ENGRO
BUILDING SUSTAINABILITY

ENGRO CORPORATION LIMITED

SUSTAINABLE STRATEGIC RESOURCES

ANNUAL REPORT 2018

COMPANY HISTORY

EnGro Corporation Limited ("EnGro", or "the Company" and together with its subsidiaries "the Group") was originally incorporated on 27 November 1973 under the name SsangYong Cement (S) Pte Ltd. It was originally formed as a joint venture between SsangYong Cement Industrial Co Ltd of South Korea, Afro-Asia Shipping Co (Pte) Ltd and The Development Bank of Singapore Ltd. The Company was converted into a public limited company on 31 May 1983 and assumed the name SsangYong Cement (S) Ltd.

In 1976, the Company started off with manufacturing Ordinary Portland Cement (OPC) but from 2003 onwards, it ceased to produce OPC but expanded its product offering to include high performance blended cement, ready-mix concrete (RMC), low carbon Ground Granulated Blastfurnace Slag (GGBS), microfine cement and other innovative construction materials.

In 2002, the Company marked the beginning of a new chapter as it witnessed the end of the Singapore-Korea partnership over the Company's 30-year history. Afro-Asia International Enterprises Pte Ltd acquired shares divested by SsangYong Cement Industrial Co Ltd and subsequently made a mandatory cash offer for shares not owned by Afro-Asia Intl Enterprises Pte Ltd or parties acting in concert.

In 2005, the Company changed its name to EnGro Corporation Limited with a new logo that reflects its vision of growth in North Asia and growth through strategic partnerships. **The striking blue and orange curves symbolises EnGro and its partners. The curve design of the logo simulates the hemisphere of a globe reflecting EnGro's determination to expand globally.**

Over the years, EnGro diversified its business by investing in specialty polymer, high-tech venture capital funds, property developments as well as food and beverage.

The "**Building Sustainability**" corporate tagline reflects EnGro's commitment towards promoting green and achieving the triple bottom-line equilibrium of **PEOPLE**, **PLANET**, and **PROFIT**.

CONTENTS

In line with the Group's efforts towards greater environmental conservation, we have adopted an electronic transmission for our Annual Report and Sustainability Report.

The electronic version of this Annual Report is available on EnGro Corporation Limited's website (www.engro-global.com/annual-report/). Shareholders and other interested parties who wish to receive a printed copy may contact us at email ir@engro-global.com or telephone +65-6561 7978.

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Singapore 048581

PARTNER-IN-CHARGE
Low Gin Cheng, Gerald
(with effect from FY2016)

COMPANY SECRETARY
Joanna Lim Lan Sim

CORPORATE OBJECTIVES

ENGRO'S VISION & MISSION

VISION: To be the preferred integral partner of innovative and sustainable material solutions.

MISSION: To provide integrated material solutions that are value-adding, sustainable and cost-effective.

高瞻遠矚
寧靜致遠

Looking Far And Wide From A High Plane
Keeping Calm To Achieve Great Success

Standing at a high point through accumulation of knowledge with an open mind, one has a 360 degrees view of the surroundings below. From each angle of view at the top, one absorb myriads of information.

A sea of knowledge accumulated calls for a calm mind to process and identify relevant information. And with an unobstructed and calm mind, one can then choose the right path and plan the vision for the future.

HARMONY	TRUST	EXCELLENCE	WIN-WIN
和顺	诚信	卓越	共赢

CORPORATE STRUCTURE

ENGRO

Building Materials

Integral Cement & RMC

EnGro Corporation Limited
100% Top-Mix Concrete Pte Ltd
100% Top Mix Concrete (Malaysia) Sdn Bhd

GGBS

40% Tangshan Tanglong Materials Co Ltd
40% Tangshan Tang-Ang Materials Co Ltd
40% Jiangsu Huailong Materials Co Ltd
40% Jinan Luxin Materials Co Ltd
33% Wuhan Wuxin Materials Co Ltd
34.4% Qingdao Evergreen Materials and Technologies Co Ltd
40% VCEM Materials Co Ltd

Green Cement

40% Xin-shan Ang-de (Zibo) Materials Co Ltd

Other RMC

40% Changshu Changlong Concrete Co Ltd
40% Changshu Changxin Ready Mix Concrete Co Ltd
40% Changshu Changyin Ready Mix Concrete Co Ltd

Specialty Polymer

Specialty Polymer

100% R&P (Pte) Ltd
60% R&P Technologies Pte Ltd
40% Kunshan R&P Co Ltd

Investments

Hi-Tech/VC Investments

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

Property Investments

20% HB Investments (China) Pte Ltd
10% Ho Bee Cove Pte Ltd

Food & Beverage

Lifestyle – Food & Beverage

100% Tianjin Ang de Food & Beverage Management Co Ltd

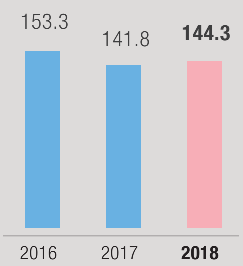
OUR REGIONAL PRESENCE

FINANCIAL HIGHLIGHTS

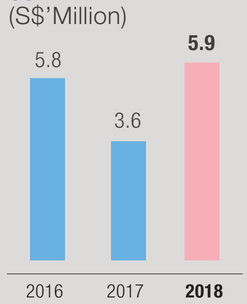
	FY2016	FY2017	FY2018
Consolidated Statement of Comprehensive Income (S$'Million)			
Revenue	153.3	141.8	144.3
Profit for the year	5.9	3.8	6.0
Profit attributable to owners of the Company	5.8	3.6	5.9
Statement of Financial Position (S$'Million)			
Total assets	253.9	244.3	257.2
Equity attributable to owners of the Company	219.2	215.2	231.0
Per Share (Cents)			
Basic earnings	4.86	3.07	5.01
Net asset value	185	181	195
Net dividend	2.50	2.50	2.50

THREE-YEAR RESULTS AT A GLANCE

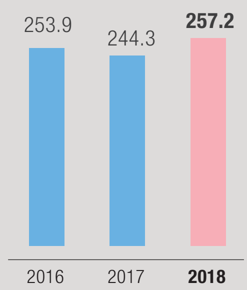
REVENUE
(S$'Million)



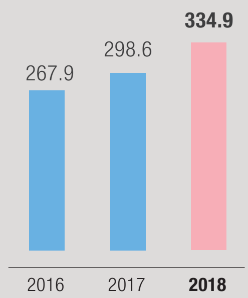
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(S$'Million)



TOTAL ASSETS
(S$'Million)

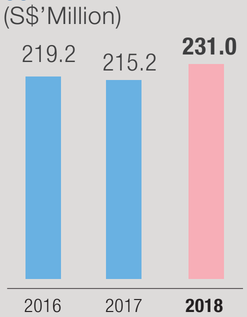


REVENUE OF ENGRO's ASSOCIATES AND JOINT VENTURES#
(S$'Million)

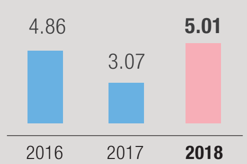


Revenue of Associates and Joint Ventures is calculated based on percentage of interest EnGro has in the Associates and Joint Ventures. Numbers are for illustration purpose only.

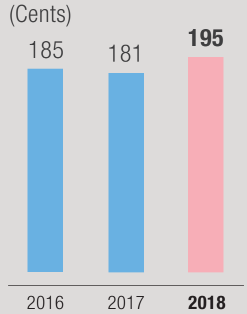
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(S$'Million)



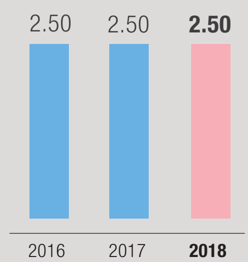
BASIC EARNINGS PER SHARE
(Cents)



NET ASSET VALUE PER SHARE
(Cents)



NET DIVIDEND PER SHARE
(Cents)

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CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

FINANCIAL REVIEW

EnGro Corporation Limited ("EnGro" or the "Group") recorded a revenue of S$144.3 million for the year ended 31 December 2018 ("FY2018"), a 1.8 per cent increase compared to the S$141.8 million in FY2017, due to higher revenue from Integral Cement and Ready-Mix Concrete (RMC) segment, offset by a 27.7 per cent drop in Specialty Polymer revenue.

The Group reported a higher profit after tax of S$6.0 million compared to S$3.8 million for FY2017, attributed to better performance from Integral Cement and RMC segment, a one-off gain from divestment of a subsidiary in China and lower foreign currency exchange loss.

DIVIDEND

The Group's overall performance improved compared to last year amid continuing difficult operating conditions in our key markets. In view of this, the Board is recommending a first and final dividend of 2.5 cents per share to be declared for FY2018, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 26 April 2019.

BUSINESS REVIEW

Singapore's GDP growth declined from 3.9 per cent in 2017 to 3.2 per cent in 2018 amid relatively weak construction activity. The worst in the construction sector may have passed as witnessed by a narrower contraction of 3.4 per cent in construction awards. This was owing to delayed roll-out of public sector construction works that were offset by a higher number of new private homes sold in first half 2018 just before new cooling measures were re-introduced by the government in July 2018. These developments brought about an improved performance for EnGro's Integral Cement and RMC business.

The ongoing US-China trade friction adversely impacted China's economy, which grew by 6.4 per cent in the final quarter of 2018; its weakest growth since quarterly readings began in the early 1990s. Cement production curbs and the rise of infrastructure spending in China have benefited the sales of our Ground Granulated Blastfurnace Slag ("GGBS"), being a high performance green material able to replace and outperform Ordinary Portland Cement.

a) Integral Cement and RMC Operations

Singapore's construction demand rose to S$30.5 billion in 2018 from S$24.5 billion in 2017, signalling a turnaround in the construction sector. Public sector demand continue to lead the growth reaching S$18.4 billion, driven by several civil engineering and institutional building projects. Private sector demand grew well in the first half of 2018 due to robust en bloc residential sales market, but tapered off in the second half of 2018 after cooling measures were re-introduced in July 2018. As a result, private sector demand in 2018 reached S$12.1 billion compared to S$9.0 billion in 2017. The recovery in the construction sector contributed to an improved performance of our Integral Cement and RMC business in 2018.

The change in Malaysia's ruling government following the watershed results of the 14th General Election held on 9 May 2018, led to a slowdown in the construction sector as several mega infrastructure projects were deliberately stalled. Having adopted a disciplined cost control supplemented by a niche marketing strategy, our RMC operations in Malaysia remained profitable while marking time.

b) Specialty Cement Operations in China

Our China Specialty Cement operation via five joint ventures (JVs) with a combined annual 10.2 million tons of GGBS production capacity, delivered near record-breaking performance in 2018. Environmental consciousness of the Central Government leading to curbs on steel and cement production nationwide turned out to be a blessing in disguise as the construction market faced a shortage of GGBS and price hike of cement across China.

The frequency of production disruptions at our GGBS plants in North China during winter had increased as provincial governments strive to curtail steel and cement production to fight pollution amidst an economic slowdown in China. The highly articulated ***High Speed Rail (HSR) Economy*** on top of the nationwide ***Digital Ecosystem*** are likely to propel the urbanisation thrust into third, fourth, and fifth-tier cities. Being strategically located, our GGBS JVs in Wuhan, Huai'an and Qingdao are ready to benefit from various key thrusts set by the Beijing Government.

CHAIRMAN'S MESSAGE

Furthermore, though the Central Government's pollution mitigation measures affected our GGBS production during the year, it also pushed up cement and GGBS prices which resulted in our GGBS JVs achieving higher combined revenue and near-record combined profits in 2018.

c) Specialty Polymer

In 2018, revenue from Speciality Polymer business fell 28 per cent due to weak automotive demand in China which together with share of the start-up cost from a subsidiary company, R&P Technologies Pte Ltd, resulted in a net loss for the year.

d) Investments

Going into 2019, we continue with our ***Fund-of-Funds (FoF) Strategy*** for better risk diversification, and to leverage on emerging innovations to achieve consistency in annuity-like investment returns. Our Infocomm Technology (ICT) centric investment strategy will lend support to our core business through adoption of digital innovations to enhance the Group's business competitiveness and efficiency. Our ***FoF Strategy*** allows us to invest in funds managed by top tier VC fund managers in the USA, China, India and Europe.

On our property investments, the phase 2 construction of Tangshan Nanhu Eco City project in Tangshan, Hebei province, in which we have a 10 per cent share has commenced in April 2018 and will complete in 2020.

PROSPECTS

Singapore's GDP growth declined to 3.2 per cent in 2018, from 3.9 per cent in 2017. MTI expects the Singapore economy to slow down further in 2019 with growth expected to come below the mid-point of the forecast 1.5 to 3.5 per cent range. Despite the forecasted weak overall economy, Singapore Government's investments in infrastructure are expected to help the construction sector in 2019 and beyond, after witnessing three consecutive years of decline. Top-Mix Singapore (TMS) is gearing up in 2019 to supply to the North South Corridor (NSC) project after it had secured an RMC supply contract from Samsung C&T Corporation for the North-South Corridor – NSC106 project.

In Malaysia, Top-Mix Malaysia (TMM) will continue supplying ready-mix concrete to mega project developments, such as Guangzhou R&F's Princess Cove project, while closely monitoring opportunities in the local construction sector.

Hence, we expect our Integral Cement and RMC business to remain profitable.

With pro-growth measures introduced lately by the China Government to mitigate slower economic growth, the mid-term economic plans are expected to benefit our China GGBS business. We will continue our search for new opportunities to broaden geographical coverage in China, leveraging upon our Green Cement knowledge, branding and existing network.

While the prevailing global economy remains uncertain, we remain cautiously optimistic that EnGro should continue to deliver positive results in 2019.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to offer my heartfelt thanks to everyone in the EnGro family – our customers, shareholders, business partners, my fellow Directors and our Management team and staff for their unwavering support, dedication and belief in EnGro.

TAN CHENG GAY
Chairman

BOARD OF DIRECTORS

TAN CHENG GAY | CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Tan is a stalwart of the Company, having been with the Company since its inception. He was appointed as Director in 1973 and has since served as the Executive Director to steer the strategic direction and vision of the Group.

Mr Tan holds a Bachelor of Science (Honours) degree in Electrical and Electronic Engineering from University of London King's College and a Master of Science in Electronic Engineering from University of Manchester Institute of Science and Technology (UK).

TAN YOK KOON | EXECUTIVE DIRECTOR

Mr Tan was first appointed as a Non-Independent Director in 1974. In March 2005, he was appointed as the President of China Operations, leading the China team to drive the Specialty Cement (GGBS) thrust. He also serves as a member of the Nominating Committee. He is related to Mr Tan Cheng Gay.

Mr Tan holds a Bachelor of Law degree from University of London's King's College, London and a Master in Business Administration from Columbia University, New York.

RONNIE TEO HENG HOCK | DIRECTOR

Mr Ronnie Teo Heng Hock joined the Board in January 2012 as an Independent and Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and serves as a member of the Audit Committee and the Nominating Committee.

He was previously the Managing Director of DBS Asset Management Ltd and General Manager of DBS Finance Limited. Mr Teo is concurrently a Director of Berger International Private Limited.

Mr Teo holds a Bachelor of Social Sciences (Honours) degree in Economics from the University of Singapore.

TAN SOO NAN | DIRECTOR

Mr Tan joined the Board in May 2017 as an Independent and Non-Executive Director. Mr Tan is also the Lead Independent Director. He is the Chairman of the Audit Committee and serves as a member of the Nominating Committee and the Remuneration Committee.

Mr Tan serves on the boards of public listed and private companies including Raffles Medical Group Ltd, SATS Ltd, Raffles Health Insurance Pte Ltd, ICE Futures Singapore Pte Ltd, ICE Clear Singapore Pte Ltd, and ICE Singapore Holdings Pte Ltd. Mr Tan is also active in the not-for-profit sector. His appointments include Chairman of Temasek Foundation Management Services CLG Limited and Director in Woh Hup Trust and SPD Singapore.

Mr Tan had previously held the positions of Chief Executive Officer at Singapore Pools (Private) Limited, Singapore Totalisator Board, and Temasek Capital (Private) Limited as well as Senior Managing Director of DBS Bank. He was also previously a Director of OSIM International Ltd, Chairman of Temasek Education Foundation CLG Limited and has had over 30 years of experience in the banking and financial services.

Mr Tan holds a Bachelor of Business Administration (Honours) degree from the University of Singapore and is an Associate of The Chartered Institute of Bankers. Mr Tan also attended a Program for Management Development from the Harvard Business School.

STEVEN ONG KAY ENG | DIRECTOR

Mr Ong joined the Board in July 2017 as an Independent and Non-Executive Director. He is the Chairman of the Nominating Committee and serves as a member of the Audit Committee and the Remuneration Committee.

Mr Ong is an Independent Non-Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited since July 2005. He is also a Director of Altrade Investments Pte Ltd in Singapore and a substantial shareholder of Hwa Hong Corporation Limited which is listed on the main board of the Singapore Stock Exchange.

Mr Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He was the General Manager and Country Head for American Express Bank in Singapore for nearly 10 years and also the Chief Representative and Country Manager in China for Banca Monte dei Paschi di Siena S.p.A. for 16 years. Mr Ong remained as the bank's advisor and consultant for 2 years after he left China in 2006 having resided in the country for over 16 years. He was the Chairman of Foreign Bankers' Association in Beijing, PRC from 1999 to 2000.

MANAGEMENT TEAM

HQ HEAD OF DEPARTMENT

WILLIAM TAN | CHIEF FINANCIAL OFFICER

Mr Tan is responsible for assisting CEO in overseeing operations and performance of the Group. Beginning his career in SGX-listed Liang Huat Group, his previous roles include AVP, Finance with Resorts World Sentosa, CFO of Ley Choon Group, Metal Component Engineering and auditor with KPMG. Mr Tan graduated with Honours with a Bachelor of Engineering (Mechanical) from National University of Singapore, holds a Bachelor of Science in Applied Accounting (First Class Honours) from Oxford Brookes University, UK and obtained his MBA from Manchester Business School, UK. A CA (Singapore) and FCCA, UK, he was also an ACCA Prize Winner and Top 30 Affiliate. Mr Tan was named Executive of the Year – Construction & Materials at the Singapore Business Review Management Excellence Awards 2016.

LIM YEE CHUAN | GROUP FINANCIAL CONTROLLER

Ms Lim oversees financial affairs of the Group. She has over 20 years of experience in similar field in government-linked and public-listed companies in Singapore. Prior to joining the Company, she served as an Executive Director of the then SGX-listed Rokko Holdings Limited from 2007 to 2013. Ms Lim is an ACCA graduate and a Chartered Accountant of Singapore.

WONG TOON HONG | MANAGER, STRATEGIC BUSINESS UNIT

Mr Wong oversees the Group's Venture Capital Hi-Tech investments and Specialty Cement (GGBS) joint venture in Korea. His prior working experience were in sectors like defense, government, publishing, technology and business consulting for multinational companies in Asia Pacific. Mr Wong has a Bachelor of Engineering (Civil) from Nanyang Technological University and an MBA from the University of Surrey, UK.

VINCENT LOH | MANAGER, KNOWLEDGE MANAGEMENT & BUSINESS DEVELOPMENT

Mr Loh joined the Company in 2000 and currently oversees the Group's knowledge management, business development, and sustainability initiatives. He has over 20 years of working experience in various industries. Mr Loh has a Bachelor of Business (Accounting) from Monash University, Australia, and is both a CPA Australia and a Chartered Accountant of Singapore. Mr Loh also attended the General Management Program jointly conducted by Wharton School of the University of Pennsylvania and Singapore Management University (SMU).

INTEGRAL CEMENT & RMC OPERATIONS

EUGENE HO | SENIOR GENERAL MANAGER, BUILDING MATERIALS DIVISION (SINGAPORE)

Mr Ho oversees the Group's Integral Cement and Ready-Mix Concrete business in Singapore and Malaysia. He has more than 30 years of working experience in building materials industry and has held various senior positions in major MNC companies both locally and overseas. Mr Ho has a Master of Science (Honours) in Marketing from National University of Ireland, a Bachelor of Business (Business Administration) from Royal Melbourne Institute of Technology University, Australia, a Diploma in Civil Engineering from Singapore Polytechnic and a Diploma in Management Studies from Singapore Institute of Management (SIM).

SPECIALTY CEMENT OPERATIONS

DR. CHEN EN YI | GENERAL MANAGER, SPECIALTY CEMENT

Dr Chen oversees the Group's Specialty Cement (GGBS) joint ventures in China. He has been working with the Company for 23 years. Prior to joining the Group, he lectured in Tsinghua University China, specialising in cement and concrete technologies. Dr Chen has a Bachelor of Engineering (Building Materials) from Chongqing University, a Master of Engineering (Civil) and Ph.D in Engineering (Civil) from Tsinghua University, China.

DR. LIM CHAN TENG | MANAGER, BUSINESS DEVELOPMENT (CHINA)

Dr Lim is a key member of EnGro's China business team. Dr Lim has a Bachelor of Science (Chemical Engineering) from Nanyang University and a Ph.D (Chemical Engineering) from University of Manchester Institute of Science and Technology, UK. He worked for a major oil company for more than 20 years. He has extensive experience in process technology, facilities planning and development as well as design. Dr Lim joined EnGro in 2004 and has been instrumental in developing and expanding EnGro's GGBS business in China.

SPECIALTY POLYMER OPERATIONS

TAI BOON CHEN | GENERAL MANAGER, SPECIALTY POLYMER

Mr Tai oversees the business and operations of the Group's Specialty Polymer unit. He has working experience in operations management, plant restructuring, production management and technology transfer for local and global MNCs.

TAN TATT YAO | MANAGER, BUSINESS DEVELOPMENT (CHINA)

Mr Tan joined the Company in February 2018 as Business Development Manager. He oversees the business development of the Group's Specialty Polymer unit. He has vast experience in local and overseas banking industry. He has held various positions in both UOB Bank China and Standard Chartered Bank (Shanghai). He is related to Mr Tan Cheng Gay and Mr Tan Yok Koon. Mr Tan holds a Bachelor of Commerce from University of Western Australia. He also attended the Behaviourial Studies in Organisations and International Business studies from London School of Economics.

SINGAPORE & MALAYSIA:
INTEGRAL CEMENT & READY-MIX CONCRETE

Following three consecutive years of decline, Singapore construction industry turned around in year 2018, with a notable S$6.0 billion increase in total construction demand from S$24.5 billion in 2017 to preliminary estimate of S$30.5 billion in 2018.

The total public sector construction demand in 2018 reached S$18.4 billion, contributing to about 60 per cent of the overall construction demand, an increase of 16 per cent compared with the corresponding figure in 2017. The growth in demand was reinforced by both institutional building projects such as Woodlands Heath Campus and Punggol Town Hub, as well as infrastructural building such as the North-South Corridor (NSC) project. To pace with the urban development plan, some of these large-scale projects are not expected to start construction works until the second half of 2019.

Photo: Top Mix Concrete Malaysia plant in Bukit Rambai, Melaka

ENGRO BUILDING SUSTAINABILITY TOP-MIX DURABLE CONCRETE

The total private sector construction demand in 2018 also increased significantly, from S$9.0 billion in 2017 to S$12.1 billion in 2018. The surge in demand was mainly attributed to the unprecedented number of en bloc sales, raising the private residential construction demand to S$5.2 billion in 2018. Optimistic growth in the manufacturing sector boosted demand for industrial building development projects such as data centres, and semiconductor production plants contributed to an increase in demand to S$4.0 billion in 2018.

In 2018, EnGro cement sales were primarily from public sector demand due to various Thomson-East Coast MRT contracts, Changi water reclamation plant phase 2 and DSTA land preparation, as well as airfield and ancillary works at Changi East Package C01.

With reference to BCA's latest Development Plans Survey conducted in Oct/Nov 2018, coupled with the prevailing market developments and economic outlook, BCA forecasts that the total construction demand in 2019 is estimated to maintain between S$27 billion and S$32 billion. The public sector construction demand in 2019 is expected to contribute about 60 per cent of the total demand, maintaining at between S$16.5 billion and S$19.5 billion while the private sector construction demand in 2019 is projected to be between S$10.5 billion and S$12.5 billion.

Looking ahead and beyond 2019, the industry is poised for a gradual recovery, supported by a strong pipeline of major public infrastructure projects, as well as emerging opportunities associated with upcoming redevelopment works of collective sales sites. In this regard, EnGro will continue to focus on various mega infrastructure projects such as the construction of Polder at Areas A and C of Pulau Tekong, Circle Line 6, Deep Tunnel Sewerage System (DTSS) Phase 2, DSTA land preparation and ancillary works at Changi East Package C02 and North-South Corridor (NSC) where substantial volume of cementitious materials are required for soil improvement and sub-structure works.

