EnGro Corporation Limited
Annual Report 2010

ENGRO
BUILDING SUSTAINABILITY

Building Sustainability & Beyond

REGISTERED OFFICE

29 International Business Park
#08-05/06 Acer Building Tower B
Singapore 609923
Telephone +65 6561 7978
Facsimile +65 6561 9770

REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
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)

FOREST MANAGEMENT
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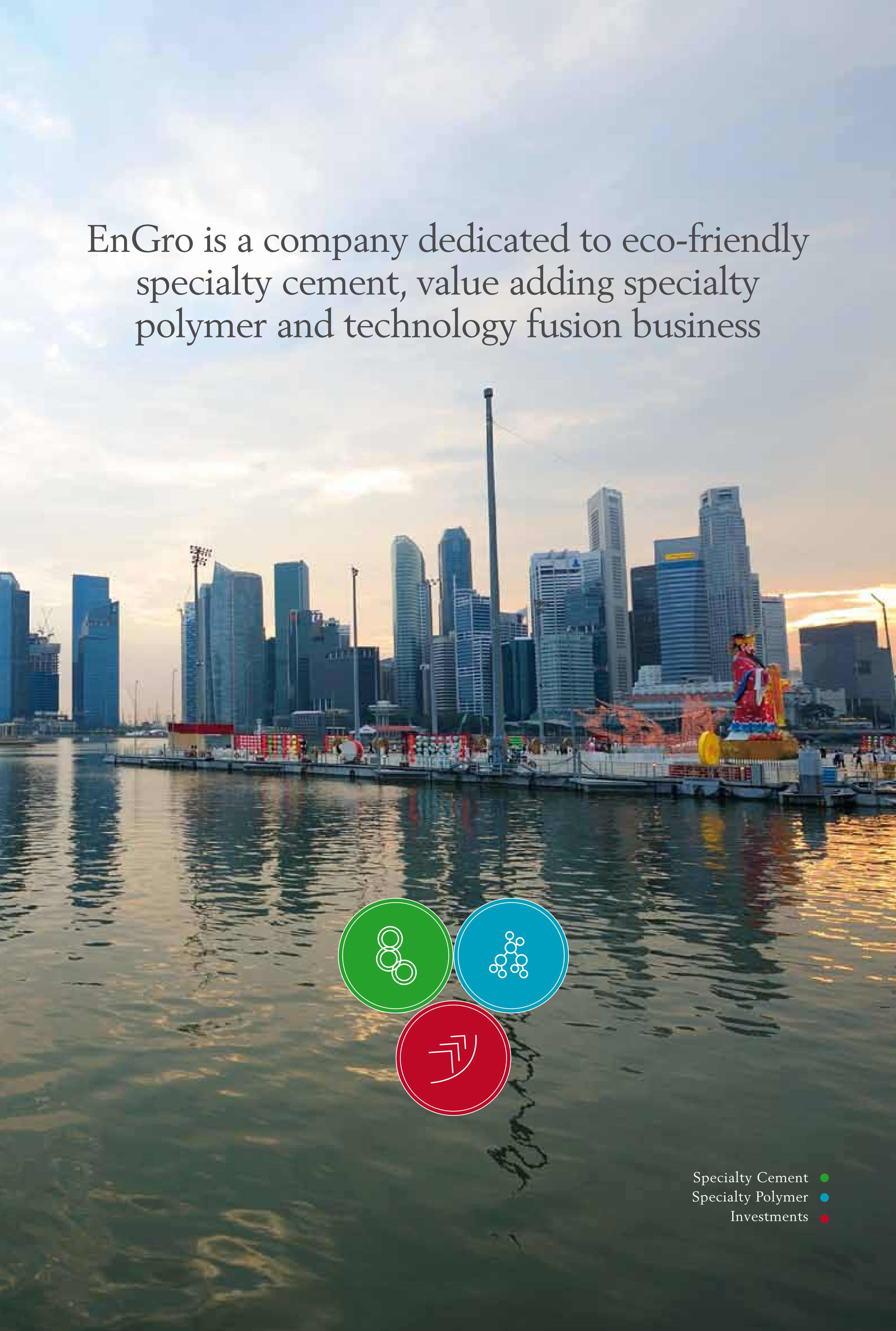
BUILDING SUSTAINABILITY

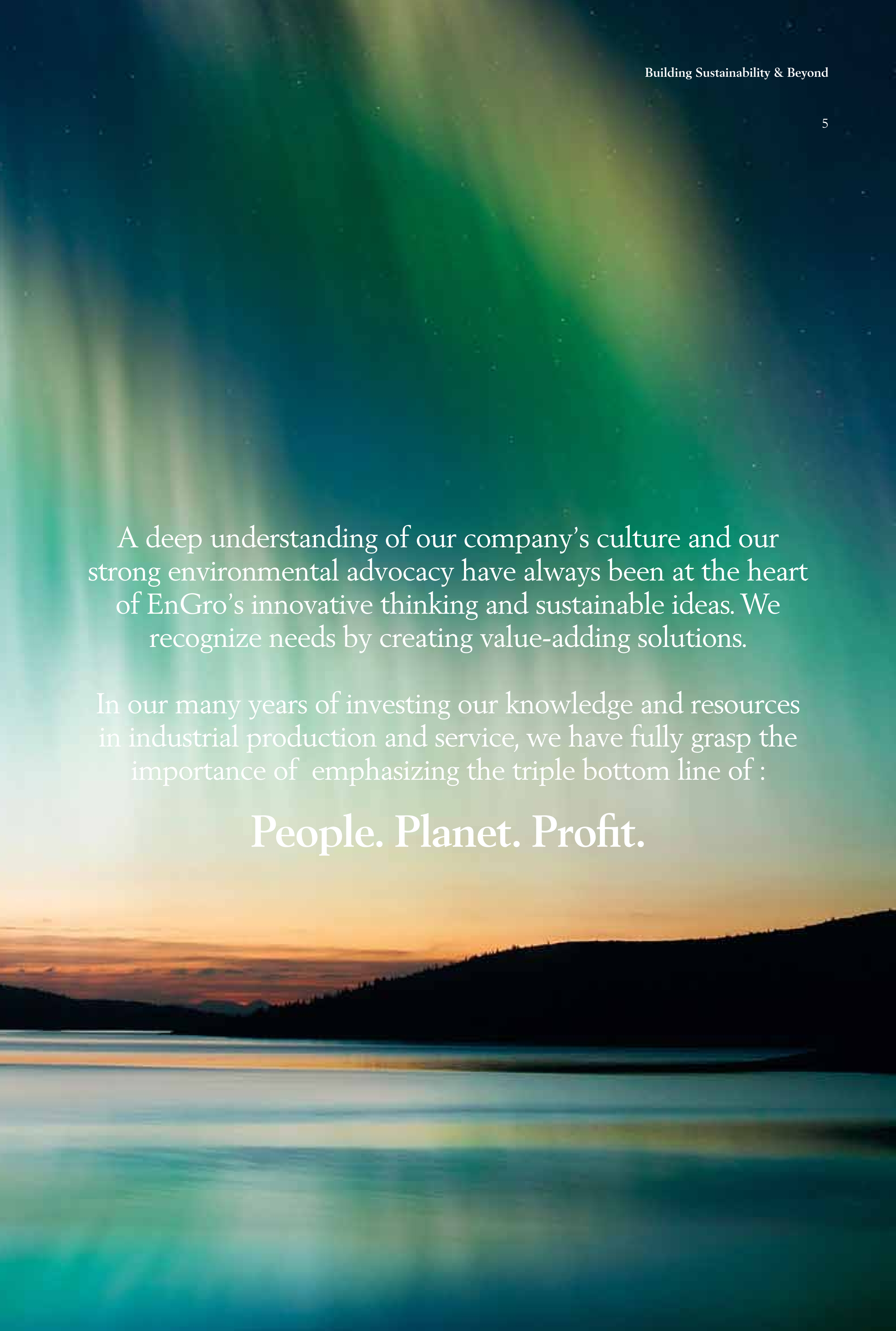
EnGro Corporation has been a provider of superior building materials for 35 years, involved in shaping the landscapes of countries across Asia. We have maintained high standards of excellence for our products and services all these years, and we look forward to making a more significant impact on the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

EnGro is a company dedicated to eco-friendly specialty cement, value adding specialty polymer and technology fusion business



Specialty Cement
Specialty Polymer
Investments

Building Sustainability and Beyond



A deep understanding of our company's culture and our strong environmental advocacy have always been at the heart of EnGro's innovative thinking and sustainable ideas. We recognize needs by creating value-adding solutions.

In our many years of investing our knowledge and resources in industrial production and service, we have fully grasp the importance of emphasizing the triple bottom line of :

People. Planet. Profit.

I
people

Mankind has the intelligence and ability to innovate and develop societies, and yet man can also destroy what is made within a short time.

II
planet

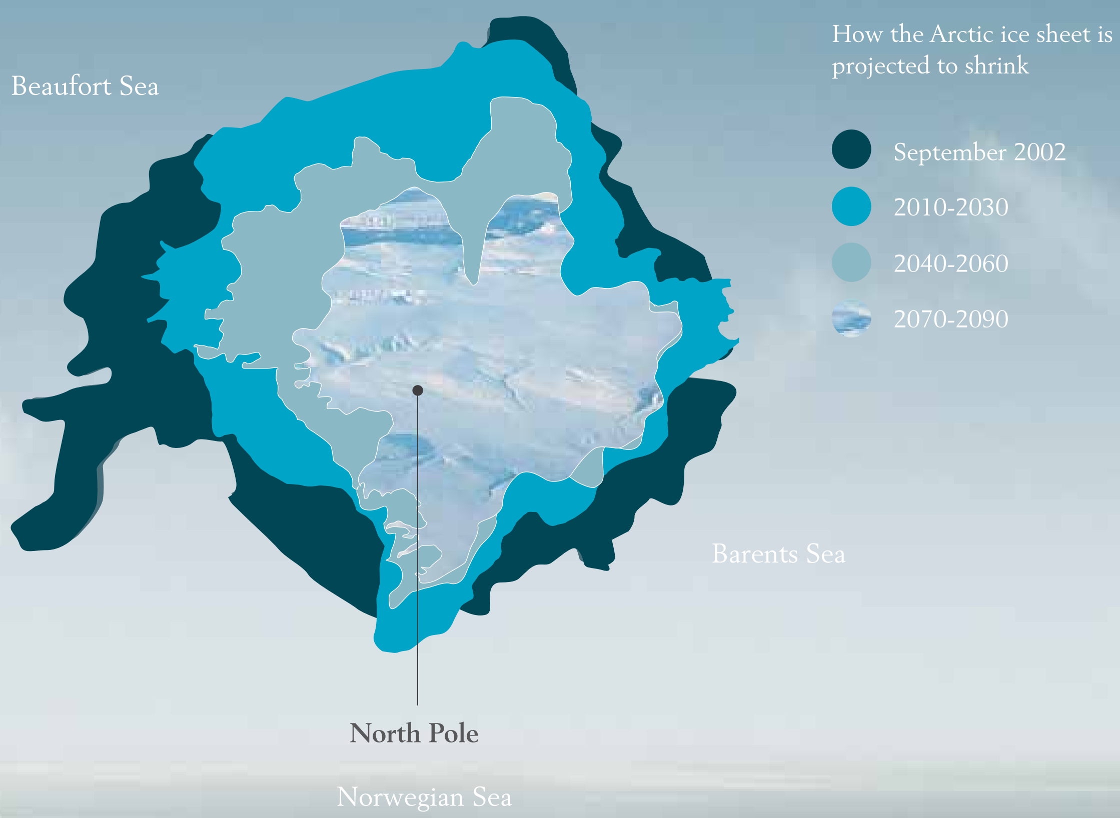
We only have one planet and that there is no substitute. The responsibility to preserve the well-being of our “home planet” is one that individuals, enterprises, other organizations and governments should join forces to reverse the impact of climate change on the environment we live in.

III
profit

We value life and understand the fragility of life. Our awareness allows us to see the effects of environmental degradation on people and this growing concern has driven us to step up and direct our business towards developing valuable and beneficial solutions.

Going green can also be profitable!

One of the Effects of Climate Change



Chairman's Message

Financial Review

EnGro continues to make progress and stay profitable against the backdrop of an uncertain economic environment. The Group's performance was buoyed by the sustained performance from its specialty cement business in China which delivered marginally higher profit compared to prior year attributable to improved selling price and increased volume. The post-crisis weak consumer goods and electronics sector had negative impact on the Group's specialty polymer business.

The Group's turnover for the year ended 31 December 2010 was S$105 million, a decrease of 16 percent compared to the previous year. The consolidated net profit after tax for the year was S$8.03 million compared to a net profit after tax of S$23.6 million in 2009 due to a drop in dividend income derived from property investment. Our Singapore building material business as well as our specialty cement business continue to contribute to the Group's profit.

The Board is recommending a first and final dividend of 3 cent per share declared for FY2010, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 27 April 2010.

Macro Economic Overview

The fragile global economy is not yet out of the woods and the weak global economic recovery is likely to prolong. The economic uplift that occurred in mid-2009 failed to be sustained and started decelerating in mid-2010 because of weaknesses in the major developed economies which are expected to impact on the developing countries' growth this year.

Developing countries in Asia, led by China and India, continue to show the strongest growth, but the future growth is likely to moderate to around 7 to 8 percent in 2011 and 2012. Although China's growth target from 2006 to 2010 was set at 7.5 percent, the actual momentum of its bubbling economy had brought the growth to around 10 percent. That had resulted in a rapid increase in the country's total energy consumption, which seems to have threatened the country's energy security.

2011 marks the beginning of China's 12th Five-Year plan (2011 – 2015). Under its newly announced 12th Five-Year Plan, energy conservation and reduction in carbon emission are two areas that have been heavily weighted among several key initiatives. Urbanization target is set to reach 51.5 percent. The infrastructure building backed by high-speed railway lines and highway network with lengths reaching 45,000 kilometers and 83,000 kilometers respectively will continue. Power generated from clean energy will increase in an effort to reduce China's heavy reliance on fossil fuels. Focus will also be on the rationalization of key industries, environmental and renewable energy, increasing R&D expenditure and innovation, social management and economic transformation.

The continued urbanization and increasing international cooperation in response to climate change highlighted in China's 12th Five-Year Plan augur well for EnGro's businesses in China.

Building Sustainability Beyond EnGro

Our eco-friendly, low-carbon building materials continue to gain market acceptance and our Ground Granulated Blast-furnace Slag (GGBS), was recognized by the Building and Construction Authority (BCA) in the latest version of its Green Mark scheme to help green developments attain more points.

In August 2010, EnGro received the accolade of being the Merit Winner for the Singapore Environmental Achievement Awards 2010, signifying yet another milestone for EnGro. The recognition strengthens EnGro's resolve to be one of the environmental leaders in Singapore.

Chairman's Message

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As early as 2009, plans were laid down by EnGro to establish an independent multi-stakeholder network-cum-alliance that will help companies get together on a "no holds barred" basis to learn, exchange and share knowledge on how to go green effectively and to meet global standards that define the green movement. The independent green network-cum-alliance was named the *Friends of Building Sustainability*, or *FBS* in short. Industry participants, government agencies, trade associations and chambers have responded positively towards FBS being a platform converging green actions aimed at lifting local green practice . Hopefully, the FBS platform will help the local business community to meet the challenges of the global "Go Green" campaign.

EnGro continues to emphasize the need to manage carbon emissions and introduced the concept of "carbon offsetting" in 2010. Coupled with our low carbon solutions, our new carbon offsetting solutions would lend support to our clients to go "carbon neutral" by investing in carbon credits to offset the unavoidable carbon emissions. With this, we encourage more companies to manage carbon emissions effectively by firstly opting for low carbon materials, thereafter offset the unavoidable carbon by investing in verified carbon credits.

Business Review

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

The Singapore economy recorded a strong growth of 14.5 per cent in 2010, reversing the decline of 0.8 per cent in 2009, led largely by the surge in electronics and biomedical manufacturing outputs. Growth in the construction sector continued albeit at a modest pace of 6.1 per cent compared to 17.1 per cent in 2009. Construction demand increased by 14 per cent to $26 billion fuelled by robust private sector construction activity. Total construction output in 2010 dropped to $27 billion from $31 billion in 2009, due to time lag in commencement of newly-approved projects and the completion of the two Integrated Resorts.

Continuing our commitment in support of the Singapore government's call to transform Singapore into one of the most successful green cities in the world, our RMC subsidiary, Top-Mix Concrete has accelerated its green concrete endeavour to help the construction industry to go green. During the year, our Green Label-certified range of low-carbon building materials approved by the Singapore Environment Council (SEC) has increased to a total of ten (10) products. Our green concrete under the brand name DuraCrete was supplied to key projects such as LTA's *Marina Coastal Expressway*, JTC's *Clean Tech Park*, Fraser Centrepoint's *8 @ Woodleigh* condominium, CDL's *Livia* condominium at Pasir Ris and NParks' *Gardens By The Bay* project.

