as each fund work through their portfolio to ensure the ones with the great potential will survive. The increasing acquisition values and the number of companies that have filed an IPO registration with the United States SEC to go public is very encouraging. Therefore we are cautiously optimistic that this momentum will lead to more exit opportunities from our venture capital fund portfolio companies in 2010.

We continue to subscribe to the strategy that our long term VC investments will act as catalyst to spur growth and technology innovation within our Group and we remain selective and committed in our investment program.

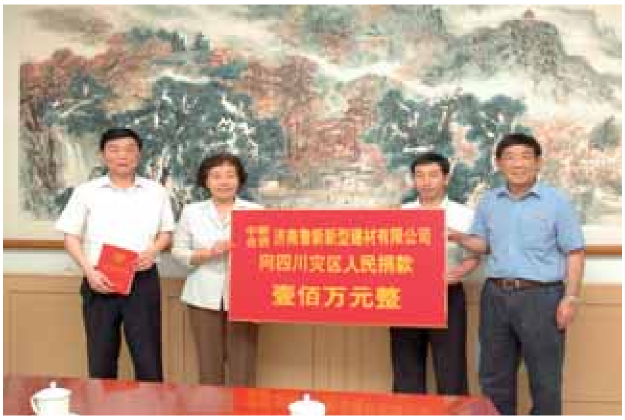
Partnership in Property Development
Our partnership with Ho Bee Group in property development has yield good results. Since 1999 we have taken part in the Parliament View luxury apartment project in London and have expanded to projects in Singapore and Shanghai.

The Coast, a lifestyle residential property development at Sentosa Cove which was 100% sold obtained TOP in 2009. Another project, Turquoise, a 91-unit condominium at Sentosa Cove is expected to obtain TOP in June 2010. During 2009, we also took a 10% stake in the Tangshan Nanhu Eco-City project (唐山南湖生态城) in Hebei province, China jointly led by Yanlord and Ho Bee Group. Tangshan is one of the fastest growing cities in the Bohai Economic Region with GDP that is among China's top 20 cities. The Tangshan Nanhu Eco-City will incorporate modern yet environmentally conscious living conditions and comprehensive recreational amenities. It occupies a strategic location within a high-speed rail service linking up Beijing, Tianjin and Tangshan by way of a half-hour ride from point to point. We continue to expect good earnings contribution from property development projects in the coming year.


神奇南湖

CORPORATE SOCIAL RESPONSIBILITY

At EnGro, we believe in going the extra mile to help the community through our small but meaningful gestures, we do not wait for things to be broken before fixing it, we fix things proactively in line with our corporate vision of "**BUILDING SUSTAINABILITY**".



Top to bottom
EnGro staff with students from Huai An

EnGro's GGBS associate company donating RMB1 million towards Sichuan Earthquake relieve efforts

EnGro Young-Leader Scholarship
In 2009, scholarships were provided to 5 selected Chinese government officials from Jiangsu province's Huai An city to pursue a one-year postgraduate programme at Nanyang Technological University (NTU), for either a degree in Master of Science in Managerial Economics (MME) or Master of Public Administration (MPA). It is hoped that through our small but meaningful gesture, the programmes will go a long way in fostering ties between China and Singapore, and open up more avenues for collaboration.

As was the case of the 2 officials from Tangshan in 2008, we were able to create opportunity for cultural exchange and closer relationship between Singapore and Huai An as well as between Singapore and Tangshan

In recognition of the kind sponsorship by EnGro, these five students from Huai An even took the effort to pen an appreciation letter to our Chairman, symbolizing their gratitude for what EnGro has done for them.

In Aid of Sichuan Earthquake
The devastating earthquake on 12 May 2008 in Sichuan, China, with a magnitude of 7.8 on the Richter scale, left many dead or injured and caused wide spread damage as well as destruction to the communities and infrastructure. Our Shandong associate company, Jinan Luxin on 23 May 2008 donated RMB 1 million in cash to support the disaster relief efforts and rebuilding of the affected areas. With the generous donations and aids from all corners of China, people from all over the world came together in a united front. EnGro takes consolation in having participated in a small way through our Shandong associate company.

A Good Cause for Ren Ci Hospital
EnGro donated to Ren Ci Hospital and Medicare Centre ("仁慈医院及医护中心") during the Ren Ci Charity Show 2010, a charity show where S$7.33 million was successfully

EnGro's donation to Ren Ci Hospital

raised. Ren Ci provides high quality and affordable intermediate and long-term care services for the community.

Building Sustainability in a Carbon-Constrained World
At EnGro, we have a vision of a world, where mankind's consumption patterns will be influenced by carbon footprint. It is envisaged that in the not too distant future, consumers will depend on carbon labels on product packaging to discern which product fits their "carbon appetite". More people become more conscious of earth's state of climate deterioration and humans will crave for solutions to decelerate the rate of harm caused by the negative causes of global warming. Hence, it requires a push for resource efficiency and a drive for reduced carbon emissions.

Governments of the world will soon begin promoting carbon footprint labelling systems to help businesses gear themselves to the global momentum moving towards low-carbon "greener products". Such a system can help consumers comprehend the impact of items they purchase and indirectly mitigate global warming. With a gradual progression of consumption patterns moving in favour of "green products", this heralds the arrival of the "global low-carbon economy".

The business world has a role to play in preparing for such an eventuality - the "Green Era" of modern history. Some global corporate giants are already stepping up in this movement. For instance, Wal-mart in 2009 started to ask its suppliers to provide environmental information on all products carried in its stores; Wal-Mart Stores will then use that information to label each item with an eco-rating, designed to measure its environmental friendliness.

At EnGro, we believe that carbon footprint not only applies to consumer products, but also applies to industrial products as well. As part of the construction fraternity, we see it as our duty and responsibility to promote a sustainable built environment through responsible use of low-carbon building materials. Although it means EnGro has to walk the extra mile to earn the reputation as one of the few "green and caring" building material suppliers EnGro's pro-active mindset will bring about greater awareness and stimulate "green actions" from the construction industry. A global leading IT service provider is also taking carbon footprinting very seriously and setting carbon reduction targets. Once thought of as "nice to have", carbon reduction targets are now a "need to do" and these carbon reduction targets are getting more aggressive.

We do not wait for things to be broken before fixing it, we fix things proactively in line with our corporate vision of "BUILDING SUSTAINABILITY".

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
	40%	Jinan Luxin Materials Co Ltd
	40%	Jiangsu Huailong Materials Co Ltd
	40%	Jinan Luang Materials Co Ltd
	40%	Tangshan Tang-Ang Materials Co Ltd
	40%	VCEM Materials Co Ltd
RMC	100%	Top-Mix Concrete Pte Ltd
	40%	Changshu Chang Long Concrete Co Ltd
	40%	Changshu Chang Xin Ready Mix Concrete Co Ltd
	40%	Changshu Chang Yin Ready Mix Concrete Co Ltd
DRY MIX	100%	S3 Technologies Pte Ltd
	100%	S3 Technologies (S) Pte Ltd
	100%	CemtecAsia (M) Sdn Bhd
	100%	S3 Technologies Sdn Bhd
	100%	Shanghai S3 Building Materials Co Ltd

SPECIALTY POLYMER

91.34%	Resin & Pigment Technologies Pte Ltd
91.34%	Resin & Pigment Technologies (Wuxi) Co Ltd
91.34%	Resin & Pigment Technologies Sdn Bhd

