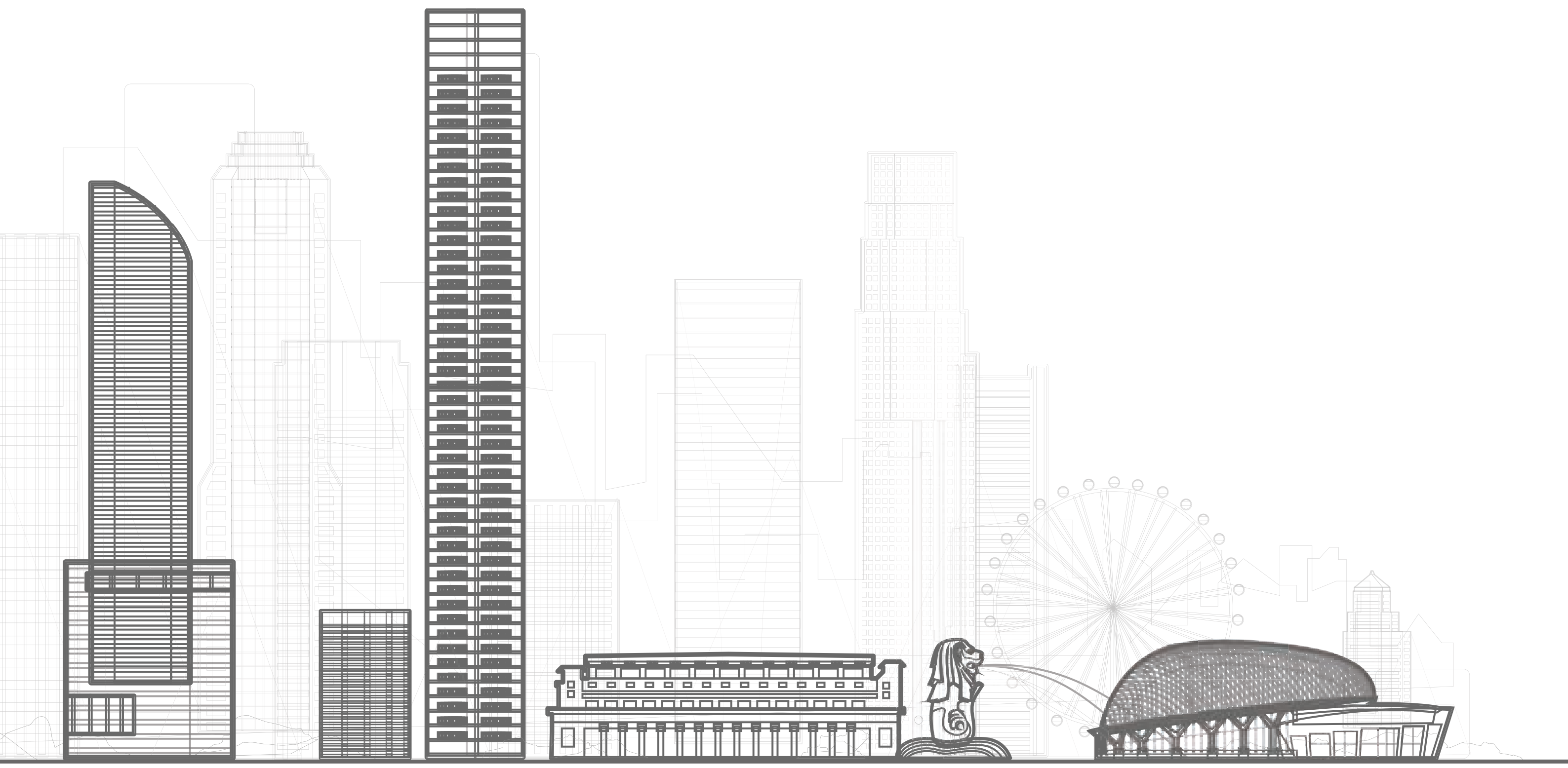
ENGRO
BUILDING SUSTAINABILITY

INNOVATE GROWTH WITH SOUND FUNDAMENTALS

ANNUAL REPORT **2021**



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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16 Raffles Quay
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PARTNER-IN-CHARGE
Lee Chin Siang Barry
(with effect from FY2021)