EnGro's integral cement and ready-mix concrete (RMC) operation continue to gain strength and benefited from the increase in ready-mixed concrete demand which registered a growth of 5.2 per cent. Our commitment in promoting the green movement has influenced users' mindset

Chairman's Message

and gained acceptance resulting in increased demand for green cement and green concrete. The mid-term prospects of these two green products remain positive.

b) Specialty Cement Operations
Growing alongside China's *Rise of Central China* (中部崛起) programme, EnGro is honoured to seal a deal with Wuhan Iron & Steel Corporation ("WISCO") to set up a 1.2 million tons p.a. GGBS production plant in Wuhan City, Hubei province – again, a new GGBS milestone for EnGro. The plant is scheduled for commissioning in December 2011. *Wuhan Megalopolis* (武汉城市圈) is an important node as well as the focal point of the *Rise of Central China*. It is also known as city that is "1-plus-8", that is, comprising Wuhan and 8 satellite cities within a 100-kilometer radius. They are: Huangshi, Ezhou, Xiaogan, Huanggang, Xianning, Xiantao, Tianmen and Qianjiang. Wuhan's strategic location offers good growth potential for the joint venture and we are extremely encouraged.

One of our existing joint-venture companies, namely Jinan Luxin in Shandong, is also undergoing expansion. Upon completion of this expansion phase, the production base in Jinan will increase to 2.4 million tons per annum. Our total GGBS capacity through our associates in China plus the Korean associate in Incheon, will to reach 7 million tons by mid-2012.

China's economy grew at 10.3 percent last year, up from 9.2 percent in 2009. China has projected its GDP growth at around 8 percent for 2011, amidst a weak global economic recovery. To maintain dynamic growth, the Chinese government will focus continuously on economic transformation, major infrastructure building to enhance the overall efficiency in its logistics, restructuring of key industries, two of which are steel and cement. Though China's restructuring of its steel and cement industries pose a threat to EnGro's existing GGBS business, we are mindful that it offers new GGBS investment opportunities to EnGro. Per the pledge made by Premier Wen Jiabao to reduce the carbon intensity of China economy by 17 percent over the next five years, clean energy power generation in the next five years will trim the country's heavy reliance on fossil fuels and boost the proportion of non-fossil fuels in overall primary energy use to 11.4 percent by 2015, all of which augur well for the future growth of EnGro's GGBS business. Efforts put in and new standards set by China central government to control carbon emission will be accelerated to match the rapid urbanization.

The master plan mapped up by China's Ministry of Railway is in a true sense a ***"logistic revolution"*** which will undoubtedly accelerate China's regional economic integration on top of the "half-hour and one-hour economic circles" aimed at building mega-cities. The integration of the high-speed railway network with expressways, airports, seaports and the inland waterways will eventually link the *Pearl River Delta*, *Yangtze River Delta*, *Bohai Rim Region*, *Central China* as well as *Western China* regions, to establish an even more powerful domestic economy, with easy movement of goods and commuters. Those who are familiar with China's growth and development plans and efforts are also projecting that China's middle-class and higher-income population will grow from 150 million to more than 400 million in 10 years with two-thirds of them living in small cities.

Under the 12th Five Year Plan, water management has been singled out as one of key programs moving in tandem with urbanization. Significant budget allocations have been announced by China Central government for building infrastructures related to water management.

With the addition of the Wuhan JV, EnGro will have GGBS production facility in four provinces in time to come. Coupled with the growing green trend and the big wave of urbanization, China's growth will continue to lift our specialty cement (GGBS) business to new heights.

Chairman's Message

c) Specialty Polymer

The specialty polymer compounding activity worldwide shows steady growth as evidenced by the performance of global players in all regions and this trend is expected to be sustainable. Despite the disappointing performance of our specialty polymer compounding arm over the last 18 months R&P, continues to mark time and build technical capabilities in anticipation of future demand in Asia. The strategic linkage forged with ExxonMobil Chemicals remains intact and it is envisaged that over time R&P will be qualified to produce more of ExxonMobil Chemical's Exxtral™ range of products. By positioning R&P as part of ExxonMobil Chemicals' global supply chain targeting at Asia's automotive industry, R&P will in time invest appropriately.

d) Investment

Turquoise, our joint venture residential condominium project with Ho Bee Investments at Sentosa Cove is close to 50% sold. In 2010, we took the opportunity to co-invest with Yanlord and Ho Bee Group by taking a 10% stake in a mixed development project in the *Tangshan South Lake Eco-City* ("唐山南湖生态城"), Hebei province in China. Tangshan City is strategically located in the rapidly modernising Bohai Rim Economic region, the city will showcase China's growing commitment to environmentally conscious and sustainable lifestyle.

The Tangshan South Lake Eco-city project carries particular significance for EnGro in that it represents an opportunity for EnGro to promote its vision of ***"Building Sustainability"*** coupled with its eco-label certified eco-friendly GGBS with low-carbon footprint.

In the U.S. venture capital ("VC") industry, there were more IPO activity and M&A exits in 2010 compared to 2009. Riding on thise buoyancy, distributions from our VC funds increased correspondingly. We also see signs that point to the VC industry recovery, as "early stage" investment has increased. Our fund managers are working closely with the portfolio management teams to ensure their business models and revenue growth are well positioned for exits when the opportunity arises.

Prospect

While the global economy continues to improve, hikes in oil price may induce unforeseen shocks to the fragile economy and lead to a stagflation. We are mindful of the impact on the margin caused by oil price increase, and effort has been focused on increasing operation efficiency to curtail increasing costs suffered by all our operating units.

Our building material business in Singapore will continue to grow in line with the BCA's emphasis to build Singapore into one of the most noteworthy green cities in the world. Our Green Cement and Concrete products are readily received by the market in parallel to BCA's acknowledgement that GGBS is one of the materials of choice for developers to gain Green Mark points under the latest version of Green Mark.

With the strong GDP growth in China, we continue to view China as a key base from which to grow our overseas presence as a global materials player.

Acknowledgement

The performance in 2010 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 sustained confidence and support from our partners and stakeholders, and barring challenges posed by the fragile global economy, we expect EnGro to remain profitable in 2011.

Tan Cheng Gay
Chairman

Directors' Profile

Tan Cheng Gay
Chairman and Chief Executive Officer

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

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 Limited in Hong Kong in 1993 to be more directly involved in Asia's economic growth and development. In recent years, Dr. Tan has shifted her attention from her consultancy work to work relating to Afro-Asia Shipping Company Limited that was founded by her late father Tan Kiam Toen and of which she is currently Chairman and Managing Director. She is also a director of Afro-Asia International Enterprises Pte. Ltd.

Dr. Tan is related to Mr. Tan Cheng Gay.

Management Team

SINGAPORE CEMENT & RMC OPERATIONS

Eugene Ho

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

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, Specialty Cement

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, Specialty Cement 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 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, facilities planning and development as well as design in a major oil company.

SPECIALTY POLYMER OPERATIONS

Wong Chi Tsung

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

Managing Director
Resin & Pigment Technologies Pte Ltd

Mr Wong currently oversees the business and operations of both the Singapore and China (Wuxi) plants. He is a member of EnGro's investment team.

Alex Tan

Adv Dip (Polymer Technology), Singapore Polytechnic

Executive Director
Resin & Pigment Technologies Pte Ltd

Alex Tan founded R&P in 1989. He is currently overseeing all engineering related and capital expenditure projects at both the Singapore and China (Wuxi) plants, and is in charge of creating new production concepts and sourcing for appropriate engineering solutions for the company's range of products.

HQ HEAD OF DEPARTMENT

Jamie Lee

B.Acc from National University of Singapore, ICPAS member

Group Financial Controller

Ms Lee oversees the financial affairs and procurement for the Group. She has over 20 years of regional finance experience working for Singapore 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

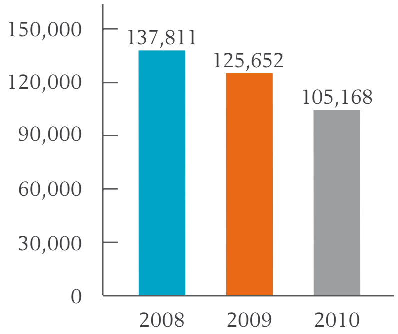
B.Bus (Accounting) from Monash University, Australia, is a Certified Practicing Accountant (CPA) accredited by both the CPA Australia and the ICPAS

Assistant Manager, Knowledge Management

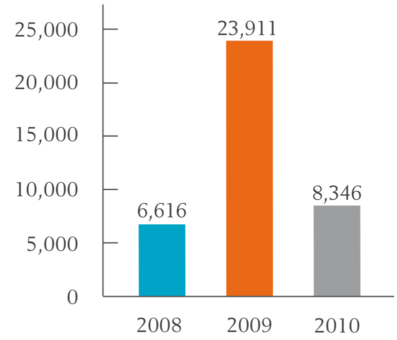
Mr Loh joined the Company in 2000 as the Internal Auditor. He has been promoted to head the Group's Knowledge Management department. His prior experiences include reviewing internal controls, co-ordination and review of the statutory and corporate reporting, and financial analysis for a range of industries.

3 Year Results At A Glance

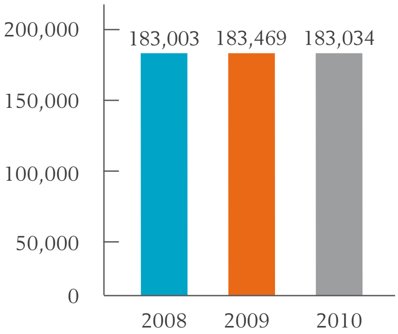
Revenue
($'000)



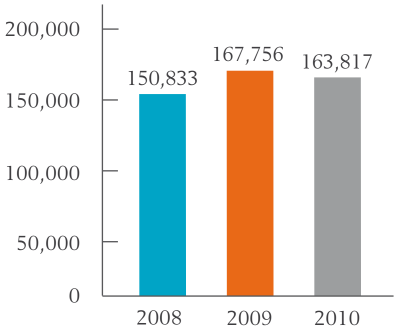
Profit attributable
to shareholders
($'000)



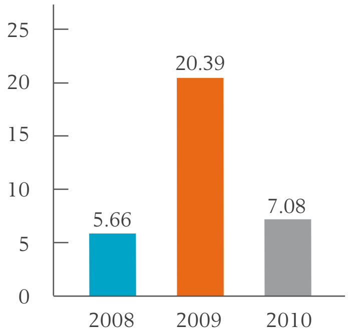
Total Asset
($'000)



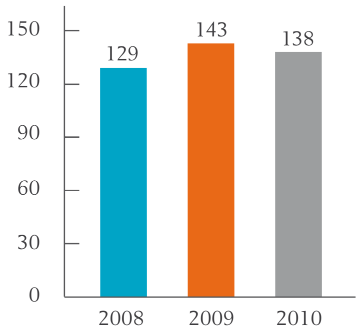
Net Assets Value
($'000)



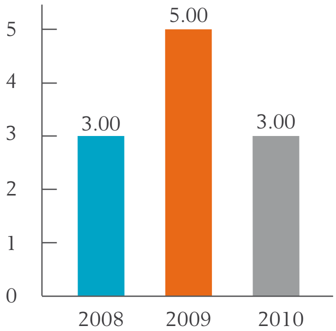
Basic Earnings per Share
(cents)



Net Asset Value per Share
(cents)



Net Dividend per Share
(cents)



Group Financial Highlights

	FY2008	FY2009	FY2010
Consolidated Profit and Loss Statement ($'000)			
Revenue	137,811	125,652	105,168
Profit after tax	6,236	23,609	8,034
Profit attributable to shareholders	6,616	23,911	8,346
Consolidated Balance Sheet ($'000)			
Total assets	183,003	183,469	183,034
Net assets value	150,833	167,756	163,817
Per Share (Cents)			
Basic Earnings	5.66	20.39	7.08
Net asset value	129	143	138
Net dividend	3.00	5.00	3.00

Green Initiatives

Going from Low-Carbon to Carbon Neutral

Our Green Initiatives

In the late 1980s when we started promoting the use of GGBS in Singapore, the green features of our GGBS was not the key concern to builders and developers. All that matter was the compressive strength of concrete and the cost of using GGBS to replace OPC. The knowledge we had then was the inherent benefit of GGBS offsetting the negative effects of the enlarging ozone layer, which was of little concern to the global corporate.

So 1980s was just how early our green initiative started except that our focus was to start changing course from being a clinker grinding plant operator to one that grinds eco-friendly low-carbon GGBS. From 2002 onwards, timed in line with the giving up of our clinker grinding production plant in Pioneer Crescent, we no longer grind clinker to produce OPC but rather, we import it for use in Singapore because of our client's requirement to have blended cement. This transformative moment in 2002 helped transform EnGro into a company that focus solely on the production of eco-friendly GGBS.

And we have not looked back since then…

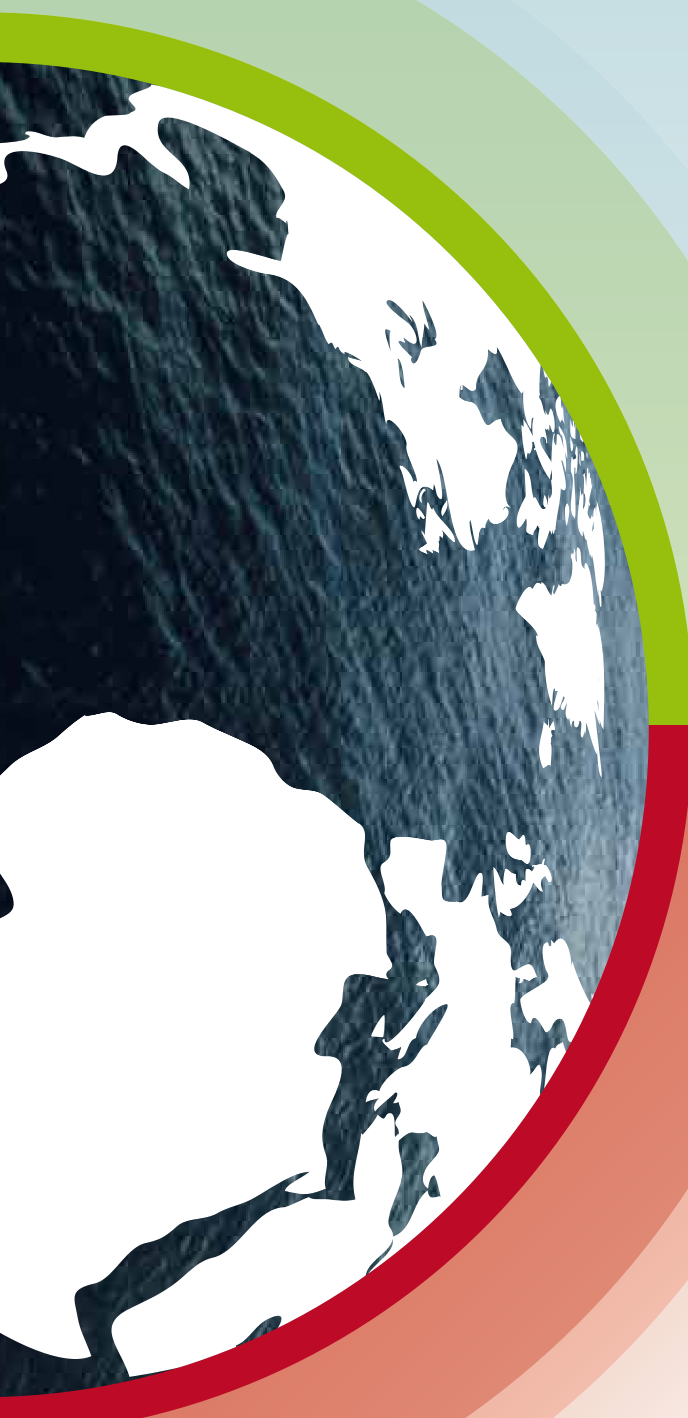
Our ***"Green Initiative"*** continues to gain strength over time. After setting up our first GGBS joint venture in Tangshan City (in Hebei province, China), we went on a trailblazing path of building even more GGBS grinding capacity across China with top-notch steel players in China (please refer to the Specialty Cement section of this annual report). The Singapore Cement & RMC review section of this annual report will provide more insights as to the milestones we have achieved in Singapore in promoting greater use of Green Cement and Green Concrete.

Eco-Labeling

With an eco-friendly product, namely GGBS, the initial challenge was to showcase to the construction industry that GGBS is indeed eco-friendly. Having eco-labels was the start as we needed to narrow the distance between the end customers and us, the upstream material producers. So in 2007, we became the first cement player in Singapore to obtain the *Singapore Green Label* accreditation for our "VCEM" brand GGBS and the rest of our "P-series" brand of blended cement products. Our "DuraCrete" green concrete followed suit and we obtained Green Label for our dry mix products as well. We now have a total of ten products certified to use the Singapore Green Label administered by the Singapore Environment Council (SEC). In 2011, we will move on to obtain even more eco-labeling for our green products.

Using Carbon Footprint to Promote Low-Carbon Material Use

In following up with the award of the Singapore Green Label, we have embarked on providing assurances to our customers that our products are truly green. The only way to do so is to engage credible third-parties to conduct a carbon footprint assessment for our products. Without such an assessment, customers would face difficulty in differentiating the *"genuine green"* versus *"relatively green"* products. We are glad that from 2009 onwards, our products now come with carbon footprint results that will help the construction industry in selecting green materials for their building projects.