INVESTMENTS

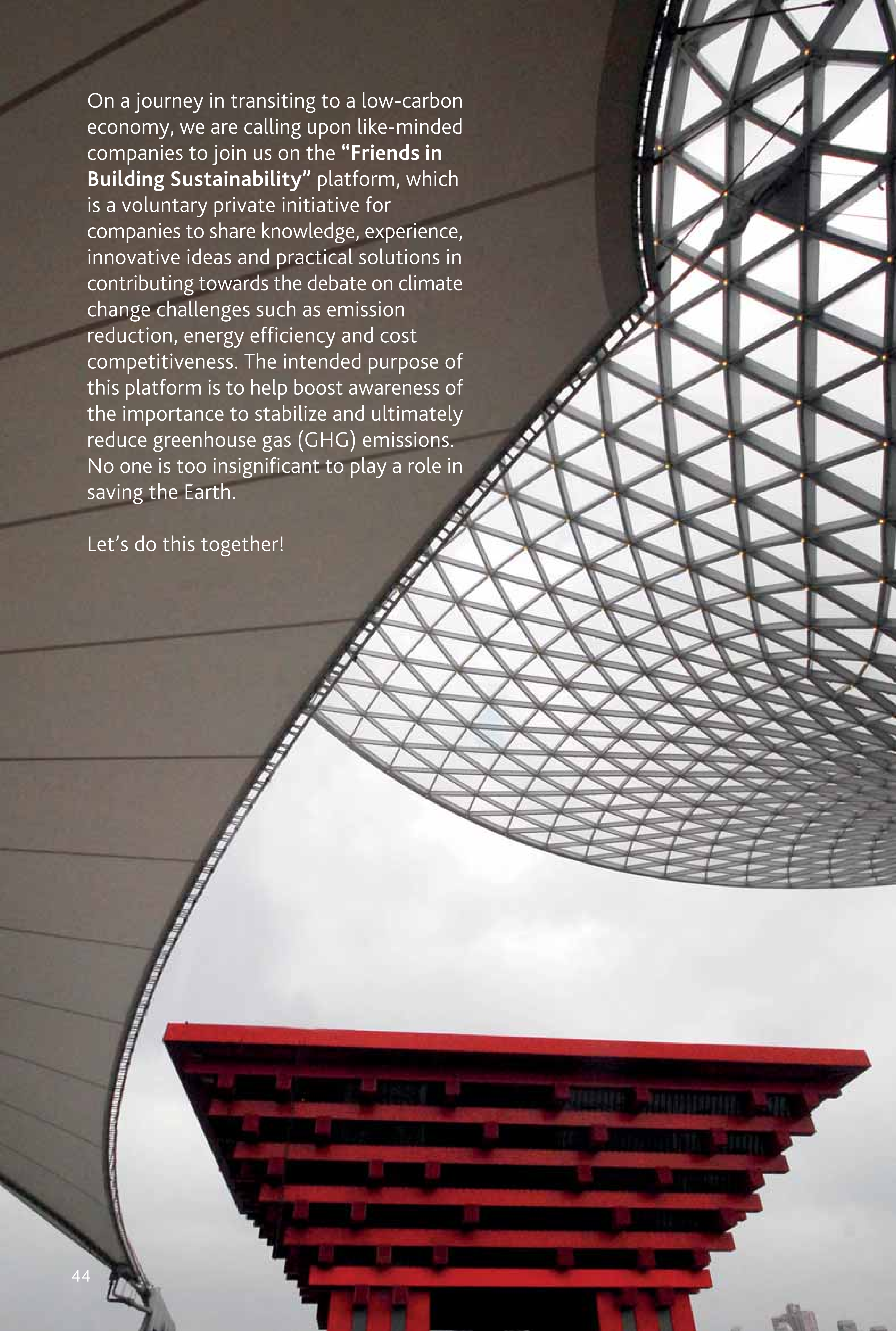
100%	Sancem Investment Pte Ltd
100%	SsangYong LTI Pte Ltd
100%	e-Invest Limited
100%	Juniper Capital Ventures (Pte) Ltd

PROPERTY DEVELOPMENT

30%	HBS Investments Pte Ltd
30%	Parliament View Developments Limited
20%	HB Investments (China) Pte Ltd
10%	Ho Bee Cove Pte Ltd

On a journey in transiting to a low-carbon economy, we are calling upon like-minded companies to join us on the **"Friends in Building Sustainability"** platform, which is a voluntary private initiative for companies to share knowledge, experience, innovative ideas and practical solutions in contributing towards the debate on climate change challenges such as emission reduction, energy efficiency and cost competitiveness. The intended purpose of this platform is to help boost awareness of the importance to stabilize and ultimately reduce greenhouse gas (GHG) emissions. No one is too insignificant to play a role in saving the Earth.

Let's do this together!



CORPORATE GOVERNANCE REPORT

EnGro Corporation Limited (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). This report describes the Company's corporate governance processes and activities with specific reference to the Singapore Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs
(Principle 1)

The Board's principal functions include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.

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").

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

The number of Board, NC, AC and RC meetings held during the financial year ended 31 December 2009 ("FY2009") 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	4	1	1	-	-	-	-
Tan Choo Suan	5	5	-	-	4	4	2	1
Ng Tat Pun	5	5	1	1	4	4	-	-
Soh Kim Soon	5	5	1	1	-	-	2	2
Tan Keng Boon	5	5	-	-	4	4	2	2

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.

CORPORATE GOVERNANCE REPORT

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 Composition and Balance
(Principle 2)

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.

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.

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

Chairman and Chief Executive Officer
(Principle 3)

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.

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 Membership
(Principle 4)

Nominating Committee

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.

The NC has reviewed the independence of each director for FY2009 in accordance with the Code's definition of independence and is satisfied that half of the Board comprises independent directors.

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.

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.

CORPORATE GOVERNANCE REPORT

The directors who held office during the year up to the date of this report are disclosed in the Report of Directors on page 53. Details of the directors' profiles are set out on page 10 of this Annual Report.

Board Performance
(Principle 5)

The NC is responsible for assessing the effectiveness and performance of the Board. In FY2009, 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 flow to the Board, Board procedures, as well as regularity of attendance and participation by Board members at meetings.

Access to Information
(Principle 6)

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.

The Board (whether individually or as a group) has, in the execution of its duties, access to independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Remuneration Committee
(Principle 7, 8 and 9)

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.

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.

CORPORATE GOVERNANCE REPORT

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

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.

The table below shows a summary of the remuneration of the directors for the year ended 31 December 2009:

	Remuneration band (1)	Fees	Salary	Bonus	Other benefits	Total
	S$	%	%	%	%	%
Executive Directors						
Tan Cheng Gay	1,250,000 to 1,500,000	–	38	61	1	100
Tan Yok Koon	250,000 to 500,000	1	57	36	6	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	–	56	33	11	100
Ho Pol Lim Eugene	0 to 249,999	–	56	30	14	100
Tan Kah Hock Eddy (resigned on 31 Aug 09)	0 to 249,999	–	90	–	10	100
Tseng Kau Chou	0 to 249,999	–	73	15	12	100
Wong Toon Hong	0 to 249,999	–	71	21	8	100
Jamie Lee	0 to 249,999	–	91	–	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 FY2009 (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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability
(Principle 10)

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).

Management had provided each member of the Board with management accounts on a quarterly and monthly basis so that they will be better informed on how the Group and Company are performing.

Audit Committee
(Principle 11)

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.

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.

In FY2009, both the AC and the Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rule 716 of the SGX-ST Listing Rules.

The AC has reviewed the non-audit services provided by the external auditors to the Group in FY2009 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 FY2009 and had accordingly reported its findings to the Board.

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

CORPORATE GOVERNANCE REPORT

Internal Controls
(Principle 12)

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.

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 24 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.

Internal Audit
(Principle 13)

Part of the internal audit function has been outsourced to UHY Lee Seng Chan & Co which reports directly to the Audit Committee. The Internal Auditor also reports directly to the Chairman of the AC on audit matters.

COMMUNICATIONS WITH SHAREHOLDERS
(Principle 14 and 15)

The Company has adopted quarterly reporting of its financial results with effect from FY2003. Accordingly, in FY2009, 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.

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.

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

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

CORPORATE GOVERNANCE REPORT

Internal Code On Dealings With Securities

An internal code, which complies with Rule 1207(18) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its results for the first three quarters of the year. The Directors and officers are not allowed to deal in the Company's shares one month before the announcement of its full year results.

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

Interested Person Transaction

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 2009 is as follows:

Name of interested person	Aggregate value of all interested person transactions for the year ended 31 December 2009 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Ho Bee Cove Pte Ltd		
Repayment of Loan	4,952	-
HBS Investments Pte Ltd		
Loan	906	-
Ho Bee Investment Ltd		
Management Fee	1,919	-

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 2009

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 2009.

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 2010
The Company			
Ordinary shares			
- direct interests held			
Tan Cheng Gay	579,750	579,750	579,750
Tan Yok Koon	366,000	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
Tan Keng Boon	–	30,000	30,000
- deemed interests held			
Tan Cheng Gay	826,000	826,000	826,000
Tan Choo Suan	60,963,500	60,137,500	60,137,500
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
- 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	1,200,000
Tan Yok Koon	500,000	500,000	500,000
- at $0.55 per share (granted on 30 March 2009), between 31 March 2010 to 29 March 2019			
Tan Cheng Gay	–	1,600,000	1,600,000
Tan Yok Koon	–	500,000	500,000

DIRECTORS' REPORT

Year Ended 31 December 2009

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 notes 13 and 26 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), 8 January 2008 (Option 2) and 30 March 2009 (Option 3).
(b) The exercise prices of the options are set at $0.75 per share (Option 1), $1.17 per share (Option 2) and $0.55 per share (Option 3).
(c) The options can be exercised after 1 December 2007 (Option 1), 8 January 2009 (Option 2) and 30 March 2010 (Option 3).
(d) The options granted shall expire on 1 December 2016 (Option 1), 7 January 2018 (Option 2) and 29 March 2019 (Option 3).

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 2009	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2009	Number of option holders at 31 December 2009	Exercise period
1/12/2006	$0.75	1,420,000	–	(65,000)	(105,000)	1,250,000	12	2/12/2007 – 1/12/2016
8/1/2008	$1.17	3,145,000	–	–	(165,000)	2,980,000	22	9/1/2009 – 7/1/2018
30/3/2009	$0.55	–	3,575,000	–	(135,000)	3,440,000	20	31/3/2010 – 29/3/2019

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 2009

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

Name of director	Options granted for financial year ended 31/12/2009	Aggregate options granted since commencement of Scheme to 31/12/2009	Aggregate options exercised since commencement of Scheme to 31/12/2009	Aggregate options outstanding as at 31/12/2009
Tan Cheng Gay	1,600,000	3,145,000	–	3,145,000
Tan Yok Koon	500,000	1,285,000	(285,000)	1,000,000

Tan Cheng Gay and Tan Yok Koon are associates of Tan Choo Suan, a controlling shareholder of the Company. Saved as disclosed above, since the commencement of the Scheme, no options have been granted to any other controlling shareholders of the Company and/or their associates and no other participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

Since the commencement of the Scheme, no options have been granted to employees of the holding company or its related companies 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.