COMPANY SECRETARY
Joanna Lim Lan Sim

COMPANY HISTORY

EnGro Corporation Limited ("EnGro", or "the Company") was incorporated on 27 November 1973 under the name SsangYong Cement (S) Pte Ltd. It was originally formed as a joint venture among 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 and listed on the mainboard of the Singapore Exchange in 1983 as Ssang Yong Cement (S) Ltd.

The Company started off with manufacturing Ordinary Portland Cement (OPC) in 1976. In the last three decades, it expanded into manufacturing of Portland Blast Furnace Cement, Ready-Mix Concrete (RMC) and other high performance construction materials. It also embarked into the manufacturing of low carbon Ground Granulated Blastfurnace Slag (GGBS) through joint ventures in China and the plants are located in 5 provinces.

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 general offer for shares not owned by Afro-Asia International Enterprises Pte Ltd or parties acting in concert.

In 2005, the Company changed its name to EnGro Corporation Limited with a new logo reflecting its vision of growth through partnership building and North Asia focus. The striking blue and orange curves symbolise 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, venture capital activity focusing on info-com, 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 - PROFIT.

VISION AND MISSION

OUR VISION

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

OUR MISSION

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

CORPORATE PHILOSOPHY

矚遠瞻高
遠致靜寧

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 absorbs 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
和顺

EXCELLENCE
卓越

TRUST
诚信

WIN-WIN
共赢

CHAIRMAN'S MESSAGE

Dear Shareholders,

FINANCIAL REVIEW

EnGro Group recorded a revenue of S$129.6 million for the year ended 31 December 2021 (FY2021), a 33.7 per cent increase from the S$96.9 million registered in FY2020, boosted by a turnaround in the Singapore construction sector as Singapore joined major economies in the worldwide battle against COVID-19 pandemic with increased vaccination rates and counter measures.

As the world endured another year of COVID-19, pervasive technology adoption propelled global venture capital (VC) investment activities to new heights and further boosted our VC investment returns, coupled with profit recognized from Tangshan NanHu Eco City project in China and sales of units in Turquoise, Sentosa. The Group achieved a stellar profit after tax of S$51.0 million compared to S$22.0 million in FY2020.

DIVIDEND

A strong performance by the technology markets in major economies has brought about satisfactory returns over that of 2020 from our venture investments. The Board is recommending a first and final dividend of 2.5 cents per share and a special dividend of 4.0 cents per share to be declared for FY2021, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 29 April 2022.

BUSINESS REVIEW

Singapore's GDP recovered by 7.6 per cent in 2021 from a 4.1 per cent contraction in 2020. The construction sector expanded by 20.1 per cent, propped up by both public and private construction activities, a reversal from a severe contraction of 38.4 per cent in 2020. With increased vaccination rate and the major economies are making preparations to transition from pandemic to endemic, we look forward to normalization of trade flow is in the horizon barring unforeseen circumstances.

Amidst the China Central Government's curbs on property plus the regulatory headwind in the technology sector, China's economy expanded 8.1 per cent in 2021, its fastest in a decade founded on a low base of 2.3 per cent in 2020 when COVID-19 greatly impacted the economy.

The advent of 5G and Industry 4.0 Standard, coupled with increasing demand in mobility to boost productivity resulted in the call for Internet-of-Things (IoT), Big Data, Data Analytics, Artificial Intelligence (AI), robotics and other emerging technologies, brought about a record VC investments in the US and major high tech innovation hubs.