1 ton
GGBS
Ground Granulated Blastfurnace Slag

REDUCES

1 ton
CO_2
Carbon Dioxide

Green Initiatives: Going from Low-Carbon to Carbon Neutral

Pilot Adopter of ISO 14064 Standards

In Q4 2010, EnGro became one of the pilot local companies to implement the ISO 14064 Greenhouse Gas (GHG) assessment standards which provide governments, businesses, regions and other organizations with an integrated set of tools for programs aimed at measuring, quantifying and reducing greenhouse gas emissions. By the same time next year, we hope to share more about our progress in implementing this green standard.

Going Carbon Neutral to Complete the Journey

On what we could to help our customers going green, the sky is the limit and our green journey towards zero-carbon emission target is just at the beginning. In 2010, we introduced new concept by providing customers with the option of attaining carbon neutral .

The commitment to go ***"Carbon Neutral"*** motivates individuals and enterprises to begin assessing their carbon emission, followed by steps to reduce their avoidable carbon emissions by choosing low-carbon products. As for the unavoidable carbon emissions, individuals and enterprises can invest in verified carbon credits to neutralize the unavoidable carbon emission to zero in order to achieve "Carbon Neutral" status.

The use of carbon credits or carbon offsets to neutralize the residual carbon emission down to zero is the ultimate target of any life-long green initiative. It does not represent the end of the green journey, but rather, it reflects the beginning of a new era where the cost of carbon is fully appreciated and the responsibility to manage carbon is formally recognized by individuals, entities and the society at large. In Singapore, we are still at the nascent stage of truly understanding the effects of carbon emissions and the impact it has to our lives.

With the introduction of our ***"Carbon Neutral"*** initiative, this completes the following green cycle program that can be adopted by enterprises and other organizations:

A sustainable development strategy to effectively manage carbon can involve the following fundamental steps

1. Measure:
Awareness of carbon footprint begins with a carbon footprint calculation best assessed by a third party expert.

2. Reduce:
Once the carbon footprint is known, low-carbon materials and solutions such as energy efficient technologies, low-carbon intensity products and abatement solutions can be implemented to reduce the project's carbon emissions.

3. Offset:
Lastly, the residual or unavoidable carbon emissions can be reduced to zero by investing in carbon credits to offset these carbon emissions so that the enitre project, product and company can achieve Carbon Neutral status.

Green Initiatives: A Green Alliance is Formed

Friends of Building Sustainability

Initiating a Green Alliance

Over the years, as we meet new friends and partners while promoting our green products, we hear a familiar expression: "We are 'too small' as an entity or individual to do anything that would make a noteworthy difference to improve the environment".

In 2010, EnGro voluntarily set up an independent platform called the ***Friends of Building Sustainability*** or ***FBS*** in short, to help dispel the notion of "going green" being costly, requiring a lot of effort and only the big players can get involved in. The internal brainstorming that led to this voluntary initiative had started much earlier but efforts took place in 2009 to start materializing plans to establish an independent and neutral multi-stakeholder green alliance to help companies, both large as well as small medium enterprises (SMEs) go green. It was hoped that with this platform, companies could band together on a "no holds barred" approach of learning, exchanging and sharing knowledge on how to go green coherently and effectively.

Industry participants and government agencies as well as local trade associations and chambers have responded positively towards FBS as one such platform that converges green actions with aim to help lift the standard of green programs undertaken by Singapore companies.

FBS has begun spearheading several initiatives led by focus groups prioritizing on the carbon footprint assessment and sustainability reporting adoption.

Helping Our Peers Go Green

As we continue to step up our *Green Initiative* to be in line with the green building requirements stipulated by the Building and Construction Authority (BCA), we proactively help our peers to go green and to qualify their products to fulfill the Green Mark scheme.

With the increasing demand for green concrete, we have been collaborating with our major ready-mix concrete customers by supplying GGBS for use in their green concrete. By offering low-carbon GGBS to our customers, we are doing our part in lifting the Singapore construction standard to recognize the benefits of relying less on conventional cement.

Green Era Is Here To Stay

Notwithstanding the differences that hinder a globally binding carbon reduction commitment, we see it as imminent for the world to be guided by a *"green world order"*; it's just a matter of time. The *industrialization era* went on to embrace the *information era* and now the *"Green Era"* is dawning upon our generation. This *"green era"* will 'fine-tune' the pace of growth spurred by the industrialization and information era coupled with the mega trends of *globalization* and *rapid urbanization*. It heralds the coming of age of mankind now coming to realize the need to responsibly reverse the effects caused by decades of irresponsible actions.

As the *green era* dawns upon us, EnGro will strive to do more to meet the growing green requirements guided by the new *green economy* which calls for governments to implement supportive green policies. We hope that more enterprises will heed the call to take part in the "global green project" and reduce dependency on fossil fuel to mitigate the effects of climate change caused by global warming. By this time next year, we will share more about our ongoing green initiatives with all our stakeholders and shareholders.

Integral Singapore Cement & Ready Mix Concrete

The eco-friendly low-carbon Ground Granulated Blast-furnace Slag (GGBS) is well positioned as the material of choice by developers, consultants and builders to replace Ordinary Portland Cement (OPC) in order to reduce the carbon footprint of Green Concrete used in building developments.

Look Forward to Promising Outlook in 2011

Following a strong rebound in 2010, the Singapore economy grew by 14.5 per cent in the whole of 2010, reversing the decline of 0.8 per cent in 2009. Growth in the construction sector continued in 2010 but was at a more modest pace of 6.1 per cent compared to 17.1 per cent in 2009 due to the completion of a number of major projects including the two integrated resorts, Resorts World Sentosa and Marina Bay Sands. The Building and Construction Authority (BCA) has projected Singapore's construction demand to reach between $22 billion and $28 billion in 2011. The public sector demand for construction may strengthen to between $12 billion and $15 billion, contributing 55% to the overall construction demand.

Projects that will fuel the growth in public sector construction demand include the Institute of Technical Education (ITE)'s third regional campus at Ang Mo Kio, development of Jurong General Hospital and community hospital at Jurong East, redevelopment of Victoria Theatre and Victoria Concert Hall at Empress Place, as well as Land Transport Authority (LTA)'s Downtown MRT Line Stage 3 contracts.

Public housing (HDB) contracts awarded in 2010 remained similar to 2009's level of $2.8 billion, while industrial contracts awarded rose to $970 million, the highest volume since 2003. Strong industrial construction demand was driven by the award of Singapore's first Liquefied Natural Gas (LNG) terminal at Jurong Island and industrial developments at Seletar Aerospace Park.

Outlook for the private sector construction expected to be moderately lower from the preceding year's level of $17.4

Integral Singapore Cement & Ready Mix Concrete

billion to between \$10 billion to \$13 billion, reflecting a relatively cautious sentiment among developers in view of cooling measures introduced by the government to stem speculation and inflation. Public housing construction demand is projected to moderate to between \$5.1 billion and \$6.1 billion from 2010's level of \$7.7 billion while private sector commercial construction demand is expected to maintain amidst strong demand of office space demand and the vibrant retail sector.

EnGro's VCEM GGBS and Green Cement Gaining Strong Market Acceptance

The eco-friendly low-carbon Ground Granulated Blast-furnace Slag (GGBS) is well positioned as the material of choice by developers, consultants and builders to replace Ordinary Portland Cement (OPC) in order to reduce the carbon footprint of Green Concrete used in building developments. Whilst Green Concrete may at time contain other materials such as washed copper slag (WCS) and recycled concrete aggregate (RCA), GGBS is the only material able to significantly reduce the carbon footprint of Green Concrete because GGBS is able to replace in substantive volume of Ordinary Portland Cement (OPC) whereas WCS and RCA are replacing small parts of fine aggregate which results in minimal carbon reduction. Hence, in a world where the cement industry generates around 5 to 6 percent of the world's annual carbon emission, EnGro was quick to realize the needs to account for its "VCEM" brand GGBS's carbon footprint in order to help discerning customers decide on the most effective way to reduce the carbon emission caused by OPC. We are glad that our stepping up to the Green Call has sent ripple effects in the industry whereby other concrete players have also recognized the potential of GGBS to reduce the carbon profile of their concrete products.

Integral Singapore Cement & Ready Mix Concrete

With EnGro's support of high quality eco-friendly low-carbon Green cement, Top-Mix is well positioned to supply high performance Green Concrete to meet the increased demand.

In 2010, our effort has resulted in a new milestone with GGBS now officially highlighted in the latest version of the BCA Green Mark scheme. It has officially been recognized by BCA as a high performance cementitious material to supplement OPC in Green Concrete production. This outcome is indeed gratifying as it strengthens our resolve to remain a strong proponent of Green Movement. GGBS is proven as an effective substitute for OPC and it is suitable for all types of concrete applications from low to highly stringent design mixes.

In 2010, EnGro signed two significant contracts with a leading builder to supply High Slag Blast-furnace Cement (HSPBFC) to Marina Coastal Expressway and MRT North South Line Extension projects for soil stabilization works – recognizing the benefits of our eco-friendly low-carbon blended cement. Demand for our blended cement is growing in tandem with the more stringent requirements of a new standard SS EN 206 applicable to concrete applications. Our bulk material terminal in Pulau Damar Laut with multi-cell silos configuration, is well-equipped to cope with demand for various types of blended cement.

Top-Mix "DuraCrete" brand Green Concrete Gaining Strength

With EnGro's support of high quality eco-friendly low-carbon Green Cement, Top-Mix is well positioned to supply high performance Green Concrete to meet the increased demand. In 2010, Top-Mix was successfully selected to supply its low-carbon DuraCrete (green concrete) to the first phase of a new shipyard project that SembCorp Marine plans to construct on a 73.3 hectares land at Tuas View Extension. The specifications call for the use of blended cement containing 70 percent GGBS and 30 percent OPC.

Integral Singapore Cement & Ready Mix Concrete

GGBS is also used in NPark's Gardens By The Bay project.

10

products accredited with Green Label

Green Label ID nos.
022-003, 022-009 and 022-025

GGBS

VCEM™ BUILDING DURABILITY

Blended Cement

P4246S
P4246
P197A
P197B

Ultra-Fine Slag Powder

P8000

Concrete

DuraCrete™

Dry Mix Powder

Prime Screed
Prime Mix
Prime Mix
SkimCote 50

Integral Singapore Cement & Ready Mix Concrete

Other major projects that we have supplied "DuraCrete" are JTC's *Clean Tech Park*, Fraser Centrepoint's *8@ Woodleigh* condominium, City Development's *Livia* condominium at Pasir Ris, and NParks' *Gardens By The Bay* projects.

Backed by EnGro's extended supply chain, where GGBS come from EnGro's associates in China, Top-Mix is able to meet the surging demand for Green Concrete encouraged by Singapore's Building and Construction Authority (BCA). Over time, the market has begun to comprehend that the definition of Green Concrete hinges upon a lower carbon footprint of the concrete as a result of substituting conventional cement used in concrete.

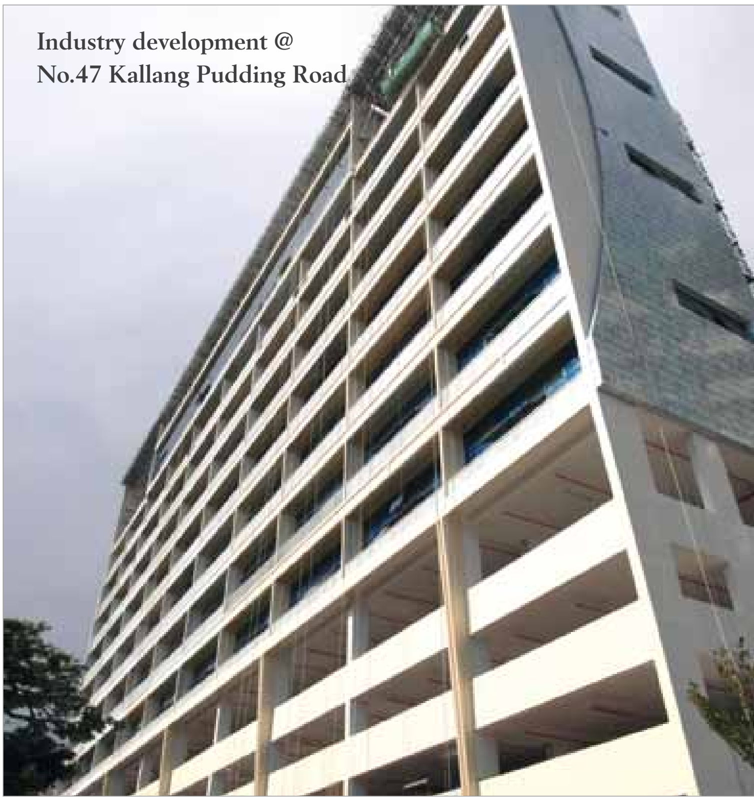
Improved performance by Top-Mix was mainly attributed to several major high-volume concrete supply to various private condominium and public housing projects, to name a few, *The Shore*, *Silversea*, *Doublebay*, *Vista Residences* as well as various HDB projects at Sengkang and Punggol. At the same time, Top-Mix was also involved in other mass-concrete supply projects, e.g. the *Industrial Aviation Complex* at Seletar Aerospace as well as *881 Residential and Commercial* project at East Coast.

Following the success of Green concrete supply to Gardens By The Bay at the Marina Bay area developed by NPark, Top-Mix was awarded contract to supply to another green project, *Interim Green at Gardens By The Bay.* Apart from infrastructure and industrial development, more private developers have started to adopt green building concept and accept wider use of Green Concrete in new condo projects.

In anticipation of the promising outlook for construction sector in 2011, Top-Mix is scaling up its truck fleet and batching plants to meet with increasing demand. At the same time, its batching plants at Tampines, Marina East and Tuas will be ready to comply with the new Singapore Standard SS EN 206 with effect from April 2011.

CleanTech Park at Jalan Bahar is Singapore's 1st Eco-Business Park and is developed by JTC.

Silversea Condominium @ Amber Road



Industry development @ No.47 Kallang Pudding Road

Livia Condominium @ Pasir Ris Grove

8 @ Woodleigh Condominium at Woodleigh Close

Specialty Cement: GGBS Production Bases

VCEM™ BUILDING DURABILITY

Total GGBS Production Capacity in China

6.6

million tons p.a by 2012

- Tangshan - **1.8 million tons p.a**
- Jinan - **1.8 million tons p.a (2.4 million tons p.a by 2012)**
- Huai'an - **1.2 million tons p.a**
- Wuhan - **1.2 million tons p.a by end 2011**

Specialty Cement: Introduction

Our GGBS production increased from 319,558 tons in 2004 to 4.59 million tons in 2010 representing a 14-fold increase in 7 years.

VCEM™ BUILDING DURABILITY

55

trillion RMB

China's GDP in 2015 should exceed RMB55 trillion.

2011 marks the 10th year of our Specialty Cement (GGBS) business in China during which we have grown from 1 production line in Tangshan (唐山) in 2002 to 10 lines (of 600,000 tons annual production capacity each) by the end of this year, accounting for a total annual production capacity of 6.0 million tons. Our GGBS production increased from 319,558 tons in 2004 to 4.59 million tons in 2010 representing a 14-fold increase in 7 years.

Four years ago, we set out to show our bet in putting the GGBS production base in three localities after painstaking and strategic selection. These were correct moves, attested to by the then announced Beijing-Shanghai High Speed Railway (京沪高铁) mega-project. As construction for this much touted High Speed Railway approaches its completion, development plans unveiled over the last few years for these three regions and progress witnessed thus far have further confirmed that our foresight has not led us astray. In the following, we endeavour to provide our shareholders with a better insight into what holds for our future on the company's investments in specialty cement.

With unyielding belief, persistence and perseverance, not once did we waiver in our unshakeable commitment in the pursuit of EnGro's specialty cement (GGBS) business, we overcame seemingly insurmountable obstacles in the face of SARS in 2003 and made sure that nothing would thwart the success of our 1st JV in Tangshan! The invaluable battle fought on the Tangshan front coupled with the experience gained planted in us an invincible confidence with which we marched bravely forward, and the rest is history - we never looked back. Our second plant in Jinan (济南), Shandong province (山东省) was commissioned in 2005. The third sprang up in Huai'an (淮安), Jiangsu province (江苏省) in 2006, a precious gem uncovered in an area that was not appealing at all at first glance.

Specialty Cement: Introduction

GDP GROWTH	TANGSHAN		JINAN		HUAI'AN		WUHAN	
	RMB bil	Growth %	RMB bil	Growth %	RMB bil	Growth %	RMB bil	Growth %
2007	277.9	15.0%	255.4	15.7%	76.5	15.2%	314.2	15.6%
2008	356.1	13.1%	301.7	13.0%	91.6	13.4%	396.0	15.1%
2009	378.1	11.3%	335.1	12.2%	112.2	24.2%	456.1	13.7%
2010	430.0	13.0%	391.1	12.7%	134.5	13.8%	551.6	14.7%

As at end of 2010, we had 3 mills in Tangshan with an annual capacity of 1.8 million tons, another 3 mills with the same capacity in Jinan and 2 mills with an annual capacity of 1.2 million tons in Huai'an. We currently have in operation a combined annual production capacity of 4.8 million tons, placing EnGro among the top producers in China. However, we are not resting on our laurels as our new plant with 2 mills in Wuhan is scheduled to be commissioned by end of this year while a 4th production line will be in operation in Jinan by Q1 2012.