DIRECTORS' REPORT

Year Ended 31 December 2009

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 2010

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 59 to 113 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 2009 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 2010

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 2009, statement of comprehensive income, 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 59 to 113.

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 2009 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 2010

BALANCE SHEETS

As At 31 December 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Assets					
Property, plant and equipment	3	9,287	10,918	719	783
Subsidiaries	4	–	–	53,582	66,340
Associates	5	60,913	57,872	33,407	33,387
Other investments	6	26,121	35,375	2,495	3,214
Other financial assets	7	172	956	172	956
Total non-current assets		96,493	105,121	90,375	104,680
Inventories	8	8,038	11,327	4,335	5,490
Trade and other receivables	9	25,535	33,871	28,374	26,071
Other investments	6	9,438	16,807	41	2,415
Cash and cash equivalents	10	42,750	15,877	36,483	8,642
Assets classified as held for sale	22	1,215	–	–	–
Total current assets		86,976	77,882	69,233	42,618
Total assets		183,469	183,003	159,608	147,298
Equity					
Share capital	11	83,654	83,605	83,654	83,605
Reserves	12	84,102	67,228	65,300	45,572
Equity attributable to equity holders of the Company		167,756	150,833	148,954	129,177
Minority interest		775	1,149	–	–
Total equity		168,531	151,982	148,954	129,177
Liabilities					
Financial liabilities	14	1,938	1,705	77	620
Deferred tax liabilities	15	498	492	–	–
Total non-current liabilities		2,436	2,197	77	620
Trade and other payables	16	11,488	16,374	4,987	2,860
Financial liabilities	14	666	12,092	5,590	14,641
Current tax payable		348	358	–	–
Total current liabilities		12,502	28,824	10,577	17,501
Total liabilities		14,938	31,021	10,654	18,121
Total equity and liabilities		183,469	183,003	159,608	147,298

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2009

	Note	2009 $'000	2008 $'000 Re-presented (note 22)
Continuing operations			
Revenue	17	112,214	121,562
Changes in inventories of finished goods and work-in-progress		(1,243)	(441)
Raw materials		(81,108)	(92,186)
Other income		621	1,300
Depreciation of property, plant and equipment	18	(1,932)	(1,598)
Staff costs		(10,328)	(10,148)
Other expenses		(19,925)	(15,231)
Finance income	20	24,488	2,371
Finance expenses	20	(7,616)	(8,564)
Share of profits of associates (net of income tax)		9,917	8,552
Profit before income tax		25,088	5,617
Income tax (expense)/credit	19	(185)	2,256
Profit from continuing operations	18	24,903	7,873
Discontinued operation			
Loss from discontinued operation (net of income tax)	22	(1,294)	(1,637)
Profit for the year		23,609	6,236
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates		(226)	465
Exchange differences on monetary items forming part of the net investment		(819)	(27)
Net changes in fair value of equity securities available-for-sale		(4,411)	(3,817)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss		1,731	1,224
Other comprehensive income for the year, net of income tax		(3,725)	(2,155)
Total comprehensive income for the year		19,884	4,081
Profit attributable to:			
Owners of the Company		23,911	6,616
Minority interest		(302)	(380)
Profit for the year		23,609	6,236
Total comprehensive income attributable to:			
Owners of the Company		20,186	4,461
Minority interest		(302)	(380)
Total comprehensive income for the year		19,884	4,081
Earnings per share			
Basic earnings per share (cents)	21	20.39	5.66
Diluted earnings per share (cents)	21	20.22	5.64
Continuing operations			
Basic earnings per share (cents)	21	21.38	6.90
Diluted earnings per share (cents)	21	21.20	6.88

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2009

	Attributable to equity holders of the Company							
Group	Share capital $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits/ (losses) $'000	Total $'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
Total comprehensive income for the year								
Profit for the year	-	-	-	-	6,616	6,616	(380)	6,236
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	465	-	-	465	-	465
Exchange differences on monetary items forming part of the net investment	-	-	(27)	-	-	(27)	-	(27)
Net changes in fair value of equity securities available-for-sale	-	-	-	(3,817)	-	(3,817)	-	(3,817)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss	-	-	-	1,224	-	1,224	-	1,224
Total other comprehensive income	-	-	438	(2,593)	-	(2,155)	-	(2,155)
Total comprehensive income for the year	-	-	438	(2,593)	6,616	4,461	(380)	4,081
Contributions by and distributions to owners								
Issue of shares under share option scheme	1,043	-	-	-	-	1,043	-	1,043
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Value for employee services received for issue of share options	-	414	-	-	-	414	-	414
Total transactions with owners	1,043	414	-	-	(3,507)	(2,050)	-	(2,050)
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2009

	Attributable to equity holders of the Company							
Group	**Share capital $'000**	**Share option reserve $'000**	**Foreign currency translation reserve $'000**	**Fair value reserve $'000**	**Accumulated profits/ (losses) $'000**	**Total $'000**	**Minority interest $'000**	**Total equity $'000**
At 1 January 2009	83,605	627	(1,472)	4,296	63,777	150,833	1,149	151,982
Total comprehensive income for the year								
Profit for the year	-	-	-	-	23,911	23,911	(302)	23,609
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(226)	-	-	(226)	-	(226)
Exchange differences on monetary items forming part of the net investment	-	-	(819)	-	-	(819)	-	(819)
Net changes in fair value of equity securities available-for-sale	-	-	-	(4,411)	-	(4,411)	-	(4,411)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss	-	-	-	1,731	-	1,731	-	1,731
Total other comprehensive income	-	-	(1,045)	(2,680)	-	(3,725)	-	(3,725)
Total comprehensive income for the year	-	-	(1,045)	(2,680)	23,911	20,186	(302)	19,884
Contributions by and distributions to owners								
Issue of shares under share option scheme	49	-	-	-	-	49	-	49
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,517)	(3,517)	-	(3,517)
Value for employee services received for issue of share options	-	205	-	-	-	205	-	205
Purchase of shares from minority interest	-	-	-	-	-	-	(72)	(72)
Total transactions with owners	49	205	-	-	(3,517)	(3,263)	(72)	(3,335)
At 31 December 2009	83,654	832	(2,517)	1,616	84,171	167,756	775	168,531

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

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2009

	2009 $'000	2008 $'000
Cash flow from operating activities		
Profit/(loss) before income tax:		
- continuing operations	25,088	5,617
- discontinued operation	(1,294)	(1,691)
Adjustments for:		
Allowance/(write-back):		
- doubtful receivables	193	250
- inventory obsolescence	38	157
Amortisation of financial guarantee	(153)	(633)
Bad debts written off	19	578
Depreciation of property, plant and equipment	2,141	1,784
Dividend income	(21,006)	(8)
Equity settled share-based payment transactions	205	414
(Gain)/loss on disposal of:		
- equity securities available-for-sale	–	78
- property, plant and equipment	(177)	(178)
Goodwill arising from acquisition of minority interest	20	–
Impairment losses on equity securities available-for-sale	3,238	2,302
Interest income	(264)	(755)
Interest expense	531	909
Net change in fair value of derivatives	(41)	142
Net change in fair value of financial assets held for trading at fair value through profit and loss	(2,829)	3,146
Net change in fair value of equity securities available-for-sale transferred to profit or loss		
- loss on disposal of equity securities available for sale	52	219
- impairment loss on equity securities available for sale	1,589	1,005
Share of profits of associates (net of income tax)	(9,917)	(8,552)
	(2,567)	4,784
Changes in working capital:		
Inventories	3,289	1,144
Trade and other receivables	3,548	(383)
Trade and other payables	(4,932)	(943)
Cash (used in)/ generated from operations	(662)	4,602
Income taxes (paid)/recovered	(323)	2,550
Net cash from operating activities	(985)	7,152

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

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2009

	2009 $'000	2008 $'000
Cash flows from investing activities		
Acquisition of minority interest	(93)	–
Investment in associates	(20)	(3,182)
Loan to associates	(46)	(2,357)
Dividends received	28,441	5,032
Interest received	262	772
Proceeds from disposal of:		
- other investments	11,645	762
- property, plant and equipment	232	231
Purchase of:		
- other investments	(1,087)	(2,684)
- property, plant and equipment	(1,592)	(1,686)
Repayment of loan received from an investee company	4,952	–
Net cash from investing activities	42,694	(3,112)
Cash flow from financing activities		
Dividends paid by the Company	(3,517)	(3,507)
Deposits pledged	2,525	(565)
Interest paid	(531)	(909)
Proceeds from issue of shares under share options scheme	49	1,043
Proceeds from long term borrowings	1,031	–
Repayment of long term borrowings	(43)	(642)
Payment of finance lease liabilities	(545)	(9)
Repayment of short term borrowings	(11,230)	(401)
Net cash from financing activities	(12,261)	(4,990)
Net increase/(decrease) in cash and cash equivalents	29,448	(950)
Cash and cash equivalents at beginning of year	12,718	13,655
Effect of exchange fluctuations on cash held	(50)	13
Cash and cash equivalents at end of year	42,116	12,718
Comprising:		
- Cash and cash equivalents (Note 10)	42,750	15,877
- Deposits pledged (Note 10)	(634)	(3,159)
	42,116	12,718

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

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 2010.