The increase in extreme weather change draw the attention of policy makers worldwide to declare war against carbon emission. Pledges made by China Central Government to attain carbon neutral by 2060 has led to accelerated sales of electric vehicles (EVs) with a goal to be at least 20 per cent of annual car sales by 2025. A happy surprise to share that achieving this goal well ahead of 2025 looks set to be a certainty considering China EV sales in 2021 has already hit the 18 per cent mark, cementing China's leading position in promoting the electrification of automobiles globally. Emphasis on sustainability has also boosted global EV sales.

a) Integral Cement and Ready-Mix Concrete (RMC) Operations

Singapore construction demand rebounded by 42.0 per cent to S$30.0 billion in 2021, boosted primarily by increased public infrastructure program from S$12.2 billion to S$18.2 billion while private sector construction recorded a moderate increase from S$8.9 billion to S$11.8 billion in 2021.

Improved cement sales in 2021 was due to winning supply contracts to various on-going major infrastructure projects such as Changi development (ARC, Inter Terminal Bored Tunnels (ITBT) &T316 contracts), Rapid Transit Link (T232 & T235 contracts) and ICA's new Integrated Service Centre at Kallang.

Top-Mix Concrete Pte Ltd (TMS) secured both public and private projects such as the 4-storey ramp up warehouse at Pioneer Sector 1, HDB Building works at Tampines N9C19 and Mixed Development at Pasir Ris Drive 3.

In Malaysia, consecutive Movement Control Orders (MCOs) broadly disrupted Top Mix Concrete (M) Sdn Bhd (TMM) operations as construction activities were brought to a standstill for almost six months up till October 2021.

b) Specialty Cement Operations in China

Thanks to the China Government's drive towards green and "dual-circulation economy", three of our GGBS JVs benefited from China's 8.1 per cent GDP growth in 2021. Heightened coal prices pushed up cement prices, thus lifting the prices of Ground Granulated Blastfurnace Slag (GGBS) and enabling our JVs to turn in a satisfactory performance in 2021.

Our software development and system integration provider, Wuhan SinoCem Smartec Co Ltd – a start-up, established a number of key tie-ups thus providing a foundation for its future growth. In its third year of operations, SinoCem Smartec implemented a number of its smart manufacturing operating systems at numerous GGBS plants in China.

c) Specialty Polymer

An anemic recovery in global automotive industry following a global microchip supply shortage, resulted in below expectation performance registered by R&P. Nonetheless, continuous cost optimization efforts enabled R&P to maintain its margins in 2021.

d) Investments

Record-setting technology initial public offerings (IPOs) coupled with a relaxed monetary policy, spurred US Venture Capital (VC) industry to attain yet another remarkable performance in 2021 with technology investments hitting historical highs across all-stages of investment and mega-exits by hedge funds and private equity funds. Our VC investments again contributed commendably to the Group's profit for the year.

With the completion of the Phase 2 Tangshan Nanhu Eco City project, the sales of the final phase was concurrently launched in 2021.

PROSPECTS

2022 was expected to be a challenging year with weak economic recovery all over. The unexpected Ukraine-Russia war has turned 2022 into another uncertain year fraught with volatility under the shadows of COVID-19 disruption, inflationary pressures from energy to oil and logistic mega-shocks, as well as hawkish monetary policies to hike interest rates which threaten to drive the global economy into a recession.

Under the likelihood of a transition from pandemic to endemic, Singapore government projected positive GDP growth of 3.0 to 5.0 per cent in 2022, reflecting a cautious tone against a backdrop of downside risk in the global economy, which could worsen amidst the evolving Ukraine-Russia war. Singapore construction industry growth in 2022 is expected to be primarily driven by public construction projects. Our ready-mixed concrete units in Singapore and Malaysia are poised for a mid-term growth. Our follow-on pursuits in waste-to-resource recovery and recycling opportunities, leveraging on our successful GGBS business strategy, are closely aligned with the Singapore's Zero Waste Masterplan under the Singapore Green Plan 2030.

China Central Government's plan to achieve carbon neutrality by 2060 is a strong resolve for a green-based economy. The combined *Green and Digitalization* programme promises to see its "dual circulation strategy" (双循环) as a major power house to sustain its economic growth, at 5.5 per cent GDP growth for 2022, announced at the fifth session of the 13th National People's Congress (NPC).