As a leading manufacturer of Ground Granulated Blast-furnace Slag (GGBS), EnGro will continue to be at the forefront in research and development (R&D), to meet the more demanding needs from construction industry in Singapore and the Asia region. With close

	2014	2015	2016	2017	2018
Construction Demand, S$ Billion	**37.7**	**27.2**	**26.1**	**24.5**	**30.5**
• Public Sector, S$ Billion	19.7	14.0	15.8	15.5	18.4
• Private Sector, S$ Billion	18.0	13.2	10.3	9.0	12.1

SINGAPORE & MALAYSIA:
INTEGRAL CEMENT & READY-MIX CONCRETE

contact established with industry professionals and the ability to reorganise the new trend in construction industry, EnGro strives to meet the stringent specifications and to maintain its leadership position in the industry.

Moving forward, to seize new opportunities, the industry is encouraged to continue with its transformation to embrace innovation and technology and build up its capabilities in quality excellence and productivity enhancement. As part of its digital drive, in 2018, EnGro officially launched its Command Centre equipped with latest digital platforms for the Integral Cement and Ready Mixed Concrete (RMC) business within its premises in Pulau Damar Laut. The integration of fleet management software allows us to automate the assignment of truck delivery, optimising the deployment for both manpower and truck fleets. The Command Centre is integrated with the latest electronic ordering technology and delivery platforms, eliminating the need for conventional phone orders and paper delivery dockets.

Companies that persevered through the headwinds over the past three years who are prepared to transform themselves are more likely to emerge stronger, more sustainable and productive to succeed in a brighter future.

Top-Mix Concrete Singapore ("TMS")
2018 was a very challenging year for TMS. Due to weak property market and the decline in construction demand, TMS suffered lower sales revenue and margin squeeze in 2018. To mitigate the adverse situation, TMS adopted stringent cost cutting measures, combined with a niche strategy to focus on better margin products such as ultra-high-density concrete (UHDC) and high-performance concrete (HPC) to yield better returns. In 2018, TMS supplied to major infrastructure projects such as the Changi Water Reclamation Plant, DSTA land preparation, airfield and ancillary works at Changi East and LTA Pan Island Expressway project, together with industrial warehouses in various parts of Singapore. Some of the notable projects secured by TMS in 2018 includes the North-South Corridor N106 contract that is situated between Novena Rise and Toa Payoh Rise, along with various building and civil engineering projects from both public and private sectors.

Photo: EnGro bulk terminal in Pulau Damar Laut at Jurong Port


Photo: Top-Mix Concrete Singapore plant in Changi East Close Rd

Overall, construction output is expected to stay subdued in 2019 but is likely to increase in the medium term beyond 2019, in view of the steady pipeline of public sector projects intended to keep Singapore globally competitive. New investments in Changi Airport Terminal 5, Tuas mega port and new MRT lines to enhance air, land and sea connectivity, and new housing developments in Jurong Lake District, Punggol and Woodlands for the residents have been lined up to shape the future built environment landscape. TMS will continue to focus on implementing prudent cost control measures and strategic initiatives to better capture these opportunities.

Top Mix Concrete Malaysia ("TMM")

EnGro's RMC subsidiary in Malaysia, TMM performed well in 2018 despite strong headwinds encountered after the change in Government now led by Pakatan Harapan (PH) since 9 May 2018. As a result of the slow-down and temporary suspension of various mega projects, the Malaysian construction sector suffered adversely. However, TMM's prudent cost controls and adoption of niche marketing strategy, enabled it to perform better than its competitors. With its dedicated team and right strategy adopted, TMM managed to secure and supply to various sizeable projects such as Guangzhou R&F's Princess Cove, Country Garden's Forest City, Yeashin International's Yes Rise mixed commercial development in Melaka and many more.

Photo: Guangzhou R&F Commercial, Johor Bahru

Photo: Forest City P26, Johor Bahru

Photo: JTC Space @ Tuas, Singapore

Photo: Forest City P69, Johor Bahru

CHINA: SPECIALTY CEMENT

ENGRO CHINA GROUND GRANULATED BLASTFURNACE SLAG ("GGBS") BUSINESS SHINED BRIGHTLY IN 2018

2018 was a worrisome year for most operating in China. The year began firing on all cylinders with optimism; however, unsettling sentiments gradually appeared as the China-US trade friction set in and intensified. It inflicted considerable damage to China's economic growth in 2018, easing to 6.6 per cent, 0.3 per cent down from 6.9 per cent achieved in 2017, the slowest pace in 28 years.

Notwithstanding the above, EnGro China GGBS business turned in satisfactory results for the year. In fact, it shined brighter than it did in 2017. As the Chinese authorities continued to implement tough measures to fight air pollution notably in North China region, Tangshan which is the most polluted city in Hebei province due to its many steel and cement plants, became a prime attack target. Production curbs at steel mills, coke producers and cement plants

Photo: Slag receiving and storage in an enclosed system

were enforced stringently to reduce pollutants and CO_2 emissions. GGBS mills, though generally acknowledged to emit far fewer pollutants, were not spared. This unfortunately caused our Tangshan joint ventures (JV), Tanglong and Tang-Ang, to suffer badly as our GGBS mills could only operate in fits and starts. Coupled with the slag price being driven higher by the strong demand from South China, where GGBS price was high, Tang-Ang, though located near Jing Tang Port, lost its geographical advantage and performed badly as the GGBS price in its own operating areas was relatively low compared with South China. The China-US trade frictions also led to hitherto export opportunity to the US market being rendered non-feasible. As for Jinan Luxin JV, the permanent shutdown of JiGang resulted in a shortage of raw slag which saw its utilisation rate plummeting. Under these circumstances, Tangshan Tang-Ang and Jinan Luxin JVs' profitability suffered badly.

Photo: Slag transport to vertical roller mill by conveyor belt

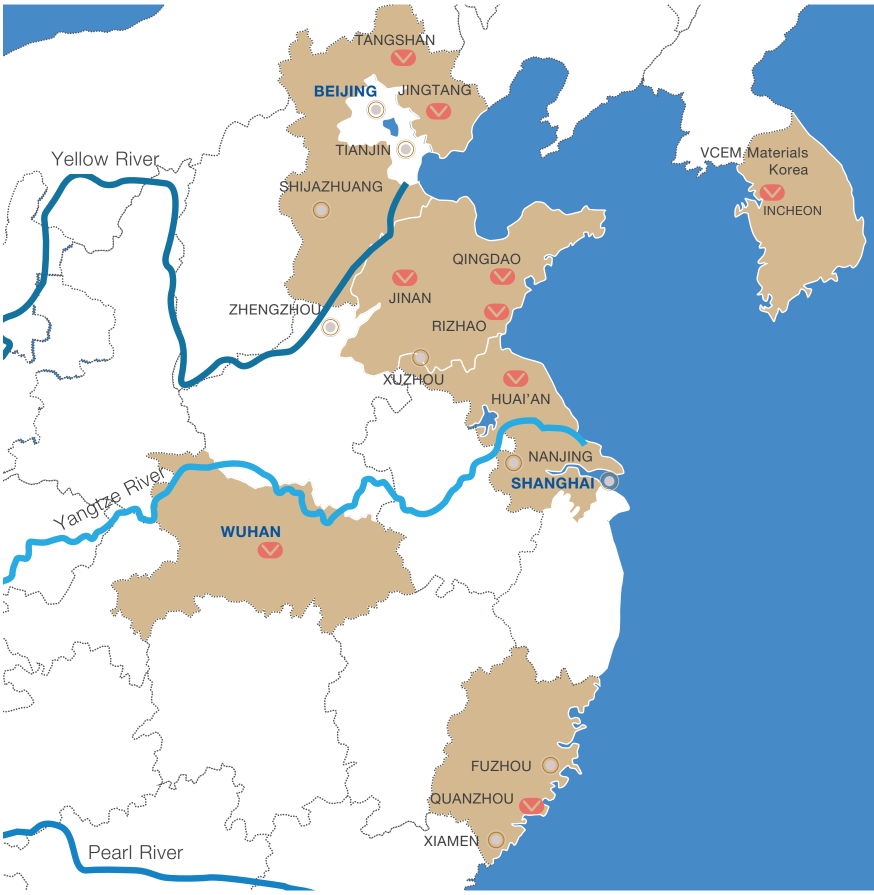
As the Chinese saying goes: "东方不亮西方亮" (when it is dark in the east, it is bright in the west). Transiting from 2017 to 2018, the momentum of Jiangsu Huailong JV, Wuhan Wuxin JV and Qingdao Evergreen JV remained strong and aided by good demands from infrastructure and construction projects they achieved impressive results. These JVs were rather unscathed by the anti-pollution drive taking place in the north-east China and were, therefore, able to operate normally.

Photo: Wuhan Wuxin JV GGBS plant in Wuhan

CHINA: SPECIALTY CEMENT

In 2018, our GGBS JVs sold a total of 7.10 million metric tons of GGBS compared with 7.8 million metric tons in 2017. The decrease of 9 per cent was primarily due to much lower production and sales in Jinan and Tangshan JVs. Overall, a higher GGBS selling price achieved through much efforts and hard work of our better performing GGBS JVs more than offset the setback forced upon Tangshan and

Photo: Wuhan JV Plant



GGBS JV Plant	Annual Production Capacity (Metric tons p.a.)
Tangshan Tanglong Materials Co Ltd	1,200,000
Tangshan Tang-Ang Materials Co Ltd	600,000
Jinan Luxin Materials Co Ltd	1,800,000
Jinan Luxin Materials Co Ltd (Rizhao Luxin Branch)	600,000
Quanzhou Luxin Materials Co Ltd	600,000
Jiangsu Huailong Materials Co Ltd	1,200,000
Wuhan Wuxin Materials Co Ltd	3,000,000
Qingdao Evergreen Materials and Technologies Co Ltd	1,200,000
VCEM Materials Co Ltd (Korea)	600,000
Total GGBS Capacity	**10,800,000**

Map: GGBS Production Plants in North Asia

Shandong plants thereby successfully turning in a record combined revenues of RMB1.8 billion, which represents an impressive 32 per cent increase year-on-year (YOY).

RELOCATION OF ENGRO GGBS E-COMMERCE PROJECT

In 2018, we completed the relocation of our GGBS e-commerce project from Shanghai to Wuhan with the establishment of Wuhan VCEM Technology Development Co. Limited (Wuhan VCEM). While re-constructing the pilot plant scale production facilities and furnishing the Wuhan office, enhancements were made to our official WeChat account. Wuhan VCEM also created a new website with mobile version for broader marketing outreach. Wuhan VCEM website has become an e-commerce platform to sell products in small packaging format from EnGro as well as our associates and partners. These include GGBS, blended cement, fly ash, silica fume, and more.

Our green cement pilot plant in Zibo, Shandong, did not yield the expected result. It incurred a very small loss due to unprecedented impediments in its renewal of production license brought about by new control elements revolving around environmental issues. This caused an unexpected delay to the originally planned launching of its green blended cement into the local market. Due to these unforeseen interruptions, the plant managed to operate only for a few months in 2018 which unfortunately also coincided with a period of curtailed raw material availability (GGBS and clinker).

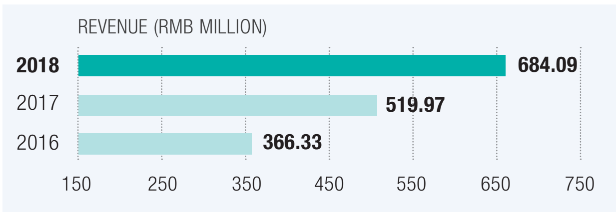
Photo: EnGro Chairman and CEO Mr Tan Cheng Gay (front row centre) and Dr Chen En Yi (front row left) with Wuhan VCEM staff September 2018

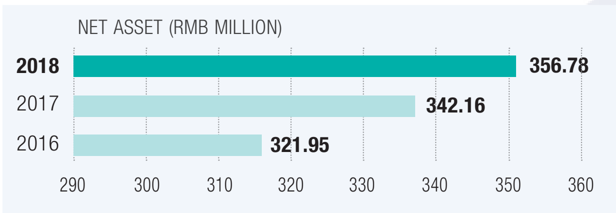
2019 OUTLOOK CLOUDY

"Storm clouds are brewing for the global economy," the World Bank warned, giving several factors: slowdown in investment and international trade; uncertainty in trade frictions, and lingering financial turmoil in emerging markets. The ride for China could get bumpier in 2019 and China's economy is expected to soften. With the country's intensified anti-pollution fight spreading to 82 cities across China as per a 2018 to 2020 action plan, a rebound would look even harder. To counter slowing growth, Chinese authorities are expected to roll out more stimulus measures in 2019.

RIZHAO LUXIN'S 2ND VERTICAL ROLLER MILL (VRM) SCHEDULED TO BE COMMISSIONED IN MAY 2019

This new grinding mill, under construction since April 2018, with an annual production capacity of 600,000 tons is designed to handle the additional raw slag from ShanGang's second 5,200 m^3 blast furnace. When started up in May 2019, it would offer some solace to the loss in production and sales at Jinan Luxin JV as a result of the relocation of JiGang in 2017.





CHINA: SPECIALTY CEMENT

STRATEGIC PROGRAM TO BE CONTINUOUSLY AND VIGOROUSLY PURSUED IN 2019

In the next 3 to 5 years, VCEM e-commerce and social networking platform will be EnGro's strategical development project in China, aimed at integrating EnGro's knowledge, know-how, experience, branding, social and sales networks, market resources, and beyond. The success of this program would raise our China GGBS business to new heights.

The ultimate target of VCEM e-commerce platform is to build a dedicated and professional GGBS industry's service public platform, providing users and producers of GGBS with information related to construction, operation, product supply and demand, domestic and international trading, product application, and technical consultation services and solutions.

Photo: Rizhao Luxin Mill No. 2 under construction and to be commissioned in 1Q 2019

OTHER ACTIVITIES

The provisional version of China Slag Cement Market Index (CSCMI) was officially launched on 8 December 2018. The index was the first of its kind created by the joint efforts of the Institute of Technical Information for Building Materials Industry of China (ITIBMIC) and the China GGBS Association, a branch of Concrete and Cement-based Products Association (CCPA). The healthy and stable operation of the index shall promote the harmonious and timely state of development of GGBS industry in China and also its demand forecast, offering to the nation's governing body reference and guide for policy formulation to ensure the proper and orderly advancement of the industry.

IMPACT ON CHINA GGBS BUSINESS FROM CHINA'S 2019 GROWTH WOULD BE MODEST

Ominous clouds could appear over the Chinese economic landscape due to the US-China trade friction. Behind these clouds, we are confident that our GGBS business will still be shining. The reason for this optimism is that China has accelerated approval of infrastructure projects to stabilise investment and bolster the economy.

The ***High Speed Railway (HSR) Economy*** and the nationwide ***Digital Ecosystem*** will continue to drive rapid urbanisation in China. These economic plans will support China Government's aspiration to build the world largest domestic economy over the next decade.

More than 116 infrastructure projects for highways, rails, MRTs, airports that will cost RMB3.4 trillion have recently been approved by China's top economic planner. These projects due to begin construction in 2019 include several rail transit projects (RMB254 billion) in the city of Wuhan; and the 8 inter-city railway projects in the eastern provinces of Jiangsu and Anhui (planned for execution from 2019 to 2025), with a combined total investment of RMB231.7 billion (US$33.8 billion). The HSR rail network will have a total length of 1,063km, with 980km spanning across Jiangsu. One of the new HSR railway lines runs from Nanjing to Huai'an, where one of our GGBS production bases is located. The main contributors to our China GGBS's strong performance in 2018, Wuhan Wuxin and Jiangsu Hailong JVs, are expected to continue to perform well as they will benefit from these construction activities.

The pro-growth measures introduced lately by the China Government to mitigate slower economic growth including tax reform, easing of monetary policy, and further relaxation in foreign direct investments (FDI), will further benefit our China GGBS business.

Though 2019 shall be a challenging year for China, we remain cautiously optimistic that our China GGBS business will be profitable in 2019.

GREEN INITIATIVE

GGBS

VCEM

GREEN CONCRETE

DuraCrete

MICROFINE CEMENT

P8000
PreFine 60/80

BLENDED CEMENT

P4246S
P4246
P197A
P197B
P197-4S

Our Green Cement and Green Concrete materials are certified with the SEC Green Label and SGBC Singapore Green Building Project label. Among them are products with SGBP's 4 Ticks Leader rank

"Building Sustainability" is the guiding beacon of EnGro's Green Journey

Planet Earth is facing an undeniable and unprecedented climate change challenge. Erratic weather patterns are drumming up migration to flee water scarcity, crop failure, and rising sea levels.

The effects of climate change has influenced government policies, community engagements and corporate actions to walk the talk and stem the effects of climate change. No one is an isolated silo of thought or action as every iota of green action is one unit of carbon reduced and this momentum would build up if we think and act in unity. The drive to do the best we can in reducing carbon emissions is what sets EnGro apart from our peers.

Carbon is the universal unit of measurement for the performance of green initiatives

Our Ground Granulated Blastfurnace Slag (GGBS) JV plants in China produce between 7 to 8 million tons annually with room to increase to match demand. Each ton of GGBS contributes between 0.75 to 0.85 tons of CO_2-equivalent (CO_2-e) reduction for each ton of Ordinary Portland Cement (OPC) replaced by GGBS.

Apart from GGBS, there are other waste or by-products that could be diverted away from being sent to the landfills. In Singapore, we are a firm believer that more can be done to save Semakau Landfill.

Our Green Initiative program has provided green assurance to our customers that they are using a truly green and low carbon material for their construction projects. Having taken the lead to introduce and promote the benefits of going Green to all our internal and external stakeholders, our commitment towards achieving the Triple-Bottomline equilibrium of ***"People-Planet-Profit"*** continues to be reflected in the balance between our business and the environment.

Some of our green cement products with high carbon-reduction attributes, were granted the "Leader" status by Singapore Green Building Council, another testament of our commitment to provide innovative and sustainable material solutions.

SINGAPORE & CHINA: SPECIALTY POLYMER

R&P (PTE) LTD ("R&P")

R&P was established in 1989 and developed compounding expertise across a wide range of polymers which include applications in the automotive and non-automotive sectors. R&P transformed itself from a toll compounder for ExxonMobil Chemical to an independent compounder and secured its foothold in China and also supplies to other countries such as Japan, India, Thailand, Indonesia, Australia and Mexico.

Photo: R&P facility in Johor Bahru

KUNSHAN R&P CO LTD ("KRP")

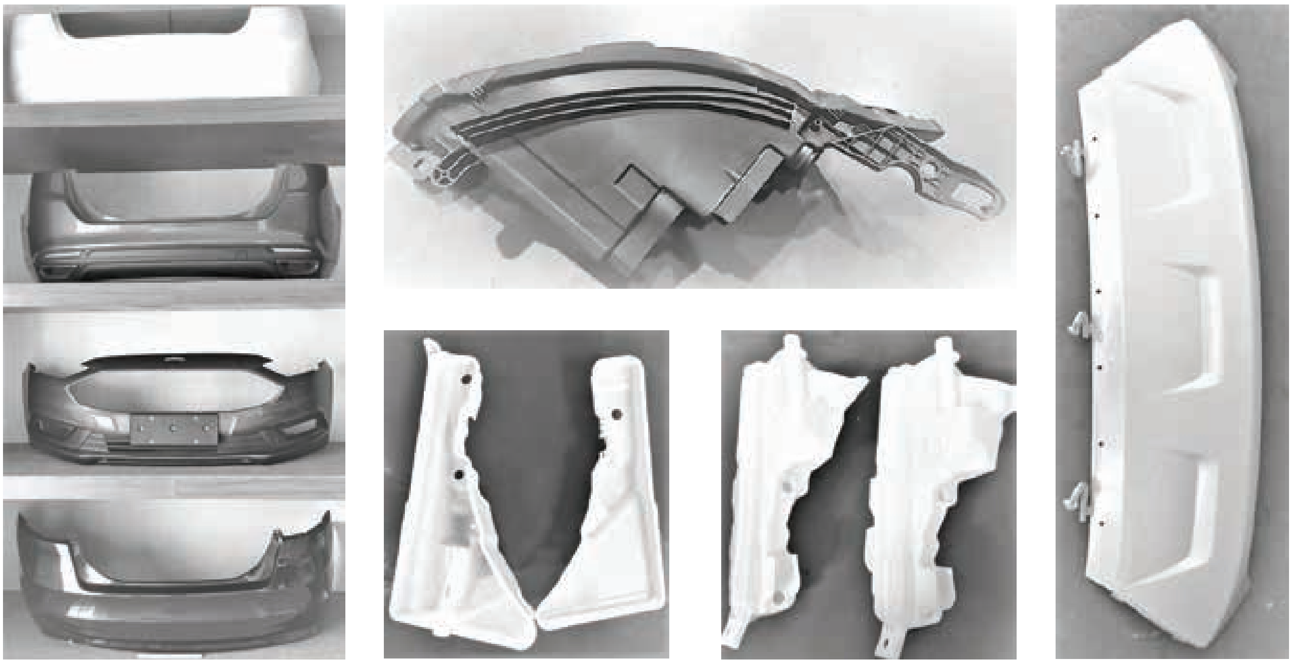
KRP is a China, Kunshan joint venture which is 40 per cent owned by R&P. KRP has a total annual production capacity of 26,000 metric tons and its key customers include major international automakers. KRP achieved more than 8,300 metric tons of sales in 2018, an improvement of 12 per cent year-on-year. KRP is also attempting to supply to the non-automotive film and packaging industries.

To better serve its customers' needs and support the development of business opportunities, R&P's Research and Development (R&D) centre was relocated to Kunshan, China, in October 2017.

R&P TECHNOLOGIES PTE LTD ("RPT")

RPT is a 60 per cent owned subsidiary of R&P and the facility is set up in Johor Bahru, Malaysia. It commenced operations in April 2018, and enabled R&P to manufacture at a lower cost while supplying to customers outside of China. RPT achieved more than 4,800 metric tons of sales in 2018 and started sales to new markets Indonesia and Thailand. RPT is actively searching for automotive and non-automotive opportunities in Australia, Korea and Mexico.

In 2019, with both KRP and RPT in stable production, our Specialty Polymer business is expected to achieve an improved performance.



Photos: These are some of the automotive applications for R&P's products

INVESTMENTS

VENTURE CAPITAL HI-TECH INVESTMENTS

The rapidly growing China start-up market has significantly narrowed the gap between China and US venture capital. In 2018, venture investments in China reached US$105 billion, nearing US levels of US$111 billion while China's share of global venture investments rose to 38 per cent of the US$ 275 billion of venture deals recorded in 2018.

As China Central Government continues to liberalise the economy and promote innovation, China will witness the rise of its high-tech start ups joining the ranks of tech unicorns. In line with the rise of venture – backed start-ups creating impact beyond its domestic market, our strategy to invest into global high-tech early stage ***Fund-of-Funds (FoF)*** with increasing China allocation is a balanced approach allowing us to invest in funds managed by top tier VC fund managers in USA, China, India and Europe.

PROPERTY INVESTMENT

The recovery of Singapore's residential property market was slow. Unsold units of Turquoise in Sentosa might be relaunched at appropriate time. Despite weak rental market, the occupancy and rental rates for the project remain satisfactory.

Phase 1 of Tangshan Nanhu Eco city project in China has been fully sold. Construction of Phase 2 commenced in first half of 2018 and is expected to complete in 2020. More than 50 per cent of units for sale under Phase 2 have been sold. With Tangshan being earmarked to become a garden city within the Beijing-Tianjin-Hebei corridor under Central Government policy, management expects the project to yield positive results in medium term.

Photos: Phase 1 of Tangshan Nanhu Eco city project in Tangshan, Hebei province

CORPORATE SOCIAL RESPONSIBILTY

ENGRO SCHOLARSHIP FOR STUDENTS OF SINGAPORE INSTITUTE OF TECHNOLOGY

In November 2018, EnGro continued to support the scholarship programmes for undergraduates of the Singapore Institute of Technology who are pursuing full-time degree in sustainable infrastructure engineering and systems engineering.

SUPPORT AND SPONSORSHIP ON GGBS ASSOCIATION IN CHINA

The 5th GGBS Production and Applied Technology Forum of China GGBS Association, which is a branch of Concrete and Cement-based Products Association (CCPA), was held in Ma Angshan, Anhui, China on 8 December 2018, Dr. Chen En Yi from EnGro delivered a key-note speech for the "China GGBS Industry Development and Prospects in 2018" forum. The forum focused on "Energy Saving and Emission Reduction for Sustainable Development".

CORPORATE GOVERNANCE REPORT

EnGro Corporation Limited ("the Company") is committed to achieving a high standard of corporate governance within the Company and its subsidiaries ("the Group"), to promote corporate transparency and to enhance shareholder value. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012.

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
1.1	The Board's principal functions include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.
1.2	All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company.
1.3	To assist the Board in executing its duties, the Board has delegated specific functions to the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.
1.4	The Board has held meetings for particular and specific matters as and when required. A record of the Directors' attendance at meetings of Board and Board Committees for the financial year ended 31 December 2018 ("FY2018"), as well as frequency of such meetings, is set out in **Table 1**.
1.5	Key matters which are specifically reserved for the Board's approval include, among others, annual budgets, declaration of dividends, 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 plans, direction and management of the Group through quarterly review of the financial performance of the Group and the Company. In addition to establishing the limits of the discretionary powers of the officers and committees, the Board reviews the adequacy of risk management systems and internal controls.
1.6	New Directors, upon appointment, are briefed on the business and organisation structure of the Company. There are update sessions to inform the directors on new legislation and/or regulations that are relevant to the Group.