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 the following material items in the balance sheet:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets 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 3 – Useful lives and residual values of property, plant and equipment
- Note 4 – Impairment of investments in subsidiaries
- Note 6 – Valuation of other investments
- Note 6 – Classification of instruments, measured at fair value, in the fair value hierarchy

NOTES TO THE
FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

- Note 8 – Allowance for inventory obsolescence
- Note 9 – Impairment of trade and other receivables
- Note 24 – 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 Changes in accounting policies

Overview
Starting as of 1 January 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements

Determination and presentation of operating segments
As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 Operating Segments. Previously operating segments were determined and presented in accordance with FRS 14 Segment Reporting. The new accounting policies in respect of operating segment disclosures only impacts presentation and disclosure aspects and there is no impact on earnings per share.

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning fixed deposits and interest income, interest-bearing loans and borrowings and interest expense, and income tax assets and liabilities and income taxes.

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

Presentation of financial statements
The Group applies revised FRS 1 Presentation of Financial Statements (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Consolidation

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

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

Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed 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 and are recognised initially at cost. 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 nil 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 associate.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only 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.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currencies

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. 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 profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, 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 other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

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

2.5 Property, plant and equipment

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Freehold land and assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over their estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (cont'd)

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

Leasehold land	-	Over the remaining unexpired lease of 17 years
Leasehold apartment	-	5%
Buildings and civil works	-	6% to 33$^{1}/_{3}$%
Plant, machinery and equipment	-	9% to 33$^{1}/_{3}$%
Office equipment, furniture and fittings	-	9% to 33$^{1}/_{3}$%
Computers	-	20% to 33$^{1}/_{3}$%
Motor vehicles and transport equipment	-	20%to 33$^{1}/_{3}$%

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

2.6 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 2.10.

Negative goodwill is recognised immediately in profit or loss.

Acquisitions of minority interest
Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

2.7 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)

2.7 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 classified as held for trading 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 or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2.10) and foreign currency differences on available-for-sale monetary items (see note 2.4), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

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 profit or loss. Distributed quoted equity shares are stated at market value and any increases or decreases in carrying amount are included in profit or loss.

Loans and receivables

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

Loans and receivables comprise trade and other receivables, excluding prepayment. (see note 9).

Others

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

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 profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

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 profit or loss.

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.

2.8 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, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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 outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Leases (cont'd)

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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

2.9 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.10 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, the recoverable amount is estimated at each year at the same time.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment (cont'd)

Non-financial assets (cont'd)

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

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

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

Impairment losses on available-for-sale equity securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to time value are reflected as a component of interest income.

2.11 Employee benefits

Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Employee benefits (cont'd)

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

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

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

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

2.12 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. The unwinding of the discount is recognised as finance cost.

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

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.13 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Revenue recognition (cont'd)

Government grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Jobs Credit Scheme
Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

2.14 Finance income and expenses

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

2.15 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for 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 or loss, 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 for unused tax losses, tax credit and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which 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 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.17 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

2.18 Earnings per share

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

2.19 Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

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	Assets under construction $'000	Total $'000
Cost										
At 1 January 2008	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
Additions	–	–	–	549	587	174	343	107	82	1,842
Disposals/write-offs	–	–	–	(215)	(632)	(4)	(59)	(204)	–	(1,114)
Transfer to assets held for sale (note 22)	(339)	–	–	(915)	–	–	–	–	–	(1,254)
Translation differences on consolidation	(5)	(4)	(12)	(36)	(101)	(14)	(1)	(7)	(2)	(182)
At 31 December 2009	–	291	832	22,179	21,848	2,126	2,190	2,632	80	52,178
Accumulated depreciation and impairment losses										
At 1 January 2008	–	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
Depreciation charge for the year	–	8	39	864	756	155	143	176	–	2,141
Disposals/write-offs	–	–	–	(213)	(615)	(3)	(44)	(184)	–	(1,059)
Transfer to assets held for sale (note 22)	–	–	–	(39)	–	–	–	–	–	(39)
Translation differences on consolidation	–	(2)	(3)	(14)	(87)	(8)	(1)	(5)	–	(120)
At 31 December 2009	–	153	166	19,862	17,170	1,369	1,856	2,315	–	42,891
Carrying amount										
At 1 January 2008	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
At 31 December 2009	–	138	666	2,317	4,678	757	334	317	80	9,287

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

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 2008	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
Additions	–	83	14	38	–	135
At 31 December 2009	17,211	13,667	1,012	1,647	512	34,049
Accumulated depreciation and impairment losses						
At 1 January 2008	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
Depreciation charge for the year	–	52	42	35	70	199
At 31 December 2009	17,211	13,247	882	1,587	403	33,330
Carrying amount						
At 1 January 2008	–	202	197	40	131	570
At 31 December 2008	–	389	158	57	179	783
At 31 December 2009	–	420	130	60	109	719

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,842,000 (2008: $1,846,000), of which $251,000 (2008: $160,000) was acquired under finance leases.

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant, machinery and equipment	537	698	48	54
Computers	221	–	–	–
Motor vehicles	106	166	77	98

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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	
	2009	**2008**
	$'000	**$'000**
Leasehold land	137	147
Freehold land	339	344
Buildings and civil works	876	898

Freehold land and buildings and civil works with a carrying amount of $1,215,000 have been reclassified as non-current assets held for sale in 2009. Please refer to note 22.

4 SUBSIDIARIES

	Company	
	2009	**2008**
	$'000	**$'000**
Equity investments, at cost	45,895	45,202
Impairment losses	(32,167)	(32,167)
	13,728	13,035
Loans to subsidiaries	53,123	62,147
Impairment losses	(13,269)	(8,842)
	39,854	53,305
Total interest in subsidiaries	53,582	66,340

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.

Due to continued losses and net deficit in shareholders' fund of certain subsidiaries, the Company estimated the recoverable amounts of its investments in certain subsidiaries in accordance with the accounting policy in note 2.10. Impairment losses are recognised in profit or loss when the carrying amounts of the subsidiaries exceed their estimated recoverable amounts.

During the year, impairment losses of $4,427,000 (2008: reversal of $563,000) were recognised in the Company's profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

4 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2009 %	2008 %
Held by the Company				
CemtecAsia (H.K.) Limited[3]	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[4]	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
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	100	100
SsangYong Cement Investment (S) Pte Ltd	Investment holding	Singapore	100	100
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	100	100
SsangYong LTI Pte Ltd	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

4 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2009 %	2008 %
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	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	91.34	88.59
Resin & Pigment Technologies Pte Ltd	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	91.34	88.59
Resin & Pigment Technologies Sdn Bhd[2]	Manufacture of thermosetting synthetic resin and plastic materials	Malaysia	91.34	88.59
Resin & Pigment Technologies (Wuxi) Co Ltd[4]	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	91.34	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 SQ Morrison, Malaysia.
(3) Audited by KT Chan and Company, Hong Kong.
(4) The statutory audited financial statements, prepared in accordance with People's Republic of China generally accepted accounting principles of these subsidiaries, are audited by Chinese Certified Public Accountants. For consolidation purposes, the financial statements of these subsidiaries have been prepared in accordance with International Financial Reporting Standards and reviewed by member firms of KPMG International, in accordance with International Standards on Auditing.

During the year, the Company acquired existing 31,414 and 13,000 ordinary shares in Resin & Pigment Technologies Pte Ltd ("R&P") at $1.91 and $2.50 per share respectively. In addition, the Company acquired 314,136 new ordinary shares in R&P at $1.91 per share. These acquisitions increased the Group's effective equity interest in R&P from 88.59% to 91.34%. The Group recognised a decrease in minority interests of $72,000 and goodwill of $20,000.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

5 ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Equity investments at cost	43,220	43,200	33,407	33,387
Share of reserves*	17,693	14,672	–	–
Interests in associates	60,913	57,872	33,407	33,387

* Included in share of reserves are the Group's share of statutory common reserves of its associates of $5,537,000 (2008: $4,144,000) that are not distributable as cash dividends.

Details of the significant associates are as follows:

Name of associates	Principal activities	Place of incorporation	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
Held by the Company				
HBS Investments Pte Ltd[(1)]	Investment holding	Singapore	30	30
HB Investments (China) Pte Ltd[(1)]	Investment holding	Singapore	20	–
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/reviewed by member firms of KPMG International, in accordance with International Standards on Auditing. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

(3) Audited by Samil PricewaterhouseCoopers, South Korea.