It is appropriate at this juncture to mention that, on top of the already well known *Pearl River Delta*, *Yangzhi River Delta*, and *Bohai Rim Economic Zones*, an emerging force is fast taking shape, i.e. the *Rise of Central China*, with Wuhan city sitting in the epicenter of what promises to be a phenominal transformation of the region. As it turns out, each of our GGBS plant is located within its own economic zone, bustling with activities; and riding on the crest of an expanding wave, it seems that the pace of ongoing development at each city will bring about a crescendo waiting to be witnessed by all of us.

We are extremely pleased with the good results of our GGBS business, contributed over the years by the outstanding performances of all our JV companies in China. In highlighting the achievements of our JVs at different locations, credit must go to EnGro's good partners with whom we have worked together closely and harmoniously. And what in this world could be more satisfying than to have successful ventures with partners who have proven to be good and trusted friends!

As we move forward cautiously by adding more capacity coupled with new plans, China's next five-year plan period (2011 – 2015) presents many opportunities. We are encouraged and excited by the prospects in these 4 cities where we have established our presence.

Our Specialty Cement Production Bases

In the cities where we have our GGBS production base, we always track their respective GDP growths while monitoring the Chinese government's policy and announced plans.

The new 12th Five-Year Plan has laid down key targets aimed at solidifying the country's overall strength, improve its people's livelihood and to create a profound change to the country. Amidst the backdrop of a strengthening domestic economy, China's rapid urbanization and continuous world-class infrastructure development will generate an ever increasing demand for more and more eco-friendly building materials.

In the paragraphs below, we present the key attractiveness of the 4 cities we are in and the reasons why we are confident that performance of our Specialty Cement (GGBS) business will be sustainable in the years ahead.

Specialty Cement : Tangshan City

1. Tangshan City, Hebei Province
(唐山市，河北省)
Tangshan Tanglong Materials Co Ltd
Tangshan Tang-Ang Materials Co Ltd

As the Chinese saying goes:"饮水思源" (yin shui si yuan) ("when one drinks water, one must not forget the source") - one must always be grateful, and for this reason, we naturally begin with none other than our first investment in Tangshan, always remembering that the kind words that our good trusted partners, Tangshan Iron & Steel, showered upon us had presented us with a most invaluable platform for our subsequent pursuits.

Ten years ago, the concept of *"Beijing-Tianjin-Tangshan Triangle"* (京津唐), that is, a development zone cluster that covered Beijing, Tianjin and Tangshan, was conceived. Over the years, Tangshan was transformed from being merely known as a city which suffered a terrible earthquake in 1976 to one that was pronounced by Central Government as the *Pearl of Bohai* within the newly created Bohai Rim Economic Zone (环渤弯海经济圈) earmarked as another economic zone to rank pari passu with the other two already well-known Deltas.

The recently announced extension of Beijing into what is known as the *"Central Capital Economic Circle"* (环首都经济圈) as well as the introduction of a much larger zone named *"Beijing-Tianjin-Hebei Economic Zone"* (京津冀都市圈) comprising of Beijing and Tianjin municipalities linked with the greater Hebei province, continue to bring more promises to our investment in Tangshan, aside from prospects offered by the massive development which has been ongoing within Tangshan city itself.

Tapping on our good local contacts and resources in Tangshan, we were introduced to the new *South Lake Park* (唐山南湖公园) in a timely manner and ahead of many others, thereby allowing EnGro by harnessing the forte of its good friends to jointly participate in what promises to be one of the best real estate development projects yet to be seen in Tangshan, through a Singapore JV company known as *Yanlord Ho Bee Investments Pte. Ltd.* (Yanlord Ho Bee), in which EnGro has a 10 percent equity stake.

Tangshan is today the most important heavy industrial city and economic center in Hebei Province. Its industrial output includes steel products, cement, coal, machinery, motor vehicles, porcelain, chemicals and petroleum products. Being a coastal city located in the central section of the Bohai Rim Region, Tangshan has two major ports: Jingtang port and Caofeidian port, the latter being a natural deep water harbor capable of receiving 300,000-ton cargo vessels. Tangshan, therefore, plays an extremely important role in the economic development of Beijing and Hebei. Blessed with oil and natural gas as well as other resources, it is destined to become a strategic hub in the development of China's energy industry.

Specialty Cement : Tangshan City

Tangshan's municipal GDP hit RMB430 billion in 2010, an increase of 13 percent year-on-year, and becoming the first city in Hebei to join China's *"400 Billion Yuan Club"* (四千亿俱乐部). Total financial revenue was RMB43.9 billion, in which the general budgetary revenue was RMB19.6 billion, representing growths of 6.2 percent and 15.5 percent respectively. Total fixed asset investment reached RMB250 billion, up by 15 percent year on year. The urban per capita disposable income and the rural per capita net income were RMB19,515 and RMB8,310 respectively, representing growths of 8.1 percent and 12 percent.

Many factors contributed to the achievement. More than 200 major projects went into operation last year, including the *Phase One Beijing-Tangshan Steel Project* under Shougang Group. *Caofeidian New Economic Zone* (曹妃殿新经济区) also attracted total investment of over RMB100 billion, while Tangshan port became China's tenth biggest with yearly cargo throughput surpassing 200 million tons.

In addition to the expansion at Caofeidian, the downtown Tangshan area, which is 100 km away from the sea ports, also saw enormous changes, in particular at the Tangshan South Lake (唐山南湖). Situated right in the city and covering an area of 91 square kilometers, it is to be constructed into a well-known urban district and tourist area. Upon completion, Tangshan's South Lake (唐山南湖) is expected to compare its beauty to that of Hyde Park in London and the Central Park in New York.
From what was a mining sunken area which had for years been treated as a dumping ground, Tangshan South Lake has over a period of one and a half year been successfully turned into a beautiful South Lake Park occupying 27 square kilometers and with water surface measuring 11 square kilometers, twice the size of Hangzhou West Lake. The afforestation in the park covers 400 hectares with more than half a million trees and 200,000 square meters of planted grass. Overnight, the name South Lake has taken such prominence that the city has been dubbed *"the Back Garden of Beijing"*, a dream that is sure to come true once the 30 minute ride high speed rail is completed.
Many well known real estate developers have entered the scene to develop the area into a sustainable, ecological and high-class residential area. They include big names like *Yanlord* and *Ho Bee* as well as other developers such as Zhejiang *Greentown* and Shenzhen-based real estate developer *Vanke*, which have already begun their construction projects.

The South Lake Eco-City will contribute to the rapid economic development of the triangle Beijing, Tianjin and Tangshan, eventually all within a half-hour ride from each other. The South Lake Eco-City, when completed, is expected to have nine hundred thousand residents.

Specialty Cement : Jinan City

2. Jinan City, Shandong Province
（济南市，山东省）
Jinan Luxin Materials Co Ltd
Jinan Luang Materials Co Ltd

Jinan is the provincial capital of Shandong Province with an acclaimed longest coastal line in China. Shandong's GDP in 2010 was RMB 3.94 trillion, ranking third in the country behind Guangdong and Jiangsu.

Jinan has always been a hub of railway transportation. The 12th Five-Year Plan will witness the city's entry into the High Speed Railway (HSR) era with the start of the 1,318 kilometer Beijing-Shanghai HSR (京沪高铁), which passes through Jinan. With this, the provincial city will be uniquely and greatly benefited and its position as an important confluence of transportation network in Shandong will be further consolidated. The Jinan West Railway Station is one of the five main stations along the Beijing-Shanghai HSR with speeds of up to 350 kilometers per hour. It cuts travel time from Beijing to Jinan to about 1.5 hours. Leveraged on this advantage, the transportation and logistics industry in Jinan is bound to be accelerated. This line is also expected to bring 20 million visitors a year into the city.

Within the next 5 years, a one-hour high-speed railway (HSR) line from Jinan to Qingdao is likely to be constructed. This new HSR line construction is part of a blueprint, which calls for building a high-speed intra-province railway system of 14 railroads connecting 17 cities in the province, including Qingdao, Yantai, Jinan, Rizhao, Linyi and Weihai. Upon completion, Jinan will be brought closer to the *Bohai Rim Economic Zone* (环渤海经济圈), the *Peninsula Blue Economic Circle* (半岛蓝色经济区) and the *Yellow River Delta Economic Zone* (黄河三角洲高效生态经济区), thus promoting Jinan City's integration with the 2-hour Bohai Economic Rim and creating a new platform to further propel the economic development in the *Jinan Capital City Cluster Economic Zone* (省会城市群经济圈). Passengers shuttling between western Shandong's Jinan and eastern Shandong's Yantai city will only take one and a half hours instead of the present 8-hour journey. It will take 4 hours to reach the Yangtze River Delta Economic Circle.

The transportation network will strengthen local industrial sectors and it is estimated that the railway construction will generate over RMB57 billion of market demand for raw materials. Local manufacturing companies, such as steel-makers Jinan Iron & Steel Group and Laiwu Iron & Steel Group as well as our JV plants will greatly benefit from the project. The fund required for the 7-year project is RMB150 billion.

Jinan city is poised to achieve a GDP of RMB660 billion by 2015, a significant part of which will be brought about by a comprehensive, integrated and coordinated urban and rural planning program. The aggressive plan calls for the construction of the east and west districts of Jinan, upgrading of existing Jinan urban central area, development of surrounding areas and advancement of the whole city. By 2015, the population is project to reach 4.1 million with an annual per capita income of RMB43,000.

During the 11th Five-Year Plan period (2005 – 2010), Jinan city experienced impressive development. At the outset of the Plan which began in 2005, when EnGro commissioned its first GGBS Joint Venture Company with Jinan Iron & Steel Group Corporation ("JISCO"), Jinan's GDP was RMB187.6 billion. The hosting of the 11th National Games in Jinan during the 11th Five-Year Plan period has also contributed to its rapid development. The city's GDP doubled to RMB391 billion by the end of the 11th Five-Year Plan in 2010, representing an annual growth rate of 14 percent. This period also witnessed our GGBS JV in Jinan growing from an annual production capacity of 600,000 tons to 1.8 million tons at present. Notwithstanding this great achievement, Jinan's economic development is still at the nascent growth stage as compared with 10 other sub-provincial cities with GDP of more than RMB500 billion. The gap between Jinan and Guangzhou (also a sub-provincial city) with a GDP exceeding RMB1000 billion is even wider, thus offering a greater opportunity ahead for EnGro to grow along with the Jinan city as it strives to further accelerate its GDP growth over the next Five Year Plans. EnGro's 4th GGBS plant in Jinan is currently under construction and will be commissioned in Q1 2012.

Construction Projects in China supplied with VCEM GGBS

Guangzhou International Finance Center (IFC, 广州国际金融中心)

EnGro Jinan JV's ultra-fine GGBS P8000 was used to produce a C100 grade concrete mix, which was then pumped to a height of 440 meters.

Beijing-Shanghai High Speed Railway (京沪高铁工程)

EnGro's Jinan JV (Luxin) is one of the biggest GGBS suppliers for this project. It has supplied more than 600,000 tons of GGBS for the railway construction from Hebei to Shandong, covering 500 kilometers.

Jinan Beiyuan Elevated Road Project (济南北园高架工程)

Beiyuan elevated road connects Jinan city's east to west with a total length of 11.55 kilometers. EnGro's Jinan JV supplied GGBS for the project's piling and foundation works.

Binzhou Railway and Highway Bridge Project (滨州公铁两用桥工程)

This is the first dual-purpose railway and highway bridge across Yellow River with main bridge made of five-span (span width of 180 meters) one-coupling steel truss. It is the major project in Shandong using EnGro JV's GGBS in mass concreting.

Dongying Port Extension Project (东营港扩建工程)

Jiaoji Passenger Dedicated Line (胶济客运专线工程)

Jinan Olympic Stadium (济南奥体中心工程)

Key Economic Zones In China & Key Infrastructure Network

Specialty Cement : Huai'an City

3. Huai'an City, Jiangsu Province
(淮安市，江苏省)
Jiangsu Huailong Materials Co Ltd

The city planning unveiled over the last couple of years together with what is actually happening by way of construction activities today has proven that what was then only a glimpse in our vision is fast becoming a self-fulfilling prophecy.

When we entered into the JV with Huan'an Steel in 2006, Huai'an was still very much a sleepy town in Northern Jiangsu, traditionally regarded as backward compared to Southern Jiangsu. But we saw the unique position offered by this JV, namely, a location allowing our plant to be literally unchallengeable by any potential competitors, a strength which is likely to become even more pronounced as Huai'an city is developed. At the same time, we also foresaw that Huai'an was not far away from the day when Northern Jiangsu will become a hotly pursued prey by manufacturing enterprises and developers. The city planning unveiled over the last couple of years together with what is actually happening by way of construction activities today has proven that what was then only a glimpse in our vision is fast becoming a self-fulfilling prophecy. Without any doubt, Huai'an is destined to be transformed into a completely different and unrecognizable city and we take pride in proclaiming we have been proven right yet again.

The migration of manufacturing enterprises from the south to the north of the province due to both land and labour constraints are key factors accounting for the massive transformation. Demand for labour plus the increasing affluence are the support for the high-end developments witnessed by all. The fantastic pace of development can be easily borne out by the following:

Well-known names such as *Kumho Tyres, Foxconn* have established its foothold in Huai'an. It is worth mentioning that the huge production base of *Foxconn* in Huai'an counts among its largest in China, while other world-renowned software enterprises, such as *Alibaba*, *Sohu*, *Microsoft* and *Insigma Technology* have also congregated here.

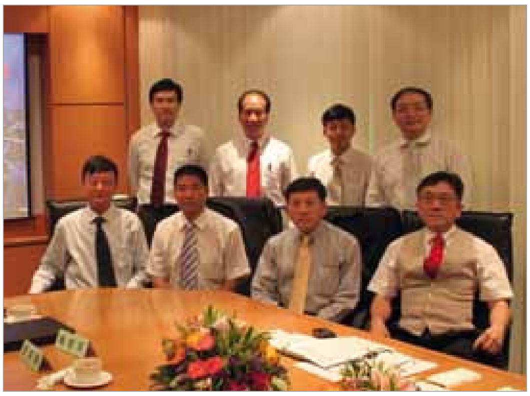
Specialty Cement : Huai'an City

Wanda Plaza, a Huai'an JV landmark project

Being an ecological city adjacent to the *Beijing-Hangzhou Grand Canal* (京杭大运河), the Huaihe (淮河), Yanhe (沿河), Huaishu (淮沭河) rivers and the *North Jiangsu Irrigation Main Channel* (苏北灌溉总渠), Huai'an used to be the hub of China's water transportation network. Its decline in modern times was due to the change of course of the Yellow River and the destructive civil wars. It became so isolated and underdeveloped that as recently as a decade ago the city was still inaccessible by railway. But this pathetic picture is being re-written as it is re-emerging as a transport hub with the fast arriving *Beijing-Shanghai High-Speed Railway* combined with its extensive expressways and waterway network, a new airport and other modern infrastructure.

Today the 526-kilometers *Xinyi-Changxing Railway* (新长铁路) runs the entire province from northern Jiangsu to Zhejiang through Huai'an. A new 210-km *Suqian-Huai'an Railway* (宿淮铁路) is currently under construction. It will be used for both freight and passenger transportation. From the start of the 12th Five-Year Plan onwards, Huai'an is expected to complete the construction of several major railways. These include the much anticipated *Lian-Huai-Yang-Zhen line* (连淮扬镇铁路) and the *Xuzhou-Huai'an Railway* (徐州-淮安铁路) as well as the *Ning-Huai Railway* (南京-淮安铁路).

Specialty Cement : Huai'an City



Board Meeting of EnGro's Huai'an JV Company

Due to the city's vastly improved transportation infrastructure and its integration with the Yangtze River Delta Economic Zone, more investors are coming to Huai'an to tap on the city's economic capability which is crystalizing at a fast pace. Huai'an's industrial sector contributes more than a half of the city's GDP.

Last but not least, Huai'an is the 8th city (after Nanjing, Wuxi, Nantong, Changzhou, Lianyungang, Xuzhou and Yancheng) in Jiangsu province, which has its own airport inaugurated in September 2010. The Huai'an Airport is a domestic regional airport and currently operates flights to 6 cities (Beijing, Shanghai, Guangzhou, Ningbo, Xiamen and Xi'an). Plan is well underway to expand the airport to cater for additional routes to Shenzhen, Chengdu and Dalian whilst international flights to Hong Kong and Taiwan will also be subsequently considered.

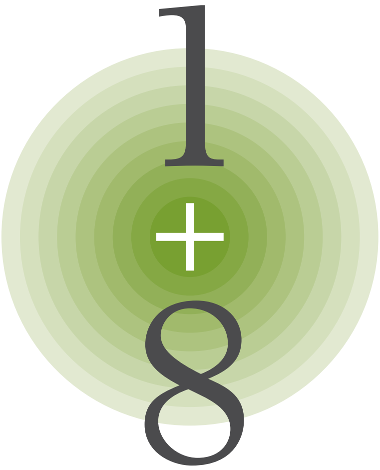
This new addition in transportation at Lianshui County, 22 kilometers from Huai'an downtown, must be the ultimate endorsement to mark its importance and emergence. Given the massive developments, including a completely new Government Administration Centre Park which will constitute the new town-centre, the fact that our GGBS plant is so well entrenched as to be the only factory of its kind within a 250 kilometers radius offers our JV an advantage which is effectively immeasurable.