CORPORATE GOVERNANCE REPORT

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. The Directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The Company provides for all Directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments.

The Company organises strategy review meetings for the Directors once every two years. Presentations and briefings are conducted at such offsite meetings by Executive Directors and Senior Management on the Group's operations and current projects, followed by discussion sessions on matters relating to operations and strategies.

1.7 A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as Director. New Directors, upon appointment, will also be briefed on their duties and obligations as Directors. The Directors are also informed of regulatory changes initiated by or affecting the Company.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Corporate Governance Practices of the Company
2.1	The Board comprises five Directors, two of whom are Executive Directors and three of whom are Independent Non-Executive Directors. There is an independent element on the Board, with Independent Directors constituting more than half of the Board. A summary of the current composition of the Board and its committee is set out in **Table 2**.
2.2	Where the Chairman and Chief Executive Officer ("CEO") of the Company is the same person, the Independent Directors should make up at least half of the Board. The Company has complied with the relevant guideline of the Code as more than half of the Board is made up of Independent Directors. There is a strong and independent group of Non-Executive Directors on the Board and is well balanced.
2.3	The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. Each Independent Director is required to complete a Confirmation of Independence Statement annually based on the guidelines as set out in the Code.
2.4	When reviewing the independence of the three Independent Directors, the NC has considered the guidelines for independence as set out in the Code. As part of the consideration, the NC also took into account their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability

CORPORATE GOVERNANCE REPORT

to maintain objectivity in their conduct as Directors of the Company. The three Independent Directors are Mr Tan Soo Nan, Mr Ronnie Teo Heng Hock and Mr Steven Ong Kay Eng. For purposes of determination of independence, the three Independent Directors have also provided confirmation that they are not related to the Directors and 10% shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. It is noted that all the Independent Directors have served on the Board for fewer than nine years.

Each of the Independent Directors had duly recused himself from the discussion and taking a decision in respect of his own independence.

2.5 The Board considers that the present Board size is appropriate, taking into account the nature and scope of the Group's operation. The Board comprises Directors who as a group provide core competencies, such as business and management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group's objectives.

2.6 The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. To this end, the NC reviews the Board's collective skills matrix regularly.

As a Group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the Directors' experience allows for the useful exchange of ideas and views.

2.7 The Non-Executive Directors aim to assist in the development of proposals on strategy by constructively challenging Management. The Non-Executive Directors would also review the performance of Management in meetings.

2.8 Where warranted, the Non-Executive Directors meet without the presence of the Executive Directors or Management to review any matters that must be raised privately.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Corporate Governance Practices of the Company
3.1	There is no separation of roles between the Chairman and CEO in the Company due to the fact that Mr Tan Cheng Gay who is the substantial shareholder of the Company, has been a stalwart of the Company since its inception. The Board is of the opinion that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on corporate affairs of the Group.

CORPORATE GOVERNANCE REPORT

3.2 As the Chairman and CEO, he, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the Executive Directors and the Independent Directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.

As Chairman, he is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company (the "Management") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

3.3 The Board has appointed Mr Tan Soo Nan, an Independent and Non-Executive Director, as the Lead Independent Director on 2 January 2018. He is also a member of the Nominating and Remuneration Committees. Mr Tan Soo Nan will be available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO or other management executive has failed to provide a satisfactory resolution or when such contact is inappropriate.

3.4 Where warranted, the Lead Independent Director shall meet with the Independent Directors without the presence of Management or the Executive Directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company

4.1 The NC, regulated by a set of written terms of reference, comprises three Independent Non-Executive Directors as well as an Executive Director. The Board is of the view that the inclusion of an Executive Director in the NC would facilitate discussions at the NC meetings. The names of the members of the NC are disclosed in **Table 2**.

4.2 The principal functions of the NC is to establish a formal and transparent process for:

(a) reviewing nominations of new Director appointments based on selection criteria such as incumbent's credentials and his skills and contributions required by the Company;

(b) reviewing and recommending to the Board the re-election of Directors in accordance with the Company's Constitution;

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

(d) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular whether the Directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and

(e) deciding how the Board's performance may be evaluated and propose objective performance criteria.

CORPORATE GOVERNANCE REPORT

4.3 The NC reviews annually the independent declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the guidelines provided in the Code. The NC has ascertained the independence of each Director for FY2018 in accordance with the Code's definition of independence and is satisfied that Mr Tan Soo Nan, Mr Ronnie Teo Heng Hock, and Mr Steven Ong Kay Eng remain as Independent Non-Executive Directors of the Company.

The Board having reviewed the performance, character and background of each Independent Non-Executive Director, considers Mr Tan Soo Nan, Mr Ronnie Teo Heng Hock, and Mr Steven Ong Kay Eng to be independent by virtue of the fact that each Director does not have any existing business and/or professional relationship whatsoever with EnGro group of companies and it's officers who could possibly influence their objectivity in discharging their duty as an Independent Director of the Company.

4.4 Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company and each Director is able to and has been adequately carrying out his duties as a Director of the Company.

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

4.5 No alternate Director has been appointed to the Board.

4.6 The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a Director; and (v) ability and adequacy in carrying out required tasks.

The NC leads the process for board appointments and make recommendations to the Board. The integrated process of appointment includes:

i. developing a framework on desired competencies and diversity on board;

ii. assessing current competencies and diversity on board;

iii. developing desired profiles of new Directors;

iv. initiating search for new Directors including external search, if necessary;

v. shortlist and interview potential Director candidates;

vi. recommending appointments and retirements to the board;

vii. election at general meeting.

4.7 Key information of each member of the Board can be found under the Board of Directors section of this Annual Report.

The date of the Directors' initial appointment and last re-election and their directorships are disclosed in **Table 3**.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
5.1	The NC is responsible for assessing the effectiveness and performance of the Board. The assessment parameters include the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness, Board accountability and oversight, functioning of the Board Committees as well as standards of conduct. For FY2018, the NC reviewed the performance of the Board based on the aforesaid parameters.
5.2	The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole as well as the efficiency and effectiveness of the Board Committees in assisting the Board.
5.3	The NC members were in consensus that there is no necessity to go through the formal process of evaluating their fellow Director's performance on an individual basis. There were no issue with fellow members' regularity of attendance at meetings, their objectivity, competencies, time commitment and their readiness to contribute at meetings. Any disagreement between fellow directors would be ironed out at the Board meeting. Although the Directors are not evaluated individually on a formal basis, the factors taken into consideration with regard to the re-nomination of Directors for the current year are based on their attendances, commitment of time and contributions made at meetings of Board and Board committees as well as general meetings.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	Corporate Governance Practices of the Group
6.1 & 6.2	The members of the Board were provided with financial information, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. Apart from keeping the Board informed of all relevant new laws and regulations, the Company also has an on-going orientation program for non-executive Board members to familiarise and update themselves with the Group's operations.

CORPORATE GOVERNANCE REPORT

6.3 Directors have separate and independent access to the Company Secretary at all times. The Company Secretary attends all Board meetings, provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between Senior Management and Non-Executive Directors.

6.4 The appointment and removal of the Company Secretary is subject to the approval of the Board.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the Code	Corporate Governance Practices of the Company
7.1	The RC, regulated by a set of written terms of reference, comprises three Independent Non-Executive Directors. The names of the members of the RC are disclosed in **Table 2**.
7.2	According to the terms of reference of the RC, the functions of the RC include, amongst others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the Executive Directors (in the form of service agreements) are formulated and approved. The RC has access to outside expert advice on all remuneration matters at the Company's expense. No Director or member of the RC has been involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.
7.3	The RC has, in the execution of its duties, access to independent professional advice inside and/or outside the Company on remuneration matters as and when required. The remuneration matters are currently managed by the Group's Human Resource and no external remuneration consultant was appointed in FY2018.
7.4	According to the service agreement of the Executive Directors: i. the term of service shall continue until terminated by either party in accordance with the terms of the agreement; and ii. there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Directors.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	Corporate Governance Practices of the Company
8.1	**ANNUAL REMUNERATION REPORT**
	REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL
	The CEO's remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the CEO's interests with that of the shareholders. The other Executive Director is paid a basic salary, overseas allowance and a variable performance bonus which is linked to his performance and the performance of the China operations. He is also paid a Director fee for being a member of the NC.
8.2	The Company obtained shareholders' approval in FY2011 to implement a performance share award scheme (called the "EnGro Corporation Limited Performance Share Award Scheme") and an employee's share option scheme (called the "EnGro Corporation Limited 2011 Employees' Share Option Scheme"), where both schemes are administered by the RC. As at the date of this report, no award or share options have been granted to either the CEO or the other Executive Director, both of whom are entitled to participate in these two schemes subject to the rules and limits set out therein.
8.3	**POLICY IN RESPECT OF NON – EXECUTIVE DIRECTORS' REMUNERATION**
	In reviewing the recommendation for Independent Non-Executive Directors' remuneration for FY2018, the RC had continued to adopt a framework of base fees for serving on the Board and Board Committees, as well as fees for chairing Board Committees and the role as Lead Independent Director. The fees take into consideration the amount of time and effort that each Board member may be required to devote to their role.
	Save for Directors' fees, which have to be approved by the shareholders at every annual general meeting ("AGM"), the Independent Non-Executive Directors do not receive any other forms of remuneration from the Company.
8.4	In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The Company has not adopted the use of contractual provisions to reclaim incentive components of the remuneration of Executive Directors and key management personnel as it was considered unnecessary in the Company's current context.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines of the Code	Corporate Governance Practices of the Company
9.1 Also Rules 1207(12) to 1207(15) of the SGX-ST Listing Rules	**LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2018.** Although the remuneration of each Director and the top five key management personnel are not fully disclosed, the Company discloses their remuneration in bands of S$250,000 and also discloses in aggregate the total remuneration paid to the directors and the top five key management personnel. The compensation structure for the key management personnel of the Group consists of three key components – fixed salary, bonus and other benefits. **Table 4** and **Table 4A** sets out the breakdown of the remuneration of the Directors and the top five key management personnel for FY2018, respectively.
9.2 & 9.3	Regarding the Code's recommendation to fully disclose the remuneration of Directors and the top five key management personnel, given the highly competitive environment it is operating in and the confidentiality attached to the remuneration matters, the Company believes that disclosing remuneration in bands of S$250,000 and disclosing in aggregate the total remuneration paid to the Directors and the top five key management personnel provide sufficient overview of the remuneration of Directors and the top five key management personnel.
9.4	**REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER** Save as disclosed in **Table 4B**, there is no other immediate family member (defined in the SGX-ST Listing Manual) as the spouse, child, adopted child, step-child, brother sister and parent) of a Director or the CEO in the employment of the Company whose annual remuneration exceeded S$50,000 during FY2018.
9.5	The Circular to Shareholders containing the details of the EnGro Corporation Limited Performance Share Award Scheme and the EnGro Corporation Limited 2011 Employees' Share Option Scheme are available to shareholders upon their request.
9.6	Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report under Principles 7, 8 and 9 and in the financial statements of the Company and the Group.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines of the Code	Corporate Governance Practices of the Company
10.1	The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting quarterly and other price-sensitive public reports and reports to regulators (if required). The Group prepares its financial statements in accordance with the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") prescribed by the Accounting Standards Council. The Company releases its quarterly and full-year financial results through announcements to the SGX-ST.
10.2	In its interim quarterly financial statements announcements, the Board provides a negative assurance statement confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The Company has also procured undertakings from all its Directors and executive officers in compliance with Listing Rule 720(1).
10.3	Management had provided each member of the Board with management accounts on a quarterly and monthly basis so that they will be better informed on how the Group and Company are performing. The CEO and the Chief Financial Officer ("CFO") provide assurance to the Board on the integrity of these financial statements through a written representation.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code	Corporate Governance Practices of the Company
11.1	The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls, as well as risk management policies and systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:– (a) discussions with management on risks identified by management; (b) the audit processes;

CORPORATE GOVERNANCE REPORT

(c) the review of internal and external audit plans; and

(d) the review of significant issues arising from internal and external audits.

11.2.	The Directors recognise that risk management is integral to the whole business of the Group. In 2013, the Company developed the risk identification and management framework with the assistance of a reputable consultant, following which Management has been tasked with the responsibility of overseeing and regularly reviewing the Group's internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems.
11.3	Based on the Group's framework of management controls in place; the internal control policies and procedures established and maintained by the Group; the work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, the AC and the Board, the Board with the concurrence of AC is of the opinion that the risk management and internal control systems within the Group, addressing the financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2018.
Also Rule 1207(10) of the SGX-ST Listing Rules	For the financial year under review, the CEO and the CFO have provided assurance to the Board that the financial statements give a true and fair view of the Group's business operations and finances and the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks in the Group in its current business environment including financial, operational, compliance and information technology.
11.4	As the Company does not have a Risk Management Committee, the Board, AC and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	**Corporate Governance Practices of the Company**
12.1	The AC, regulated by a set of written terms of reference, comprises three members, all of whom are Independent Non-Executive Directors. The names of the members of the AC are disclosed in **Table 2**.
12.2	The AC has three members namely Mr Tan Soo Nan, Mr Ronnie Teo Heng Hock and Mr Steven Ong Kay Eng, who have accounting or related financial management expertise or experience.
12.3	The AC has full access to and full co-operation of the Management and external auditors. It also has the full discretion to invite any Director or executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.

CORPORATE GOVERNANCE REPORT

12.4 The AC has specific written terms of reference and performed the following functions:

12.4 (i) reviews and evaluates with the external auditors on their audit plan, financial results of the Group and any material non-compliance and internal control weaknesses reported by the external auditors;

(ii) monitors the scope and results of the external audit, its cost effectiveness, independence, objectivity and gives its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors;

(iii) reviews the draft quarterly and full year financial statements of the Group and the Company before submission to the Board, including announcements relating thereto, to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST");

(iv) reviews the adequacy of (a) Internal Audit ("IA") function's activities to ensure that IA has adequate resources and appropriate standing within the Company and (b) the internal audit programme and (c) ensures co-ordination between the internal auditors, external auditors and Management; and

(v) ensures that IA meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC had recommended and the Board had approved to table the re-appointment of KPMG LLP as auditors of the Company for shareholders' approval at the forthcoming AGM.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

KPMG LLP, the Company's external auditors, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal accounting controls relevant to the audit on an annual basis. Any material internal accounting control weaknesses noted in the course of the statutory audit were reported by the external auditors to the AC.

12.5 Annually, the AC meets with the external auditors without the presence of Management. Where warranted, the AC shall meet with the internal auditors without the presence of Management to review any matters that must be raised.

12.6 The amount of audit and non-audit fees paid to the external auditors in FY2018 is disclosed on Page 121 of the Annual Report.

The AC has reviewed the non-audit services provided by the external auditors to the Group in FY2018 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

CORPORATE GOVERNANCE REPORT

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

12.8 **Summary of AC's activities in FY2018**

During the year, the AC:

(i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;

(ii) reviewed the key areas of Management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprise financial, operational and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed audit and non-audit fees;

(vi) reviewed the appointment of a different auditor for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discusses accounting implications of major transactions including significant financial reporting issues; and

(ix) reviewed interested party transactions.

Financial reporting and significant financial judgement

The role of the AC in relation to financial reporting is to monitor the integrity of the quarterly and full year financial statements and that of any formal announcements relating to the Group's financial performance. For the financial year under review, the AC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

CORPORATE GOVERNANCE REPORT

Following discussions with the Management and the external auditors, the AC has determined that the following areas are the key audit matters of the Group's financial statements. The table below summarised how these key audit matters were deliberated and addressed:

Matters Considered	Action
Valuation and impairment of non-financial assets (property, plant and equipment, and investments in associates and joint ventures) – S$111.0 million (43.1% of Group's total assets)	The AC considered the approach and methodology applied to the valuation and impairment assessment of the non-financial assets (property, plant and equipment, and investments in associates and joint ventures) of the Group and discussed with external auditors on their review of the reasonableness and relevance of the assumptions used in the assessment. As a result of the processes above, the AC was satisfied that the key assumptions used in the assessments were balanced in comparison with the Group's historical performance against market data. The AC therefore concurred with the Management's assessment that provision for impairment losses was not required.
Valuation of investments in venture capital funds and unquoted equity securities – S$37.3 million (14.5% of Group's total assets)	In consideration of this matter, the AC reviewed the methodology applied to the valuation assessment of the investments in venture capital funds and unquoted equity securities. The AC also obtained understanding on the work performed by the external auditors. It was satisfied that the fair values of the above investments recorded are consistent with the latest available valuation reports issued by professional fund managers or valuation specialists.
Valuation of trade receivables – S$35.2 million (13.7% of Group's total assets)	In assessing the recoverability of the trade receivables, the AC considered the improvement in the trade receivables' ageing, the historical default rate and the post year end collection. The AC has also considered inherent risk of the industry and the findings presented by the external auditors with reference to review of key controls over trade receivables. The procedures above provided the AC with the assurance on the approach and conclusion drawn by Management that the impairment allowance of the trade receivables was adequate.

12.9 None of the AC members were previous partners or directors of the existing auditing firm within the previous twelve months and none of the AC members hold any financial interest in the auditing firm.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audit.

Guidelines of the Code	Corporate Governance Practices of the Company
13.1	The IA function reports directly to the Audit Committee. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.

CORPORATE GOVERNANCE REPORT

13.2 to 13.5	Our in-house IA team reports directly to the Chairman of the AC on internal audit matters. The AC has reviewed the adequacy of the in-house IA function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	Corporate Governance Practices of the Company
14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.
14.2	Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.
14.3	The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at AGMs on his/her behalf. The Company allows relevant intermediaries such as the Central Provident Fund Board or corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such bodies can attend and participate in general meetings as proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	Corporate Governance Practices of the Company
15.1	The Company provides sufficient and regular information to its shareholders on a timely and fair basis regarding its business developments and financial performance that could have a material impact on the price or value of its shares. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests.

CORPORATE GOVERNANCE REPORT

15.2	The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNET") and the press.
15.3	The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the Directors and Management questions regarding the Group.
15.4	The Company has adopted quarterly reporting of its financial results since FY2003. Accordingly, in FY2018, quarterly financial results of the Company were published via SGXNET.
15.5	The Company seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The declaration of a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share has been proposed for FY2018.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	Corporate Governance Practices of the Company
16.1	In general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of AGM are available to shareholders upon their request. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.
16.2	Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.
16.3	The Chairpersons of the AC, NC and RC are also present and available to address to questions raised. In addition, the external auditors are present at AGMs to address queries, if any, on the conduct of the audit and the preparation and content of the Auditors' Report.

CORPORATE GOVERNANCE REPORT

16.4 & 16.5

To have greater transparency in the voting process, with effect from FY2013, the Company conducts the voting of all its resolutions by poll at its AGM. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

Rule 1207(19) of the SGX-ST Listing Rules

DEALING IN SECURITIES

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its results for the first three quarters of the year. The Directors and officers are not allowed to deal in the Company's shares one month before the announcement of its full year results.

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

Rule 1207(8) of the SGX-ST Listing Rules

MATERIAL CONTRACTS

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

Rule 1207(17) of the SGX-ST Listing Manual

INTERESTED PERSON TRANSACTION ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For material IPT, the Company would identify all related parties and its relationship with each part as well as to disclose the nature and value of each transaction.

During the year under review, there have been no material IPT requiring disclosure pursuant to the SGX-ST Listing Manual. No IPT Mandate has been obtained from shareholders.

Rule 711A – 711B of the SGX-ST Listing Rules

SUSTAINABILITY REPORTING

As Singapore moves towards becoming a more sustainable city, we continue to play our part in promoting sustainability. We believe that the effective management of environmental, social and governance risks and opportunities can help us to deliver long-term value to our stakeholders.

EnGro intends to publish its FY2018 Sustainability Report (the "SR"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by May 2019. This SR will be publicly accessible through EnGro's website as well as on SGXNET.

CORPORATE GOVERNANCE REPORT

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2018

Directors	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Cheng Gay	5	5	–	–	–	–	–	–
Tan Yok Koon	5	5	1	1	–	–	–	–
Tan Soo Nan	5	5	1	1	4	4	2	2
Ronnie Teo Heng Hock	5	5	1	1	4	4	2	2
Steven Ong Kay Eng	5	5	1	1	4	4	2	2

TABLE 2 – BOARD AND BOARD COMMITTEES

	Board	Nominating Committee	Audit Committee	Remuneration Committee
Non-Independent Directors				
Tan Cheng Gay (Executive)	Chairman	–	–	–
Tan Yok Koon (Executive)	Member	Member	–	–
Independent Non-Executive Directors				
Tan Soo Nan (also Lead Independent Director)	Member	Member	Chairman	Member
Ronnie Teo Heng Hock	Member	Member	Member	Chairman
Steven Ong Kay Eng	Member	Chairman	Member	Member

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies
Tan Cheng Gay	72	27/11/1973	28/04/2017	EnGro Corporation Limited	–
Tan Yok Koon	70	17/05/1974	27/04/2018	EnGro Corporation Limited	–
Tan Soo Nan	70	02/05/2017	27/04/2018	(1) EnGro Corporation Limited (2) Raffles Medical Group (3) SATS Limited	OSIM International Ltd
Ronnie Teo Heng Hock	70	05/01/2012	28/04/2017	EnGro Corporation Limited	Uni-Asia Group Limited
Steven Ong Kay Eng	72	01/07/2017	27/04/2018	(1) EnGro Corporation Limited (2) Sino Land Company Limited (3) Tsim Sha Tsui Properties Limited (4) Sino Hotels (Holdings) Limited	–

CORPORATE GOVERNANCE REPORT

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2018 is set out below:

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
		Directors' Fee %	Salary %	Bonus %	Other Benefits %	Total	
Tan Cheng Gay	ED	–	73	24	3	100%	500,001 – 750,000
Tan Yok Koon	ED	1	44	23	32	100%	500,001 – 750,000
Tan Soo Nan	NEID	100	–	–	–	100%	<250,000
Ronnie Teo Heng Hock	NEID	100	–	–	–	100%	<250,000
Steven Ong Kay Eng	NEID	100	–	–	–	100%	<250,000
The Aggregate Total Remuneration (S$'000) of Directors						1,614	

Notes

ED: Executive Director
NEID: Non-Executive Independent Director

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

The breakdown of total remuneration of the top 5 key management personnel (who are not also Directors or the CEO) of the Group for the year ended 31 December 2018 is set out below:

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of S$250,000
		Salary %	Bonus %	Other Benefits %	Total	
Ho Pol Lim Eugene	Senior General Manager, Building Materials Division (Singapore)	67	28	5	100	250,001 – 500,000
Chen En Yi	General Manager, Specialty Cement	65	33	2	100	250,001 – 500,000
Vincent Loh	Manager, Knowledge Management & Business Development	64	31	5	100	<250,000
Wong Toon Hong	Manager, Strategic Business Unit	85	12	3	100	<250,000
Tai Boon Chen	General Manager, Specialty Polymer	75	20	5	100	<250,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,223	

Legend:

Salary: Basic salary and Employer's Central Provident Fund ("CPF") contribution
Bonus: Bonus is based on the Company and individual performance and includes Employer's CPF contribution.
Other Benefits: Transport allowance and other benefits.