5 ASSOCIATES (CONT'D)

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:

	2009 $'000	2008 $'000
Assets and liabilities		
Total assets	274,294	264,911
Total liabilities	113,553	111,179
Results		
Revenue	191,760	164,870
Net profit after taxation	24,842	21,751

6 OTHER INVESTMENTS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-current investments				
Equity securities available-for-sale	26,121	35,375	2,495	3,214
Current investments				
Structured deposits designated at fair value through profit or loss	–	9,360	–	2,407
Equity securities held for trading	9,397	7,447	–	8
Financial derivative	41	–	41	–
	9,438	16,807	41	2,415

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 $4,827,000 (2008: $3,307,000) in respect of available-for-sale equity securities of the Group was recognised in the profit or loss during the year.

At 31 December 2008, equity securities held for trading and structured deposits totalling $13,375,000 of a subsidiary were pledged as security to obtain a bank loan for the Company. In 2009, the bank loan was repaid by the Company and the security was discharged.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

6 OTHER INVESTMENTS (CONT'D)

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

	Effective interest rate per annum %	Floating interest maturing after 5 years $'000	Fixed interest maturing after 5 years $'000	Total $'000
2009				
Group	–	–	–	–
Company	–	–	–	–
2008				
Group	3.9	2,407	6,953	9,360
Company	–	2,407	–	2,407

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

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

Fair value measurement recognised in the balance sheet

As at 31 December 2009, the Group held the following instruments measured at fair value. The Group classifies the instruments into a hierarchy based on the valuation techniques used to determine their fair value:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those instruments valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those instruments valued using valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6 OTHER INVESTMENTS (CONT'D)

Fair value measurement recognised in the balance sheet (cont'd)

Group 31 December 2009	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets held for trading	9,397	–	–	9,397
Derivative financial assets	–	41	–	41
Available-for-sale financial assets	921	901	24,299	26,121
	10,318	942	24,299	35,559
Company				
31 December 2009				
Derivative financial assets	–	41	–	41
Available-for-sale financial assets	–	–	2,495	2,495
	–	41	2,495	2,536

There were no transfers between Level 1 and 2 in the year.

Reconciliation of level 3 fair value measurements of financial assets

31 December 2009	Available-for-sale financial assets $'000
Group	
Opening balance	31,784
Total gains or (losses)	
- in profit or loss	(3,216)
- in other comprehensive income	(4,289)
Purchases	1,913
Settlements	(1,334)
Exchange movement	(559)
Closing balance	24,299
Company	
Opening balance	3,214
Total gains or (losses)	
- in profit or loss	(126)
- in other comprehensive income	(89)
Settlements	(504)
Closing balance	2,495

At 31 December 2009, the Group did not have any liabilities classified in level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

7 OTHER FINANCIAL ASSETS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans to an investee company	–	784	–	784
Club membership	238	238	238	238
Impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172
	172	956	172	956

The loans to an investee company, in which the Company has a 10% equity interest, is unsecured and was repaid in financial year 2009. The loan had an effective interest rate of 3.5% (2008: 3.5%) per annum during the financial year.

8 INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Raw materials	2,520	3,044	–	–
Work-in-progress	156	47	–	–
Goods-in-transit	1,585	–	1,585	–
Finished goods	3,777	8,236	2,750	5,490
	8,038	11,327	4,335	5,490

Included in the inventories of the Group are raw materials of $736,000 (2008: $437,000) and finished goods of $620,000 (2008: $2,613,000) which are carried at net realisable values. The allowance has been included as part of other expenses.

Source of estimation uncertainty

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

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables due from				
- Subsidiaries	–	–	2,168	2,847
- Third parties	16,437	21,015	7,574	7,694
	16,437	21,015	9,742	10,541
Allowance for doubtful receivables	(447)	(254)	–	(135)
Net trade receivables	15,990	20,761	9,742	10,406
Non-trade receivables due from subsidiaries	–	–	8,683	9,272
Allowance for doubtful receivables	–	–	(631)	(4,923)
	–	–	8,052	4,349
Loan to subsidiary	–	–	3,100	1,000
Loans to associates	4,586	4,540	4,515	3,628
Loan to an investee company	–	4,168	–	4,168
Amount due from associates	154	74	2	10
Dividend receivable from associates	1,968	1,622	–	–
Deposits	485	378	30	81
Other receivables	401	869	9	3
Tax recoverable	1,158	1,335	2,202	2,378
Net non-trade receivables	8,752	12,986	17,910	15,617
Loans and receivables	24,742	33,747	27,652	26,023
Prepayments	793	124	722	48
	25,535	33,871	28,374	26,071

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 was repaid in financial year 2009. The loan had an effective interest rate of 3.5% (2008: 3.5%) per annum during the financial year.

Credit risk
Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of 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 2009, the Group's exposure to credit risk comprises $12,806,000 (2008: $17,515,000), $2,202,000 (2008: $2,286,000) and $982,000 (2008: $960,000) from companies in geographic regions of Singapore, Greater China and others. At 31 December 2009, the Company's exposure to credit risk comprises principally receivable from Singapore companies.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Credit risk (cont'd)

At 31 December 2009, the Group's exposure to credit risk comprises $13,588,000 (2008: $15,190,000) from construction companies and $2,402,000 (2008: $5,571,000) from manufacturers. At 31 December 2009, the Company's exposure to credit risk comprises principally receivable from construction companies. At 31 December, the ageing of loans and receivables are as follows:

	2009		2008	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	22,075	–	29,911	–
Past due 0 – 30 days	1,880	–	2,815	–
Past due 31 – 90 days	467	–	569	–
Past due 91 days	767	447	706	254
	25,189	447	34,001	254
Company				
Not past due	26,214	631	28,459	4,923
Past due 0 – 30 days	1,058	–	1,522	–
Past due 31 – 90 days	805	–	965	–
Past due 91 days	206	–	135	135
	28,283	631	31,081	5,058

Impairment losses

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At 1 January	254	–	5,058	4,495
Impairment loss recognised (note 20)	193	250	–	–
Reversal	–	–	(4,427)	563
Translation difference	–	4	–	–
At 31 December	447	254	631	5,058

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.

9 TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	34,660	6,207	31,218	4,453
Bank balances	8,090	9,670	5,265	4,189
Loans and receivables - cash and cash equivalents	42,750	15,877	36,483	8,642

As at 31 December 2009, fixed deposits of the Group of $634,000 (2008: $3,159,000) 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 2009 for the Group and the Company are 0.4% (2008: 1.7%) and 0.2% (2008: 1.6%) per annum respectively.

11 SHARE CAPITAL

	Group and Company			
	2009	**2009**	**2008**	**2008**
	No. of shares ('000)	**$'000**	**No. of shares ('000)**	**$'000**
Fully paid ordinary shares with no par value:				
At 1 January	117,238	83,605	115,853	82,562
Issue of shares under share options scheme	65	49	1,385	1,043
At 31 December	117,303	83,654	117,238	83,605

During the year, the Company issued 65,000 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 117,303,000 ordinary shares as at 31 December 2009.

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 also monitors the level of dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

12 RESERVES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Foreign currency translation reserve	(2,517)	(1,472)	–	–
Fair value reserve	1,616	4,296	360	(458)
Share option reserve	832	627	832	627
Accumulated profits	84,171	63,777	64,108	45,403
	84,102	67,228	65,300	45,572

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 or impaired.

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 $17,868,000 (2008: $14,660,000) attributable to associates.

13 EMPLOYEE SHARE OPTIONS

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

Information regarding the Scheme are as follows:

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

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

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

(d) The options granted shall expire on 1 December 2016 (Option 1), 7 January 2018 (Option 2) and 29 March 2019 (Option 3)

13 EMPLOYEE SHARE OPTIONS (CONT'D)

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

	2009		2008	
	Weighted Average Exercise price $	**No. of options ('000)**	**Weighted Average Exercise price $**	**No. of options ('000)**
Outstanding at 1 January	1.04	4,565	0.75	2,805
Granted	0.55	3,575	1.17	3,445
Forfeited	0.86	(405)	1.17	(300)
Exercised	0.75	(65)	0.75	(1,385)
Outstanding at 31 December	0.82	7,670	1.04	4,565
Exercisable at 31 December	1.05	4,230	0.75	1,420

Options exercised in 2009 resulted in 65,000 shares (2008: 1,385,000 shares) being issued at an exercise price of $0.75 (2008: $0.75) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $0.77 per share.

The Company also granted 3,575,000 options (2008: 3,445,000 options) to subscribe for unissued shares in the Company during the year. At 31 December 2009, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted to $7,670,000 (2008: $4,565,000).

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**	**Option 3 30 March 2009**
Fair value at measurement date	$0.10	$0.14	$0.08
Share price	$1.12	$1.17	$0.55
Exercise price	$1.13	$1.17	$0.55
Exercise price adjusted	$0.75	–	–
Expected volatility	19.4%	31.6%	32.6%
Expected option life	5.0 years	5.0 years	5.0 years
Expected dividends	5.38%	7.64%	6.02%
Risk-free interest rate	3.01%	2.39%	2.04%

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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

13 EMPLOYEE SHARE OPTIONS (CONT'D)

Fair value of share options and assumptions (cont'd)

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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Long-term bank loans (secured)	694	737	–	–
Long-term bank loans (unsecured)	1,031	–	–	–
Finance lease liabilities	213	455	77	107
Financial guarantees	–	513	–	513
	1,938	1,705	77	620
Current liabilities				
Short-term bank loans (secured)	58	11,065	–	11,000
Short-term bank loans (unsecured)	375	600	–	–
Loans from subsidiaries (unsecured)	–	–	5,560	3,469
Finance lease liabilities	233	285	30	30
Financial derivatives	–	142	–	142
	666	12,092	5,590	14,641
Total financial liabilities	2,604	13,797	5,667	15,261

The secured bank loans are secured on property, plant and equipment and fixed deposits as disclosed in note 3 and note 10 respectively.