Going forward, Huai'an will become one of the most important cities in the heart of Northern Jiangsu province as it strives to develop its Huai'an Economic Development Zone into one of the top 10 in the province. As a picture speaks more than a thousand words, we share with you below some artists' impressions of what is to be Huai'an skyline for its downtown commercial district (some being near completion), as well as a set of very impressive GDP numbers for the past few years, which would allow you to share with us the enthusiasm we have for our plant in Huai'an.

Specialty Cement : Wuhan City

4. Wuhan City, Hubei Province
(唐山市，河北省)
Wuhan Wuxin Materials Co Ltd

With the existing production capacity of 4.8 million tons spread across Jiangsu, Shandong and Hebei, the new EnGro-WISCO facilities will raise EnGro's GGBS production capacity in China to 6 million tons annually by December 2011.



The Wuhan Megalopolis, also known as "1-plus-8", comprises Wuhan and 8 satellite cities within a 100-kilometer radius.

In light of Wuhan's strategic location and increasing economic activities, EnGro began to direct its attention in 2007 on the city in hope of expanding its GGBS business to ride on the *Rise of Central China*. After three years of unyielding effort, EnGro finally achieved a breakthrough in 2010 by signing a joint venture agreement with *Wuhan Iron & Steel Corporation ("WISCO")* to set up a new GGBS plant in Wuhan. The new joint-venture company, *Wuhan Wuxin Materials Company Limited*, plans to complete and commission its GGBS plant in December 2011, producing 1.2 million tons of eco-friendly and low–carbon Ground Granulated Blast furnace Slag (GGBS) annually. With the existing production capacity of 4.8 million tons spread across Jiangsu, Shandong and Hebei, the new EnGro-WISCO facilities will raise EnGro's GGBS production capacity in China to 6 million tons annually by December 2011.

Subsequent to the signing ceremony in September 2010 which was witnessed by PM Lee Hsien Loong, our staff have been working diligently with our new partners in the hope of bringing forward the production date. As we approach ground breaking for this latest project, let us convey to you that the selection of Wuhan as our latest venture location was handled with the same kind of careful due diligence and analysis applied to all of our previous projects. With the much awaited arrival of the *Rise of Central China*, and the birth of *Wuhan Megalopolis*, we remain extremely confident of the success of our latest venture. Please allow us to bring to you with more encouraging news this time next year.

Specialty Cement: Growing Parallel With China's Growth Plans

Factors favoring China's development are positive and remain intact. Industrialization, urbanization, market development and internationalization are all intensifying.

At the recently concluded 11th National People's Congress (第十一届全国人民代表大会), Chinese Premier Wen Jiabao expressed that "the 12th Five-Year Plan (第十二个五年规划) period (2011 – 2015) is crucial for building a moderately prosperous society in all aspects and for deepening the reform and opening up process while accelerating the transformation of the economic structure.

Factors favoring China's development are positive and remain intact. Industrialization, urbanization, market development and internationalization are all intensifying. These development factors, along with huge potential demand, ample supply of funds, rising scientific and educational levels of the population, improving workforce quality, rapid infrastructure development, improved macro-control and response in a stable society, augur well for China in its next phase of reform and development.

During the 12th Five-Year Plan period (2011 - 2015), China plans to achieve an average annual GDP growth of 7 percent and to improve the quality and efficiency of economic growth. Based on 2010 prices, China's GDP in 2015 should exceed RMB55 trillion. Macro-control will be strengthened and improved to keep prices stable whilst integrating short-term control policies with long-term development policies to expand and fully tap on domestic demand to drive growth via a balanced mix of consumer spending, investment and exports.

Resource conservation and environmental protection also come up as one of the key emphasis areas during the 12th Five-Year Plan as China plans to actively respond to climate change and build capacity for sustainable development. Reliance on fossil-fuels in primary energy consumption will be reduced while clean energy fuels in primary energy consumption should reach 11.4 percent. More importantly, energy consumption and CO_2 emissions per unit of GDP should be reduced by 16 percent and 17 percent respectively.

Specialty Cement: Conclusion

At this point in time, we see our specialty cement (GGBS) business maturing through its own transformation phase.

EnGro is a pioneer in the production and use of GGBS in Asia. We pride ourselves for being the first company, outside Japan, to set up a plant using modern roller press technology for grinding slag. When we closed down our production facilities in Singapore in 2002 and moved our German roller press to Korea, we had already planned our China move. The first three mills were erected in three different cities, which were considered under-developed at the times, relative to the coastal cities, such as Shanghai, Guangzhou, Shenzhen, Tianjin, Suzhou and the capital city of Beijing. Nonetheless, we have done exceedingly well. The success spurs us to expand further in these cities. One more city, Wuhan, was added to our fold recently to ride on the *Rise of Central China*.

All the cities we have chosen for our GGBS business have one thing in common: they are all at or near the hubs of high speed railway, conventional railway, highway and waterway transportation with Tangshan city only an hour's drive to its Tangshan Port and Caofeidian Port; Wuhan at the confluence of two great rivers and Huai'an next to the *Beijing-Hangzhou Grand Canal*.

With the arrival of the high speed railway, these cities have been brought closer to the various highly prominent economic zones: Jinan to the *Bohai Rim Economic Zone*, the *Shandong Peninsular Azure Economic Zone* and the *Yellow River Delta Zone*; Tangshan to the *Beijing-Tianjin-Hebei Economic Circle* and Huai'an having been officially encapsulated into the *Yangtze River Delta Economic Zone*.

The relative under-development of these cities with huge gaps in GDP between the top 10 most prosperous cities is not a disadvantage; we view it rather as a positive factor as it translates into tremendous opportunities representing one word: **Growth.** It is a well-known phenomenon that when a city's development approaches maturity, its pace slows down. For example, in a recent ranking of GDP of Chinese provinces, Sichuan and Liaoning have over taken Shanghai. The same is expected to happen to cities we have invested in.

The inherent "*green nature*" of our GGBS endows it with the right elements to become one of the world's most truly sustainable materials, which could substitute a high proportion of conventional cement used in making Green Concrete, another "green" favorite expected to replace conventional concrete. And very soon, we will be rolling out "greener" GGBS – we'll make it "Carbon Neutral"!

To our stakeholders and partners who have vigilantly followed EnGro's past annual reports, we are sure that you will be familiar with our tendency of associating our specialty cement (GGBS) business with that of running a winery. At this point in time, we see our specialty cement (GGBS) business maturing through its own transformation phase. We hope that you will join us in our journey in making our specialty cement business a greater success. And hopefully when the time is "ripe", we would leave an after taste that could describe our specialty cement (GGBS) as: ***"intense, spicy, supple and deep."***

Specialty Polymer

We plan to intensify our product development efforts and expand our product range aimed at serving the automotive markets better. Our sales and marketing efforts will be focused in bringing such new products to the automotive markets.

R&P continues to be mainly focused in qualifying Exxtral™ product grades for ExxonMobil Chemical's key automotive customers in Asia while ramping up production for the several product grades that have already been qualified.

As many of the Exxtral™ products are still under qualification with several top global automotive customers, or in the production ramp-up stage in Asia Pacific, R&P did not fully exploit the strong growth in the automotive markets in the past year. However, we do anticipate stronger business traction with Exxtral™ products as more product grades get qualified. The automotive sector in the Asia Pacific region, especially China and India, should continue to grow despite the removal of government incentives granted to automobile buyers in the past.

Furthermore, we are continuing our efforts in optimizing our operations to increase productivity and lower cost, and integrating our business operations to our China (Wuxi) plant, as well as transferring process know-how to our China team.

We plan to intensify our product development efforts and expand our product range aimed at serving the automotive markets better. Our sales and marketing efforts will be focused in bringing such new products to the automotive markets.


FUN
ZERO
FUN
ZERO

Investments

Tangshan South Lake Eco City

Venture Capital Investments

Exit activities for our USA Venture capital industry has moved closer to levels seen before the economic downturn as more companies achieved liquidity in 2010. This represents a 25 percent increase in exits over 2009. There were 72 venture-backed IPOs and more than 400 acquisitions announced in 2010, marking recognition by large corporations for the value seen in the innovations of venture-backed companies.

Accordingly, distribution income from our venture capital funds has more than doubled compared to 2009's level as our funds capitalize on this trend. Although fund raising for the USA VC industry was lower compared to 2009, this consolidation is viewed positively in that first-time fund raisings in companies were also up as venture capitalists were gaining confidence in finding reasonably priced start-ups.

Going into 2011, our venture capital fund managers capitalizing on the economic recovery are working their portfolios to grow their revenues as corporations resume spending after having reined in during the downturn. We are cautiously optimistic that our venture capital portfolio of active funds will continue to appreciate over time.

Property Development Investments

This segment continues to generate positive results. Our partnership with Ho Bee Group has been established since 1999 involving property development projects both in Singapore and overseas, namely, London and Shanghai. In June 2010, *Turquoise*, a 91-unit condominium project at Sentosa Cove, obtained its T.O.P. This project was well received when it was launched with close to 50 percent of the units sold.

Being optimistic for the long term prospect of China property market, in particular the 2nd-tier cities, we took the opportunity last year to take up a 10 percent stake in a project that is being developed by Yanlord Ho Bee Investments Pte. Ltd. ("Yanlord Ho Bee"). This piece of property is located within *Tangshan South Lake Eco-City* ("唐山南湖生态城") and is to be developed into a Singapore-style luxury residential cum commercial development. Tangshan is the city which enjoys the fastest growth in Hebei province. The importance of its

Investments

Turquoise, Sentosa Cove, Singapore

strategic location is born out by its taking a prominent place in what is known as *Jing-Jin-Tang* (Beijing-Tianjin-Tangshan) with its development plan emphasizing on the social - economic - political development of this region which has gained a new name, the *Golden Triangle of the Bohai Rim Economic zone.*

Located on the southern ridge of Tangshan city in close proximity to the city's central business district, the *Tangshan South Lake Eco-City* (唐山南湖生态成) has received numerous accolades for its environmentally conscious design and pristine living conditions such as the *"China Living Environment Model Award"*, the *"Dubai International Award for Best Practices to improve the Living Environment"* and the *"HBA Award for Outstanding Contribution to China"*. Centred on the concept of environmental conservation, the *Tangshan South Lake Eco-City* has been earmarked to incorporate modern infrastructure with environmentally conscious living conditions and comprehensive recreational amenities. Upon completion, Tangshan's South Lake (唐山南湖) is expected to compare its charm to that of Hyde Park in London and the Central Park in New York.

The Tangshan South Lake Park (唐山南湖公园) in the downtown area occupies a total area of 1,300 hectares. Yearning for a "green environment", Tangshan people started the project of reconstructing the area and with great efforts, they successfully turned this dirty and smelly garbage dumping landfill into a beautiful tree-lined forest-like park with man-made lakes twice the size of the *Hangzhou West Lake* (杭州西湖). The park is now covered with 400 hectares of 300,000 trees and 200,000 square meters of planted grass.

With Tangshan City being one of the fastest growing cities in the *Bohai Rim Economic Zone*, we are confident that the Green Label certified low-carbon specialty cement (GGBS) produced by EnGro's GGBS associate in Tangshan will contribute in the building of truly green Eco-Cities in the *Tangshan South Lake Eco-City* project as well as many other prestigious projects .

Corporate Social Responsibility

This is the second time the scholars from Huai'an have won the prize. The prize money of S$200,000 will be used to fund eco-friendly projects in Huai'an City, Jiangsu province, China.

EnGro Young-Leader Scholarship

Another year has gone by and we welcome another new batch of government officials from China, who have taken their working time off to attend the one-year study course in Singapore.

From the batch of students, whom we sponsored in 2010 through our GGBS joint venture company, Jiangsu Huailong Materials Co. Ltd, five young scholars studying at Nanyang Technological University (NTU) won the prestigious *Lien Ying Chow Legacy Fellowship award*. This is the second time the scholars from Huai'an have won the prize. The prize money of S$200,000 will be used to fund eco-friendly projects in Huai'an City, Jiangsu province, China.

LKY school- NUS students

In 2010, EnGro also provided four postgraduate scholarships to Chinese government officials, two from Tangshan (唐山) city, Hebei province, and the other two from Linyi (临沂) city of Shandong province, who enroll in the *Master in Public Administration and Management* (MPAM) program offered by the Lee Kuan Yew School of Public Policy (LKYSPP).

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
33%	Wuhan Wuxin 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

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 2010 ("FY2010') 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	7	7	-	-	-	-	-	-
Tan Yok Koon	7	7	1	1	-	-	-	-
Tan Choo Suan	7	4	-	-	4	2	1	-
Ng Tat Pun	7	6	1	1	4	4	-	-
Soh Kim Soon	7	7	1	1	-	-	1	1
Tan Keng Boon	7	7	-	-	4	4	1	1

Corporate Governance Report

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.

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 fufills 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 the financial year ended 31 December 2010 ("FY2010") 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.

Corporate Governance Report

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.

The directors who held office during the year up to the date of this report are disclosed in the Report of Directors on page 56. Details of the directors' profiles are set out on page 12 of this Annual Report.

Board Performance
(Principle 5)

The NC is responsible for assessing the effectiveness and performance of the Board. The assessment parameters include the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness as well as standards of conduct. For FY2010, the NC reviewed the progress and the actions to be taken based on the recommendations and suggestions made at the FY2009 Board Performance Evaluation exercise.

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 Board meetings before the scheduled meetings. 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 Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assist the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors. The appointment and replacement of the Company Secretary is a Board reserved matter.

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;

Corporate Governance Report

(ii) the remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the CEO's interests with that of the Shareholders; and

(iii) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the CEO.

The CEO had been granted share options under the Company's SsangYong Cement (Singapore) Limited 2000 Employee Share Option Scheme. However, during the year, the Company discovered the inadvertent erroneous grant of 3,145,000 share options to him and consequently, the Company cancelled the 3,145,000 share options granted to him.

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. Likewise, there was an inadvertent erroneous grant of 1,285,000 share options to him. He has since exercised his 285,000 share options into shares. To rectify this situation, the Company intends to complete its corporate exercise to have its Articles of Association amended and subsequently, obtain a share buy-back mandate from its shareholders to acquire 285,000 shares and thereafter cancel such shares. The Company has also cancelled the balance of the 1,000,000 share options granted to him.

The circumstances surrounding the inadvertent erroneous grant of share options to the two executive directors referred to above and the subsequent cancellation of the share options may be found in the Company's announcements dated 14 April 2010 and 1 December 2010 respectively.

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 2010:

	Remuneration band(1) S$	Fees %	Salary %	Bonus %	Other benefits %	Total %
Executive Directors						
Tan Cheng Gay	750,000 to 1,000,000	–	61	37	2	100
Tan Yok Koon	250,000 to 500,000	1	68	13	18	100
Non-executive Directors						
Tan Choo Suan	Below 250,000	100	–	–	–	100
Ng Tat Pun	Below 250,000	100	–	–	–	100
Soh Kim Soon	Below 250,000	100	–	–	–	100
Tan Keng Boon	Below 250,000	100	–	–	–	100
Key Executives						
Chen En Yi	Below 250,000	–	72	18	10	100
Ho Pol Lim Eugene	Below 250,000	–	71	18	11	100
Wong Toon Hong	Below 250,000	–	73	18	9	100
Jamie Lee	Below 250,000	–	73	18	9	100
Wong Chi Tsung	Below 250,000	–	59	22	19	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

Corporate Governance Report

The Board has not included an annual remuneration report in its annual report for FY2010 (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.

Save as disclosed above, there were no other employees who were immediate family members of any Director or the CEO whose remuneration exceeded S$150,000 for FY2010.

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.

Corporate Governance Report

In FY2010, 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 FY2010 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 FY2010 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.

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. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.

COMMUNICATIONS WITH SHAREHOLDERS
(Principle 14 and 15)

The Company has adopted quarterly reporting of its financial results with effect from FY2003. Accordingly, in FY2010, 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.

Corporate Governance Report

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 for 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.

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.

Corporate Governance Report

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 2010 is as follows:

Name of interested person	**Aggregate value of all interested person transactions for the year ended 31 December 2010 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S$'000**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000**
HB Investments (China) Pte Ltd		
Loan	15,398	-
HBS Investments Pte Ltd		
Loan	350	-

Note:

HB Investments (China) Pte Ltd and HBS Investments Pte Ltd are companies in which the Company has a 20% and 30% interest respectively. A controlling shareholder of the Company also has an interest in HB Investments (China) Pte Ltd and HBS Investments Pte Ltd.

Financial Contents

Directors' Report

Year Ended 31 December 2010

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 2010.