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TABLE 4B – REMUNERATION OF IMMEDIATE FAMILY MEMBER OF A DIRECTOR OR THE CEO

The following immediate family member of a Director or the CEO is the employee of the Group whose remuneration exceeded S$50,000 in FY2018:

Name of Executive	Relationship with a Director or the CEO	Actual Total Remuneration in Compensation Bands of S$50,000
Tan Tatt Yao	Son of Mr Tan Cheng Gay	150,001 – 200,000

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tan Cheng Gay and Mr Ronnie Teo Heng Hock are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Friday, 26 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
Date of Initial Appointment	27 November 1973	5 January 2012
Date of last re-appointment	28 April 2017	28 April 2017
Age	72	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Cheng Gay for re-election as Executive Director of the Company. The Board have reviewed and concluded that as a stalwart of the Company since its inception, Mr Tan Cheng Gay possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ronnie Teo Heng Hock ("Mr Ronnie Teo") for re-election as Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Mr Ronnie Teo possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Tan Cheng Gay is responsible for the Group's business operations and strategic planning.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Chief Executive Officer	Non-Executive Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
Professional qualifications	Bachelor of Science (Honours) degree in Electrical and Electronic Engineering, University of London on King's College Master of Science in Electronic Engineering, University of Manchester Institute of Science and Technology (UK)	Bachelor of Social Sciences (Honours) degree in Economics, University of Singapore
Working experience and occupation(s) during the past 10 years	As stalwart of the Company since inception, Mr Tan Cheng Gay steers the strategic direction and vision of the Group.	Previously Managing Director of DBS Asset Management Ltd and General Manager of DBS Finance Limited
Shareholding interest in the listed issuer and its subsidiaries	636,750 shares (direct interest) 16,500,500 shares (deemed interest)	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Tan Cheng Gay is a substantial shareholder of the Company and he is the brother of Mr Tan Yok Koon (Executive Director and substantial shareholder of the Company) and Mr Tan Chin Hoon (a substantial shareholder of the Company).	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
Other Principal Commitments Including Directorships (for the last 5 years)	Past Directorships • Tangshan Tanglong Materials Co Ltd • Tangshan Tang-Ang Materials Co Ltd • Jiangsu Huailong Materials Co Ltd • Wuhan Wuxin Materials Co Ltd • Qingdao Evergreen Materials & Technologies Co Ltd • HBS Investments Pte Ltd • Parliament View Developments Ltd Present Directorships • EnGro Corporation Limited#, Subsidiaries and Associate Companies • Temasek Foundation Ecosperity CLG Ltd • IGlobe Advisors Pte Ltd • IGlobe Platinum Fund II Pte Ltd • IGlobe Partners (II) Pte Ltd • VenCap 11 Limited • Robinson Development (Pte) Ltd • Performance Investment Pte Ltd • Ma Seng Enterprise Pte Ltd • SOM Industrial & Commercial Holdings Pte Ltd • Afro-Asia Shipping Co Pte Ltd • New Town Development Pte Ltd Major appointments (other than directorships) • Member, Singapore Hokkien Huay Kuan Board of Governors • President, Singapore Hokkien Huay Kuan • Chairman, Yunnan Realty Pte Ltd • Chairman, School Management Committee of SHHK Affiliated Schools • Chairman, Singapore Hokkien Huay Kuan Cultural Academy	Past Directorships • Uni-Asia Group Limited# • New Toyo International Holdings Ltd# Present Directorships • EnGro Corporation Limited# • Berger International Private Limited Major appointments (other than directorships) N.A.

Listed company

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
	• Chairman, Singapore Chinese Dance Theatre • Chairman, The Hokkien Foundation • Senior Honorary Council Member, Singapore Chinese Chamber of Commerce & Industry • Panel Member (Undertakings), Requisition of Resources Compensation Board, Ministry of Defence • Member, Board of Trustees & Chairman of Finance & Establishment Committee, Chinese Development Assistance Council • Member, Singapore-Shandong Business Council • Life Honorary Chairman, Singapore Thong Chai Medical Institute • Director, Business China • Board Member, Singapore Chinese Cultural Centre	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN CHENG GAY	MR RONNIE TEO HENG HOCK
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

DIRECTORS' STATEMENT

Year ended 31 December 2018

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 2018.

In our opinion:

(a) the financial statements set out on pages 61 to 159 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, 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 (International); 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.

Directors

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

Tan Cheng Gay (Chairman)
Tan Yok Koon
Tan Soo Nan
Ronnie Teo Heng Hock
Steven Ong Kay Eng

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 children) in shares in the Company are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
– interests held		
Tan Cheng Gay	636,750	636,750
Tan Yok Koon	366,000	366,000
– deemed interests		
Tan Cheng Gay	16,500,500	16,500,500
Tan Yok Koon	15,674,500	15,674,500

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

DIRECTORS' STATEMENT

Year ended 31 December 2018

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed under the "Share options" section of this statement, 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.

Share options

(I) Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000")

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Tan Soo Nan and Steven Ong Kay Eng.

Other information regarding the ESOS 2000 is set out below:

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

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

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

(d) The options granted shall expire on 1 December 2016 (Option 1), 8 January 2018 (Option 2) and 30 March 2019 (Option 3).

Option 1 expired on 1 December 2016, Option 2 expired on 8 January 2018 and Option 3 had been fully exercised.

(II) EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011")

The EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2011. The ESOS 2011 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Tan Soo Nan and Steven Ong Kay Eng.

Other information regarding the ESOS 2011 is set out below:

(a) The option was granted on 18 April 2012.

(b) The exercise price of the option is set at $0.79 per share.

(c) The option can be exercised after 18 April 2013.

(d) The option granted shall expire on 18 April 2022.

DIRECTORS' STATEMENT
Year ended 31 December 2018

Share options (Continued)

(II) EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011") (Continued)

At the end of the financial year, details of the options granted under the ESOS 2000 and ESOS 2011 on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2018	Options expired	Options outstanding at 31 December 2018	Number of option holders at 31 December 2018	Exercise period
ESOS 2000*						
08/01/2008	$1.17	740,000	(740,000)	–	–	09/01/2009 – 07/01/2018
ESOS 2011						
18/04/2012	$0.79	135,000	–	135,000	3	19/04/2013 – 17/04/2022
		875,000	(740,000)	135,000		

* No further options will be granted under ESOS 2000.

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.

Since the commencement of the ESOS 2000 and the ESOS 2011, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the ESOS 2000 and the ESOS 2011 has been granted 5% or more of the total options available under the ESOS 2000 and the ESOS 2011.

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 statement are:

Tan Soo Nan (Chairman)
Ronnie Teo Heng Hock
Steven Ong Kay Eng

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. 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' STATEMENT
Year ended 31 December 2018

Audit Committee (Continued)

The Audit Committee also reviewed the following:

(i) effectiveness of the management of financial business risks and the reliability of management reporting;

(ii) assistance provided by the Company's officers to the internal and external auditors;

(iii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

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

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

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

3 April 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
EnGro Corporation Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of EnGro Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 159.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Valuation and impairment of non-financial assets
(Refer to Note 4 to the financial statements)

The key audit matter

As at 31 December 2018, the Group's net asset value exceeded its market capitalisation by approximately $123.1 million. This is an indication that the Group's non-financial assets may be impaired. The carrying value of the Group's non-financial assets, which comprise mainly investments in associates and joint ventures with a carrying amount of $101.7 million, and property, plant and equipment ("PPE") with a carrying amount of $9.3 million, accounted for approximately 43% of the Group's total assets.

In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group performed an assessment of the recoverable amounts of the Group's non-financial assets as at the reporting date for the Group's significant cash generating units ("CGUs"). The recoverable amounts of these CGUs have been determined using their values in use. Various assumptions which involve estimates and judgements made by the Group are used in the value in use calculations. These estimates and judgements include revenue growth, selling price growth and the discount rates.

How the matter was addressed in our audit

We assessed management's identification of CGUs based on our understanding of the Group's businesses. For those significant CGUs, we evaluated management's value in use calculations prepared based on cash flow forecasts. We determined the appropriateness of key assumptions used, including revenue growth, selling price growth and discount rate, by comparing to historical sales data and market data drawn from independent data sources.

Our findings

The key assumptions used in the value in use calculations were balanced in comparison with the Group's historical performance and against market data.

INDEPENDENT AUDITORS' REPORT

Valuation of investments in venture capital funds and unquoted equity securities (Refer to Note 25 to the financial statements)

The key audit matter

The Group has significant investments in venture capital funds ("VCF") amounting $17.1 million and unquoted equity securities amounting $20.2 million as at 31 December 2018.

For investments in VCFs, their fair values are derived based on the valuation of the underlying net assets which are measured at fair value. For investments in unquoted equity securities, there are unobservable inputs used in the determination of fair value. The valuation of the unquoted securities requires the use of expertise and judgement.

How the matter was addressed in our audit

Our audit procedures performed on the valuation of the VCFs included, among others, checking to the latest available valuation reports of the VCFs to ascertain the accuracy of their fair values. In placing reliance on the VCF valuations, we evaluated the competency and objectivity of the VCF fund managers by reviewing their professional credentials and corroborating the valuation inputs used to observable market data. For investments in unquoted equity securities, we involved our valuation specialists to review the key valuation assumptions.

Our findings

We found the fair values of VCFs recorded to be consistent with the latest available valuation reports and after taking into consideration all capital calls and distributions that have occurred subsequent to the date of the valuation reports. The VCF valuations performed by the VCF fund managers utilised valuation models which are generally accepted by market participants. We also identified no concerns over the competence and objectivity of the VCF fund managers in performing the valuations as a basis for placing reliance. The fair values of the unquoted equity securities were also found to be within a reasonable range of fair values.

INDEPENDENT AUDITORS' REPORT

Valuation of trade receivables
(Refer to Note 25 to the financial statements)

The key audit matter

The Group is exposed to credit risk relating to construction companies based in Singapore and Malaysia. Risk exists over the recovery of trade receivables, which amount $35.2 million. The estimate of the allowance for impairment of trade receivables requires the use of judgement on the customers' ability to pay.

How the matter was addressed in our audit

We evaluated the Group's impairment assessment on doubtful trade receivables as at year end. Our audit procedures performed included performing a retrospective review to assess the reliability of management's estimation by comparing the amount of provisions made in previous years against the actual subsequent utilisation of these provisions, discussing with management on the recoverability of trade receivables that were past due, reviewing management's assumptions in determining expected credit loss, selecting samples of trade receivables and checking to collections subsequent to year end and comparing the ageing profile of the trade receivables to the payment patterns of the customers.

Our findings

We found the Group's estimate of the allowance for impairment of trade receivables as described in Note 25 to be balanced.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

INDEPENDENT AUDITORS' REPORT

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Low Gin Cheng, Gerald.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 April 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Assets							
Property, plant and equipment	4	**9,283**	12,824	14,250	**2,790**	2,336	2,760
Subsidiaries	5	**–**	–	–	**65,665**	55,766	54,475
Intangible assets	6	**452**	512	425	**125**	154	131
Associates and joint ventures	7	**101,676**	100,630	101,096	**60,555**	60,555	60,555
Other investments	8	**37,372**	16,452	17,742	**16,996**	1,217	1,217
Other assets	9	**78**	78	97	**78**	78	97
Amounts due from associates and joint ventures	11	**–**	–	1,037	**–**	–	–
Loan to a subsidiary	12	**–**	–	–	**–**	–	5,059
Deferred tax assets	17	**–**	–	29	**–**	–	–
Non-current assets		**148,861**	130,496	134,676	**146,209**	120,106	124,294
Other investments	8	**10,712**	26,110	21,717	**3,191**	–	–
Inventories	10	**12,687**	12,318	10,132	**3,910**	3,956	5,114
Trade and other receivables	11	**51,966**	51,524	47,964	**26,778**	49,364	49,012
Loan to a subsidiary	12	**–**	–	–	**4,933**	5,059	–
Cash and cash equivalents	13	**33,005**	23,869	39,393	**22,090**	8,878	20,363
Current assets		**108,370**	113,821	119,206	**60,902**	67,257	74,489
Total assets		**257,231**	244,317	253,882	**207,111**	187,363	198,783
Equity							
Share capital	14	**85,270**	85,270	85,270	**85,270**	85,270	85,270
Reserves	14	**145,726**	129,971	133,938	**105,941**	89,118	90,112
Equity attributable to owners of the Company		**230,996**	215,241	219,208	**191,211**	174,388	175,382
Non-controlling interests	32	**1,212**	1,169	123	**–**	–	–
Total equity		**232,208**	216,410	219,331	**191,211**	174,388	175,382
Liabilities							
Loans and borrowings	16	**1,805**	3,558	6,919	**–**	–	244
Deferred tax liabilities	17	**591**	481	756	**–**	–	–
Non-current liabilities		**2,396**	4,039	7,675	**–**	–	244
Loans and borrowings	16	**2,916**	4,963	3,633	**8,930**	8,339	13,775
Trade and other payables	18	**19,711**	18,699	22,881	**6,970**	4,636	9,382
Current tax liabilities		**–**	206	362	**–**	–	–
Current liabilities		**22,627**	23,868	26,876	**15,900**	12,975	23,157
Total liabilities		**25,023**	27,907	34,551	**15,900**	12,975	23,401
Total equity and liabilities		**257,231**	244,317	253,882	**207,111**	187,363	198,783

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	19	**144,313**	141,826
Other income		**4,364**	2,221
Changes in inventories of finished goods and work in progress		**184**	(611)
Raw materials		**(113,601)**	(111,764)
Depreciation of property, plant and equipment	4	**(4,401)**	(4,464)
Amortisation of intangible assets	6	**(82)**	(74)
Staff costs		**(13,802)**	(12,909)
Other expenses		**(19,184)**	(18,606)
Results from operating activities		**(2,209)**	(4,381)
Finance income	20	**1,724**	2,803
Finance costs	20	**(413)**	(2,898)
Net finance income/(costs)		**1,311**	(95)
Share of profit of associates and joint ventures, net of tax		**7,904**	8,633
Profit before tax		**7,006**	4,157
Tax expense	21	**(974)**	(344)
Profit for the year	22	**6,032**	3,813
Profit attributable to:			
Owners of the Company		**5,945**	3,636
Non-controlling interests		**87**	177
Profit for the year		**6,032**	3,813
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income		**(435)**	–
		(435)	–
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(513)**	1,384
Share of foreign currency translation differences of associates and joint ventures		**(2,788)**	(1,872)
Exchange differences on monetary items forming part of net investment in foreign operations		**760**	(3,084)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**–**	(15)
Net change in fair value of available-for-sale financial assets		**–**	(1,233)
		(2,541)	(4,820)
Other comprehensive income for the year, net of tax		**(2,976)**	(4,820)
Total comprehensive income for the year		**3,056**	(1,007)
Total comprehensive income attributable to:			
Owners of the Company		**3,013**	(1,151)
Non-controlling interests		**43**	144
Total comprehensive income for the year		**3,056**	(1,007)
Earnings per share			
Basic earnings per share (cents)	23	**5.01**	3.07
Diluted earnings per share (cents)	23	**5.01**	3.07

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

		Attributable to owners of the Company									
	Note	Share capital $'000	Capital reserve $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017 (FRS)		85,270	(45)	(120)	154	1,236	4,913	127,800	219,208	123	219,331
Effect of transition to SFRS(I) 1	34	–	–	–	–	(1,236)	–	1,236	–	–	–
At 1 January 2017 (SFRS(I))		85,270	(45)	(120)	154	–	4,913	129,036	219,208	123	219,331
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	3,636	3,636	177	3,813
Other comprehensive income											
Foreign currency translation differences		–	–	–	–	1,417	–	–	1,417	(33)	1,384
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	(1,872)	–	–	(1,872)	–	(1,872)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(3,084)	–	–	(3,084)	–	(3,084)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	–	–	–	–	(15)	–	(15)	–	(15)
Net change in fair value of available-for-sale financial assets		–	–	–	–	–	(1,233)	–	(1,233)	–	(1,233)
Total other comprehensive income		–	–	–	–	(3,539)	(1,248)	–	(4,787)	(33)	(4,820)
Total comprehensive income for the year		–	–	–	–	(3,539)	(1,248)	3,636	(1,151)	144	(1,007)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Final one-tier dividend declared of 2.5 cents per share in respect of year ended 31 December 2016		–	–	–	–	–	–	(2,964)	(2,964)	–	(2,964)
Issue of treasury shares under share option scheme		–	4	48	(8)	–	–	–	44	–	44
Share options forfeited		–	–	–	(20)	–	–	20	–	–	–
Total contributions by and distributions to owners		–	4	48	(28)	–	–	(2,944)	(2,920)	–	(2,920)
Contribution by a non-controlling interest		–	–	–	–	–	–	–	–	1,022	1,022
Acquisition of a non-controlling interest without a change in control		–	–	–	–	–	–	104	104	(120)	(16)
At 31 December 2017		85,270	(41)	(72)	126	(3,539)	3,665	129,832	215,241	1,169	216,410

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Attributable to owners of the Company									
		Share capital $'000	Capital reserve $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018		85,270	(41)	(72)	126	(3,539)	3,665	129,832	215,241	1,169	216,410
Effect on adoption of SFRS(I) 9	34	–	–	–	–	–	(3,665)	19,373	15,708	–	15,708
At 1 January 2018 (SFRS(I))		85,270	(41)	(72)	126	(3,539)	–	149,205	230,949	1,169	232,118
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	5,945	5,945	87	6,032
Other comprehensive income											
Foreign currency translation differences		–	–	–	–	(469)	–	–	(469)	(44)	(513)
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	(2,788)	–	–	(2,788)	–	(2,788)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	760	–	–	760	–	760
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(435)	–	(435)	–	(435)
Total other comprehensive income		–	–	–	–	(2,497)	(435)	–	(2,932)	(44)	(2,976)
Total comprehensive income for the year		–	–	–	–	(2,497)	(435)	5,945	3,013	43	3,056
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Final one-tier dividend declared of 2.5 cents per share in respect of year ended 31 December 2017		–	–	–	–	–	–	(2,966)	(2,966)	–	(2,966)
Share options forfeited		–	–	–	(104)	–	–	104	–	–	–
Total contributions by and distributions to owners		–	–	–	(104)	–	–	(2,862)	(2,966)	–	(2,966)
At 31 December 2018		85,270	(41)	(72)	22	(6,036)	(435)	152,288	230,996	1,212	232,208

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before tax		**7,006**	4,157
Adjustments for:			
Depreciation of property, plant and equipment	4	**4,401**	4,464
Amortisation of intangible assets	6	**82**	74
Dividend income	20	**(332)**	(326)
Gain on disposal of property, plant and equipment	22	**(53)**	(273)
Gain on divestment of a subsidiary	22	**(1,976)**	–
Allowance for/(reversal of) doubtful receivables	22	**1,939**	(270)
Impairment loss on available-for-sale financial assets	20	**–**	665
Interest income		**(350)**	(196)
Interest expense		**216**	315
Other investment income	20	**(49)**	(435)
Gain on disposal of available-for-sale financial assets	20	**–**	(680)
Net change in fair value of financial assets at fair value through profit or loss		**(813)**	(1,166)
Share of profits of associates and joint ventures, net of tax		**(7,904)**	(8,633)
		2,167	(2,304)
Changes in:			
Inventories		**(515)**	(2,200)
Trade and other receivables		**(4,199)**	(623)
Trade and other payables		**2,277**	(4,195)
Cash used in operations		**(270)**	(9,322)
Tax paid		**(806)**	(792)
Net cash used in operating activities		**(1,076)**	(10,114)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,381)**	(2,963)
Distributions from other investments		**920**	1,270
Dividends received from:			
– associates and joint ventures		**4,548**	2,790
– other investments		**332**	278
Interest received		**350**	196
Proceeds from divestment of a subsidiary		**2,068**	–
Proceeds from disposal of:			
– other investments		**20,885**	1,351
– property, plant and equipment		**180**	523
– other assets		**–**	40
Purchase of other investments		**(10,700)**	(3,710)
Purchase of intangible assets		**(22)**	(18)
Purchase of other assets		**–**	(20)
Net cash from/(used in) investing activities		**17,180**	(263)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Acquisition of a non-controlling interest		–	(16)
Capital contribution from non-controlling interest of a subsidiary		–	1,022
Dividends paid		**(2,966)**	(2,964)
Interest paid		**(216)**	(315)
Payment of finance lease liabilities		**(2,308)**	(2,826)
Proceeds from exercise of share options		–	44
(Repayment of)/proceeds from trust receipts		**(1,496)**	223
Net cash used in financing activities		**(6,986)**	(4,832)
Net increase/(decrease) in cash and cash equivalents		**9,118**	(15,209)
Cash and cash equivalents at 1 January		**23,869**	39,393
Effect of exchange rate fluctuations on cash held		**18**	(315)
Cash and cash equivalents at 31 December	13	**33,005**	23,869

Significant non-cash transaction

The following significant non-cash transaction is not included in the statement of cash flows:

	2018 $'000	2017 $'000
Acquisition of property, plant and equipment under finance leases	**33**	535

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 April 2019.

1 DOMICILE AND ACTIVITIES

EnGro Corporation Limited ("the Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 34.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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.

Management is of the opinion that there are no critical judgements made in applying the accounting policies.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – Impairment of property, plant and equipment
- Note 25 – Measurement of expected credit loss ("ECL") allowance for trade receivables
- Note 25 – Valuation of financial assets measured at fair value

Information about other estimates applied are included in the following notes:

- Note 4 – Useful economic lives of property, plant and equipment
- Note 5 – Impairment of investments in subsidiaries
- Note 10 – Allowance for inventory obsolescence

Measurement of fair values

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

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

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

Acquisitions from 1 January 2017 (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

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

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

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated 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 translation are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Financial assets at fair value through profit or loss

A financial asset was classified at fair value through profit or loss if it was classified as held for trading or was designated as such upon initial recognition. Financial assets were designated at fair value through profit or loss if the Group managed such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at fair value through profit or loss were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

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

Financial assets designated as at fair value through profit or loss comprised investment funds that otherwise would have been classified as available-for-sale.

Loans and receivables

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

Loans and receivables comprised loan to a subsidiary, cash and cash equivalents, and trade and other receivables (excluding prepayments).

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in other comprehensive income and accumulated in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised investments in equity securities and venture capital funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise loans and borrowings, and trade and other payables.

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – equity investment; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018 (Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

Derivative financial instruments

The Group holds non-trading derivative financial instruments that are not designated in a hedge relationship that qualifies for hedge accounting. These derivatives are initially measured at fair value. Subsequent to initial recognition, all changes in its fair value are recognised immediately to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company 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 guarantee contracts issued by Group entities to external parties are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by the Company against the amount that would be required to settle the guarantee contracts.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

Recognition and measurement (Continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of assets under construction, from the date that the asset is completed and ready for use.

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

Leasehold property	–	over remaining lease term of 29 years
Buildings and civil works	–	3 to 20 years
Plant, machinery and equipment	–	4 to 10 years
Office equipment, furniture and fittings	–	5 to 10 years
Computers	–	3 to 5 years
Motor vehicles and transport equipment	–	5 years

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets

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

Subsequent expenditure

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

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

Franchise rights	–	10 years
Software	–	8 years

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

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment

Non-derivative financial assets

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included 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 would enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 30% to be significant and a period of nine months to be prolonged.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an available-for-sale equity security was recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-derivative financial assets (Continued)

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-derivative financial assets (Continued)

Policy applicable from 1 January 2018 (Continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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.

3.9 Employee benefits

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (Continued)

Share-based payment transactions

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

3.10 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.11 Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at fair value through profit or loss;
- reclassifications of net gain or loss previously recognised in other comprehensive income;
- gains/(losses) on disposal of available-for-sale financial assets (prior to 1 January 2018);
- impairment losses recognised on financial assets (other than trade receivables) (prior to 1 January 2018); and
- foreign currency gains and losses.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Earnings per share

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

3.15 Segment reporting

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

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise interest-earning fixed deposits and the related interest income, interest-bearing loans and the related interest expense, headquarter expense, support expenses of associates and joint ventures, and tax assets and liabilities.

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

3.16 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards and interpretations not yet adopted (Continued)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019.

The Group and the Company plan to apply SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company as lessee

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

As at 1 January 2019, the Group expects an increase in ROU assets of $1,493,000, an increase in lease liabilities of $2,181,000, and a decrease in accumulated profits of $688,000.