Counting on the network and foothold established in both Singapore and China, EnGro would continue to focus its investments in the data economy to supplement its business operations. Amid uncertain global economic recovery in 2022, the Group's geographical diversification and technology-driven investments are anticipated to generate lower returns compared to FY2021.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank Mr Ronnie Teo Heng Hock for his dedication and contribution during his term as independent director of the Company and I wish him all the very best in his future endeavors. At the same time, I would like to extend a warm welcome to Mr Leow Foon Lee for joining the board as a Non-Executive Independent Director.

I would also wish to offer my heartfelt thanks to everyone in the EnGro family, our customers, shareholders, business partners, my fellow Directors as well as our Management team and staff for their unwavering support, dedication and confidence in EnGro. The commitment and dedication of our employees is what drives EnGro to chart new frontiers in innovation and sustainability.

Tan Cheng Gay
Chairman

CORPORATE CALENDAR

Financial Year Ended 31 December 2021

2021

26 FEB
Announcement of 2H and FY2020 results

29 APR
Annual General Meeting for FY2020

10 JUN
Payment of First and Final Dividend

12 AUG
Announcement of 1H FY2021 results

2022

01 MAR
Announcement of 2H and FY2021 results

29 APR
Annual General Meeting for FY2021

10 JUN
Payment of First and Final Dividend

11 AUG
Announcement of 1H FY2022 results

2023

FEB
Announcement of 2H and FY2022 results

APR
Annual General Meeting for FY2022

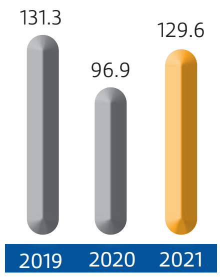
AUG
Announcement of 1H FY2023 results

FINANCIAL HIGHLIGHTS

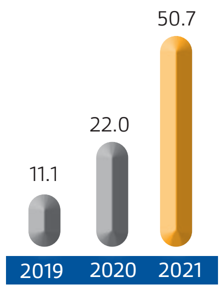
	2019	2020	2021
Consolidated Statement of Profit or Loss (S$'Million)			
Revenue	131.3	96.9	129.6
Profit for the year	11.1	22.0	51.0
Profit attributable to owners of the Company	11.1	22.0	50.7
Statement of Financial Position (S$'Million)			
Total assets	264.4	288.2	357.4
Equity attributable to owners of the Company	236.0	257.2	305.2
Per Share (Cents)			
Basic Earnings	9.31	18.56	42.70
Net asset value	199	217	257
Net dividend	2.50	3.00	6.50

THREE–YEAR RESULTS AT A GLANCE

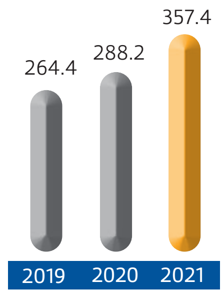
Revenue (S$'Million)



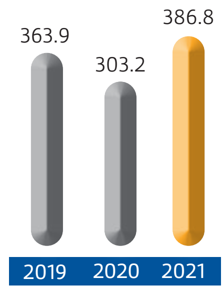
Profit Attributable to Owners of the Company (S$'Million)



Total Assets (S$'Million)

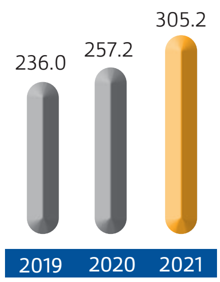


Revenue of EnGro and Associates and Joint Ventures# (S$'Million)

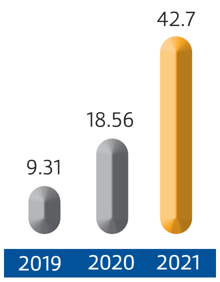


Revenue of Associates and Joint Ventures is calculated based on percentage of interest EnGro has in the Associates and Joint Ventures. Numbers are for illustration purpose only.