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 2011
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	30,000
- deemed interests held			
Tan Cheng Gay	826,000	826,000	826,000
Tan Choo Suan	60,137,500	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	–	–
- at $1.17 per share (granted on 8 January 2008), between 9 January 2009 to 7 January 2018			
Tan Cheng Gay	1,200,000	–	–
Tan Yok Koon	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	–	–
Tan Yok Koon	500,000	–	–

Directors' Report

Year Ended 31 December 2010

DIRECTORS' INTERESTS (CONT'D)

By virtue of Section 7 of the Act, Tan Choo Suan is deemed to have interest in all the related corporations of the Company, 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. 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 2010	Options granted	Options exercised	Options forfeited	Options outstanding at 31 December 2010	Number of option holders at 31 December 2010	Exercise period
1/12/2006	$0.75	1,250,000	–	–	(375,000)	875,000	10	02/12/2007 – 01/12/2016
8/1/2008	$1.17	2,980,000	–	–	(1,890,000)	1,090,000	18	09/01/2009 – 07/01/2018
30/3/2009	$0.55	3,440,000	–	(1,115,000)	(2,100,000)	225,000	3	31/03/2010 – 29/03/2019

Directors' Report

Year Ended 31 December 2010

SHARE OPTIONS (CONT'D)

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

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

Name of director	Options granted for financial year ended 31/12/2010	Aggregate options granted since commencement of Scheme to 31/12/2010	Aggregate options exercised since commencement of Scheme to 31/12/2010	Aggregate options forfeited since commencement of Scheme to 31/12/2010	Aggregate options outstanding as at 31/12/2010
Tan Cheng Gay	–	3,145,000	–	(3,145,000)	–
Tan Yok Koon	–	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.

During the year, the Company cancelled 4,145,000 share options out of the erroneous grant of 4,430,000 share options to two directors, Tan Cheng Gay and Tan Yok Koon. The Company intends to acquire and cancel the remaining 285,000 shares that were issued pursuant to the exercise of share options by Tan Yok Koon by completing its corporate exercise to have its articles of association amended and subsequently, obtain a share buy-back mandate from its shareholders.

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 parent company, if any, and its subsidiaries 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.

Directors' Report

Year Ended 31 December 2010

AUDIT COMMITTEE (CONT'D)

The Audit Committee also reviewed the following:

(i) effectiveness of the management of financial business risks and the reliability of management reporting;
(ii) assistance provided by the Company's officers to the internal and external auditors;
(iii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
(iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

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

AUDITORS

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

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

18 March 2011

Statement by Directors

Year Ended 31 December 2010

In our opinion:

(a) the financial statements set out on pages 62 to 117 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 2010 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 2011

Independent Auditors' Report

Members of the Company
EnGro Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of EnGro Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 117.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
18 March 2011

Balance Sheets

As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Assets					
Property, plant and equipment	3	8,825	9,287	1,133	719
Subsidiaries	4	–	–	50,185	53,582
Associates	5	70,502	60,913	45,993	33,407
Amount due from associates	9	2,373	–	–	–
Other investments	6	17,464	26,121	1,688	2,495
Other financial assets	7	172	172	172	172
Total non-current assets		99,336	96,493	99,171	90,375
Inventories	8	6,951	8,038	4,231	4,335
Trade and other receivables	9	26,584	25,535	33,513	28,374
Other investments	6	9,352	9,438	–	41
Cash and cash equivalents	10	40,811	42,750	29,889	36,483
Assets classified as held for sale	22	–	1,215	–	–
Total current assets		83,698	86,976	67,633	69,233
Total assets		183,034	183,469	166,804	159,608
Equity					
Share capital	11	84,268	83,654	84,268	83,654
Reserves	12	79,549	84,102	69,295	65,300
Equity attributable to equity holders of the Company		163,817	167,756	153,563	148,954
Non-controlling interest		463	775	–	–
Total equity		164,280	168,531	153,563	148,954
Liabilities					
Financial liabilities	14	154	1,938	46	77
Deferred tax liabilities	15	517	498	–	–
Total non-current liabilities		671	2,436	46	77
Trade and other payables	16	16,501	11,488	7,755	4,987
Financial liabilities	14	1,234	666	5,440	5,590
Current tax payable		348	348	–	–
Total current liabilities		18,083	12,502	13,195	10,577
Total liabilities		18,754	14,938	13,241	10,654
Total equity and liabilities		183,034	183,469	166,804	159,608

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

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2010

	Note	2010 $'000	2009 $'000
Continuing operations			
Revenue	17	105,153	112,214
Changes in inventories of finished goods and work-in-progress		(698)	(1,243)
Raw materials		(79,389)	(81,108)
Other income		580	621
Depreciation of property, plant and equipment	18	(1,920)	(1,932)
Staff costs		(11,366)	(10,328)
Other expenses		(17,962)	(19,925)
Finance income	20	11,791	24,488
Finance expenses	20	(5,234)	(7,616)
Share of profits of associates (net of income tax)		7,337	9,917
Profit before income tax		8,292	25,088
Income tax credit/(expense)	19	141	(185)
Profit from continuing operations	18	8,433	24,903
Discontinued operation			
Loss from discontinued operation (net of income tax)	22	(399)	(1,294)
Profit for the year		8,034	23,609
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates		(1,810)	(226)
Exchange differences on monetary items forming part of the net investment		(3,156)	(819)
Net changes in fair value of equity securities available-for-sale		(2,121)	(4,411)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss		31	1,731
Other comprehensive income for the year, net of income tax		(7,056)	(3,725)
Total comprehensive income for the year		978	19,884
Profit attributable to:			
Owners of the Company		8,346	23,911
Non-controlling interest		(312)	(302)
Profit for the year		8,034	23,609
Total comprehensive income attributable to:			
Owners of the Company		1,290	20,186
Non-controlling interest		(312)	(302)
Total comprehensive income for the year		978	19,884
Earnings per share			
Basic earnings per share (cents)	21	7.08	20.39
Diluted earnings per share (cents)	21	7.00	20.22
Continuing operations			
Basic earnings per share (cents)	21	7.39	21.38
Diluted earnings per share (cents)	21	7.31	21.20

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

Consolidated Statement of Changes in Equity

Year Ended 31 December 2010

Group	Share capital $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits/ (losses) $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
	Attributable to equity holders of the Company							
At 1 January 2010	83,654	832	(2,517)	1,616	84,171	167,756	775	168,531
Total comprehensive income for the year								
Profit for the year	–	–	–	–	8,346	8,346	(312)	8,034
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	–	–	(1,810)	–	–	(1,810)	–	(1,810)
Exchange differences on monetary items forming part of the net investment	–	–	(3,156)	–	–	(3,156)	–	(3,156)
Net changes in fair value of equity securities available-for-sale	–	–	–	(2,121)	–	(2,121)	–	(2,121)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss	–	–	–	31	–	31	–	31
Total other comprehensive income	–	–	(4,966)	(2,090)	–	(7,056)	–	(7,056)
Total comprehensive income for the year	–	–	(4,966)	(2,090)	8,346	1,290	(312)	978
Contributions by and distributions to owners								
Issue of shares under share option scheme	614	–	–	–	–	614	–	614
Final one-tier dividend paid of 3 cents per share	–	–	–	–	(3,548)	(3,548)	–	(3,548)
Special one-tier dividend paid of 2 cents per share	–	–	–	–	(2,365)	(2,365)	–	(2,365)
Value for employee services received for issue of share options	–	70	–	–	–	70	–	70
Total transactions with owners	614	70	–	–	(5,913)	(5,229)	–	(5,229)
At 31 December 2010	84,268	902	(7,483)	(474)	86,604	163,817	463	164,280

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

Consolidated Statement of Changes in Equity

Year Ended 31 December 2010

Group	Share capital $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits/ (losses) $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
	Attributable to equity holders of the Company							
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 non-controlling 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 Statement of Cash Flow

Year Ended 31 December 2010

	2010 $'000	2009 $'000
Cash flow from operating activities		
Profit/(loss) before income tax:		
- continuing operations	8,292	25,088
- discontinued operation	(399)	(1,294)
Adjustments for:		
Allowance/(write-back):		
- doubtful receivables	21	193
- inventory obsolescence	436	38
Amortisation of financial guarantee	–	(153)
Bad debts written off	–	19
Inventories written off	84	–
Depreciation of property, plant and equipment	1,920	2,141
Dividend income	(9,956)	(21,006)
Equity settled share-based payment transactions	70	205
(Gain)/loss on disposal of:		
- equity securities available-for-sale	(143)	–
- property, plant and equipment	142	(177)
- associate	10	–
Goodwill arising from acquisition of non-controlling interest	–	20
Impairment losses on equity securities available-for-sale	2,865	3,238
Interest income	(49)	(264)
Interest expense	138	531
Net change in fair value of derivatives	5	(41)
Net change in fair value of financial assets held for trading at fair value through profit and loss	(1,051)	(2,829)
Net change in fair value of equity securities available-for-sale transferred to profit or loss		
- (gain)/loss on disposal of equity securities available-for-sale	(82)	52
- impairment loss on equity securities available-for-sale	113	1,589
Share of profits of associates (net of income tax)	(7,337)	(9,917)
	(4,921)	(2,567)
Changes in working capital:		
Inventories	660	3,289
Trade and other receivables	(6,211)	3,548
Trade and other payables	4,490	(4,932)
Cash used in operations	(5,982)	(662)
Income taxes recovered/(paid)	587	(323)
Net cash used in operating activities	(5,395)	(985)

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

Consolidated Statement of Cash Flow

Year Ended 31 December 2010

	2010 $'000	2009 $'000
Cash flows from investing activities		
Acquisition of non-controlling interest	–	(93)
Distribution from other investments	442	–
Investment in associates	–	(20)
Loan to associates	(15,748)	(906)
Dividends received	17,188	28,441
Interest received	49	262
Proceeds from disposal of:		
- associate	79	–
- other investments	1,941	11,645
- property, plant and equipment	2,556	232
Purchase of:		
- other investments	–	(1,087)
- property, plant and equipment	(2,203)	(1,592)
Repayment of loan received from associates	5,964	860
Repayment of loan received from an investee company	–	4,952
Net cash from investing activities	10,268	42,694
Cash flow from financing activities		
Dividends paid by the Company	(5,913)	(3,517)
Deposits pledged	(28)	2,525
Interest paid	(138)	(531)
Proceeds from issue of shares under share options scheme	614	49
Proceeds from long term borrowings	–	1,031
Proceeds from short term borrowings	26	–
Repayment of long term borrowings	(1,069)	(43)
Payment of finance lease liabilities	(169)	(545)
Repayment of short term borrowings	–	(11,230)
Net cash used in financing activities	(6,677)	(12,261)
Net (decrease)/increase in cash and cash equivalents	(1,804)	29,448
Cash and cash equivalents at beginning of year	42,116	12,718
Effect of exchange fluctuations on cash held	(164)	(50)
Cash and cash equivalents at end of year	40,148	42,116
Comprising:		
- Cash and cash equivalents (Note 10)	40,811	42,750
- Deposits pledged (Note 10)	(663)	(634)
	40,148	42,116

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

Notes to the Financial Statements

Year Ended 31 December 2010

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 2011.

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
- Note 8 – Allowance for inventory obsolescence

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

- Note 9 – Impairment of trade and other receivables
- Note 24 – Financial risk management

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.2, which addresses changes in accounting policies.

2.2 Changes in accounting policies

Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 Business Combinations (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 2.3).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was 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 was credited to profit or loss in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 Consolidated and Separate Financial Statements (2009) in accounting for acquisitions of non-controlling interests.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on an proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation

Business combinations

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

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

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

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

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. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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

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

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

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.

2.4 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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

Foreign operations

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

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

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currency (cont'd)

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 in the translation reserve in equity.

2.5 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/ other expenses in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the 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. Freehold land and assets under construction are not depreciated.

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

Leasehold land	-	Over the remaining unexpired lease of 16 years
Leasehold apartment	-	5%
Buildings and civil works	-	5% to 33⅓%
Plant, machinery and equipment	-	10% to 25%
Office equipment, furniture and fittings	-	10% to 20%
Computers	-	20% to 33⅓%
Motor vehicles and transport equipment	-	20%

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

2.6 Intangible assets - Goodwill

Goodwill represents the excess of:

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

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

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets - Goodwill (cont'd)

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

Subsequent measurement

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

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.

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 statement of cash flow.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated 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. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised 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.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

Non-derivative financial instruments (cont'd)

Loans and receivables (cont'd)

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. 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 gain or loss accumulated in equity is reclassified 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 comprehensive income.

Others

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

Derivative financial instruments and hedging activities

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

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

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

Derivative financial instruments and hedging activities (cont'd)

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.

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.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Leases (cont'd)

Determining whether an arrangement contains a lease (cont'd)

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

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-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of 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 or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

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 each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The Group considers evidence of impairment for loans and 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. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

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 loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale equity securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

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

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 CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment (cont'd)

Non-financial assets (cont'd)

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

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

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.

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 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.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in the course of ordinary activities 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 persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards vary depending on the individual trade terms of the sale.

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.

Notes to the Financial Statements

Year Ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, gains on the remeasurement to fair value of any pre-existing interest in an acquiree 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 and contingent consideration, losses on disposal of available-for-sale financial assets, 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 as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

2.15 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to 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 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Non-current assets held for sale or distribution

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

Property, plant and equipment which were classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates ceases once classified as held for sale or distribution.

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 year.

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.

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 corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

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

Notes to the Financial Statements

Year Ended 31 December 2010

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 2009	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
Additions	–	–	461	330	538	107	53	175	539	2,203
Disposals/write-offs	–	–	(425)	(140)	(864)	(54)	(47)	(231)	–	(1,761)
Reclassification	–	–	–	–	(38)	38	–	–	–	–
Transfer	–	–	–	–	76	–	–	–	(76)	–
Translation differences on consolidation	–	5	(44)	(36)	(56)	(50)	2	(19)	(4)	(202)
At 31 December 2010	–	296	824	22,333	21,504	2,167	2,198	2,557	539	52,418
Accumulated depreciation and impairment losses										
At 1 January 2009	–	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
Depreciation charge for the year	–	8	30	763	687	161	111	160	–	1,920
Disposals/write-offs	–	–	(96)	(90)	(654)	(35)	(45)	(225)	–	(1,145)
Reclassification	–	–	–	–	29	9	–	(38)	–	–
Translation differences on consolidation	–	4	(7)	(16)	(25)	(22)	2	(9)	–	(73)
At 31 December 2010	–	165	93	20,519	17,207	1,482	1,924	2,203	–	43,593
Carrying amount										
At 1 January 2009	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
At 31 December 2010	–	131	731	1,814	4,297	685	274	354	539	8,825

Notes to the Financial Statements

Year Ended 31 December 2010

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	Assets under construction $'000	Total $'000
Cost							
At 1 January 2009	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
Additions	–	39	–	52	–	531	622
At 31 December 2010	17,211	13,706	1,012	1,699	512	531	34,671
Accumulated depreciation and impairment losses							
At 1 January 2009	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
Depreciation charge for the year	–	56	43	58	51	–	208
At 31 December 2010	17,211	13,303	925	1,645	454	–	33,538
Carrying amount							
At 1 January 2009	–	389	158	57	179	–	783
At 31 December 2009	–	420	130	60	109	–	719
At 31 December 2010	–	403	87	54	58	531	1,133

During the year, the Group acquired property, plant and equipment with an aggregate cost of $2,203,000 (2009: $1,842,000), of which $123,000 (2009: $251,000) 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Plant, machinery and equipment	473	537	38	48
Computers	191	221	–	–
Motor vehicles	162	106	57	77

Notes to the Financial Statements

Year Ended 31 December 2010

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	
	2010	**2009**
	$'000	**$'000**
Leasehold land	131	137
Freehold land	–	339
Buildings and civil works	–	876

4 SUBSIDIARIES

	Company	
	2010	**2009**
	$'000	**$'000**
Equity investments, at cost	45,895	45,895
Impairment losses	(32,167)	(32,167)
	13,728	13,728
Loans to subsidiaries	50,272	53,123
Impairment losses	(13,815)	(13,269)
	36,457	39,854
Total interest in subsidiaries	50,185	53,582

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 $546,000 (2009: $4,427,000) were recognised in the Company's profit or loss.

Notes to the Financial Statements

Year Ended 31 December 2010

4 SUBSIDIARIES (CONT'D)

Source of estimation uncertainty

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

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	2009 %
Held by the Company				
CemtecAsia (H.K.) Limited[3]	Inactive	Hong Kong	100	100
CemtecAsia (M) Sdn Bhd[1]	Manufacture and sale of construction and building materials	Malaysia	100	100
Pacific Climate Solutions Pte Ltd (formerly known as Pacific Technology Pte Ltd)	Inactive	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 2010

4 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	2009 %
Held by subsidiaries				
EnGro Chemicals Pte Ltd	Inactive	Singapore	100	100
MPT Pacific Technology Sdn. Bhd.[(1)]	Inactive	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	Inactive	Singapore	91.34	91.34
Resin & Pigment Technologies Pte Ltd	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	91.34	91.34
Resin & Pigment Technologies Sdn Bhd[(2)]	Inactive	Malaysia	91.34	91.34
Resin & Pigment Technologies (Wuxi) Co Ltd[(5)]	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	91.34	91.34

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

(1) Other member firms of KPMG International.

(2) SQ Morrison, Malaysia.

(3) 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.

(5) Wuxi Gong Qin CPAs Ltd.

Notes to the Financial Statements

Year Ended 31 December 2010

5 ASSOCIATES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Equity investments, at cost	43,090	43,220	33,407	33,407
Loan to associate	12,586	–	12,586	–
Share of reserves*	14,826	17,693	–	–
Interests in associates	70,502	60,913	45,993	33,407

* Included in share of reserves are the Group's share of statutory common reserves of its associates of $6,908,000 (2009: $5,537,000) that are not distributable as cash dividends.