The Company expects an increase in ROU assets of $794,000, an increase in lease liabilities of $1,067,000, and a decrease in accumulated profits of $273,000.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold property $'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
Group									
Cost									
At 1 January 2017		401	22,715	24,506	1,618	640	15,143	682	65,705
Additions		–	874	753	118	20	770	963	3,498
Reclassification		–	1,047	463	–	–	–	(1,510)	–
Reclassification to intangible assets	6	–	–	–	–	–	–	(144)	(144)
Disposals/write-offs		–	(3,458)	(6,217)	(175)	(423)	(388)	–	(10,661)
Effect of movements in exchange rates		(5)	19	66	(8)	–	92	15	179
At 31 December 2017		396	21,197	19,571	1,553	237	15,617	6	58,577
Additions		–	213	235	18	19	328	601	1,414
Divestment of a subsidiary		(396)	(899)	(693)	(190)	–	(218)	–	(2,396)
Disposals/write-offs		–	–	(212)	(82)	–	(321)	–	(615)
Effect of movements in exchange rates		–	–	(3)	(14)	–	(1)	–	(18)
At 31 December 2018		**–**	**20,511**	**18,898**	**1,285**	**256**	**15,405**	**607**	**56,962**
Accumulated depreciation									
At 1 January 2017		205	21,795	20,409	1,024	601	7,421	–	51,455
Depreciation for the year		18	734	921	137	18	2,636	–	4,464
Disposals/write-offs		–	(3,334)	(6,217)	(174)	(423)	(92)	–	(10,240)
Effect of movements in exchange rates		(2)	9	20	(3)	–	50	–	74
At 31 December 2017		221	19,204	15,133	984	196	10,015	–	45,753
Depreciation for the year		13	753	981	138	16	2,500	–	4,401
Divestment of a subsidiary		(234)	(782)	(614)	(157)	–	(172)	–	(1,959)
Disposals/write-offs		–	–	(132)	(69)	–	(287)	–	(488)
Effect of movements in exchange rates		–	(5)	(5)	(8)	–	(10)	–	(28)
At 31 December 2018		**–**	**19,170**	**15,363**	**888**	**212**	**12,046**	**–**	**47,679**
Carrying amounts									
At 1 January 2017		196	920	4,097	594	39	7,722	682	14,250
At 31 December 2017		175	1,993	4,438	569	41	5,602	6	12,824
At 31 December 2018		**–**	**1,341**	**3,535**	**397**	**44**	**3,359**	**607**	**9,283**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,414,000 (2017: $3,498,000), of which $33,000 (2017: $535,000) were acquired under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	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
Company								
Cost								
At 1 January 2017		17,211	14,653	833	176	1,667	8	34,548
Additions		–	57	48	8	89	37	239
Reclassification to intangible assets	6	–	–	–	–	–	(43)	(43)
Disposals/write-offs		–	–	–	–	(44)	–	(44)
At 31 December 2017		17,211	14,710	881	184	1,712	2	34,700
Additions		155	26	–	16	301	582	1,080
Disposals/write-offs		–	(133)	–	–	(103)	–	(236)
At 31 December 2018		17,366	14,603	881	200	1,910	584	35,544
Accumulated depreciation								
At 1 January 2017		17,211	13,174	600	159	644	–	31,788
Depreciation for the year		–	265	37	13	305	–	620
Disposals/write-offs		–	–	–	–	(44)	–	(44)
At 31 December 2017		17,211	13,439	637	172	905	–	32,364
Depreciation for the year		5	253	40	10	306	–	614
Disposals/write-offs		–	(121)	–	–	(103)	–	(224)
At 31 December 2018		17,216	13,571	677	182	1,108	–	32,754
Carrying amounts								
At 1 January 2017		–	1,479	233	17	1,023	8	2,760
At 31 December 2017		–	1,271	244	12	807	2	2,336
At 31 December 2018		150	1,032	204	18	802	584	2,790

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At the reporting date, the net carrying amount of property, plant and equipment, and motor vehicles acquired under finance leases is as follows:

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Plant, machinery and equipment	**1,132**	1,749	1,766	**–**	–	–
Motor vehicles	**2,236**	4,668	7,257	**–**	387	570

Impairment assessment

The Group reviews the carrying amounts of property, plant and equipment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amounts are determined based on the future cash flows expected to be generated from the continued use of the assets, which requires the use of estimates and assumptions. Based on management's assessment, there was no impairment loss to be recognised at the reporting date.

Source of estimation uncertainty

Property, plant and equipment are depreciated on a straight-line basis over its useful economic lives. Management estimates the useful economic lives of property, plant and equipment to be between 3 to 29 years. The Group reviews annually the estimated useful economic lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful economic lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

5 SUBSIDIARIES

	Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Equity investments at cost	**75,990**	61,817	56,802
Less: Accumulated impairment losses	**(45,201)**	(45,201)	(45,201)
	30,789	16,616	11,601
Loans to subsidiaries	**52,120**	56,394	60,118
Less: Accumulated impairment losses	**(17,244)**	(17,244)	(17,244)
	34,876	39,150	42,874
	65,665	55,766	54,475

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5 SUBSIDIARIES (CONTINUED)

On adoption of SFRS(I) 9, loans to subsidiaries are classified as financial assets at amortised cost. The loans are unsecured, interest-free and have no fixed terms of repayment. The settlement of these loans are neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 31 Dec 2018 %	 31 Dec 2017 %	 1 Jan 2017 %
Held by the Company					
CemtecAsia (H.K.) Limited[3]	Inactive	Hong Kong	**100**	100	100
CemtecAsia (M) Sdn. Bhd.[2]	Trading of construction chemicals and building materials	Malaysia	**100**	100	100
Pacific Climate Solutions Pte. Ltd.	Carbon consultancy services	Singapore	**100**	100	100
EnGro Global Resources Pte. Ltd.	Investment holding	Singapore	**100**	100	100
S3 Technologies Pte Ltd	Investment holding	Singapore	**100**	100	100
Sancem Investment Pte Ltd	Investment trading	Singapore	**100**	100	100
Shanghai S3 Building Materials Co Ltd[4]	Manufacture and sale of construction and building materials	People's Republic of China	**–**	100	100
SsangYong Cement (S) Pte. Ltd.	Investment holding	Singapore	**100**	100	100
e-Invest Limited[1]	Investment holding	Hong Kong	**100**	100	100
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	**100**	100	100
SsangYong Cement Investments (S) Pte. Ltd.	Investment holding	Singapore	**100**	100	100
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	**100**	100	100
SsangYong LTI (Pte) Ltd	Investment holding	Singapore	**100**	100	100
EnGro (Asia) Private Limited	Investment holding	Singapore	**80**	80	80
Shanghai VCEM Commercial Co Ltd [3]	Trading, wholesale and distribution of building materials	People's Republic of China	**100**	100	100
Held by subsidiaries					
EnGro Chemicals Pte. Ltd.[5]	Inactive	Singapore	**–**	100	100
MPT Pacific Technology Sdn. Bhd.[6]	Inactive	Malaysia	**100**	100	100
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	**100**	100	100
Top Mix Concrete (Malaysia) Sdn. Bhd.[1]	Manufacture and sale of concrete and other building materials	Malaysia	**100**	100	100
Pelopor Niaga Sdn. Bhd.[2]	Inactive	Malaysia	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
Held by subsidiaries					
Tianjin Ang de Food & Beverage Management Co., Ltd[(2)]	Operation of food and beverage outlets	People's Republic of China	**100**	100	100
Wuhan VCEM Technology Development Company Limited[(3)]	Trading, wholesale and distribution of building materials	People's Republic of China	**100**	100	–
Burkill (Singapore) Pte. Ltd.[(5)]	Inactive	Singapore	**–**	100	98.57
Resin & Pigment Technologies Sdn. Bhd.[(5)]	Inactive	Malaysia	**–**	100	98.57
Resin & Pigment Technologies (Wuxi) Co Ltd [(5)]	Inactive	People's Republic of China	**–**	100	98.57
R&P Technologies Pte. Ltd.[(2)]	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	**60**	60	–
Jointly held by the Company and a subsidiary					
R&P (Pte.) Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	**100**	100	98.57

KPMG LLP is the auditor of all subsidiaries, except for the following:
(1) Member firms of KPMG International in the respective country of incorporation.
(2) Audited by other certified public accountants in the respective country of incorporation.
(3) Inactive company and thus not required to be audited by laws of country of incorporation.
(4) Divested during the year.
(5) Struck-off/de-registered during the year.
(6) In the process of striking off as at 31 December 2018.

Source of estimation uncertainty

The Company maintains impairment losses at a level considered adequate to provide for potential non-recoverability of the investments in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments in subsidiaries. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on an annual 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 interests in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

6 INTANGIBLE ASSETS

	Note	Software $'000	Franchise rights $'000	Total $'000
Group				
Cost				
At 1 January 2017		174	333	507
Additions		17	–	17
Reclassification from property, plant and equipment	4	144	–	144
At 31 December 2017		335	333	668
Additions		22	–	22
At 31 December 2018		**357**	**333**	**690**
Accumulated amortisation				
At 1 January 2017		43	39	82
Amortisation for the year		39	35	74
At 31 December 2017		82	74	156
Amortisation for the year		46	36	82
At 31 December 2018		**128**	**110**	**238**
Carrying amounts				
At 1 January 2017		131	294	425
At 31 December 2017		253	259	512
At 31 December 2018		**229**	**223**	**452**

	Note	Software $'000
Company		
Cost		
At 1 January 2017		174
Additions		6
Reclassification from property, plant and equipment	4	43
At 31 December 2017 and 31 December 2018		223
Accumulated amortisation		
At 1 January 2017		43
Amortisation for the year		26
At 31 December 2017		69
Amortisation for the year		29
At 31 December 2018		98
Carrying amounts		
At 1 January 2017		131
At 31 December 2017		154
At 31 December 2018		125

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Associates						
Equity investments at cost	**2,436**	2,436	2,436	**320**	320	320
Share of reserves*	**2,267**	1,288	4,698	**–**	–	–
	4,703	3,724	7,134	**320**	320	320
Loan to an associate	**15,213**	15,213	15,213	**15,213**	15,213	15,213
	19,916	18,937	22,347	**15,533**	15,533	15,533
Joint ventures						
Equity investments at cost	**57,629**	57,629	57,629	**45,022**	45,022	45,022
Share of reserves*	**24,131**	24,064	21,120	**–**	–	–
	81,760	81,693	78,749	**45,022**	45,022	45,022
	101,676	100,630	101,096	**60,555**	60,555	60,555

* Included in share of reserves is the Group's share of statutory common reserves of its associates and joint ventures of $16,592,000 (31 December 2017: $16,130,000; 1 January 2017: $15,694,000) that are not distributable as cash dividends.

On adoption of SFRS(I) 9, the loan to an associate is classified as financial assets at amortised cost. Allowance for impairment on the loan on adoption of SFRS(I) 9 is insignificant.

The loan to an associate is unsecured, interest-free and have no fixed terms of repayment. The settlement of the loan is neither planned nor likely to occur in the foreseeable future and hence the loan is classified as non-current.

Details of the associates and joint ventures are as follows:

Name of associates	Principal activities	Country of incorporation	Ownership interest 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
Held by the Company					
HBS Investments Pte Ltd[(1)]	Investment holding	Singapore	**30**	30	30
HB Investments (China) Pte. Ltd.[(1)]	Investment holding	Singapore	**20**	20	20
Held by subsidiaries					
Changshu Changlong Concrete Co Ltd[(4)]	Manufacture and sale of building materials	People's Republic of China	**40**	40	40
Changshu Changxin Ready Mix Concrete Co Ltd[(4)]	Manufacture and sale of building materials	People's Republic of China	**40**	40	40

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name of joint ventures	Principal activities	Country of incorporation	Ownership interest 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
Held by the Company					
Jiangsu Huailong Materials Co Ltd[(2), (4)]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40	40
Jinan Luxin Materials Co Ltd[(4)]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40	40
Tangshan Tanglong Materials Co Ltd[(2), (4)]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40	40
Tangshan Tang-Ang Materials Co Ltd[(4)]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40	40
Wuhan Wuxin Materials Co Ltd [(2), (4)]	Manufacture and sale of specialty cement	People's Republic of China	**33**	33	33
Xin-shan Ang-de (Zibo) Materials Co., Ltd.[(5)]	Manufacture and sale of specialty cement	People's Republic of China	**40**	40	40
Held by subsidiaries					
VCEM Materials Co Ltd[(3)]	Manufacture and sale of specialty cement	South Korea	**40**	40	40
Changshu Changyin Ready Mix Concrete Co Ltd[(4)]	Manufacture and sale of building materials	People's Republic of China	**40**	40	40
Qingdao Evergreen Materials and Technologies Co Ltd[(2), (4)]	Manufacture and sale of specialty cement	People's Republic of China	**34.40**	34.40	34.40
Kunshan R&P Co., Ltd.[(4)]	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	**40**	40	–

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

(1) KPMG LLP.

(2) For consolidation purposes, a member firm of KPMG International performed specified audit procedures on certain specified significant accounts in accordance with International Standards on Auditing.

(3) Member firm of KPMG International in the country of incorporation.

(4) Audited by other certified public accountants in the respective country of incorporation.

(5) Inactive company and thus not required to be audited by laws of country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates

The Group has interest in one (31 December 2017: one; 1 January 2017: one) associate which is material and a number of associates that are individually immaterial to the Group. All are equity-accounted. The following are for the material associate:

	HB Investments (China) Pte. Ltd.
Nature of relationship with the Group	Property development and investment holding
Principal place of business/Country of incorporation	Singapore
Ownership interest/Voting rights held	20% (31 December 2017: 20%; 1 January 2017: 20%)

The following summarises the financial information of the material associate based on its financial statements prepared in accordance with SFRS(I). The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the individually immaterial associates.

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
31 December 2018			
Revenue	–		
Profit from continuing operations	1,403		
Other comprehensive income	1,560		
Total comprehensive income	2,963		
Non-current assets	71,108		
Current assets	210		
Non-current liabilities	(76,066)		
Current liabilities	(11)		
Net assets	(4,759)		
Add: Non-current liabilities	76,066*		
Adjusted net assets	71,307		
Group's interest in net assets of investee at beginning of the year	13,668	5,269	18,937
Group's share of:			
– profit from continuing operations	281	599	880
– other comprehensive income	312	(213)	99
– total comprehensive income	593	386	979
Carrying amount of interest in investee at end of the year	14,261	5,655	19,916

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates (Continued)

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
31 December 2017			
Revenue	–		
Profit from continuing operations	6,534		
Other comprehensive income	(5,835)		
Total comprehensive income	699		
Non-current assets	68,132		
Current assets	223		
Non-current liabilities	(76,066)		
Current liabilities	(11)		
Net assets	(7,722)		
Add: Non-current liabilities	76,066*		
Adjusted net assets	68,344		
Group's interest in net assets of investee at beginning of the year	13,528	8,819	22,347
Group's share of:			
– profit from continuing operations	1,307	65	1,372
– other comprehensive income	(1,167)	(105)	(1,272)
– total comprehensive income	140	(40)	100
Less: Dividends recognised during the year	–	(3,510)	(3,510)
Carrying amount of interest in investee at end of the year	13,668	5,269	18,937

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates (Continued)

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
1 January 2017			
Non-current assets	67,417		
Current assets	236		
Non-current liabilities	(76,066)		
Current liabilities	(11)		
Net assets	(8,424)		
Add: Non-current liabilities	76,066*		
Adjusted net assets	67,642		
Carrying amount of interest in investee	13,528	8,819	22,347

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

Joint ventures

Jiangsu Huailong Materials Co Ltd, Jinan Luxin Materials Co Ltd and Wuhan Wuxin Materials Co Ltd are joint arrangements in which the Group has joint control via investors' agreement and holds 40%, 40% and 33% (31 December 2017: 40%, 40% and 33%; 1 January 2017: 40%, 40% and 33%) ownership interest respectively. The principal place of business of these entities are in the People's Republic of China. These entities are principally engaged in the manufacture and sale of specialty cement.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Joint ventures (Continued)

The following summarises the financial information of the Group's material joint ventures based on their respective financial statements prepared in accordance with SFRS(I). The table also analyses, in aggregate, the carrying amount and share of results and other comprehensive income of the individually immaterial joint ventures.

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
31 December 2018					
Revenue	50,456	105,890	117,783		
Profit from continuing operations[a]	5,804	1,182	6,406		
Other comprehensive income	(1,317)	(2,201)	(1,560)		
Total comprehensive income	4,487	(1,019)	4,846		
[a] Includes:					
– depreciation	2,209	3,437	282		
– income tax expense	1,955	355	2,823		
Non-current assets	9,509	47,574	68,574		
Current assets[b]	30,819	27,046	32,028		
Non-current liabilities	–	–	(2,861)		
Current liabilities	(7,614)	(18,041)	(52,099)		
Net assets	32,714	56,579	45,642		
Includes:					
[b] Cash and cash equivalents	9,768	7,040	29,125		
Group's interest in net assets of investee at beginning of the year	12,997	23,039	14,702	30,955	81,693
Group's share of:					
– profit from continuing operations	2,322	473	2,114	2,115	7,024
– other comprehensive income	(527)	(880)	(515)	(965)	(2,887)
– total comprehensive income	1,795	(407)	1,599	1,150	4,137
Dividends recognised during the year	(1,706)	–	(1,239)	(1,125)	(4,070)
Carrying amount of interest in investee at end of the year	13,086	22,632	15,062	30,980	81,760

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Joint ventures (Continued)

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
31 December 2017					
Revenue	40,477	79,499	84,286		
Profit from continuing operations[a]	5,166	1,453	3,289		
Other comprehensive income	(535)	(1,138)	(740)		
Total comprehensive income	4,631	315	2,549		
[a] Includes:					
– depreciation	2,107	6,154	4,180		
– income tax expense	1,760	181	871		
Non-current assets	11,931	43,382	75,965		
Current assets[b]	27,138	24,453	24,274		
Non-current liabilities	–	–	(819)		
Current liabilities	(6,577)	(10,237)	(54,867)		
Net assets	32,492	57,598	44,553		
Includes:					
[b] Cash and cash equivalents	9,573	4,957	14,377		
Group's interest in net assets of investee at beginning of the year	11,900	22,913	13,861	30,075	78,749
Group's share of:					
– profit from continuing operations	2,066	581	1,085	3,529	7,261
– other comprehensive income	(214)	(455)	(244)	313	(600)
– total comprehensive income	1,852	126	841	3,842	6,661
Dividends recognised during the year	(755)	–	–	(2,962)	(3,717)
Carrying amount of interest in investee at end of the year	12,997	23,039	14,702	30,955	81,693

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Year ended 31 December 2018

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Joint ventures (Continued)

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
1 January 2017					
Non-current assets	13,188	39,710	74,275		
Current assets[a]	21,063	28,570	48,559		
Non-current liabilities	–	–	(998)		
Current liabilities	(4,501)	(10,998)	(79,834)		
Net assets	29,750	57,282	42,002		
Includes:					
[a] Cash and cash equivalents	8,603	9,518	15,488		
Carrying amount of interest in investee	11,900	22,913	13,861	30,075	78,749

8 OTHER INVESTMENTS

	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Non-current						
Designated at fair value through profit or loss:						
– Equity securities	**2,179**	–	–	**–**	–	–
– Venture capital funds	**17,126**	–	–	**–**	–	–
Designated at fair value through other comprehensive income:						
– Equity securities	**18,067**	–	–	**16,996**	–	–
Available-for-sale financial assets:						
– Equity securities	**–**	2,796	3,429	**–**	1,217	1,217
– Venture capital funds	**–**	13,656	14,313	**–**	–	–
	37,372	16,452	17,742	**16,996**	1,217	1,217

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8 OTHER INVESTMENTS (CONTINUED)

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Current						
Designated at fair value through profit or loss:						
– Investment funds	**–**	12,894	12,570	**–**	–	–
Mandatorily at fair value through profit or loss:						
– Equity securities	**763**	–	–	**–**	–	–
– Debt securities	**1,090**	–	–	**–**	–	–
– Investment funds	**2,540**	–	–	**–**	–	–
– Structured deposits	**3,191**	–	–	**3,191**	–	–
– Convertible loan	**954**	–	–	**–**	–	–
– Others	**2,174**	2,956	–	**–**	–	–
Held for trading:						
– Equity securities	**–**	7,216	6,472	**–**	–	–
– Debt securities	**–**	1,708	1,228	**–**	–	–
Convertible loan	**–**	1,336	1,447	**–**	–	–
	10,712	26,110	21,717	**3,191**	–	–
	48,084	42,562	39,459	**20,187**	1,217	1,217

Equity investments at fair value through other comprehensive income

At 1 January 2018, the Group and Company designated certain investments in equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group and Company intend to hold for the long-term for strategic purposes. In the prior years, these investments were classified as available-for-sale financial assets.

During the year ended 31 December 2018, the Group recognised dividend income of $200,000 (2017: $100,000) from these investments.

There were no disposals of the above investments during 2018 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

9 OTHER ASSETS

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Non-current						
Club memberships, at cost	**219**	219	238	**219**	219	238
Less: Accumulated impairment losses	**(141)**	(141)	(141)	**(141)**	(141)	(141)
	78	78	97	**78**	78	97

10 INVENTORIES

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Raw materials	**3,949**	4,565	1,299	**–**	–	–
Consumables	**1,226**	354	827	**–**	–	–
Finished goods	**7,512**	7,399	8,006	**3,910**	3,956	5,114
	12,687	12,318	10,132	**3,910**	3,956	5,114

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 decrease its inventories (current assets).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Trade receivables:						
– Third parties	**38,333**	35,223	36,846	**16,492**	14,528	15,792
– Subsidiaries	**–**	–	–	**1,535**	10,732	7,524
– Joint venture	**6,314**	3,931	–	**–**	–	–
	44,647	39,154	36,846	**18,027**	25,260	23,316
Less: Allowance for doubtful receivables	**(3,095)**	(1,137)	(1,526)	**(1,120)**	(246)	(246)
Net trade receivables	**41,552**	38,017	35,320	**16,907**	25,014	23,070
Non-trade receivables:						
– Subsidiaries	**–**	–	–	**11,737**	25,851	26,716
– Joint ventures	**1,381**	605	620	**315**	169	139
	1,381	605	620	**12,052**	26,020	26,855
Less: Allowance for doubtful receivables	**–**	–	–	**(4,009)**	(4,009)	(4,466)
	1,381	605	620	**8,043**	22,011	22,389
Deposits	**387**	471	564	**64**	31	28
Other receivables	**1,100**	3,124	2,146	**953**	535	472
Dividend receivable from associates and joint ventures	**5,586**	6,281	2,143	**–**	–	1,106
	50,006	48,498	40,793	**25,967**	47,591	47,065
Prepayments	**1,960**	3,026	8,208	**811**	1,773	1,947
	51,966	51,524	49,001	**26,778**	49,364	49,012
Non-current	**–**	–	1,037	**–**	–	–
Current	**51,966**	51,524	47,964	**26,778**	49,364	49,012
	51,966	51,524	49,001	**26,778**	49,364	49,012

The non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

Outstanding balances with joint ventures are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12 LOAN TO A SUBSIDIARY

The loan to a subsidiary is unsecured, interest-free and is repayable in 2019. No impairment loss has been recognised in respect of the loan to a subsidiary as the ECL is not material.

13 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Fixed deposits	**15,137**	5,807	13,751	**15,036**	3,007	10,033
Bank balances	**17,868**	18,062	25,642	**7,054**	5,871	10,330
	33,005	23,869	39,393	**22,090**	8,878	20,363

The weighted average effective interest rates per annum relating to cash and cash equivalents at 31 December 2018 for the Group and the Company are 0.90% (31 December 2017: 0.46%; 1 January 2017: 0.38%) and 0.67% (31 December 2017: 0.43%; 1 January 2017: 0.42%) per annum respectively.

14 CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	2018		2017	
	No. of shares '000	$'000	No. of shares '000	$'000
Company				
In issue at 1 January and 31 December	**118,703**	**85,270**	118,703	85,270

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

All issued shares are fully paid, with no par value.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14 CAPITAL AND RESERVES (CONTINUED)

Reserves

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Foreign currency translation reserve	**(6,036)**	(3,539)	–	**–**	–	–
Fair value reserve	**(435)**	3,665	4,913	**(137)**	–	–
Share option reserve	**22**	126	154	**22**	126	154
Reserve for own shares	**(72)**	(72)	(120)	**(72)**	(72)	(120)
Capital reserve	**(41)**	(41)	(45)	**(41)**	(41)	(45)
Accumulated profits	**152,288**	129,832	129,036	**106,169**	89,105	90,123
	145,726	129,971	133,938	**105,941**	89,118	90,112

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations as described in Note 3.2.

Fair value reserve

The fair value reserve comprise the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income (2017: the cumulative net change in the fair value of available-for-sale financial assets).

Share option reserve

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

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 31 December 2018, the Group held 79,200 (31 December 2017: 79,200; 1 January 2017: 134,200) of the Company's shares.

Capital reserve

Capital reserve arises from the difference between proceeds from the disposal of treasury shares and the cost of the treasury shares disposed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14 CAPITAL AND RESERVES (CONTINUED)

Reserves (Continued)

Dividends

The following final one-tier dividends were declared and paid by the Group and Company:

	Group and Company	
	2018	2017
	$'000	$'000
Paid by the Company to owners of the Company		
2.5 cents (31 December 2017: 2.5 cents) per ordinary share	**2,966**	2,964

15 EMPLOYEE SHARE OPTIONS

Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000")

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee comprising three directors, Ronnie Teo Heng Hock (Chairman), Tan Soo Nan and Steven Ong Kay Eng.

Other information regarding the ESOS 2000 is set out below:

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

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

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

(d) The options granted expire on 1 December 2016 (Option 1), 8 January 2018 (Option 2) and 30 March 2019 (Option 3).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15 EMPLOYEE SHARE OPTIONS (CONTINUED)

EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011")

The EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2011. The ESOS 2011 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Tan Soo Nan and Steven Ong Kay Eng.

Other information regarding the ESOS 2011 is set out below:

(a) Option was granted on 18 April 2012.

(b) The exercise price of the option is set at $0.79 per share.

(c) The option can be exercised after 18 April 2013.

(d) The option granted shall expire on 18 April 2022.

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

	2018		2017	
	Weighted average exercise price $	No. of options '000	Weighted average exercise price $	No. of options '000
Outstanding at 1 January	**1.11**	**875**	1.09	945
Expired	**1.17**	**(740)**	0.79	(15)
Exercised	**–**	**–**	0.79	(55)
Outstanding at 31 December	**0.79**	**135**	1.11	875
Exercisable at 31 December	**0.79**	**135**	1.11	875

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

	2018		2017	
Options exercised and exercise price	No. of ordinary shares issued '000	No. of treasury shares issued '000	No. of ordinary shares issued '000	No. of treasury shares issued '000
ESOS 2011				
Option 1 – $0.79 each	**–**	**–**	–	55

At 31 December 2018, there are no outstanding share options granted under the Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme (31 December 2017: 740,000 shares).