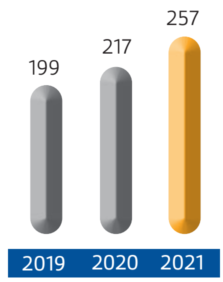
Equity Attributable to Owners of the Company (S$'Million)



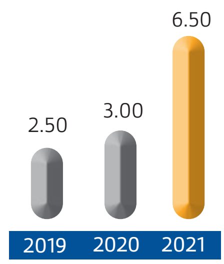
Basic Earnings per Share (cents)



Net Asset Value per Share (cents)



Net Dividend per Share (cents)



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.

TAN SOO NAN | **DIRECTOR**

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

Mr Tan also serves on the Boards of other 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 active in social causes and serves as a director in Temasek Foundation Limited, TF IPC Ltd and Woh Hup Trust. He also serves as Chairman of the Board of The Photographic Society of Singapore, a not-for-profit organisation.

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 29 years of experience in the banking industry.

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.

He is currently an Independent and Non-Executive Director of Sino Land Company Ltd., Tsim Sha Tsui Properties Ltd and Sino Hotels (Holdings) Ltd which are listed in the HK Stock Exchange, since 2010. He is also a substantial shareholder of Hwa Hong Corporation listed on the main board of Singapore Stock Exchange.

Mr Ong has been a veteran banker with extensive experience in banking and finance over 43 years. Started his career with Mercantile Bank Ltd in London, he subsequently served HKSBC and UBS before becoming the General Manager and Country Head for Amex Bank Singapore branch covering South Asia for nearly 10 years, concurrently appointed on the Board of Pacific Bank Malaysia. He later became an advisor to Banque Guitzwilder Geneva, concurrently the Deputy Chairman of the People Insurance Co Ltd for two years before accepting the role of the Chief Representative and Country Head (greater China) with the Monte Paschi di Siena residing in China for 16 years. He retired in 2006 and remained as an advisor of the bank for two years residing in Singapore. While in China, Mr Ong was elected as chairman of Foreign Bankers' Association for a term of two years.

LEOW FOON LEE | **DIRECTOR**

Mr Leow Foon Lee joined the Board in October 2021 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.

Mr Leow is the founder and Chief Executive Officer of Enerpower Pte Ltd. He has more than 30 years' experience in the energy and telecommunication sectors, having worked for some of the global US, European and Asian companies, including General Electric, Royal Dutch Shell, RGE, Alcatel-Lucent, and Motorola with global assignments in New York, Singapore, Taiwan, Hong Kong, Beijing, and Shanghai. He is also a Visiting Senior Fellow at the Energy Studies Institute of the National University of Singapore and an adjunct lecturer at the Nanyang Business School of the National Technological University of Singapore.

Mr Leow holds a Bachelor of Engineering (Mechanical) degree from the National University of Singapore and a Master of Business Administration from the Lally School of Management, Rensselaer Polytechnic Institute, New York.

MANAGEMENT TEAM

HQ HEAD OF DEPARTMENT

PRISCILLA NG | **GROUP FINANCIAL CONTROLLER**

Ms Ng oversees the Group's finance, procurement and IT functions. She has over 20 years in accounting, financial and corporate matters in in various industries. Prior to joining the Group, she served as an Assistant Financial Controller of New Toyo International Holdings Ltd from 2014 to 2021 and was responsible for the financial management and regulatory compliance and reporting. Ms Ng is an ACCA graduate and a Chartered Accountant with the Institute of Singapore Chartered Accountants.

VINCENT LOH | **GENERAL MANAGER, KNOWLEDGE MANAGEMENT & BUSINESS DEVELOPMENT**

Mr Loh joined the Company in 2000 and oversees the business development, investment, knowledge management and sustainability initiatives of the Group. He has more than 25 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), as well as the Future China Advanced Leaders Programme, jointly organized by the Nanyang Business School and Business China.