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

14 FINANCIAL LIABILITIES (CONT'D)

Finance lease liabilities

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

	2009		2008	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Group				
Repayable within 1 year	250	233	312	285
Repayable after 1 year but within 5 years	242	213	501	455
	492	446	813	740
Less: Future finance charges	(46)		(73)	
Present value of obligation	446		740	
Company				
Repayable within 1 year	35	30	35	30
Repayable after 1 year but within 5 years	89	77	124	107
	124	107	159	137
Less: Future finance charges	(17)		(22)	
Present value of obligation	107		137	

Financial guarantees

Financial guarantees in 2008 related to guarantees given by the Company to banks in respect of banking facilities $529,000,000 granted to an investee company in which the Company has a 10% interest. The financial guarantees expired in 2009.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

14 FINANCIAL LIABILITIES (CONT'D)

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	2009 Face value $'000	2009 Carrying amount $'000	2008 Face value $'000	2008 Carrying amount $'000
Group						
SGD floating rate						
- loan A (secured)	Swap rate + 0.7%	2009	–	–	11,000	11,000
- loan B (unsecured)	Cost of funds + 2%	2009	–	–	600	600
SGD fixed rate						
- loan A (unsecured)	5%	2013	1,406	1,406	–	–
Malaysian Ringgit (RM) floating rate (secured)						
- loan A	BLR + 1%	2020	718	718	761	761
- loan B	5.2%	2009	–	–	41	41
- loan C	3.7%	2010	34	34	–	–
Finance lease liabilities	2.85% - 3.3%	2009 - 2013	492	446	813	740
			2,650	2,604	13,215	13,142
Company						
SGD floating rate						
- loan A (secured)	Swap rate + 0.7%	2009	–	–	11,000	11,000
Finance lease liabilities	3.3%	2013	124	107	159	137
			124	107	11,159	11,137

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

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2009					
Non-derivative financial liabilities					
Variable interest rate loans	752	(910)	(117)	(331)	(462)
Fixed interest rate loans	1,406	(1,541)	(437)	(1,104)	–
Finance lease liabilities	446	(492)	(250)	(242)	–
Trade and other payables	11,488	(11,488)	(11,488)	–	–
	14,092	(14,431)	(12,292)	(1,677)	(462)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

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
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	16,374	(16,374)	(16,374)	–	–
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	142	(6,033)	(6,033)	–	–
- Inflow	–	5,891	5,891	–	–
	29,658	(30,268)	(28,880)	(836)	(552)
Company					
2009					
Non-derivative financial liabilities					
Finance lease liabilities	107	(124)	(35)	(89)	–
Trade and other payables	4,987	(4,987)	(4,987)	–	–
	5,094	(5,111)	(5,022)	(89)	–
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	2,860	(2,860)	(2,860)	–	–
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	142	(6,033)	(6,033)	–	–
- Inflow	–	5,891	5,891	–	–
	14,139	(14,481)	(14,357)	(124)	–

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2009

14 FINANCIAL LIABILITIES (CONT'D)

Fair values

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2009 and 2008 except as follows:

	31 December 2009		31 December 2008	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Liabilities carried at amortised cost				
Unsecured bank loans	1,406	1,376	–	–

The basis for determining fair values is disclosed in note 24.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2009 per annum	2008
Loans and borrowings	5%	–

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

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 2008 $'000	Credited to profit or loss (note 19) $'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	126	(82)	–	(2)	42
Withholding tax on share of associates' profits	–	–	450	–	450
	126	(82)	450	(2)	492

Group	At 1 January 2009 $'000	Credited to profit or loss (note 19) $'000	Debited to share of profit of associates $'000	Withholding tax paid $'000	Translation differences $'000	At 31 December 2009 $'000
Deferred tax liabilities/(assets)						
Property, plant and equipment	42	(2)	–	–	(1)	39
Withholding tax on share of associates' profits	450	–	311	(302)	–	459
	492	(2)	311	(302)	(1)	498

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

	Group 2009 $'000	Group 2008 $'000
Unabsorbed tax losses	62,702	61,982
Unabsorbed wear and tear allowances	5,746	5,111
Deductible temporary differences	6,140	5,648
Unremitted overseas income	(31,940)	(31,592)
	42,648	41,149

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 2.15.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

16 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables due to third parties	4,978	6,777	1,269	855
Advances from customers	838	–	500	–
Bills payable	67	5,274	–	–
Accrued expenses	3,150	2,494	2,036	1,171
Amounts due to associates (non-trade)	126	126	–	–
Amount due to associate (trade)	643	–	643	–
Other payables	1,667	1,638	539	834
Provision for loss on claim	19	65	–	–
	11,488	16,374	4,987	2,860

The weighted average effective interest rate of bills payable of the Group at 31 December 2009 is 1.25% per annum (2008: 4.47%).

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.

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Sales of goods	112,214	121,562	13,438	16,249	125,652	137,811

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

18 PROFIT FOR THE YEAR

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

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Amortisation of financial guarantee	(153)	(633)	–	–	(153)	(633)
Depreciation of property, plant and equipment	1,932	1,598	209	186	2,141	1,784
(Gain)/loss on disposal of property, plant and equipment	7	(179)	(184)	1	(177)	(178)
Included in staff costs:						
- contribution to defined contribution plan	466	506	30	45	496	551
- value of employee services received for issue of share options	205	414	–	–	205	414
Goodwill arising from additional investment in subsidiary	20	–	–	–	20	–
Non-audit fees paid to auditors of the Company	87	37	–	–	87	37
Non-audit fees paid to other auditors	7	6	–	–	7	6
Operating lease expenses	1,745	1,785	35	86	1,780	1,871
Allowance/(write-back) for inventory obsolescence	69	157	(31)	–	38	157

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

19 INCOME TAXES

	Group	
	2009	**2008**
	$'000	**$'000**
Current tax expenses		
Current year	46	33
Under/(over) provision in prior years	141	(2,261)
	187	(2,228)
Deferred tax expenses		
Overprovision in prior years	(2)	(82)
	(2)	(82)
Income tax expense/(credit)	185	(2,310)
Income tax		
- continuing operations	185	(2,256)
- discontinued operation - deferred tax	–	(54)
	185	(2,310)

Reconciliation of effective tax rate

	Group	
	2009	**2008**
	$'000	**$'000**
Profit/(loss) before income tax		
- continuing operations	25,088	5,617
- discontinued operation	(1,294)	(1,691)
	23,794	3,926
Tax calculated using Singapore tax rate of 17% (2008: 18%)	4,045	707
Effect of different tax rates in foreign jurisdictions	49	(68)
Expenses not deductible for tax purposes	1,031	733
Income not subject to tax	(5,464)	(2,069)
Utilisation of deferred tax benefits previously not recognised	(831)	(655)
Unrecognised deferred tax assets	1,178	1,356
Under/(over) provision in prior years	139	(2,343)
Others	38	29
	185	(2,310)

20 FINANCE INCOME AND EXPENSE

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Recognised in profit or loss						
Finance income						
Dividend income						
- equity securities available-for-sale	21,006	8	–	–	21,006	8
Interest income						
- bank deposits	122	241	–	6	122	247
- structured deposits	86	386	–	–	86	386
- loan to an investee company	56	122	–	–	56	122
Investment income						
- equity securities available-for-sale	348	1,474	–	–	348	1,474
Exchange gain	–	140	–	(139)	–	1
Net change in fair value of financial assets held for trading at fair value through profit or loss	2,829	–	–	–	2,829	–
Net change in fair value of derivatives	41	–	–	–	41	–
Total finance income	24,488	2,371	–	(133)	24,488	2,238
Finance expense						
Loss on disposal of						
- equity securities available-for-sale	–	(78)	–	–	–	(78)
Interest expense						
- bank borrowings	(452)	(813)	(52)	(65)	(504)	(878)
- finance lease liabilities	(27)	(31)	–	–	(27)	(31)
Net change in fair value of equity securities available-for-sale transferred to profit or loss						
- loss on disposal of equity securities available-for-sale	(52)	(219)	–	–	(52)	(219)
- impairment losses on equity securities available-for sale	(1,589)	(1,005)	–	–	(1,589)	(1,005)
- exchange loss	(90)	–	–	–	(90)	–
Net change in fair value of financial assets held for trading at fair value through profit or loss	–	(3,146)	–	–	–	(3,146)
Net change in fair value of derivatives	–	(142)	–	–	–	(142)
Allowance for doubtful receivables	(191)	(250)	(2)	–	(193)	(250)
Bad debts written off	(19)	(578)	–	–	(19)	(578)
Exchange losses	(1,958)	–	(61)	–	(2,019)	–
Impairment losses on equity securities available-for-sale	(3,238)	(2,302)	–	–	(3,238)	(2,302)
Total finance expense	(7,616)	(8,564)	(115)	(65)	(7,731)	(8,629)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