At 31 December 2018, outstanding share options granted under the EnGro Corporation Limited 2011 Employees' Share Option Scheme amounted to 135,000 shares (31 December 2017: 135,000 shares).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15 EMPLOYEE SHARE OPTIONS (CONTINUED)

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.

	ESOS 2000			ESOS 2011
Date of grant of options	**Option 1 1 December 2006**	**Option 2 8 January 2008**	**Option 3 30 March 2009**	**18 April 2012**
Fair value at measurement date	$0.10	$0.14	$0.08	$0.15
Share price	$1.12	$1.17	$0.55	$0.79
Exercise price	$1.13	$1.17	$0.55	$0.79
Exercise price adjusted	$0.75	–	–	–
Expected volatility	19.4%	31.6%	32.6%	42.1%
Expected option life	5 years	5 years	5 years	5 years
Expected dividends	5.38%	7.64%	6.02%	6.66%
Risk-free interest rate	3.01%	2.39%	2.04%	1.53%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 LOANS AND BORROWINGS

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Non-current liabilities						
Loan from a non-controlling interest	**–**	–	1,145	**–**	–	–
Finance lease liabilities	**1,805**	3,558	5,774	**–**	–	244
	1,805	3,558	6,919	**–**	–	244
Current liabilities						
Loans from subsidiaries	**–**	–	–	**8,930**	6,626	12,312
Loan from a non-controlling interest	**1,091**	1,131	–	**–**	–	–
Trust receipts	**–**	1,496	1,273	**–**	1,496	1,273
Finance lease liabilities	**1,825**	2,336	2,360	**–**	217	190
	2,916	4,963	3,633	**8,930**	8,339	13,775
	4,721	8,521	10,552	**8,930**	8,339	14,019

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule

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

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
31 December 2018				
Loan from a non-controlling interest	–	2019	1,091	1,091
Finance lease liabilities	1.35% – 3.52%	2019 – 2024	3,792	3,630
			4,883	4,721
31 December 2017				
Loan from a non-controlling interest	–	2018	1,131	1,131
Trust receipts	3.23%	2018	1,500	1,496
Finance lease liabilities	1.30% – 3.52%	2018 – 2021	6,244	5,894
			8,875	8,521
1 January 2017				
Loan from a non-controlling interest	–	2018	1,145	1,145
Trust receipts	2.17%	2017	1,279	1,273
Finance lease liabilities	1.30% – 3.52%	2017 – 2021	8,689	8,134
			11,113	10,552
Company				
31 December 2017				
Trust receipts	3.23%	2018	1,500	1,496
Finance lease liabilities	1.50%	2018	224	217
			1,724	1,713
1 January 2017				
Trust receipts	2.17%	2017	1,279	1,273
Finance lease liabilities	1.50%	2018	452	434
			1,731	1,707

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

16 LOANS AND BORROWINGS (CONTINUED)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments $'000	Present value of minimum lease payments $'000
Group		
31 December 2018		
Within one year	1,930	1,825
Between two to five years	1,862	1,805
	3,792	3,630
Less: Future finance charges	(162)	
Present value of obligation	3,630	
31 December 2017		
Within one year	2,527	2,336
Between two to five years	3,717	3,558
	6,244	5,894
Less: Future finance charges	(350)	
Present value of obligation	5,894	
1 January 2017		
Within one year	2,619	2,360
Between two to five years	6,070	5,774
	8,689	8,134
Less: Future finance charges	(555)	
Present value of obligation	8,134	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 LOANS AND BORROWINGS (CONTINUED)

Finance lease liabilities (Continued)

	Future minimum lease payments $'000	Present value of minimum lease payments $'000
Company		
31 December 2017		
Within one year	224	217
Between two to five years	–	–
	224	217
Less: Future finance charges	(7)	
Present value of obligation	217	
1 January 2017		
Within one year	200	190
Between two to five years	252	244
	452	434
Less: Future finance charges	(18)	
Present value of obligation	434	

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loan from a non-controlling interest $'000	Trust receipts $'000	Finance lease liabilities $'000	Total $'000
As at 1 January 2017	1,145	1,273	8,134	10,552
Changes from financing cash flows				
Interest paid	–	(38)	(277)	(315)
Payment of finance lease liabilities	–	–	(2,826)	(2,826)
Proceeds from trust receipts	–	223	–	223
Total changes from financing cash flows	–	185	(3,103)	(2,918)
The effect of changes in foreign exchange rates	(14)	–	51	37
Other changes				
New finance leases	–	–	535	535
Interest expense	–	38	277	315
Total other changes	–	38	812	850
As at 31 December 2017	1,131	1,496	5,894	8,521

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued)

	Loan from a non-controlling interest $'000	Trust receipts $'000	Finance lease liabilities $'000	Total $'000
As at 1 January 2018	1,131	1,496	5,894	8,521
Changes from financing cash flows				
Interest paid	–	(22)	(194)	(216)
Payment of finance lease liabilities	–	–	(2,308)	(2,308)
Repayment of trust receipts	–	(1,496)	–	(1,496)
Total changes from financing cash flows	–	(1,518)	(2,502)	(4,020)
The effect of changes in foreign exchange rates	(40)	–	11	(29)
Other changes				
New finance leases	–	–	33	33
Interest expense	–	22	194	216
Total other changes	–	22	227	249
As at 31 December 2018	1,091	–	3,630	4,721

17 DEFERRED TAX (ASSETS)/LIABILITIES

Movements in deferred tax (assets)/liabilities of the Group during the year are as follows:

	At 1 January $'000	Recognised in profit or loss (Note 21) $'000	Withholding tax paid $'000	At 31 December $'000
Group				
31 December 2018				
Property, plant and equipment	*	–	–	*
Withholding tax on share of profits of associates and joint ventures	481	328	(218)	591
31 December 2017				
Property, plant and equipment	(29)	29	–	*
Withholding tax on share of profits of associates and joint ventures	756	169	(444)	481

* Amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

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

	Group		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Unabsorbed tax losses	**37,194**	33,648	33,524
Unabsorbed wear and tear allowances	**4,795**	4,795	286
Deductible temporary differences	**17,243**	14,756	11,984
	59,232	53,199	45,794
Unutilised donations	**1,075**	738	2,263

The tax losses and unabsorbed wear and tear allowances of Singapore incorporated subsidiaries at 31 December 2018 are available for carry forward and set off against future taxable income subject to agreement with the Comptroller of Income Tax and compliance with Section 37 of the Income Tax Act Chapter 134. Foreign subsidiaries' unabsorbed tax losses are subject to agreement by the local tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate in. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in accordance with the Group's accounting policy as set out in Note 3.13.

18 TRADE AND OTHER PAYABLES

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Trade payables:						
– Third parties	**13,315**	12,454	11,771	**3,635**	1,619	2,599
Advances received from:						
– Third parties	**–**	68	39	**–**	–	–
– Joint ventures	**–**	1	4	**–**	–	–
Accrued expenses	**4,095**	3,837	8,524	**2,775**	2,453	4,727
Non-trade payables:						
– Subsidiaries	**–**	–	–	**–**	–	332
Other payables	**2,301**	2,076	2,543	**560**	301	1,724
Forward exchange contracts	**–**	263	–	**–**	263	–
	19,711	18,699	22,881	**6,970**	4,636	9,382

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

19 REVENUE

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Cement & building materials segment

Nature of goods or services	Manufacture and sale of cement, ready-mix concrete and building materials.
When revenue is recognised	At a point in time when control of a promised good is transferred to the customer.
Significant payment terms	30 to 60 days from invoice date.

Specialty polymer segment

Nature of goods or services	Manufacture and sale of thermosetting synthetic resin and plastic materials.
When revenue is recognised	At a point in time when control of a promised good is transferred to the customer.
Significant payment terms	60 days from invoice date.

Food & beverage segment

Nature of goods or services	Operation of food and beverage outlets.
When revenue is recognised	At a point in time when control of a promised good or service is transferred to the customer.
Significant payment terms	Payment is due when food, beverage and services are delivered to the customers.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

20 FINANCE INCOME AND FINANCE COSTS

	Group	
	2018	**2017**
	$'000	**$'000**
Interest income under the effective interest method on:		
– Cash and cash equivalents	**281**	133
– Debt securities	**69**	63
Dividend income	**332**	326
Other investment income	**49**	435
Net change in fair value of financial assets at fair value through profit or loss:		
– Designated on initial recognition	**993**	618
– Held for trading	**–**	548
Net change in fair value of available-for-sale financial assets reclassified to profit or loss:		
– Gain on disposal of available-for-sale financial assets	**–**	680
Finance income	**1,724**	2,803
Financial liabilities measured at amortised cost:		
– Interest expense on trust receipts	**(22)**	(38)
– Interest expense on finance lease liabilities	**(194)**	(277)
Net change in fair value of financial assets at fair value through profit or loss:		
– Mandatorily measured at fair value through profit or loss	**(180)**	–
Impairment loss on available-for-sale financial assets	**–**	(665)
Net foreign exchange loss	**(17)**	(1,918)
Finance costs	**(413)**	(2,898)
Net finance income/(costs) recognised in profit or loss	**1,311**	(95)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21 TAX EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Current tax expense		
Current year	**563**	353
Under/(Over) provided in prior years	**83**	(207)
	646	146
Deferred tax expense		
Origination and reversal of temporary differences	**260**	198
Under provided in prior years	**68**	–
	328	198
	974	344

Reconciliation of effective tax rate

	2018	**2017**
Profit before tax	**7,006**	4,157
Less: Share of profits of associates and joint ventures (net of tax)	**(7,904)**	(8,633)
	(898)	(4,476)
Tax using the Singapore tax rate of 17% (2017: 17%)	**(153)**	(761)
Effect of tax rates in foreign jurisdictions	**37**	61
Non-deductible expenses	**290**	257
Tax exempt income	**(653)**	(434)
Utilisation of deferred tax benefits previously not recognised	**(57)**	(61)
Tax on unremitted profits	**328**	169
Unrecognised deferred tax assets	**1,031**	1,320
Under/(Over) provided in prior years	**151**	(207)
	974	344

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

22 PROFIT FOR THE YEAR

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

	Group	
	2018	**2017**
	$'000	**$'000**
Allowance for/(reversal of) doubtful receivables	**1,939**	(270)
Gain on disposal of property, plant and equipment	**(53)**	(273)
Gain on divestment of a subsidiary	**(1,976)**	–
Contributions to defined contribution plans, included in staff costs	**1,136**	1,035
Audit fees paid to:		
– auditors of the Company	**316**	348
– other auditors	**43**	31
Non-audit fees paid to:		
– auditors of the Company	**–**	–
– other auditors	**3**	3
Operating lease expense	**1,967**	2,581

23 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of $5,945,000 (31 December 2017: $3,636,000), and the weighted average number of ordinary shares outstanding of 118,623,000 (31 December 2017: 118,598,000), as follows:

Weighted average number of ordinary shares

	Group	
	31 Dec 2018	**31 Dec 2017**
	No. of shares	**No. of shares**
	'000	**'000**
Issued ordinary shares at 1 January (excluding treasury shares)	**118,623**	118,568
Effect of share options exercised	**–**	30
Weighted average number of ordinary shares during the year	**118,623**	118,598

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23 EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share

The calculation of diluted earnings per share has been based on profit attributable to ordinary shareholders of $5,945,000 (31 December 2017: $3,636,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,641,000 (31 December 2017: 118,621,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	31 Dec 2018	**31 Dec 2017**
Profit attributable to owners of Company ($'000)	**5,945**	3,636
Weighted average number of ordinary shares (basic) ('000)	**118,623**	118,598
Potential ordinary shares issuable under share options ('000)	**18**	23
Weighted average number of ordinary shares (diluted) during the year ('000)	**118,641**	118,621
Basic earnings per share (cents)	**5.01**	3.07

24 OPERATING SEGMENTS

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

– Cement and building materials: Manufacture and sale of cement, ready-mix concrete and building materials.

– Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.

– Investments: Trading of equity securities, debt securities and holding of investments in venture capital funds.

– Food and beverage: Operation of food and beverage outlets under franchise.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise headquarter expenses, support expenses of associates and joint ventures, interest expense, interest income and tax expense.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food & beverage $'000	Total $'000
Revenue and expenses					
31 December 2018					
External revenues, representing consolidated revenue	118,257	22,799	–	3,257	144,313
Dividend income	–	–	332	–	332
Reportable segment profit/(loss) before tax	4,726	(198)	1,020	(296)	5,252
Share of profits of associates and joint ventures	7,682	–	222	–	7,904
	12,408	(198)	1,242	(296)	13,156
Headquarter expenses					(4,570)
Support expenses of associates and joint ventures					(1,714)
Interest expense					(216)
Interest income					350
Tax expense					(974)
Profit for the year					6,032
Timing of revenue recognition					
– Products and services transferred at a point in time	118,257	22,799	–	3,257	144,313

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food & beverage $'000	Total $'000
Revenue and expenses					
31 December 2017					
External revenues, representing consolidated revenue	107,977	31,520	–	2,329	141,826
Dividend income	–	–	326	–	326
Reportable segment profit/(loss) before tax	1,870	656	(869)	(602)	1,055
Share of profits of associates and joint ventures	7,364	–	1,269	–	8,633
	9,234	656	400	(602)	9,688
Headquarter expenses					(3,674)
Support expenses of associates and joint ventures					(1,738)
Interest expense					(315)
Interest income					196
Tax expense					(344)
Profit for the year					3,813
Timing of revenue recognition					
– Products and services transferred at a point in time	107,977	31,520	–	2,329	141,826

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food & beverage $'000	Others $'000	Total $'000
Assets and liabilities						
31 December 2018						
Total assets for reportable segments	**60,216**	**19,946**	**57,788**	**2,457**	**12**	**140,419**
Investments in associates and joint ventures						**101,676**
Other unallocated amounts						**15,136**
Consolidated total assets						**257,231**
Total liabilities for reportable segments	**18,475**	**4,338**	**109**	**414**	**4**	**23,340**
Other unallocated amounts						**1,683**
Consolidated total liabilities						**25,023**
31 December 2017						
Total assets for reportable segments	61,640	20,859	52,772	2,402	18	137,691
Investments in associates and joint ventures						100,630
Other unallocated amounts						5,996
Consolidated total assets						244,317
Total liabilities for reportable segments	20,090	4,069	59	372	4	24,594
Other unallocated amounts						3,313
Consolidated total liabilities						27,907
Other segment information						
31 December 2018						
Capital expenditure	**1,288**	**143**	**–**	**5**	**–**	**1,436**
Depreciation and amortisation	**4,329**	**17**	**–**	**137**	**–**	**4,483**
31 December 2017						
Capital expenditure	3,343	48	–	124	–	3,515
Depreciation and amortisation	4,399	9	–	130	–	4,538
Impairment loss on available-for-sale financial assets	–	–	665	–	–	665

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment profit or loss

	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit or loss		
Total profit for reportable segments	**5,252**	1,055
Unallocated amounts	**(6,150)**	(5,531)
Share of profit of associates and joint ventures	**7,904**	8,633
Consolidated profit before tax	**7,006**	4,157

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OPERATING SEGMENTS (CONTINUED)

Geographical segments

The Group's operations are mainly in Singapore, Malaysia and People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Singapore $'000	Malaysia $'000	People's Republic of China $'000	Others $'000	Elimination $'000	Total $'000
31 December 2018						
External customers						
– Cement & building materials	81,641	32,407	1,432	2,777	–	118,257
– Specialty polymer	6,631	1,011	9,231	5,926	–	22,799
– Food & beverage	–	–	3,257	–	–	3,257
Inter-segment revenue	5,411	416	–	–	(5,827)	–
Total revenue	93,683	33,834	13,920	8,703	(5,827)	144,313
Total non-current assets for reportable segments*	5,643	3,708	462	–	–	9,813
Total assets for reportable segments	105,147	21,026	14,246	–	–	140,419
Investments in associates and joint ventures	15,223	–	79,016	7,437	–	101,676
Other unallocated amounts						15,136
Consolidated total assets						257,231
31 December 2017						
External customers						
– Cement & building materials	75,545	24,533	2,827	5,073	–	107,978
– Specialty polymer	10,567	–	20,953	–	–	31,520
– Food & beverage	–	–	2,328	–	–	2,328
Inter-segment revenue	4,815	3,865	–	–	(8,680)	–
Total revenue	90,927	28,398	26,108	5,073	(8,680)	141,826
Total non-current assets for reportable segments*	7,379	5,115	920	–	–	13,414
Total assets for reportable segments	104,555	19,253	13,883	–	–	137,691
Investments in associates and joint ventures	14,715	–	77,786	8,129	–	100,630
Other unallocated amounts						5,996
Consolidated total assets						244,317

* excludes associates and joint ventures, and other investments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from third party customers.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets. The Group and the Company do not have trade receivables for which no loss allowance is recognised because of collateral.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Impairment loss on trade receivables	**1,939**	(270)	**801**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit, taking into account their financial position and past payment experience with the Group.

Exposure to credit risk

At 31 December 2018, the Group's exposure to credit risk primarily comprises $19,473,000 (31 December 2017: $19,792,000; 1 January 2017: $20,824,000), $2,222,000 (31 December 2017: $2,841,000; 1 January 2017: $9,760,000) and $11,473,000 (31 December 2017: $9,078,000; 1 January 2017: $9,878,000) due from customers in Singapore, People's Republic of China and Malaysia respectively.

At 31 December 2018, the Group's exposure to credit risk primarily comprises $31,177,000 (31 December 2017: $27,731,000; 1 January 2017: $29,176,000) due from construction companies. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Exposure to credit risk (Continued)

Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the expected credit losses of trade receivables. In calculating the expected credit loss rates, the Group considers historical loss rates and, if relevant, adjustment for forward looking economic factors affecting the customers' ability to settle the outstanding receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Expected loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
Not past due	0.04	17,192	(7)	No
Past due 1 – 30 days	0.19	8,341	(16)	No
Past due 31 – 90 days	0.95	6,292	(60)	No
Past due 91 days	46.28	6,508	(3,012)	Yes
		38,333	(3,095)	
Company				
Not past due	0.05	6,559	(3)	No
Past due 1 – 30 days	0.16	5,675	(9)	No
Past due 31 – 90 days	0.92	2,595	(24)	No
Past due 91 days	65.18	1,663	(1,084)	Yes
		16,492	(1,120)	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Exposure to credit risk (Continued)

Comparative information under FRS 39

The ageing of trade receivables at the reporting date was:

	31 Dec 2017		1 Jan 2017	
	Gross $'000	Impairment loss $'000	Gross $'000	Impairment loss $'000
Group				
Not past due	18,403	–	25,370	–
Past due 1 – 30 days	7,320	–	6,911	–
Past due 31 – 90 days	6,423	(59)	2,283	(208)
Past due 91 days	3,077	(1,078)	2,282	(1,318)
	35,223	(1,137)	36,846	(1,526)
Company				
Not past due	7,019	–	7,739	–
Past due 1 – 30 days	3,953	–	5,312	–
Past due 31 – 90 days	3,125	–	2,310	–
Past due 91 days	431	(246)	431	(246)
	14,528	(246)	15,792	(246)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Exposure to credit risk (Continued)

Movements in allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables during the prior year were as follows:

	Group $'000	Company $'000
At 1 January 2017 per FRS 39	1,526	246
Impairment loss recognised in profit or loss	67	–
Amounts written back	(337)	–
Amounts utilised	(119)	–
At 31 December 2017 per FRS 39	1,137	246

	Group $'000	Company $'000
At 1 January 2018 per FRS 39	**1,137**	**246**
Adjustment on initial application of SFRS(I) 9	**207**	**73**
At 1 January 2018 per SFRS(I) 9	**1,344**	**319**
Impairment loss recognised in profit or loss	**1,939**	**801**
Amounts utilised	**(188)**	**–**
At 31 December 2018 per SFRS(I) 9	**3,095**	**1,120**

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Non-trade amounts due from subsidiaries and joint ventures

The Group and Company assesses the expected credit losses for these non-trade receivables using the general approach. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities.

The maximum exposure to the Company in respect of intra-group financial guarantees at the reporting date if the facilities are drawn down amount to $2,150,000 (31 December 2017: $6,413,000; 1 January 2017: $10,489,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Derivatives

Forward contracts are entered into with banks which are regulated.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $33,005,000 and $22,090,000 respectively at 31 December 2018 (31 December 2017: $23,869,000 and $8,878,000; 1 January 2017: $39,393,000 and $20,363,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, which meet the appropriate credit criteria. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 2 to 5 years $'000
Group				
31 December 2018				
Non-derivative financial liabilities				
Loan from a non-controlling interest	**1,091**	**(1,091)**	**(1,091)**	**–**
Finance lease liabilities	**3,630**	**(3,792)**	**(1,930)**	**(1,862)**
Trade and other payables*	**19,711**	**(19,711)**	**(19,711)**	**–**
	24,432	**(24,594)**	**(22,732)**	**(1,862)**
31 December 2017				
Non-derivative financial liabilities				
Loan from a non-controlling interest	1,131	(1,131)	(1,131)	–
Finance lease liabilities	5,894	(6,244)	(2,527)	(3,717)
Trust receipts	1,496	(1,500)	(1,500)	–
Trade and other payables*	18,367	(18,367)	(18,367)	–
	26,888	(27,242)	(23,525)	(3,717)
Derivative financial instruments				
Forward exchange contracts (gross-settled)	263			
– Inflow		9,352	9,352	–
– Outflow		(9,615)	(9,615)	–
	263	(263)	(263)	–
	27,151	(27,505)	(23,788)	(3,717)
1 January 2017				
Non-derivative financial liabilities				
Loan from a non-controlling interest of a subsidiary	1,145	(1,145)	–	(1,145)
Finance lease liabilities	8,134	(8,689)	(2,619)	(6,070)
Trust receipts	1,273	(1,279)	(1,279)	–
Trade and other payables*	22,838	(22,838)	(22,838)	–
	33,390	(33,951)	(26,736)	(7,215)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

			Cash flow	
	Carrying amount $'000	Contractual cash flows $'000	Carrying amount $'000	Contractual cash flows $'000
Company				
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables*	**6,970**	**(6,970)**	**(6,970)**	**–**
Loans from subsidiaries	**8,930**	**(8,930)**	**(8,930)**	**–**
	15,900	**(15,900)**	**(15,900)**	**–**
31 December 2017				
Non-derivative financial liabilities				
Finance lease liabilities	217	(224)	(224)	–
Trust receipts	1,496	(1,500)	(1,500)	–
Trade and other payables*	4,373	(4,373)	(4,373)	–
Loans from subsidiaries	6,626	(6,626)	(6,626)	–
	12,712	(12,723)	(12,723)	–
Derivative financial instruments				
Forward exchange contracts (gross-settled)	263			
– Inflow		9,352	9,352	–
– Outflow		(9,615)	(9,615)	–
	263	(263)	(263)	–
	12,975	12,986	12,986	–
1 January 2017				
Non-derivative financial liabilities				
Finance lease liabilities	434	(452)	(200)	(252)
Trust receipts	1,273	(1,279)	(1,279)	–
Trade and other payables*	9,382	(9,382)	(9,382)	–
Loans from subsidiaries	12,312	(12,312)	(12,312)	–
	23,401	(23,425)	(23,173)	(252)

* excludes advances received and forward exchange contracts

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts.

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases, investments and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are denominated are mainly the Singapore dollar, US dollar and China renminbi.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

Currency risk (Continued)

At 31 December, the Group's and the Company's exposure to currency risk are as follows:

	Singapore dollar $'000	US dollar $'000	China renminbi $'000
Group			
31 December 2018			
Trade and other receivables	**777**	**38**	**6,213**
Cash and cash equivalents	**238**	**4,442**	**192**
Other investments	**51**	**1,205**	**3,191**
Loan from a non-controlling interest of a subsidiary	**–**	**–**	**(1,091)**
Trade and other payables	**(497)**	**–**	**(109)**
	569	**5,685**	**8,396**
31 December 2017			
Trade and other receivables	623	39	7,856
Cash and cash equivalents	168	3,523	2,082
Other investments	88	19,503	–
Loan from a non-controlling interest of a subsidiary	–	–	(1,131)
Trust receipts	–	(1,496)	–
Trade and other payables	(487)	(677)	(91)
	392	20,892	8,716
Company			
31 December 2018			
Trade and other receivables		**4,524**	**545**
Cash and cash equivalents		**2,733**	**190**
Other investments		**–**	**3,191**
Loans to subsidiaries		**22,549**	**4,710**
Loans from subsidiaries		**(3,497)**	**–**
		26,309	**8,636**
31 December 2017			
Trade and other receivables		6,679	7,103
Cash and cash equivalents		1,998	2,047
Loans to subsidiaries		21,672	–
Trade and other payables		(677)	(12)
Loans from subsidiaries		(3,428)	–
Trust receipts		(1,496)	–
		24,748	9,138

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

A 10% strengthening of the group entities' functional currencies, as indicated below, against the following currencies at 31 December would have decreased equity and profit or loss before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
31 December 2018				
Singapore dollar	**(57)**	**–**	**–**	**–**
US dollar	**(569)**	**–**	**(2,631)**	**–**
China renminbi	**(840)**	**–**	**(864)**	**–**
31 December 2017				
Singapore dollar	(39)	–	–	–
US dollar	(2,086)	(3)	(2,475)	–
China renminbi	(872)	–	(914)	–

A 10% weakening of the group entities' functional currencies against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the Group's interest-bearing financial instruments were as follows:

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Financial assets mandatorily at fair value through profit or loss						
– Debt securities	**1,090**	1,708	1,228	**–**	–	–
– Structured deposits	**3,191**	–	–	**3,191**	–	–
	4,281	1,708	1,228	**3,191**	–	–

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Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately $41,000 (31 December 2017: $51,000) for the Group. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 31 December 2017.