The loan to associate is non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this loan is in substance, a part of the entity's net investment in the associate, it is stated at cost less accumulated impairment.

Details of the significant associates are as follows:

Name of associates	**Principal activities**	**Place of incorporation**	**Effective equity held by the Group 2010**	**Effective equity held by the Group 2009**
Held by the Company			%	%
HBS Investments Pte Ltd(1)	Investment holding	Singapore	30	30
HB Investments (China) Pte Ltd(1)	Investment holding	Singapore	20	20
Jiangsu Huailong Materials Co Ltd(2)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Jinan 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

Notes to the Financial Statements

Year Ended 31 December 2010

5 ASSOCIATES (CONT'D)

Name of associates	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	2009 %
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

The auditors of the associates are as follows:

(1) KPMG LLP, Singapore.

(2) Chinese Certified Public Accountants. The statutory audited financial statements, prepared in accordance with People's Republic of China generally accepted accounting principles of these associates. 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) Samil PricewaterhouseCoopers, South Korea.

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

	2010 $'000	2009 $'000
Assets and liabilities		
Total assets	297,620	274,294
Total liabilities	148,920	113,553
Results		
Revenue	213,308	191,760
Net profit after taxation	15,092	24,842

Notes to the Financial Statements

Year Ended 31 December 2010

6 OTHER INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Non-current investments				
Equity securities available-for-sale	17,464	26,121	1,688	2,495
Current investments				
Equity securities held for trading	9,352	9,397	–	–
Financial derivative	–	41	–	41
	9,352	9,438	–	41

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

An impairment loss of $2,978,000 (2009: $4,827,000) in respect of available-for-sale equity securities of the Group was recognised in the profit or loss during the year.

The Group exposure to credit, foreign currency and interest rate risk related to other measurements is disclosed in Note 24.

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 2010, 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).

Notes to the Financial Statements

Year Ended 31 December 2010

6 OTHER INVESTMENTS (CONT'D)

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2010				
Financial assets held for trading	9,352	–	–	9,352
Available-for-sale financial assets	108	737	16,619	17,464
	9,460	737	16,619	26,816
31 December 2009				
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 2010				
Available-for-sale financial assets	–	–	1,688	1,688
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 Levels 1 and 2 in the year.

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale financial assets	
	2010 $'000	2009 $'000
Group		
At 1 January	24,299	31,784
Total gains or (losses)		
- in profit or loss	(3,011)	(3,216)
- in other comprehensive income	(1,969)	(4,289)
Purchases	1,469	1,913
Settlements	(2,483)	(1,334)
Exchange movement	(1,686)	(559)
Closing balance at 31 December	16,619	24,299

Notes to the Financial Statements

Year Ended 31 December 2010

6 OTHER INVESTMENTS (CONT'D)

Reconciliation of Level 3 fair value measurements of financial assets (cont'd)

	Available-for-sale financial assets	
	2010	**2009**
	$'000	**$'000**
Company		
At 1 January	2,495	3,214
Total gains or (losses)		
- in profit or loss	23	(126)
- in other comprehensive income	(31)	(89)
Settlements	(799)	(504)
Closing balance at 31 December	1,688	2,495

At 31 December 2010 and 31 December 2009, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

7 OTHER FINANCIAL ASSETS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Club membership	238	238	238	238
Impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172

8 INVENTORIES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Raw materials	2,211	2,520	–	–
Work-in-progress	113	156	–	–
Goods-in-transit	1,909	1,585	1,909	1,585
Finished goods	2,718	3,777	2,322	2,750
	6,951	8,038	4,231	4,335

Included in the inventories of the Group are raw materials of $355,000 (2009: $736,000) and finished goods of $93,000 (2009: $620,000) which are carried at net realisable values. The allowance made for the year has been included as part of changes in finished goods and work-in-progress.

Notes to the Financial Statements

Year Ended 31 December 2010

8 INVENTORIES (CONT'D)

Source of estimation uncertainty

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

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Non-current				
Amount due from associates	2,373	–	–	–
Current				
Trade receivables due from				
- Subsidiaries	–	–	5,945	2,168
- Third parties	21,901	16,437	11,205	7,574
	21,901	16,437	17,150	9,742
Allowance for doubtful receivables	(418)	(447)	–	–
Net trade receivables	21,483	15,990	17,150	9,742
Non-trade receivables due from subsidiaries	–	–	8,743	8,683
Allowance for doubtful receivables	–	–	(85)	(631)
	–	–	8,658	8,052
Loan to subsidiary	–	–	4,200	3,100
Loans to associates	1,784	4,586	1,784	4,515
Amount due from associates	190	154	106	2
Dividend receivable from associates	–	1,968	–	–
Deposits	327	485	30	30
Other receivables	892	401	2	9
Tax recoverable	398	1,158	246	2,202
Net non-trade receivables	3,591	8,752	15,026	17,910
	25,074	24,742	32,176	27,652
Prepayments	1,510	793	1,337	722
	26,584	25,535	33,513	28,374
Loans and receivables (non-current and current)	27,447	24,742	32,176	27,652

The non-current amount due from associate pertains to dividend receivable from associates which is unsecured, interest-free and is not expected to be settled within the next twelve months. Deemed interest in associates has not been presented separately as a result of the fair value of the amount due from associates and is not expected to have a material financial impact on the financial statements.

Notes to the Financial Statements

Year Ended 31 December 2010

9 TRADE AND OTHER RECEIVABLES (CONT'D)

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

Credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. 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.

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

		Group		Company	
	Note	2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Equity securities available-for-sale	6	17,464	26,121	1,688	2,495
Equity securities held for trading	6	9,352	9,397	–	–
Loans and receivables	9	27,447	24,742	32,176	27,652
Cash and cash equivalents	10	40,811	42,750	29,889	36,483
Financial derivatives	6	–	41	–	41
Recognised financial assets		95,074	103,051	63,753	66,671

At 31 December 2010, the Group's exposure to credit risk comprises $21,070,000 (2009: $14,850,000), $5,971,000 (2009: $8,910,000) and $406,000 (2009: $982,000) from companies in the geographic regions of Singapore, Greater China and others respectively. At 31 December 2010, the Company's exposure to credit risk comprises principally receivable from Singapore companies.

At 31 December 2010, the Group's exposure to credit risk comprises $20,113,000 (2009: $13,588,000) from construction companies, $5,717,000 (2009: $9,110,000) from manufacturers and $1,617,000 (2009: $2,044,000) from others. At 31 December 2010, 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:

	2010		2009	
	Gross	Impairment losses	Gross	Impairment Losses
	$'000	$'000	$'000	$'000
Group				
Not past due	24,098	–	22,075	–
Past due 0 – 30 days	2,648	–	1,880	–
Past due 31 – 90 days	464	–	467	–
Past due 91 days	655	418	767	447
Loans and receivables	27,865	418	25,189	447

Notes to the Financial Statements

Year Ended 31 December 2010

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Credit risk (cont'd)

	2010		2009	
	Gross	Impairment losses	Gross	Impairment Losses
	$'000	$'000	$'000	$'000
Company				
Not past due	27,286	85	26,214	631
Past due 0 – 30 days	1,760	–	1,058	–
Past due 31 – 90 days	2,022	–	805	–
Past due 91 days	1,193	–	206	–
Loans and receivables	32,261	85	28,283	631

Impairment losses

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At 1 January	447	254	631	5,058
Impairment loss recognised (note 20)	21	193	–	–
Utilised	(41)	–	–	–
Reversal	–	–	(546)	(4,427)
Translation difference	(9)	–	–	–
At 31 December	418	447	85	631

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

Source of estimation uncertainty

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

Notes to the Financial Statements

Year Ended 31 December 2010

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Fixed deposits	24,215	34,660	22,066	31,218
Bank balances	16,596	8,090	7,823	5,265
Loans and receivables - cash and cash equivalents	40,811	42,750	29,889	36,483

As at 31 December 2010, fixed deposits of the Group of $663,000 (2009: $634,000) 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 2010 for the Group and the Company are 0.1% (2009: 0.4%) and 0.1% (2009: 0.2%) per annum respectively.

11 SHARE CAPITAL

	Group and Company			
	2010	2010	2009	2009
	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Fully paid ordinary shares with no par value:				
At 1 January	117,303	83,654	117,238	83,605
Issue of shares under share options scheme	1,115	614	65	49
At 31 December	118,418	84,268	117,303	83,654

During the year, the Company issued 1,115,000 (2009: 65,000) ordinary shares under the Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme at an exercise price of $0.55 (2009: $0.75) per ordinary share. As a result, the Company's ordinary shares increased to 118,418,000 ordinary shares as at 31 December 2010 (2009: 117,303,000 ordinary shares).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. 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 2010

12 RESERVES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Foreign currency translation reserve	(7,483)	(2,517)	–	–
Fair value reserve	(474)	1,616	166	360
Share option reserve	902	832	902	832
Accumulated profits	86,604	84,171	68,227	64,108
	79,549	84,102	69,295	65,300

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 $17,821,000 (2009: $17,868,000) 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), 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) .

Notes to the Financial Statements

Year Ended 31 December 2010

13 EMPLOYEE SHARE OPTIONS (CONT'D)

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

	2010		2009	
	Weighted Average Exercise price $	No. of options ('000)	Weighted Average Exercise price $	No. of options ('000)
Outstanding at 1 January	0.82	7,670	1.04	4,565
Granted	–	–	0.55	3,575
Forfeited	1.11	(220)	0.86	(405)
Cancelled	0.82	(4,145)	–	–
Exercised	0.55	(1,115)	0.75	(65)
Outstanding at 31 December	0.94	2,190	0.82	7,670
Exercisable at 31 December	0.94	2,190	1.05	4,230

During the year, the Company cancelled 4,145,000 of share options out of the erroneous grant of 4,430,000 share options to two directors, Tan Cheng Gay and Tan Yok Koon. The Company intends to acquire and cancel the remaining 285,000 shares that were issued pursuant to the exercise of share options by Tan Yok Koon by completing its corporate exercise to have its articles of association amended and subsequently, obtain a share buy-back mandate from its shareholders.

Options exercised in 2010 resulted in 1,115,000 shares (2009: 65,000 shares) being issued at an exercise price of $0.55 (2009: $0.75) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $0.96 per share.

In 2009, the Company granted 3,575,000 options to subscribe for unissued shares in the Company. There were no options granted during the year. At 31 December 2010, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted to $2,190,000 (2009: $7,670,000).

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 the Black-Scholes formula. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes to the Financial Statements

Year Ended 31 December 2010

13 EMPLOYEE SHARE OPTIONS (CONT'D)

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

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.

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**	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Non-current liabilities				
Long-term bank loans (secured)	–	694	–	–
Long-term bank loans (unsecured)	–	1,031	–	–
Finance lease liabilities	154	213	46	77
	154	1,938	46	77
Current liabilities				
Short-term bank loans (secured)	75	58	–	–
Bank loans (unsecured)	1,031	375	–	–
Loans from subsidiaries (unsecured)	–	–	5,405	5,560
Finance lease liabilities	123	233	30	30
Financial derivatives	5	–	5	–
	1,234	666	5,440	5,590
Total financial liabilities	1,388	2,604	5,486	5,667

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.

Notes to the Financial Statements

Year Ended 31 December 2010

14 FINANCIAL LIABILITIES (CONT'D)

As at 31 December 2010, one of the Company's subsidiaries did not satisfy certain financial covenants relating to the banking facility. Consequently, the related long-term portion of the bank loan relating to this breach, of $656,000, is classified as current liability as it became repayable on demand. Subsequent to the balance sheet date, the Group obtained a letter dated 9 February 2011 indicating the one-off waiver of the breach in the covenant.

Finance lease liabilities

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

	2010		2009	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Group				
Repayable within 1 year	139	123	250	233
Repayable after 1 year but within 5 years	177	154	242	213
	316	277	492	446
Less: Future finance charges	(39)		(46)	
Present value of obligation	277		446	
Company				
Repayable within 1 year	35	30	35	30
Repayable after 1 year but within 5 years	54	46	89	77
	89	76	124	107
Less: Future finance charges	(13)		(17)	
Present value of obligation	76		107	

Terms and debt repayment schedule

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

	Nominal interest rate	Year of maturity	2010 Face value $'000	2010 Carrying amount $'000	2009 Face value $'000	2009 Carrying amount $'000
Group						
SGD fixed rate						
- loan A (unsecured)	5%	2013	1,031	1,031	1,406	1,406
Malaysian Ringgit (RM) floating rate (secured)						
- loan A	BLR + 1%	2020	–	–	718	718
- loan B	3.7% - 4.4%	2010 - 2011	75	75	34	34
Finance lease liabilities	2.85% - 3.75%	2010 - 2015	316	277	492	446
			1,422	1,383	2,650	2,604
Company						
Finance lease liabilities	3.3%	2013	89	76	124	107

Notes to the Financial Statements

Year Ended 31 December 2010

14 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule (cont'd)

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

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2010					
Non-derivative financial liabilities					
Variable interest rate loans	75	(75)	(75)	–	–
Fixed interest rate loans	1,031	(1,104)	(418)	(686)	–
Finance lease liabilities	277	(316)	(139)	(177)	–
Trade and other payables	16,501	(16,501)	(16,501)	–	–
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	5	(1,935)	(1,935)	–	–
- Inflow	–	1,930	1,930	–	–
	17,889	(18,001)	(17,138)	(863)	–
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)
Company					
2010					
Non-derivative financial liabilities					
Finance lease liabilities	76	(89)	(35)	(54)	–
Trade and other payables	7,775	(7,775)	(7,775)	–	–
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	5	(1,935)	(1,935)	–	–
- Inflow	–	1,930	1,930	–	–
	7,856	(7,869)	(7,815)	(54)	–
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)	–

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 2010

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 2010 and 2009 except as follows:

	31 December 2010		31 December 2009	
	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:

	2010 per annum	2009 per annum
Loans and borrowings	–	5%

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 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

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Year Ended 31 December 2010

15 DEFERRED TAX (CONT'D)

Group	At 1 January 2010 $'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 2010 $'000
Deferred tax liabilities/ (assets)						
Property, plant and equipment	39	–	–	–	1	40
Withholding tax on share of associates' profits	459	–	331	(313)	–	477
	498	–	331	(313)	1	517

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

	Group	
	2010 $'000	2009 $'000
Unabsorbed tax losses	57,974	55,042
Unabsorbed wear and tear allowances	383	383
Deductible temporary differences	8,476	7,637
Unremitted overseas income	(28,921)	(31,940)
	37,912	31,122

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.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade payables due to third parties	8,051	5,422	3,376	1,649
Advances from customers	725	838	500	500
Bills payable	–	67	–	–
Accrued expenses	4,746	3,150	2,930	2,036
Amounts due to associates (non-trade)	366	126	–	–
Amount due to associate (trade)	775	643	775	643
Other payables	1,831	1,223	174	159
Provision for loss on claim	7	19	–	–
	16,501	11,488	7,755	4,987

The weighted average effective interest rate of bills payable of the Group at 31 December 2010 is nil% per annum (2009: 1.25%).