20 FINANCE INCOME AND EXPENSE (CONT'D)

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Recognised in other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(226)	465	–	–	(226)	465
Exchange differences on monetary items forming part of the net investment	(819)	(27)	–	–	(819)	(27)
Net changes in fair value of equity securities available-for-sale	(4,411)	(3,817)	–	–	(4,411)	(3,817)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss	1,731	1,224	–	–	1,731	1,224
Finance expense recognised in other comprehensive income, net of tax	(3,725)	(2,155)	–	–	(3,725)	(2,155)

21 EARNINGS PER SHARE

	2009			2008		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Basic earnings per share is based on:						
Profit/(loss) attributable to ordinary shareholders	25,070	(1,159)	23,911	8,066	(1,450)	6,616

	Group	
	2009	2008
	No. of shares ('000)	No. of shares ('000)
Issued ordinary shares at beginning of the year	117,238	115,853
Effect of share options exercised	5	965
Weighted average number of ordinary shares in issue during the year	117,243	116,818

21 EARNINGS PER SHARE (CONT'D)

	2009			2008		
	Continuing operations $'000	Discontinued operation $'000	Total $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
Diluted earnings per share is based on:						
Profit/(loss) attributable to ordinary shareholders	25,070	(1,159)	23,911	8,066	(1,450)	6,616

	Group 2009 No. of shares ('000)	Group 2008 No. of shares ('000)
Weighted average number of ordinary shares in the calculation of basic earnings per share	117,243	116,818
Potential ordinary shares issuable under share options	1,029	396
Adjusted weighted average number of ordinary shares in issue	118,272	117,214

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 DISCONTINUED OPERATION

In November 2009, the Group ceased the operation of its specialty polymer segment in Malaysia. The segment was not a discontinued operation or classified as held for sale as at 31 December 2008 and the comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

	Group 2009 $'000	Group 2008 $'000
Results of discontinued operation		
Revenue	13,438	16,249
Expenses	(14,732)	(17,940)
Results from operating activities	(1,294)	(1,691)
Income tax	–	54
Results from operating activities, net of income tax	(1,294)	(1,637)
Basic loss per share (note 21)	(0.99)	(1.24)
Diluted loss per share (note 21)	(0.98)	(1.24)

The loss from discontinued operation of $1,159,000 (2008: loss of $1,450,000) is attributable to the owners of the Group. Of the profit from continuing operations of $24,903,000 (2008: $7,873,000), an amount of $25,070,000 is attributable to the owners of the Group (2008: $8,066,000).

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

22 DISCONTINUED OPERATION (CONT'D)

	Group	
	2009	2008
	$'000	$'000
Cash flows from discontinued operation		
Net cash from operating activities	(91)	(415)
Net cash from investing activities	145	(64)
Net cash from financing activities	(159)	13
Net cash from discontinued activities	(105)	(466)

The freehold land and building, and civil works of the segment is presented as non-current assets classified as held for sale following the commitment of the Group's management to sell the said property. At 31 December 2009, the property is measured at the lower of cost and fair value less cost to sell amounting to $1,215,000.

23 OPERATING SEGMENTS

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

- Cement and building materials: Manufacture and sale of cement, ready-mix concrete and building materials.
- Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.
- Investments: Trading of equity securities and holding of investments in venture capital funds and equity securities.

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

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

		Specialty Polymer				
	Cement and building materials $'000	Continuing operations $'000	Discontinued operation $'000	Sub-total $'000	Investments $'000	Total $'000
Revenue and expenses						
2009						
Total revenue from external customers	99,537	12,677	13,438	26,115	–	125,652
Dividend income	–	–	–	–	21,006	21,006
Segment results	(621)	(1,452)	(1,242)	(2,694)	17,459	14,144
Share of profits of associates	10,012	–	–	–	(95)	9,917
	9,391	(1,452)	(1,242)	(2,694)	17,364	24,061
Interest expense						(531)
Interest income						264
Income tax						(185)
Profit for the year						23,609
2008						
Total revenue from external customers	88,350	33,212	16,249	49,461	–	137,811
Dividend income	–	–	–	–	8	8
Segment results	3,812	(1,335)	(1,632)	(2,967)	(5,317)	(4,472)
Share of profits of associates	8,525	–	–	–	27	8,552
	12,337	(1,335)	(1,632)	(2,967)	(5,290)	4,080
Interest expense						(909)
Interest income						755
Income tax credit						2,310
Profit for the year						6,236
Assets and liabilities						
2009						
Segment assets	37,312	9,188	1,981	11,169	38,257	86,738
Interest in associates						60,913
Unallocated assets						35,818
Consolidated assets						183,469
Segment liabilities	10,011	1,714	121	1,835	87	11,933
Unallocated liabilities						3,004
Consolidated liabilities						14,937
2008						
Segment assets	45,814	12,958	4,832	17,790	53,986	117,590
Interest in associates						57,872
Unallocated assets						7,541
Consolidated assets						183,003
Segment liabilities	8,632	8,031	1,001	9,032	104	17,768
Unallocated liabilities						13,253
Consolidated liabilities						31,021

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

		Specialty Polymer				
	Cement and building materials $'000	Continuing operations $'000	Discontinued operation $'000	Sub-total $'000	Investments $'000	Total $'000
Other segment information						
2009						
Capital expenditure	1,012	684	146	830	–	1,842
Depreciation	979	953	209	1,162	–	2,141
Impairment losses on equity securities available-for-sale	–	–	–	–	4,827	4,827
2008						
Capital expenditure	654	1,128	64	1,192	–	1,846
Depreciation	736	862	186	1,048	–	1,784
Impairment losses on equity securities available-for-sale	–	–	–	–	3,307	3,307

Reconciliations of reportable segment revenues and profit or loss

	2009 $'000	2008 $'000
Revenues		
Total revenue for reportable segments	125,652	137,811
Elimination of discontinued operation	(13,438)	(16,249)
	112,214	121,562
Profit or loss		
Total profit or loss for reportable segments	14,144	(4,472)
Elimination of discontinued operation	1,242	1,632
Unallocated amounts	(215)	(95)
Share of profit of associates	9,917	8,552
Consolidated profit before income tax	25,088	5,617

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

23 OPERATING SEGMENTS (CONT'D)

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.

	Singapore $'000	Malaysia $'000	Greater China $'000	Discontinued operation $'000	Elimination $'000	Total $'000
2009						
External customers	97,970	983	13,261	13,438	–	125,652
Inter-segment sales	–	332	–	–	(332)	–
Total revenue	97,970	1,315	13,261	13,438	(332)	125,652
Non-current assets	32,216	451	2,649	263	–	35,579
2008						
External customers	106,335	1,515	13,712	16,249	–	137,811
Inter-segment sales	11	89	–	–	(100)	–
Total revenue	106,346	1,604	13,712	16,249	(100)	137,811
Non-current assets	46,720	493	2,532	1,672	–	51,417

24 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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

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.

Equity price risk

Sensitivity analysis

For investments classified as available-for-sale, a 10% increase in the equity prices at the reporting date would have increased equity by $2,612,000 after tax (2008: an increase of $3,537,000). For investments classified at fair value through profit or loss, the impact on profit or loss would have been an increase or decrease of $940,000 after tax (2008: $745,000). The analysis is performed on the same basis for 2008.

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 2009, the Group had outstanding interest rate swaps with a notional contract amount of $Nil (2008: $11 million).

Sensitivity analysis

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

	Profit/(loss)	
Group	**100 bp increase $'000**	**100 bp decrease $'000**
31 December 2009		
Variable rate instruments	(7)	7
31 December 2008		
Variable rate instruments	(97)	97

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24 FINANCIAL RISK MANAGEMENT (CONT'D)

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				
2009				
Trade and other receivables	1,042	1,845	3,216	–
Cash and cash equivalents	11	17,024	–	–
Investments	–	6,424	–	–
Trade and other payables	–	(158)	(9)	(23)
Forward exchange contracts	–	41	–	–
	1,053	25,176	3,207	(23)
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)
Forward exchange contracts	–	(142)	–	–
	554	20,475	2,874	(13)
Company				
2009				
Trade and other receivables	–	706	1,666	–
Cash and cash equivalents	–	16,187	–	–
Investments	–	1,277	–	–
Financial liabilities	–	(4,037)	–	(4)
Loans to subsidiaries	–	34,414	860	–
Forward exchange contracts	–	41	–	–
	–	48,588	2,526	(4)
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	–
Forward exchange contracts	–	(142)	–	–
	–	46,915	2,594	(4)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

24 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) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Profit or loss				
US dollar	(2,293)	(1,578)	(4,731)	(4,528)
Chinese renminbi	(321)	(287)	(253)	(259)
Equity				
US dollar	(225)	(470)	(128)	(164)

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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values (cont'd)

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.

25 COMMITMENTS

At the balance sheet date:

(a) the Group has commitments amounting to $5,171,000 (2008: $5,580,000) in respect of additional investments in certain private equity investments and partnership investments;

(b) 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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
- within 1 year	1,265	746	651	272
- within 2 to 5 years	2,575	1,873	1,154	1,088
- after 5 years	2,123	952	–	23
	5,963	3,571	1,805	1,383

(c) the Company has commitments for the purchase of building materials of Nil (2008: $890,000).