Equity price risk

Sensitivity analysis

A 10% increase in the equity prices of quoted equity securities at the reporting date would have increased equity by $81,000 (31 December 2017: $12,000). The analysis is performed on the same basis for 31 December 2017. A 10% decrease in equity prices would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, distributable reserves and accumulated profits of the Group. The Board of Directors monitors return on capital, as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount						Fair value			
	Note	Mandatorily at FVTPL $'000	Designated at FVTPL $'000	FVOCI – equity instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2018											
Financial assets measured at fair value											
Financial assets at fair value through profit or loss:											
– Equity securities	8	763	2,179	–	–	–	2,942	816	–	2,126	2,942
– Venture capital funds	8	–	17,126	–	–	–	17,126	–	–	17,126	17,126
– Debt securities	8	1,090	–	–	–	–	1,090	–	1,090	–	1,090
– Investment funds	8	2,540	–	–	–	–	2,540	–	2,540	–	2,540
– Structured deposits	8	3,191	–	–	–	–	3,191	–	3,191	–	3,191
– Convertible loan	8	954	–	–	–	–	954	–	954	–	954
Financial assets at fair value through other comprehensive income:											
– Equity securities	8	–	–	18,067	–	–	18,067	–	–	18,067	18,067
		8,538	19,305	18,067	–	–	45,910				
Financial assets not measured at fair value											
Loan to an associate	7	–	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	–	50,006	–	50,006				
Cash and cash equivalents	13	–	–	–	33,005	–	33,005				
		–	–	–	98,224	–	98,224				
Financial liabilities not measured at fair value											
Finance lease liabilities	16	–	–	–	–	(3,630)	(3,630)				
Loan from a non-controlling interest	16	–	–	–	–	(1,091)	(1,091)				
Trade and other payables	18	–	–	–	–	(19,711)	(19,711)				
		–	–	–	–	(24,432)	(24,432)				

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount						Fair value			
	Note	Held for trading $'000	Designated at fair value $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2017											
Financial assets measured at fair value											
Available-for-sale financial assets:											
– Equity securities		–	–	–	115	–	115	88	27	–	115
– Venture capital funds	8	–	–	–	13,656	–	13,656	–	–	13,656	13,656
Financial assets classified as held for trading:											
– Debt securities	8	1,708	–	–	–	–	1,708	–	1,708	–	1,708
– Equity securities	8	7,216	–	–	–	–	7,216	7,216	–	–	7,216
Financial assets designated as at fair value through profit or loss											
– Investment funds	8	–	12,894	–	–	–	12,894	890	12,004	–	12,894
		8,924	12,894	–	13,771	–	35,589				
Financial assets not measured at fair value											
Convertible loan	8	–	–	1,336	–	–	1,336				
Available-for-sale financial assets:											
– Equity securities		–	–	–	2,681	–	2,681				
Trade and other receivables	11	–	–	48,498	–	–	48,498				
Cash and cash equivalents	13	–	–	23,869	–	–	23,869				
		–	–	73,703	2,681	–	76,384				
Financial liabilities measured at fair value											
Forward exchange contracts	18	–	(263)	–	–	–	(263)	–	(263)	–	(263)
		–	(263)	–	–	–	(263)				
Financial liabilities not measured at fair value											
Finance lease liabilities	16	–	–	–	–	(5,894)	(5,894)				
Loan from a non-controlling interest of subsidiaries	16	–	–	–	–	(1,131)	(1,131)				
Trust receipts	16	–	–	–	–	(1,496)	(1,496)				
Trade and other payables	18	–	–	–	–	(18,630)	(18,630)				
		–	–	–	–	(27,151)	(27,151)				

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Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount						Fair value			
	Note	Held for trading $'000	Designated at fair value $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
1 January 2017											
Financial assets measured at fair value											
Available-for-sale financial assets:											
– Equity securities		–	–	–	627	–	627	584	43	–	627
– Venture capital funds	8	–	–	–	14,313	–	14,313	–	–	14,313	14,313
Financial assets classified as held for trading:											
– Debt securities	8	1,228	–	–	–	–	1,228	–	1,228	–	1,228
– Equity securities	8	6,472	–	–	–	–	6,472	6,472	–	–	6,472
Financial assets designated as at fair value through profit or loss											
– Investment funds	8	–	12,570	–	–	–	12,570	3,178	9,392	–	12,570
		7,700	12,570	–	14,940	–	35,210				
Financial assets not measured at fair value											
Convertible loan	8	–	–	1,447	–	–	1,447				
Available-for-sale financial assets:											
– Equity securities		–	–	–	2,802	–	2,802				
Trade and other receivables	11	–	–	40,793	–	–	40,793				
Cash and cash equivalents	13	–	–	39,393	–	–	39,393				
		–	–	81,633	2,802	–	84,435				
Financial liabilities not measured at fair value											
Finance lease liabilities	16	–	–	–	–	(8,134)	(8,134)				
Loan from a non-controlling interest of subsidiaries	16	–	–	–	–	(1,145)	(1,145)				
Trust receipts	16	–	–	–	–	(1,273)	(1,273)				
Trade and other payables	18	–	–	–	–	(22,838)	(22,838)				
		–	–	–	–	(33,390)	(33,390)				

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount						Fair value			
	Note	Mandatorily at FVTPL $'000	Designated at FVTPL $'000	FVOCI – equity instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company											
31 December 2018											
Financial assets measured at fair value											
Financial assets measured at fair value through other comprehensive income											
– Equity security	8	–	–	16,996	–	–	16,996	–	–	16,996	16,996
– Structured deposits	8	3,191	–	–	–	–	3,191	–	3,191	–	3,191
		3,191	–	16,996	–	–	20,187				
Financial assets not measured at fair value											
Loans to subsidiaries	5	–	–	–	34,876	–	34,876				
Loan to an associate	7	–	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	–	25,967	–	25,967				
Loan to a subsidiary	12	–	–	–	4,933	–	4,933				
Cash and cash equivalents	13	–	–	–	22,090	–	22,090				
		–	–	–	103,079	–	103,079				
Financial liabilities not measured at fair value											
Loans from subsidiaries	16	–	–	–	–	(8,930)	(8,930)				
Trade and other payables	18	–	–	–	–	(6,970)	(6,970)				
		–	–	–	–	(15,900)	(15,900)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount						Fair value			
	Note	Held for trading $'000	Designated at fair value $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company											
31 December 2017											
Financial assets not measured at fair value											
Available-for-sale financial assets											
– Equity securities	8	–	–	–	1,217	–	1,217				
Trade and other receivables	11	–	–	47,591	–	–	47,591				
Loan to a subsidiary	12	–	–	5,059	–	–	5,059				
Cash and cash equivalents	13	–	–	8,878	–	–	8,878				
		–	–	61,528	1,217	–	62,745				
Financial liabilities measured at fair value											
Forward exchange contracts	18	–	(263)	–	–	–	(263)	–	(263)	–	(263)
		–	(263)	–	–	–	(263)				
Financial liabilities not measured at fair value											
Finance lease liabilities	16	–	–	–	–	(217)	(217)				
Trust receipts	16	–	–	–	–	(1,496)	(1,496)				
Loans from subsidiaries	16	–	–	–	–	(6,626)	(6,626)				
Trade and other payables	18	–	–	–	–	(4,636)	(4,636)				
		–	–	–	–	(12,975)	(12,975)				
1 January 2017											
Financial assets not measured at fair value											
Available-for-sale financial assets											
– Equity securities	8	–	–	–	1,217	–	1,217				
Trade and other receivables	11	–	–	47,065	–	–	47,065				
Loan to a subsidiary	12	–	–	5,059	–	–	5,059				
Cash and cash equivalents	13	–	–	20,363	–	–	20,363				
		–	–	72,487	1,217	–	73,704				
Financial liabilities not measured at fair value											
Finance lease liabilities	16	–	–	–	–	(434)	(434)				
Trust receipts	16	–	–	–	–	(1,273)	(1,273)				
Loans from subsidiaries	16	–	–	–	–	(12,312)	(12,312)				
Trade and other payables	18	–	–	–	–	(9,382)	(9,382)				
		–	–	–	–	(23,401)	(23,401)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

There were no transfers of financial assets from Level 2 to Level 1 during the years ended 31 December 2018 and 31 December 2017.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair values.

	FVTPL – Venture capital funds $'000	FVTPL – Equity securities $'000	FVOCI – Equity securities $'000
Group			
31 December 2018			
At 1 January 2018	**13,656**	**144**	**2,561**
Effect on adoption of SFRS(I) 9	**–**	**–**	**15,915**
At 1 January 2018 (SFRS(I))	**13,656**	**144**	**18,476**
Total gains recognised in profit or loss:			
– Net change in fair value of financial assets	**1,005**	**35**	**–**
Total losses recognised in other comprehensive income:			
– Net change in fair value of financial assets	**–**	**–**	**(435)**
Purchases	**3,110**	**1,968**	**–**
Settlements	**(876)**	**–**	**–**
Exchange movement	**231**	**(21)**	**26**
At 31 December 2018	**17,126**	**2,126**	**18,067**

	Available-for-sale financial assets $'000
Group	
31 December 2017	
At 1 January 2017	14,313
Total losses recognised in profit or loss:	
– Impairment loss on available-for-sale financial assets, included in finance costs	(241)
Total losses recognised in other comprehensive income:	
– Net change in fair value of available-for-sale financial assets	(561)
Purchases	2,722
Settlements	(1,558)
Exchange movement	(1,019)
At 31 December 2017	13,656

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 fair values (Continued)

	FVOCI – Equity security $'000
Company	
31 December 2018	
At 1 January 2018	**1,217**
Effect on adoption of SFRS(I) 9	**15,915**
	17,132
Total losses recognised in other comprehensive income:	
– Net change in fair value of financial asset	**(136)**
At 31 December 2018	**16,996**

At 31 December 2018 and 31 December 2017, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

As at 31 December 2018 and 31 December 2017, fair values of VCFs are derived based on the latest available net asset values ("NAV") obtained from the fund managers of the VCFs, adjusted for any capital contributions and distributions where relevant up to 31 December 2018, to determine the fair values of these venture capital funds as at 31 December 2018. The underlying assets of the VCFs consist of assets and liabilities which are measured at fair value. On a quarterly basis, the VCF fund managers perform a valuation of the portfolio of their respective investments.

Fair value of investments in unquoted equity securities are determined by estimating the fair value of the investee's net assets or using the option pricing models or similar recent transactions in the private market.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
NAV	Value of the underlying net assets	The estimated fair value would increase/ decrease if NAV was higher/lower
Option pricing model	Discount rate	The estimated fair value would increase/ decrease if discount rate was lower/higher

For the fair value of financial assets classified in Level 3 of the fair value hierarchy, increasing the significant unobservable input by 10% at the reporting date would have increased profit or loss by $1,925,000 and equity by $1,807,000 (31 December 2017: $1,366,000). A 10% decrease in the significant unobservable input would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25 FINANCIAL INSTRUMENTS (CONTINUED)

Sources of estimation uncertainty

Fair values of investments in VCFs are derived based on latest available valuations obtained from the fund managers of the funds, which are determined with reference to the NAV of the funds. Changes in the unobservable inputs used to value the funds would increase/decrease the carrying value of the investments.

Fair values of investments in unquoted equity securities are derived based on unobservable inputs, including NAV of investees, recent funding transactions, and market-based information, among other factors. Changes in the unobservable inputs used to value the equity securities would increase/decrease the carrying values of the investments.

26 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity and debt securities, structured deposits and investment funds

The fair values of investments in equity and debt securities, structured deposits and investment funds are determined by reference to their quoted closing bid price in an active market at the measurement date, or where such information is unavailable, based on broker quotes (Level 2 fair values).

Forward exchange contracts

The fair values of forward exchange contracts are based on bank quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

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

27 ACQUISITION OF NON-CONTROLLING INTEREST

In the prior year, the Group acquired an additional 1.43% interest in a subsidiary, R&P (Pte.) Ltd., for $16,000 in cash, increasing its ownership from 98.57% to 100%. The Group recognised a decrease in non-controlling interests of $120,000, an increase in accumulated profits of $104,000, resulting in a net increase in equity attributable to owners of the Company of $104,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28 OPERATING LEASES

Leases as lessee

At reporting date, the Group and the Company had operating lease commitments for future minimum lease payments under non-cancellable operating leases of warehouse, factory and office space as follows:

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Within one year	**1,756**	1,729	2,161	**819**	815	805
Between two to five years	**3,397**	4,560	3,124	**2,267**	2,548	1,838
More than five years	**3,273**	6,620	6,633	**3,273**	5,551	5,551
	8,426	12,909	11,918	**6,359**	8,914	8,194

29 CAPITAL COMMITMENTS

As at year end, the Group has commitments amounting to $6,601,000 (31 December 2017: $9,570,000) in respect of additional investments in venture capital funds.

In the prior year, the Group had entered into contracts to purchase property, plant and equipment for $29,000.

30 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors, department heads and the chief executive officer are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2018 $'000	2017 $'000
Directors' fees	**270**	307
Short-term employee benefits:		
– directors	**1,329**	1,264
– other management personnel	**1,688**	1,597
Post-employment benefits:		
– directors	**15**	15
– other management personnel	**120**	115
	3,422	3,298

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30 RELATED PARTIES (CONTINUED)

Key management personnel compensation (Continued)

During the year, the Group received dividends amounting to $200,000 from Ho Bee Cove Pte Ltd (31 December 2017: $100,000), a company in which a substantial shareholder of the Company has interest in.

Other related party transactions

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

	Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Joint ventures		
Purchases of goods	**(1,276)**	(7,688)
Sales of goods	**5,864**	10,752
Sales of machinery and equipment	**–**	284

31 CONTINGENCIES

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2018, the net current liabilities and net liabilities of these subsidiaries amounted to approximately $649,000 and $17,219,000 (31 December 2017: $12,025,000 and $20,380,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 NON-CONTROLLING INTERESTS

On 19 September 2017, the Group incorporated a new subsidiary, R&P Technologies Pte. Ltd., holding 60% ownership interest. Accordingly, the comparative information is only for the period from 19 September 2017 to 31 December 2017.

R&P Technologies Pte. Ltd. has a non-controlling interest that is material to the Group as at 31 December 2018:

Name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interest		
			31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
R&P Technologies Pte. Ltd.	Singapore	Specialty polymer	**40**	40	–

The following summarised financial information for the above subsidiary are prepared in accordance with SFRS(I):

	R&P Technologies Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2018				
Revenue	**9,067**			
Loss	**(393)**			
Other comprehensive income	**17**			
Total comprehensive income	**(376)**			
Attributable to non-controlling interest:				
– (Loss)/Profit	**(157)**	**244**	**–**	**87**
– Other comprehensive income	**7**	**(51)**	**–**	**(44)**
– Total comprehensive income	**(150)**	**193**	**–**	**43**
Non-current assets	**1,498**			
Current assets	**7,275**			
Current liabilities	**(6,671)**			
Net assets	**2,102**			
Net assets attributable to non-controlling interest	**841**	**371**	**–**	**1,212**
Cash flows used in operating activities	**(651)**			
Cash flows used in investing activities	**(107)**			
Net decrease in cash and cash equivalents	**(758)**			

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 NON-CONTROLLING INTERESTS (CONTINUED)

	R&P Technologies Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2017				
Revenue	–			
Loss	(28)			
Other comprehensive income	(50)			
Total comprehensive income	(78)			
Attributable to non-controlling interest:				
– (Loss)/Profit	(11)	188	–	177
– Other comprehensive income	(20)	(13)	–	(33)
– Total comprehensive income	(31)	175	–	144
Non-current assets	1,504			
Current assets	1,110			
Current liabilities	(137)			
Net assets	2,477			
Net assets attributable to non-controlling interest	991	178	–	1,169
Cash flows used in investing activities	(1,650)			
Cash flows from financing activities	2,556			
Net increase in cash and cash equivalents	906			

33 SUBSEQUENT EVENTS

On 1 March 2019, the Company disposed of its 30% shareholdings in an associate, HBS Investments Pte Ltd, for cash consideration of $2,170,000 to Ho Bee Land Limited, an entity which a substantial shareholder of the Company has interest in.

On 11 March 2019, the application to strike off a subsidiary of the Group, MPT Pacific Technology Sdn. Bhd., was completed.

On 22 March 2019, the Group entered into an indemnity agreement to counter indemnify Ho Bee Land Limited, an entity which a substantial shareholder of the Group has interest in, with respect to a loan obtained by a joint venture of an associate of the Group, HB Investment (China) Pte. Ltd. The counter indemnity amount of approximately $12,100,000 is proportionate to the Group's shareholdings in HB Investments (China) Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9.

An explanation of how the transition from previous FRSs to SFRS(I)s and the adoption of SFRS(I) 1 and SFRS(I) 9 have affected the Group's financial position is set out under the summary of quantitative impact and the accompanying notes. There were no material adjustments to the Group's profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I)s.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2018.

Reconciliation of the Group's equity

Consolidated statement of financial position

		1 January 2018		
	Note	FRS framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Other investments	8	16,452	15,915	32,367
Other non-current assets		114,044	–	114,044
Non-current assets		130,496	15,915	146,411
Trade and other receivables		51,524	(207)	51,317
Other current assets		62,297	–	62,297
Current assets		113,821	(207)	113,614
Total assets		244,317	15,708	260,025
Equity				
Share capital	14	85,270	–	85,270
Reserves	14	129,971	15,708	145,679
Equity attributable to owners of the Company		215,241	15,708	230,949
Non-controlling interests		1,169	–	1,169
Total equity		216,410	15,708	232,118
Total liabilities		27,907	–	27,907
Total equity and liabilities		244,317	15,708	260,025

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Summary of quantitative impact (Continued)

Reconciliation of the Company's equity

Statement of financial position for the Company

		1 January 2018		
	Note	**FRS framework $'000**	**SFRS(I) 9 $'000**	**SFRS(I) framework $'000**
Other investments	8	1,217	15,915	17,132
Other non-current assets		118,889	–	118,889
Non-current assets		120,106	15,915	136,021
Trade and other receivables		3,956	(73)	3,883
Other current assets		63,301	–	63,301
Current assets		67,257	(73)	67,184
Total assets		187,363	15,842	203,205
Equity				
Share capital	14	85,270	–	85,270
Reserves	14	89,118	15,842	104,960
Total equity		174,388	15,842	190,230
Total liabilities		12,975	–	12,975
Total equity and liabilities		187,363	15,842	203,205

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations

SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 The *Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassified the cumulative FCTR of $1,236,000 as at 1 January 2017 determined in accordance with FRS to accumulated profits. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by $1,236,000 and accumulated profits increased by the same amount as at 31 December 2017.

SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new "expected credit loss" ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated profits and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations (Continued)

SFRS(I) 9 (Continued)

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except for the following assessments were made on the basis of facts and circumstances that existed at 1 January 2018:

- The determination of the business model within which a financial asset is held;
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding;
- The designation of an equity investment that is not held for trading as at FVOCI; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

The impact upon adoption of SFRS(I) 9 are described below.

Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.3.

The adoption of SFRS(I) 9 did not have a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations (Continued)

SFRS(I) 9 (Continued)

Classification of financial assets and financial liabilities (Continued)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	1 January 2018 New carrying amount under SFRS(I) 9 $'000
Group					
Financial assets					
Other investments					
– Equity securities	(a)	Held for trading	Mandatorily at FVTPL	7,216	7,216
– Equity securities	(b)	Available-for-sale	Designated at FVTPL	235	235
– Venture capital funds	(b)	Available-for-sale	Designated at FVTPL	13,656	13,656
– Equity securities	(c)	Available-for-sale	FVOCI – equity	2,561	18,476
– Debt securities	(a)	Held for trading	Mandatorily at FVTPL	1,708	1,708
– Investment funds	(a)	Designated as at FVTPL	Mandatorily at FVTPL	12,894	12,894
				38,270	54,185
Convertible loan		Loans and receivables	Mandatorily at FVTPL	1,336	1,336
Trade and other receivables (excluding prepayments)	(d)	Loans and receivables	Amortised cost	48,498	48,291
Cash and cash equivalents		Loans and receivables	Amortised cost	23,869	23,869
Total financial assets				111,973	127,681
Company					
Financial assets					
Other investments					
– Equity security	(c)	Available-for-sale	FVOCI – equity	1,217	17,132
Trade and other receivables (excluding prepayments)	(d)	Loans and receivables	Amortised cost	47,591	47,518
Loan to a subsidiary		Loans and receivables	Amortised cost	5,059	5,059
Cash and cash equivalents		Loans and receivables	Amortised cost	8,878	8,878
Total financial assets				62,745	78,587

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations (Continued)

SFRS(I) 9 (Continued)

Classification of financial assets and financial liabilities (Continued)

(a) Under FRS 39, these equity investments were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.

(b) Under FRS 39, these investments were designated as available-for-sale financial assets. The Group elected to designate these investments as at FVTPL as the underlying assets held by the investments are measured at fair value.

(c) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(d) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of $207,000 and $73,000 in the allowance for impairment was recognised in opening accumulated profits of the Group and of the Company at 1 January 2018 respectively on transition to SFRS(I) 9.

Impairment of financial assets

SFRS(I) 9 replaces the "incurred loss" model in FRS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, but not to equity investments.

Impairment losses on other financial assets are presented under "finance costs", similar to the presentation under FRS 39.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	Group $'000	Company $'000
Loss allowance at 31 December 2017 under FRS 39	1,137	246
Additional impairment recognised at 1 January 2018 on trade receivables as at 31 December 2017	207	73
Loss allowance at 1 January 2018 under SFRS(I) 9	1,344	319

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations (Continued)

SFRS(I) 9 (Continued)

Transition impact on equity

The following table summarises the impact of transition to SFRS(I) 9 on fair value reserves and accumulated profits at 1 January 2018.