Notes to the Financial Statements

Year Ended 31 December 2010

16 TRADE AND OTHER PAYABLES (CONT'D)

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

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	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Sales of goods	105,153	112,214	15	13,438	105,168	125,652

18 PROFIT FOR THE YEAR

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

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Inventories written-off	84	–	–	–	84	–
Amortisation of financial guarantee	–	(153)	–	–	–	(153)
Depreciation of property, plant and equipment	1,920	1,932	–	209	1,920	2,141
(Gain)/loss on disposal of property, plant and equipment	(80)	7	222	(184)	142	(177)
Included in staff costs:						
- contribution to defined contribution plan	488	466	–	30	488	496
- value of employee services received for issue of share options	70	205	–	–	70	205
Goodwill arising from acquisition of non-controlling interest	–	20	–	–	–	20
Non-audit fees paid to auditors of the Company	66	87	–	–	66	87
Non-audit fees paid to other auditors	5	7	–	–	5	7
Operating lease expenses	1,739	1,745	–	35	1,739	1,780
Allowance/(write-back) for inventory obsolescence	436	69	–	(31)	436	38

Notes to the Financial Statements

Year Ended 31 December 2010

19 INCOME TAXES

	Group	
	2010	**2009**
	$'000	**$'000**
Current tax expenses		
Current year	22	46
(Over)/Underprovision in prior years	(163)	141
	(141)	187
Deferred tax expenses		
Overprovision in prior years	–	(2)
	–	(2)
Income tax (credit)/expense	(141)	185
Income tax		
- continuing operations	(141)	185

Reconciliation of effective tax rate

	Group	
	2010	**2009**
	$'000	**$'000**
Profit/(loss) before income tax		
- continuing operations	8,292	25,088
- discontinued operation	(399)	(1,294)
	7,893	23,794
Tax calculated using Singapore tax rate of 17% (2009: 17%)	1,342	4,045
Effect of different tax rates in foreign jurisdictions	17	49
Expenses not deductible for tax purposes	1,144	1,031
Income not subject to tax	(3,196)	(5,464)
Utilisation of deferred tax benefits previously not recognised	(189)	(831)
Unrecognised deferred tax assets	879	1,178
(Over)/underprovision in prior years	(163)	139
Others	25	38
	(141)	185

Notes to the Financial Statements

Year Ended 31 December 2010

20 FINANCE INCOME AND EXPENSE

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Recognised in profit or loss						
Finance income						
Dividend income						
- equity securities available-for-sale	9,956	21,006	–	–	9,956	21,006
Interest income						
- bank deposits	49	122	–	–	49	122
- structured deposits	–	86	–	–	–	86
- loan to an investee company	–	56	–	–	–	56
Gain on disposal of equity securities available-for-sale	143	–	–	–	143	–
Net change in fair value of equity securities available-for-sale transferred to profit or loss						
- gain on disposal of equity securities available-for-sale	82	–	–	–	82	–
Investment income						
- equity securities available-for-sale	510	348	–	–	510	348
Net change in fair value of financial assets held for trading at fair value through profit or loss	1,051	2,829	–	–	1,051	2,829
Net change in fair value of derivatives	–	41	–	–	–	41
Exchange gain	–	–	21	–	21	–
Total finance income	11,791	24,488	21	–	11,812	24,488

Notes to the Financial Statements

Year Ended 31 December 2010

20 FINANCE INCOME AND EXPENSE (CONT'D)

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Finance expense						
Interest expense						
- bank borrowings	(71)	(452)	(48)	(52)	(119)	(504)
- finance lease liabilities	(19)	(27)	–	–	(19)	(27)
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)	–	–	–	(52)
- impairment losses on equity securities available-for sale	(113)	(1,589)	–	–	(113)	(1,589)
- exchange loss	–	(90)	–	–	–	(90)
Net change in fair value of derivatives	(5)	–	–	–	(5)	–
Allowance for doubtful receivables	(21)	(191)	–	(2)	(21)	(193)
Bad debts written off	–	(19)	–	–	–	(19)
Exchange losses	(2,140)	(1,958)	–	(61)	(2,140)	(2,019)
Impairment losses on equity securities available-for-sale	(2,865)	(3,238)	–	–	(2,865)	(3,238)
Total finance expense	(5,234)	(7,616)	(48)	(115)	(5,282)	(7,731)
Recognised in other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(1,810)	(226)	–	–	(1,810)	(226)
Exchange differences on monetary items forming part of the net investment	(3,156)	(819)	–	–	(3,156)	(819)
Net changes in fair value of equity securities available-for-sale	(2,121)	(4,411)	–	–	(2,121)	(4,411)
Net changes in fair value of equity securities available-for-sale transferred to profit or loss	31	1,731	–	–	31	1,731
Finance expense recognised in other comprehensive income, net of tax	(7,056)	(3,725)	–	–	(7,056)	(3,725)

Notes to the Financial Statements

Year Ended 31 December 2010

21 EARNINGS PER SHARE

	2010			2009		
	Continuing operations $'000	Discontinued operation $'000	Total $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
Basic earnings per share is based on:						
Profit/(loss) attributable to ordinary shareholders	8,710	(364)	8,346	25,070	(1,159)	23,911

Weighted average number of ordinary shares

	Group	
	2010 No. of shares ('000)	2009 No. of shares ('000)
Issued ordinary shares at beginning of the year	117,303	117,238
Effect of share options exercised	568	5
Weighted average number of ordinary shares in issue during the year	117,871	117,243

Diluted earnings per share

	2010			2009		
	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	8,710	(364)	8,346	25,070	(1,159)	23,911

	Group	
	2010 No. of shares ('000)	2009 No. of shares ('000)
Weighted average number of ordinary shares in the calculation of basic earnings per share	117,871	117,243
Potential ordinary shares issuable under share options	1,407	1,029
Adjusted weighted average number of ordinary shares in issue	119,278	118,272

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.

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22 DISCONTINUED OPERATION

In November 2009, the Group ceased the operation of its specialty polymer segment in Malaysia. The segment was a discontinued operation and classified as held for sale as at 31 December 2009.

	Group	
	2010	2009
	$'000	$'000
Results of discontinued operation		
Revenue	15	13,438
Expenses	(414)	(14,732)
Results from operating activities	(399)	(1,294)
Income tax	–	–
Results from operating activities, net of income tax	(399)	(1,294)
Basic loss per share (note 21)	(0.31)	(0.99)
Diluted loss per share (note 21)	(0.31)	(0.98)

The loss from discontinued operation of $364,000 (2009: loss of $1,159,000) is attributable to the owners of the Group. Of the profit from continuing operations of $8,433,000 (2009: $24,903,000), an amount of $8,710,000 (2009: $25,070,000) is attributable to the owners of the Group.

	Group	
	2010	2009
	$'000	$'000
Cash flows from discontinued operation		
Net cash from operating activities	(241)	(91)
Net cash from investing activities	1,286	145
Net cash from financing activities	(846)	(159)
Net cash from discontinued activities	199	(105)

The freehold land and building, and civil works of the segment was 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 was 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.

Notes to the Financial Statements

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23 OPERATING SEGMENTS (CONT'D)

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.

Information about reportable segments

	Cement and building materials	Specialty Polymer Continuing operations	Specialty Polymer Discontinued operation	Sub-total	Investments	Total
Revenue and expenses	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2010						
Total revenue from external customers	94,465	10,688	15	10,703	–	105,168
Dividend income	–	–	–	–	9,956	9,956
Segment results	(3,995)	(3,008)	(352)	(3,360)	8,000	645
Share of profits of associates	8,916	–	–	–	(1,579)	7,337
	4,921	(3,008)	(352)	(3,360)	6,421	7,982
Interest expense						(138)
Interest income						49
Income tax credit						141
Profit for the year						8,034
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
Assets and liabilities						
2010						
Segment assets	48,305	6,559	629	7,188	32,426	87,919
Interest in associates						70,502
Unallocated assets						24,613
Consolidated assets						183,034
Segment liabilities	15,353	1,326	10	1,336	94	16,783
Unallocated liabilities						1,971
Consolidated liabilities						18,754

Notes to the Financial Statements

Year Ended 31 December 2010

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Cement and building materials	Specialty Polymer: Continuing operations	Specialty Polymer: Discontinued operation	Sub-total	Investments	Total
Assets and liabilities	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
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						3,005
Consolidated liabilities						14,938
Other segment information						
2010						
Capital expenditure	1,915	288	–	288	–	2,203
Depreciation	945	975	–	975	–	1,920
Impairment losses on equity securities available-for-sale	–	–	–	–	2,978	2,978
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

Reconciliations of reportable segment revenues and profit or loss

	2010 $'000	2009 $'000
Revenues		
Total revenue for reportable segments	105,168	125,652
Elimination of discontinued operation	(15)	(13,438)
	105,153	112,214
Profit or loss		
Total profit or loss for reportable segments	645	14,144
Elimination of discontinued operation	352	1,242
Unallocated amounts	(42)	(215)
Share of profits of associates	7,337	9,917
Consolidated profit before income tax	8,292	25,088

Notes to the Financial Statements

Year Ended 31 December 2010

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
2010						
External customers	87,497	1,188	16,468	15	–	105,168
Inter-segment sales	150	116	–	–	(266)	–
Total revenue	87,647	1,304	16,468	15	(266)	105,168
Non-current assets	25,650	558	2,626	–	–	28,834
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

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 2010

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 $1,746,000 (2009: an increase of $2,612,000). For investments classified as fair value through profit or loss, the impact on profit or loss would have been an increase of $935,000 (2009: $940,000). The analysis is performed on the same basis for 2009.

Interest rate risk

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)	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 December 2010		
Variable rate instruments	(1)	1
31 December 2009		
Variable rate instruments	(7)	7

Notes to the Financial Statements

Year Ended 31 December 2010

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				
2010				
Trade and other receivables	633	352	2,373	9
Cash and cash equivalents	19	9,411	–	–
Investments	–	4,931	–	–
Trade and other payables	–	(192)	(9)	(1)
Forward exchange contracts	–	(5)	–	–
	652	14,497	2,364	8
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)
Company				
2010				
Trade and other receivables	–	62	384	–
Cash and cash equivalents	–	8,320	–	–
Investments	–	471	–	–
Financial liabilities	–	(4,307)	–	(4)
Loans to subsidiaries	–	22,747	814	–
Forward exchange contracts	–	(5)	–	–
	–	27,288	1,198	(4)
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)

Notes to the Financial Statements

Year Ended 31 December 2010

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	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Profit or loss				
US dollar	(1,321)	(2,293)	(2,682)	(4,731)
Chinese renminbi	(236)	(321)	(120)	(253)
Equity				
US dollar	(129)	(225)	(47)	(128)

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 2010

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values (cont'd)

Other financial assets and liabilities

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

25 COMMITMENTS

At the balance sheet date:

(a) The Group has commitments amounting to $3,276,000 (2009: $5,171,000) 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	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
- within 1 year	1,184	1,265	587	651
- within 2 to 5 years	2,219	2,575	567	1,154
- after 5 years	1,732	2,123	–	–
	5,135	5,963	1,154	1,805

(c) The Group and the Company has commitments for the purchase of building materials of $1,032,000 (2009: Nil) from an associate.

(d) The Group and the Company has commitments amounting to $5,172,000 (2009: Nil) in respect of investment in an associate.

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 2010

26 RELATED PARTIES

Key Management Personnel Compensation (cont'd)

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

	Group	
	2010	**2009**
	$'000	**$'000**
Directors' fees	285	255
Short-term employee benefits (included in staff costs)		
- directors	1,497	1,734
- other management personnel	922	1,003
	2,704	2,992

Other Related Parties Transactions

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

In 2010, purchases of finished goods by the Company from an associate amounted to $8,636,000 (2009: $8,143,000).

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.

	2010	**2009**
	$'000	**$'000**
Dividends received	9,950	21,000
Repayment of shareholders' loans	–	4,952
Interest income from the shareholders' loan	–	56

During the year, the Group had granted a loan of $350,000 (2009: $906,000) to HBS Investments Pte Ltd and received $1,829,000 (2009: Nil) for repayment of loan granted to HBS Investment 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 $Nil (2009: $1,919,000) to Ho Bee Investment Ltd (the holding company of Ho Bee Cove Pte Ltd) during the year.

In 2010, the Group granted a loan of $15,398,000 (2009: Nil) to HB Investments (China) Pte Ltd and received $2,812,000 (2009: Nil) for repayment of loan granted to HB Investments (China) Pte Ltd. The Group has made an investment of $20,000 in 2009 in equity shares of HB Investments (China) Pte Ltd, a company set up by Ho Bee Investment Ltd. in 2009.

In 2010, the dividends received from associates amounted to $6,887,000 (2009: $7,089,000).

Notes to the Financial Statements

Year Ended 31 December 2010

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	
	2010	**2009**
	$'000	**$'000**
Final one-tier dividend proposed of 3 cents per share (2009: 3 cents per share)	3,553	3,548
Special one-tier dividend proposed of nil (2009: 2 cents per share)	–	2,365
	3,553	5,913

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 24 (revised 2010)	*Related Party Disclosures*
Amendment to FSR 32	*Classification of Rights Issues*
Amendment to FRS 101	*Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters*
INT FRS 115	*Agreements for the Construction of Real Estate (with an Accompanying Note to be read together with INT FRS 115)*
INT FRS 119	*Extinguishing Financial Liabilities with Equity Instruments*
Amendments to INT FRS 114	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement*
Improvements to FRS 2010	

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 14 March 2011

SHARE CAPITAL

Issued & fully paid-up	:	$84,267,557
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 14 March 2011, 44.95% 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	192	8.67	43,422	0.04
1,000 - 10,000	1,494	67.45	5,910,312	4.99
10,001 - 1,000,000	519	23.43	27,018,556	22.82
1,000,001 and above	10	0.45	85,445,210	72.15
Total	**2,215**	**100.00**	**118,417,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Afro-Asia International Enterprises Pte Limited	44,463,000	37.55
2	Afro Asia Shipping Co Pte Ltd	14,270,500	12.05
3	UOB Kay Hian Pte Ltd	13,171,510	11.12
4	Chua Wee Keng	3,550,000	3.00
5	DBS Nominees Pte Ltd	2,765,150	2.34
6	United Overseas Bank Nominees Pte Ltd	2,000,050	1.69
7	Tan Choo Suan	1,419,000	1.20
8	Performance Investment Pte Ltd	1,404,000	1.19
9	Zen Property Management Pte Ltd	1,282,500	1.08
10	Morph Investments Ltd	1,119,500	0.95
11	OCBC Nominees Singapore Pte Ltd	990,875	0.84
12	New Town Development Pte Ltd	826,000	0.70
13	Kwok Hae Meng	712,250	0.60
14	Son Fong Meng	666,000	0.56
15	Citibank Nominees Singapore Pte Ltd	588,750	0.50
16	Tan Cheng Gay	579,750	0.49
17	Kim Eng Securities Pte. Ltd.	568,550	0.48
18	CIMB Securities Singapore Pte Ltd	513,750	0.43
19	Ng Cheow Boo	437,000	0.37
20	Bank of Singapore Nominees Pte Ltd	423,000	0.36
Total		91,751,135	77.50

Statistics of Shareholdings

As At 14 March 2011

SUBSTANTIAL SHAREHOLDERS
as shown in the Company's Register of Substantial Shareholders as at 14 March 2011

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 (8)	60,137,500 (1) & (8)	61,556,500	51.98
Chua Thian Poh	165,000	46,045,500 (2)	46,210,500	39.02
Ng Noi Hinoy	300,000	45,910,500 (3)	46,210,500	39.02
Ho Bee Holdings (Pte) Ltd	-	45,745,500 (4)	45,745,500	38.63
Tan Choo Pin	25,500	44,463,000 (5)	44,488,500	37.57
Ng Giok Oh	-	15,674,500 (6)	15,674,500	13.24
Afro-Asia International Enterprises Pte. Limited	44,463,000	-	44,463,000	37.55
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000	15,674,500	13.24
The Estate of the late Tan Kiam Toen, deceased	-	60,137,500 (7)	60,137,500	50.78

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.

(These shares are subject matter of Suit No. 570 of 2010/C in the High Court ("Suit 570"))

(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 deemed interest of 44,463,000 shares held in the name of Afro-Asia International Enterprises Pte. Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50, which is subject matter of Suit 570.

Statistics of Shareholdings

As At 14 March 2011

(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.

   (These shares are also subject matter of Suit 570 in the High Court)

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

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

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

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, 27 April 2011 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 2010 and the Reports of the Directors and Auditors thereon. **(Resolution1)**

2. To declare a final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2010. **(Resolution2)**

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

   (a) Mr Tan Yok Koon (retiring under Article 87) **(Resolution3)**
   (b) Mr Tan Keng Boon (retiring under Article 87) **(Resolution4)**

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

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution5)**

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$285,000 for the financial year ended 31 December 2010 (2009: S$255,000). **(Resolution6)**

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

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

"That authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the Company as may be required to be issued pursuant to the exercise of options under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "Scheme 2000"), provided always that the aggregate number of shares to be issued pursuant to the Scheme 2000 shall not exceed fifteen per centum (15%) of the total issued shares in the capital of the Company excluding treasury shares, from time to time." **(Resolution7)**

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

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

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

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

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

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

Notice of Annual General Meeting

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

(Resolution 8)

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 8 July 2011 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 7 July 2011 will be registered to determine shareholders' entitlement to the proposed dividend. The final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2010, if approved at the Annual General Meeting, will be paid on 26 July 2011.

By Order of the Board

Joanna Lim
Company Secretary

12 April 2011

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 2010.

Ordinary Resolution 7

Resolution 7 proposed in item 6.1 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company pursuant to the exercise of options granted under the "Scheme 2000", provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company from time to time. Note that the Scheme 2000 was at the end of its 10-year duration and discontinued on 15 January 2011. However, subsisting options granted prior to that date are not affected by the discontinuation and remain exercisable in accordance with the rules of the Scheme 2000. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notice of Annual General Meeting

Ordinary Resolution 8

Resolution 8 proposed in item 6.2 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

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

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

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

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

PROXY FORM

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

IMPORTANT

1. For investors who have used their CPF monies to buy EnGro Corporation Limited's shares, this Annual Report 2010 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, 27 April 2011 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 2010 and the Reports of the Directors and the Auditors thereon.	**(Resolution 1)**		
2.	To declare a final tax-exempt (1-tier) dividend of 3 cents per ordinary share for the financial year ended 31 December 2010.	**(Resolution 2)**		
3.	Re-election of Mr Tan Yok Koon (Retiring under Article 87).	**(Resolution 3)**		
4.	Re-election of Mr Tan Keng Boon (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$285,000 for the financial year ended 31 December 2010 (2009: S$255,000).	**(Resolution 6)**		
7.	To authorize Directors to allot and issue shares pursuant to the exercise of options granted under Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme.	**(Resolution 7)**		
8.	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.	**(Resolution 8)**		

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

Total Number of Shares Held

Dated this ________ day of ______________________ 2011

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

* Delete where applicable

Notes:-

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

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

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

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

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

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

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

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

Fold along this line

Affix Postage
Stamp Here

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

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Design & Art Direction by
Credence Partnership

www.engro-global.com

EnGro Corporation Limited

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

Telephone: +65 6561 7978
Facsimile: +65 6561 9770

Company no. 197302229H