26 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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

26 RELATED PARTIES (CONT'D)

Key Management Personnel Compensation (cont'd)

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

	Group	
	2009	**2008**
	$'000	**$'000**
Directors' fees	255	255
Short-term employee benefits (included in staff costs)		
- directors	1,734	909
- other management personnel	1,003	1,072
	2,992	2,236

Other Related Parties Transactions

In 2009, purchases of finished goods by the Company from an associate amounted to $8,143,000 (2008: $5,371,000).

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.

	2009	**2008**
	$'000	**$'000**
Dividends received	21,000	–
Repayment of shareholders' loans	4,952	–
Interest income from the shareholders' loan	56	122

During the year, the Group had granted a loan of $906,000 (2008: $2,357,000) to HBS Investments Pte Ltd. In addition, 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 in financial year 2008.

The Group paid a management fee of $1,919,000 (2008: $Nil) to Ho Bee Investment Ltd (the holding company of Ho Bee Cove Pte Ltd) during the year.

In 2009, the Group invested $20,000 in equity shares of HB Investments (China) Pte Ltd, a company set up by Ho Bee Investment Ltd.

In 2009, the dividends received from associates amounted to $7,089,000 (2008: $4,661,000).

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

27 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	
	2009	**2008**
	$'000	**$'000**
Final one-tier dividend proposed of 3 cents per share (2008: 3 cents per share)	3,519	3,517
Special one-tier dividend proposed of 2 cents per share (2008: Nil)	2,346	–
	5,865	3,517

28 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 27 (amended) — *Consolidated and Separate Financial Statements*
- INT FRS 117 — *Distributions of Non-cash Assets to Owners*
- Amendments to FRS 32 — *Classification of Rights Issues*
- Amendments to FRS 39 — *Amendments relating to eligible hedged items*
- Revised FRS 101 — *First-time Adoption of FRS (improved structure)*
- Amendments to FRS 101 — *Amendments relating to additional exemptions for First-time Adopters*
- Amendments to FRS 102 — *Amendments relating to Group cash-settled share-based payment transactions*
- FRS 103 (revised) — *Business Combinations*
- Amendments to FRS 105 — *Amendments relating to plan to sell controlling interest in subsidiary (Part I)*
- Improvements to FRSs 2009

Management is currently assessing the initial application of these standards (and its consequential amendments) and interpretations. The Company has not considered the impact of accounting standards issued after the balance sheet date.

STATISTICS OF SHAREHOLDINGS

As At 15 March 2010

SHARE CAPITAL

Issued & fully paid-up : $83,654,307
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 15 March 2010, 44.42% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	202	9.22	44,958	0.04
1,000 - 10,000	1,493	68.14	5,787,912	4.93
10,001 - 1,000,000	484	22.09	23,961,545	20.43
1,000,001 and above	12	0.55	87,508,085	74.60
Total	**2,191**	**100.00**	**117,302,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Afro-Asia International Enterprises Pte Limited	44,463,000	37.90
2	Afro Asia Shipping Co Pte Ltd	14,270,500	12.17
3	UOB Kay Hian Pte Ltd	13,268,510	11.31
4	Chua Wee Keng	3,083,000	2.63
5	DBS Nominees Pte Ltd	2,921,650	2.49
6	United Overseas Bank Nominees Pte Ltd	2,130,800	1.82
7	Tan Choo Suan	1,419,000	1.21
8	Performance Investment Pte Ltd	1,404,000	1.20
9	Zen Property Management Pte Ltd	1,282,500	1.09
10	Kheng Ho Huat Company (Private) Ltd	1,157,000	0.99
11	OCBC Nominees Singapore Pte Ltd	1,061,375	0.90
12	Citibank Nominees Singapore Pte Ltd	1,046,750	0.89
13	Morph Investments Ltd	933,500	0.80
14	New Town Development Pte Ltd	826,000	0.70
15	Kwok Hae Meng	668,250	0.57
16	Kim Eng Securities Pte. Ltd.	648,550	0.55
17	Tan Cheng Gay	579,750	0.49
18	CIMB-GK Securities Pte. Ltd.	503,750	0.43
19	Phillip Securities Pte Ltd	444,025	0.38
20	CIMB Nominees (S) Pte Ltd	400,000	0.34
	Total	92,511,910	78.86

STATISTICS OF SHAREHOLDINGS

As At 15 March 2010

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	60,137,500	(1)	61,556,500	52.48
Chua Thian Poh	165,000	46,045,500	(2)	46,210,500	39.39
Ng Noi Hinoy	300,000	45,910,500	(3)	46,210,500	39.39
Ho Bee Holdings (Pte) Ltd	-	45,745,500	(4)	45,745,500	39.00
Tan Choo Pin	25,500	44,463,000	(5)	44,488,500	37.93
Ng Giok Oh	-	15,674,500	(6)	15,674,500	13.36
Afro-Asia International Enterprises Pte. Limited	44,463,000	-		44,463,000	37.90
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000		15,674,500	13.36

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

(2) This represents Mr Chua Thian Poh's deemed interest of 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

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of EnGro Corporation Limited (the "Company") will be held at 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Wednesday, 28 April 2010 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a final tax-exempt (1-tier) dividend of 3 cents per ordinary share and a special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2009. **(Resolution 2)**

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

   (a) Mr Ng Tat Pun (retiring under Article 87) **(Resolution 3)**
   (b) Mr Soh Kim Soon (retiring under Article 87) **(Resolution 4)**

   Mr Ng Tat Pun will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$255,000 for the financial year ended 31 December 2009. **(Resolution 6)**

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

6.1 Authority to 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 ordinary 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 per centum (15%) of the total issued shares in the capital of the Company excluding treasury shares, from time to time." **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

6.2 Authority to allot and issue shares

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

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

(ii) make or grant offers, agreements or options (collectively **"Instruments"**) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued pursuance of Instruments made or granted pursuant to this Resolution):

(i) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company (**"Renounceable Rights Issues"**) shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (c) below); and

(ii) otherwise than by way of Renounceable Rights Issues (**"Other Share Issues"**) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (c) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (c) below);

(b) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (c) below);

(c) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:-

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(d) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(e) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **(Resolution 8)**

7. Increase in discount limit to not more than 20% for non pro rata share issue

"That, contingent on the passing of Resolution 8 above, authority be and is hereby given to the Directors of the Company to fix the issue price for shares and/or Instruments that are to be issued by way of placement pursuant to the twenty per centum (20%) sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 8 above, at a discount exceeding ten per centum (10%) but not more than twenty per centum (20%) of the price as determined in accordance with the Listing Manual of the SGX-ST." **(Resolution 9)**

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed on 9 July 2010 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 July 2010 will be registered to determine shareholders' entitlement to the proposed dividend. The final tax-exempt (1-tier) dividend of 3 cents per ordinary share and special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2009, if approved at the Annual General Meeting, will be paid on 26 July 2010.

By Order of the Board

Joanna Lim
Company Secretary

Singapore, 13 April 2010

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

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

Ordinary Resolution 6

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2009.

NOTICE OF ANNUAL GENERAL MEETING

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 per centum (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 proposed in item 6.2 above, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares in the capital of the Company excluding treasury shares. The aggregate number of shares which may be issued shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time that Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

The authority for 100% Renounceable Rights Issues is proposed pursuant to one of the new measures introduced by the Singapore Exchange Limited ("SGX") in consultation with the Monetary Authority of Singapore ("MAS"), which took effect on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts.

Ordinary Resolution 9

Resolution 9 proposed in item 7 above, if passed, will authorise the Directors of the Company to fix the issue price for shares that are issued by way of placement pursuant to the 20% sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 8 above at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the SGX-ST (the **"Maximum Pricing Discount"**).

The authority to set the Maximum Pricing Discount is proposed pursuant to one of the new measures introduced by the SGX in consultation with the MAS, which took effect on 20 February 2009 to accelerate and facilitate the fund raising efforts of listed issuers.

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.

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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 2009 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 Wednesday, 28 April 2010 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 2009 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 and a special tax-exempt (1-tier) dividend of 2 cents per ordinary share for the financial year ended 31 December 2009.	**(Resolution 2)**		
3.	Re-election of Mr Ng Tat Pun (Retiring under Article 87).	**(Resolution 3)**		
4.	Re-election of Mr Soh Kim Soon (Retiring under Article 87).	**(Resolution 4)**		
5.	To appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	**(Resolution 5)**		
6.	To approve the payment of Directors' fees of S$255,000 for the financial year ended 31 December 2009.	**(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)**		
9.	To authorize the Directors to fix the issue price for new shares issued by way of placement on a non *pro rata* basis at a discount of up to 20%.	**(Resolution 9)**		

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 ____________________ 2010

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

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Credence Partnership

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REGISTERED OFFICE

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50 Raffles Place
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Singapore 048623

AUDITORS

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

PARTNER-IN-CHARGE

Esther Bay
(with effect from F.Y 2009)

BUILDING SUSTAINABILITY

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Company no. 197302229H

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