	Impact of adopting SFRS(I) 9 at 1 January 2018	
	Group	**Company**
	$	**$**
Fair value reserve		
Closing balance under FRS 39 (31 December 2017)	3,665	–
Reclassification of fair value reserve to accumulated profits	(3,665)	–
Opening balance under SFRS(I) 9 (1 January 2018)	–	–
Accumulated profits		
Closing balance under FRS 39 (31 December 2017)	129,832	89,105
Reclassification of fair value reserve to accumulated profits	3,665	–
Gain in fair value on adoption of SFRS(I) 9 recognised in accumulated profits	15,915	15,915
Recognition of expected credit losses under SFRS(I) 9	(207)	(73)
Opening balance under SFRS(I) 9 (1 January 2018)	149,205	104,947

SUPPLEMENTARY INFORMATION

(SGX-ST Listing Manual disclosure requirements)

1 DIRECTORS' REMUNERATION – GROUP AND COMPANY

The number of directors in each of the remuneration bands are as follows:

	Number of directors	
	2018	**2017**
$500,001 to $750,000	**2**	2
Below $250,000	**3**	5
Total	**5**	7

2 INTERESTED PERSON TRANSACTIONS

There were no transactions entered into by the Group with interested persons and their affiliates, as defined in the SGX Listing Manual.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2019

SHARE CAPITAL

Issued and fully paid-up Share Capital	:	S$85,270,272
Class of Shares	:	Ordinary Shares
Voting Rights	:	one vote for every ordinary share (excluding treasury share)
Number of issued shares excluding treasury shares	:	118,623,300
Number of treasury shares	:	79,200
Percentage of treasury shares	:	0.067%

The Company has no *subsidiary holdings

* subsidiary holdings – as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	37	2.13	761	0.00
100 – 1,000	287	16.49	191,609	0.16
1,001 – 10,000	1,009	57.99	4,248,658	3.58
10,001 – 1,000,000	395	22.70	23,878,700	20.13
1,000,001 and above	12	0.69	90,303,572	76.13
TOTAL	1,740	100.00	118,623,300	100.00

20 LARGEST SHAREHOLDERS AS AT 12 MARCH 2019

NO.	NAME	NO. OF SHARES	%
1	AFRO-ASIA INTERNATIONAL ENTERPRISES PTE LIMITED	44,463,000	37.48
2	AFRO ASIA SHIPPING CO PTE LTD	14,270,500	12.03
3	UOB KAY HIAN PRIVATE LIMITED	13,154,010	11.09
4	CHUA WEE KENG	6,225,600	5.25
5	DBS NOMINEES (PRIVATE) LIMITED	2,470,312	2.08
6	MORPH INVESTMENTS LTD	1,596,500	1.35
7	NG SOO GIAP OR CHEW SOOI GUAT	1,495,500	1.26
8	TAN CHOO SUAN	1,419,000	1.20
9	PERFORMANCE INVESTMENT PTE LTD	1,404,000	1.18
10	CHUA HOONG TAT FRANZ	1,336,000	1.13
11	ZEN PROPERTY MANAGEMENT PTE LTD	1,282,500	1.08
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,186,650	1.00
13	NEW TOWN DEVELOPMENT PTE LTD	826,000	0.70
14	LIM CHER KHIANG	800,082	0.67
15	SON FONG MENG	756,000	0.64
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	733,000	0.62
17	KWOK HAE MENG	714,250	0.60
18	LIM & TAN SECURITIES PTE LTD	644,100	0.54
19	TAN CHOO HOON @TAN CHENG GAY	636,750	0.54
20	CHEN ENYI	620,000	0.52
	TOTAL	96,033,754	80.96

STATISTICS OF SHAREHOLDINGS

As at 12 March 2019

PUBLIC SHAREHOLDINGS

Based of the information provided to the Company as at 12 March 2019, approximately 44.11% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2019 AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Number of Shares	% of Issued Share Capital
Tan Cheng Gay	636,750	16,500,500[(1)]	17,137,250	14.45
Tan Yok Koon	366,000	15,674,500[(2)]	16,040,500	13.52
Tan Chin Hoon	–	16,500,500[(3)]	16,500,500	13.91
Chua Thian Poh	165,000	45,745,500[(4)]	45,910,500	38.70
Ho Bee Holdings (Pte) Ltd	–	45,745,500[(5)]	45,745,500	38.56
Afro-Asia International Enterprises Pte. Limited	44,463,000	–	44,463,000	37.48
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000[(6)]	15,674,500	13.21

Notes:

(1) This represents Tan Cheng Gay's deemed interest of 16,500,500 shares held in the name of the following:–
   (a) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd;
   (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
   (c) 826,000 shares held by New Town Development Pte Ltd

(2) This represents Tan Yok Koon'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

(3) This represents Tan Chin Hoon's deemed interest of 16,500,500 shares held in the name of the following:–
   (a) 14,270,500 shares held by Afro Asia Shipping Co Pte Ltd;
   (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
   (c) 826,000 shares held by New Town Development Pte Ltd

(4) This represents Mr Chua Thian Poh's deemed interest of 45,745,500 shares held indirectly by Ho Bee Holdings (Pte) Ltd.

(5) 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.

(6) This represents Afro Asia Shipping Co Pte Ltd's deemed interest of 1,404,000 shares held by its wholly-owned subsidiary Performance Investment Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of EnGro Corporation Limited ("**the Company**") will be held at 25 International Business Park, German Centre, Stuttgart Room, 5th floor, East Wing, Singapore 609916 on Friday, 26 April 2019 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 2018, the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

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

3(b) To re-elect Mr Ronnie Teo Heng Hock who retires pursuant to Regulation 87 of the Company's Constitution. **(Resolution 4)**
Mr Ronnie Teo Heng Hock 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.
[See Explanatory Note]

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

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$270,000 for the financial year ended 31 December 2018 (2017: S$307,250). **(Resolution 6)**

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

6.1 Authority to allot and issue shares pursuant to the Share Issue Mandate
"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:–

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 Constitution for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM 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 7)**

6.2 Authority to grant options and to allot and issue shares under with the EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "**ESOS 2011**")

"That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the ESOS 2011 and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOS 2011, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of new shares to be allotted and issued pursuant to the ESOS 2011 and other share based schemes of the Company (which shall include the EnGro Performance Share Award Scheme) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time." **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

6.3 Authority to issue shares under the EnGro Performance Share Award Scheme (the "**EnGro PSA Scheme**")

"That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of awards under the EnGro PSA Scheme, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of shares to be allotted and issued pursuant to the EnGro PSA Scheme and other share based schemes (including the ESOS 2011) of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time." **(Resolution 9)**

6.4 Proposed Renewal of the Share Purchase Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the directors of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the "**Shares**"), not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(i) on-market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:–

(i) the date on which the next AGM of the Company is held; or

(ii) the date by which the next AGM of the Company is required by law to be held; or

(iii) the date on which the purchases of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:–

"**Prescribed Limit**" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of Shares as altered (excluding any subsidiary holdings and treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit;

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding related brokerage, clearance fees, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:–

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." **(Resolution 10)**

7. To transact any other business that may properly be transacted at an AGM.

NOTICE OF BOOK CLOSURE DATE FOR DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of shareholders being obtained at the AGM of the Company for the payment of the first and final tax-exempt (1-tier) dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 24 May 2019 for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 23 May 2019 will be registered to determine shareholders' entitlement to the proposed dividends. The first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2018, if approved at the AGM, will be paid on 7 June 2019.

By Order of the Board

Joanna Lim
Company Secretary

11 April 2019

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE

In relation to Ordinary Resolutions 3 and 4 proposed in items 3(a) and 3(b) above, the detailed information on Mr Tan Cheng Gay and Mr Ronnie Teo Heng Hock are set out in the section entitled "Board of Directors", Table 3 in the Corporate Governance Report and "Additional Information on Directors Seeking Re-election" of the Company's 2018 Annual Report.

Mr Tan Cheng Gay is the brother of Mr Tan Yok Koon (Executive Director and substantial shareholder of the Company) and Mr Tan Chin Hoon (a substantial shareholder of the Company).

There are no relationships (including immediate family relationships) between Mr Ronnie Teo Heng Hock and the other directors, the Company or its 10% shareholders.

STATEMENT PURSUANT TO REGULATION 57(3) OF THE COMPANY'S CONSTITUTION

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 2018.

Ordinary Resolution 7

Resolution 7 proposed in item 6.1 above, if passed, will empower the Directors from the date of this Meeting until the date of the next AGM, or the date by which the next AGM 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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) of the Company at the time that Ordinary Resolution 7 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 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Ordinary Resolution 8

Resolution 8 proposed in item 6.2 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next AGM to grant options under the ESOS 2011 which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 and to allot and issue shares upon the exercise of such options granted under the ESOS 2011 in accordance with the rules of the ESOS 2011, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the ESOS 2011, when added to the number of new shares issued and issuable and the number of treasury shares delivered in respect of all other share schemes or share plans of the Company (if any), shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Ordinary Resolution 9

Resolution 9 proposed in item 6.3 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next AGM to issue shares in the Company pursuant to the vesting of awards under the EnGro PSA Scheme which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 in accordance with the rules of the EnGro PSA Scheme, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the EnGro PSA Scheme, when added to the number of new shares issued and issuable and the number of treasury shares delivered in respect of all other share schemes or share plans of the Company (if any), shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 10

Resolution 10 proposed in item 6.4 above, if passed, will empower the Directors of the Company to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in capital of the Company at the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018 are set out in greater detail in the Addendum in relation to the proposed renewal of the Share Purchase Mandate.

Notes:

(1) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(2) Any member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(4) The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or duly 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 less than 72 hours before the time appointed for the holding of the AGM.

Personal data privacy:

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

ENGRO CORPORATION LIMITED

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

PROXY FORM

IMPORTANT:

1. Relevant Intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPFIS/SRS investors who have used their CPFIS/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFIS/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2019.

*I/We, ______________________ (Name) ______________ (NRIC/Passport Number)

of ____ (Address)

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

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

*and/or (delete as appropriate)

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at 25 International Business Park, German Centre, Stuttgart Room, 5th floor, East Wing, Singapore 609916 on Friday, 26 April 2019 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
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018, the Directors' Statement and the Report of the Auditors thereon.		
Resolution 2	To declare a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2018.		
Resolution 3	To re-elect Mr Tan Cheng Gay (Retiring under Regulation 87).		
Resolution 4	To re-elect Mr Ronnie Teo Heng Hock (Retiring under Regulation 87).		
Resolution 5	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 6	To approve the payment of Directors' fees of S$270,000 for the financial year ended 31 December 2018 (2017: S$307,250).		
Resolution 7	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate.		
Resolution 8	To authorise Directors to grant options and to allot and issue shares under EnGro ESOS 2011.		
Resolution 9	To authorise Directors to issue shares under the EnGro PSA Scheme.		
Resolution 10	To approve the Proposed Renewal of the Share Purchase Mandate.		

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. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ______________ 2019

Total Number of Shares Held

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

** Delete where applicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. Any member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

   "**Relevant Intermediaries**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

4. 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.

5. 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 AGM, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or duly 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 less than 72 hours before the time appointed for the holding of the AGM.

7. 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 81SF of the Securities Futures Act, Chapter 289 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.

8. 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 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to attend, speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

10. An investor who buys shares using CPFIS monies ("CPFIS Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPFIS and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPFIS Approved Nominees and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPFIS and SRS Investors shall be precluded from attending the AGM.

Fold along this line

Please Affix Postage Stamp

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

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ENGRO CORPORATION LIMITED
COMPANY NO. 197302229H
29 INTERNATIONAL BUSINESS PARK
#08-05/06 ACER BUILDING TOWER B
SINGAPORE 609923
T: 65 6561 7978 | F: 65 6561 9770

ADDENDUM DATED 11 APRIL 2019

This Addendum is circulated to Shareholders of EnGro Corporation Limited ("the Company") together with the Company's 2018 Annual Report. Its purpose is to provide Shareholders with information on the proposed renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting to be held on 26 April 2019 at 10 a.m. at 25 International Business Park, German Centre, Stuttgart Room, 5th floor, East Wing, Singapore 609916.

If you are in any doubt as to the course of action you should take, you should consult your legal, financial, tax or other professional adviser immediately.

Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or referred to, or opinions expressed, in this Addendum.

ENGRO

BUILDING SUSTAINABILITY

ENGRO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197302229H)

ADDENDUM IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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TABLE OF CONTENTS

DEFINITIONS

The following definitions shall apply throughout unless the context requires otherwise or unless otherwise stated in this Addendum:–

"Act"	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"AGM"	:	The forthcoming annual general meeting of the Company, notice of which is set out in the 2018 Annual Report
"Associate"	:	Shall have the meaning ascribed to it in the Listing Manual
"Board"	:	The board of directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"2011 Circular"	:	The Company's Circular to Shareholders dated 1 April 2011
"Company"	:	EnGro Corporation Limited
"Controlling Shareholder"	:	A person who holds directly or indirectly 15% or more of all the voting Shares in the Company unless the SGX-ST determines otherwise or a person who in fact exercises control over the Company, as defined under the Listing Manual
"CPF"	:	Central Provident Fund
"CPF Approved Nominees"	:	Agent banks included under the CPF Investment Scheme established by the CPF
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"2011 EGM"	:	The Extraordinary General Meeting of the Company held on 27 April 2011
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended 31 December
"Group"	:	The Company and its subsidiaries
"Last AGM"	:	The last annual general meeting of the Company held on 27 April 2018
"Latest Practicable Date"	:	29 March 2019, being the latest practicable date prior to the printing of this Addendum

"Listing Manual"	:	The Listing Manual of the SGX-ST, as may be amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"Market Purchase"	:	An on-market purchase of Shares by the Company effected on the SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose
"Notice of AGM"	:	The notice of the AGM as set out in the 2018 Annual Report
"NTA"	:	Net tangible asset
"Off-Market Purchase"	:	An off-market purchase of Shares effected otherwise than on the SGX-ST in accordance with any equal access scheme defined in Section 76C of the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST
"Securities Account"	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Account maintained with CDP are credited with the Shares
"Share Purchase"	:	The purchase of Shares by the Company pursuant to the Share Purchase Mandate
"Share Purchase Committee"	:	A committee comprising directors of the Company duly authorised, appointed and nominated by the Board to administer the Share Purchase Mandate
"Share Purchase Mandate"	:	The mandate to authorise the directors of the Company to purchase or otherwise acquire its issued Shares
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	The Securities Industry Council of Singapore
"Substantial Shareholder"	:	A person who has an interest in voting Shares in the Company which carry not less than 5% of the total votes attached to all the voting Shares in the Company

"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**%**" or "**per cent**"	:	Percentage or per centum

The terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the meanings ascribed to them respectively in the Securities and Futures Act. The term **"Treasury Shares"** shall have the meaning ascribed to it in Section 4 of the Act.

The term **"subsidiary"** shall have the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa.* References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act or the Listing Manual or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Addendum shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in figures included in this Addendum between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

ENGRO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197302229H)

Directors:

Tan Cheng Gay (Chairman and Chief Executive Officer)
Tan Yok Koon (Executive Director)
Tan Soo Nan (Lead Independent Director)
Ronnie Teo Heng Hock (Independent Director)
Steven Ong Kay Eng (Independent Director)

Registered Office:

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

11 April 2019

To: The Shareholders of
EnGro Corporation Limited

Dear Sir/Madam

PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors refer to (a) the Notice of AGM convening the AGM to be held on 26 April 2019; and (b) Resolution 10 set out in the Notice of AGM.

The purpose of this Addendum is to explain the reasons for, and to provide Shareholders with information relating to, and to seek Shareholders' approval at the AGM for the proposed renewal of the Share Purchase Mandate to be tabled at the AGM.

2 THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

Shareholders had approved the Share Purchase Mandate at the 2011 EGM and renewed it at the Last AGM. The authority and limitations on the Share Purchase Mandate were set out in ordinary resolution 11 of the Notice of the Last AGM.

The Share Purchase Mandate will expire on the date of the forthcoming AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the AGM. Subject to such approval being obtained, the terms of the proposed Share Purchase Mandate sought at the AGM do not contravene any laws and regulations governing the Company and its Constitution.

If the Share Purchase Mandate is renewed by Shareholders, it will remain in force until the date on which the next annual general meeting of the Company is held or required by law to be held (when it will lapse unless it is renewed) or the date on which the Share Purchases are carried out to the full extent mandated, whichever is the earlier unless prior to that, it is varied or revoked by resolution of the Shareholders in general meeting.

2.2 Rationale

The Share Purchase Mandate would give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The Directors believe that the Share Purchase Mandate provides the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner. The Directors further believe that Share Purchases may also help mitigate short-term share price volatility and offset the effects of share price speculation. The ability to hold repurchased shares as Treasury Shares will also allow the Company to restructure its capital and to facilitate future fund-raising without the need to issue new shares.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases *via* Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Share Purchases would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in appropriate circumstances which the Directors believe will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the financial position of the Group.

2.3 Authority and limits

The authority and limitations placed on the Share Purchase Mandate, if renewed at the AGM, are substantially the same as were previously approved by Shareholders at the Last AGM, and are summarised below:

2.3.1 *Maximum number of Shares*

The total number of Shares, which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, is limited to that number of Shares representing not more than 10% of the total number of the Shares as at the date of the forthcoming AGM at which approval for the Share Purchase Mandate is being sought (the "**Approval Date")**. Any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for the purpose of computing the 10% limit. As at the Latest Practicable Date, the Company held 79,200 Treasury Shares and has no subsidiary holdings.

For illustrative purposes only, on the basis of 118,623,300 Shares (excluding Treasury Shares) as at the Latest Practicable Date, and assuming that no further Shares are issued prior to the AGM, not more than 11,862,330 Shares (representing 10% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in Section 2.3.2 below.

2.3.2 ***Duration of authority***

Under the proposed Share Purchase Mandate, Share Purchases may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved up to:–

(i) the date on which the next annual general meeting is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

2.3.3 ***Manner of Share Purchases***

(a) Share Purchases may be made by way of:–

   (i) Market Purchase; and/or

   (ii) Off-Market Purchase.

(b) The Share Purchase Committee may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Act, as it considers fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–

   (i) offers for the Share Purchase shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

   (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

   (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–

      (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

      (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and

      (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

(c) In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:–

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptance;

(iii) the reasons for the proposed Share Purchase;

(iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

(vi) details of Share Purchases made during the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and

(vii) whether the shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 *Maximum purchase price*

(a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Share Purchase Committee.

(b) However, the purchase price to be paid for the Shares pursuant to the Share Purchases must not exceed:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the Share Purchase.

(c) For the above purposes, "**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded on the SGX-ST, before the day on which the Market Purchase was made or as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days.

2.4 Status of purchased Shares

Under Section 76B of the Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, shall be deemed cancelled immediately on purchase, and all rights and privileges attached to those Shares will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

Some of the provisions on Treasury Shares under the Act are summarised below:–

(a) Maximum holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued ordinary shares of the Company. The Company shall be entered in the Register of Members as the member holding those Shares.

(b) Voting and other rights

(i) The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

(ii) In addition, save as provided under the Act, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of the Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a sub-division or consolidation of any Treasury Share into Treasury Shares of a smaller or larger amount is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:–

(i) sell the Treasury Shares for cash;

(ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share option scheme or employees' share scheme;

(iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purpose as may be prescribed by the Minister for Finance.

2.5 Reporting requirements

Within 30 days of the passing of a Shareholders' resolution to renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall lodge with the Registrar a notice of Share Purchase within 30 days of such Share Purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Treasury Shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases and such other particulars as may be required in the prescribed form.

2.6 Source of funds

The Company may only apply funds for the Share Purchases in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.

The Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

2.7 Financial effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia,* whether the Share Purchases are made by way of Market Purchases or Off-Market Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS as the resultant effect would depend on, inter alia, aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of the capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group as at 31 December 2018, are prepared assuming the following:–

(a) the Share Purchases comprised 11,862,330 Shares (representing 10% of the 118,623,300 outstanding Shares as at the Latest Practicable Date);

(b) in the case of Market Purchases, the Maximum Price was S$0.866 (being 5% above the average of the closing market prices of a Share over the last 5 Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Market Share Purchases would amount to approximately S$10,272,778;

(c) in the case of Off-Market Purchases, the Maximum Price was S$0.990 (being 20% above the average of the closing market prices of a Share over the last 5 Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Purchases would amount to approximately S$11,743,707;

(d) Share Purchases are made entirely out of capital and Shares purchased are kept as Treasury Shares; and

(e) the Share Purchases took place on 31 December 2018;

	Group			**Company**		
	Before Share Purchase	**After Share Purchase**		**Before Share Purchase**	**After Share Purchase**	
		Market Purchase	**Off-Market Purchase**		**Market Purchase**	**Off-Market Purchase**
As at 31 December 2018						
Shareholders' Funds ($)	230,996,000	220,723,000	219,252,000	191,211,000	180,938,000	179,467,000
NTA ($)	231,756,000	221,483,000	220,012,000	191,086,000	180,813,000	179,342,000
Current Assets($)	108,370,000	98,097,000	96,626,000	60,902,000	50,629,000	49,158,000
Current Liabilities ($)	22,627,000	22,627,000	22,627,000	15,900,000	15,900,000	15,900,000
Cash & Cash Equivalent(1) ($)	33,005,000	22,732,000	21,261,000	22,090,000	11,817,000	10,346,000
Total Borrowings(2) ($)	4,721,000	4,721,000	4,721,000	8,930,000	8,930,000	8,930,000
Net Profit attributable to Shareholders ($)	5,945,000	5,945,000	5,945,000	4,083,000	4,083,000	4,083,000
Number of Shares	118,623,300	106,760,970	106,760,970	118,623,300	106,760,970	106,760,970
Weighted Average Number of Shares	118,623,300	118,590,800	118,590,800	118,623,300	118,590,800	118,590,800
Financial Ratios						
NTA per Share (S$)	1.95	2.07	2.06	1.61	1.69	1.68
Net Gearing (times)(3)	NA	NA	NA	NA	NA	NA
EPS (cents)(4)	5.01	5.01	5.01	3.44	3.44	3.44

Notes:

(1) Assuming the Company uses cash to fund the purchase of Shares.

(2) Total Borrowings means the amount of liabilities arising from borrowings from banks and other financial institutions.

(3) Net Gearing equals Total Borrowings less Cash and Cash Equivalent divided by Shareholders' Funds.

(4) EPS equals Net Profit attributable to Shareholders divided by Weighted Average Number of Shares.

As illustrated above, the Share Purchases will:

(i) increase the consolidated NTA per Share of the Group; and

(ii) not increase or decrease the consolidated EPS of the Group.

The financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of shares issued by the Company as at the date that the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of shares issued in full. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased as Treasury Shares.

2.8 Tax implications arising from Share Purchases

Shareholders who are in doubt as to their respective tax positions or any tax implications, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

The Listing Manual specifies that a listed company shall notify the SGX-ST of any Market Purchase not later than 9.00 a.m. on the Market Day following the day on which the Market Purchase was made, and of any Off-Market Purchase not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the Company will not undertake Share Purchases after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not buy any Shares during the period commencing one month before the announcement of the Company's annual results and during the period of two weeks before the announcement of the Company's quarterly results, as the case may be.

The Listing Manual requires a listed company to ensure that the percentage of equity securities of any class that is listed and held in public hands does not fall below 10%. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons. Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 52,322,025 Shares in the hands of public Shareholders, representing approximately 44.11% of the total number of issued ordinary shares of the Company. Assuming the Company exercises the Share Purchase Mandate in full and purchases 10% of the total number of issued ordinary shares of the Company from the public, the number of Shares in the hands of the public not taking into account Treasury Shares would be reduced to approximately 40,459,695 Shares, representing approximately 37.90% of the total number of issued ordinary shares of the Company (excluding Treasury Shares). Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any Share Purchase, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10 Take-over Code implications arising from Share Purchases

Under the Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia,* will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Shareholders and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholders and their concert parties, who together hold less than 30% of the voting rights in the Company, would increase to 30% or more, or, in the event that such Shareholders and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders and their concert parties would increase by more than 1% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months.

If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by its Shareholders at the latest annual general meeting, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

Based on the Register of Directors' and Substantial Shareholdings as at the Latest Practicable Date (as set out in Section 3.1 of this Addendum), certain shareholders, namely Afro-Asia International Enterprises Pte. Ltd., Ho Bee Holdings (Pte) Ltd and Chua Thian Poh, each of whom has a direct and deemed interest in between 30% to 50% of the Company's Shares, and any other person deemed under the Take-over Code to be acting in concert with them, may incur an obligation to make a take-over offer under Rule 14 by virtue of their respective shareholding increasing by more than 1% in any period of six months as a result of the Company purchasing or acquiring Shares.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Purchases by the Company.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Register of Directors' and Substantial Shareholdings

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are set out below based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date. In addition, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum amount of 10% of the total number of issued ordinary shares of the Company, and (ii) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:–

	Before Share Purchase (No. of Shares)			Total Interest Before Share Purchase	Total Interest After Share Purchase
	Direct Interest	Deemed Interest	Total Interest	%	%
Director					
Tan Cheng Gay	636,750	16,500,500(1)	17,137,250	14.45	16.05
Tan Yok Koon	366,000	15,674,500(2)	16,040,500	13.52	15.02
Tan Soo Nan	–	–	–	–	–
Ronnie Teo Heng Hock	–	–	–	–	–
Steven Ong Kay Eng	–	–	–	–	–
Substantial Shareholder					
Tan Chin Hoon	–	16,500,500(3)	16,500,500	13.91	15.46
Chua Thian Poh	165,000	45,745,500(4)	45,910,500	38.70	43.00
Ho Bee Holdings (Pte) Ltd	–	45,745,500(5)	45,745,500	38.56	42.85
Afro-Asia International Enterprises Pte. Ltd	44,463,000	–	44,463,000	37.48	41.65
Afro Asia Shipping Co (Pte) Ltd	14,270,500	1,404,000(6)	15,674,500	13.21	14.68

Notes:–

(1) This represents Mr Tan Cheng Gay's deemed interest of 16,500,500 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; and

c. 826,000 shares held by New Town Development Pte. Ltd.

(2) This represents Mr Tan Yok Koon'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.

(3) This represents Mr Tan Chin Hoon's deemed interest of 16,500,500 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; and

c. 826,000 shares held by New Town Development Pte. Ltd.

(4) This represents Mr Chua Thian Poh's deemed interest of 45,745,500 shares held indirectly by Ho Bee Holdings (Pte) Ltd.

(5) 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.

(6) This represents Afro Asia Shipping Co (Pte) Ltd's deemed interest of 1,404,000 shares held by its wholly owned subsidiary Performance Investment Pte Ltd.

3.2 Share purchase during the previous 12 months

In the 12 months preceding the Latest Practicable Date, the Company has not purchased any Shares pursuant to the Share Purchase Mandate granted at the Last AGM.

4 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 10 relating to the renewal of the Share Purchase Mandate, at the AGM.

5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in the Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Addendum in its proper form and context.

6 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company during normal business hours from the date hereof up to and including the date of the AGM:–

(a) the Constitution of the Company; and

(b) the 2011 Circular.

Yours faithfully
For and on behalf of the Board of Directors of
EnGro Corporation Limited

Tan Cheng Gay
Chairman and Chief Executive Officer

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