INTEGRAL CEMENT AND RMC OPERATIONS

JOSHUA TAN | **OPERATION CONTROLLER, BUILDING MATERIALS DIVISION (SINGAPORE)**

Mr Tan oversees the Group's Integral Cement and Ready-Mix Concrete business in Singapore and Malaysia. He has more than 20 years of working experience across various industries with vast working exposure especially risk management in Europe, Middle East, Africa, Central & South East Asia including China & India.

Mr Tan is a Chartered Management Accountant with CIMA (UK) and a Chartered Accountant with the Institute of Singapore Chartered Accountants.

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 26 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 | **SENIOR 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 a Business Development Manager. He is based in Shanghai, China to support the Group's Specialty Polymer business. Prior to joining EnGro, he was exposed to local and overseas banking industry and 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.

CORPORATE STRUCTURE

BUILDING MATERIALS

Integral Cement and RMC		**EnGro Corporation Limited**
	100%	Top-Mix Concrete Pte Ltd
	100%	Top Mix Concrete (Malaysia) Sdn Bhd
Specialty Cement (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
Other Ready-Mix Concrete	**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

VC Investment	**100%**	Juniper Capital Ventures (Pte) Ltd
	100%	e-Invest Limited
	100%	Sancem Investment Pte Ltd
	100%	Sancem Global Pte Ltd
	100%	SsangYong LTI (Pte) Ltd
Property Investments	**20%**	HB Investments (China) Pte Ltd
	10%	Ho Bee Cove Pte Ltd

OTHERS

Food and Beverage	**100%**	Tianjin Ang de Food & Beverage Management Co Ltd
Software Development and System Integration	**49%**	Wuhan SinoCem Smartec Co Ltd

REGIONAL PRESENCE

INTEGRAL CEMENT AND READY-MIX CONCRETE
> SINGAPORE & MALAYSIA

ENGRO CEMENT

After a challenging year of 2020 due to the COVID-19 pandemic, 2021 has been a year of economic recovery despite not to the fullest of the pre-pandemic level.

As per the Building and Construction Authority of Singapore (BCA), the overall construction demand increased 42 per cent to S$30.0 billion in 2021 and forecasted to increase 6 per cent to S$32.0 billion for the following year. Both the public & private sectors increased 58 per cent and 25 per cent respectively to end at S$18.2 billion and S$11.8 billion for year 2021.

The borders of many countries are still closed and restricted due to emergence of new COVID-19 variants, resulting in the lack of foreign workers which hindered the rate of economic recovery. Coupled with the rapid rise of the energy cost, the general cost of all materials went up by a few folds, especially freight cost.

The cement sales in 2021 increased 54 per cent mainly due to our existing public infrastructure projects and public housing developments. The economic recovery although not the fullest, was the major catalyst of our sales increase. The 2 existing cement supply contracts with the Housing and Development Board (HDB) secured in 2020 were one of the main contributors with a monthly average volume of 26,000 metric tons.

EnGro supplying High Slag Portland Blastfurnace Cement (HSPBFC) to Pulau Tekong project

INTEGRAL CEMENT AND READY-MIX CONCRETE
> SINGAPORE & MALAYSIA

EnGro has successfully secured to supply various major infrastructure projects in 2021 notably Changi development (ARC, Inter Terminal Bored Tunnels (ITBT) &T316 contracts), Rapid Transit Link (T232 & T235 contracts) and ICA's new Integrated Service Centre @ Kallang including soil improvement, grouting and sub-structure works.

The preliminary total construction demand for 2021 was around S$30 billion which is higher than the estimated valued between S$23 billion and S$28 billion based on BCA's earlier Development Plans Survey conducted in Oct/Nov 2020. For 2022, BCA has estimated the construction demand of S$29 to S$32 billion where it is predicted that 60 per cent of the construction demand to come from public sector especially the public housing projects (i.e. HDBs), healthcare developments (i.e. new hospitals & healthcare centre) and infrastructure projects (i.e. Cross Island MRTs).

With the future trend moving towards environmental friendliness, especially on recycling and sustainability, EnGro's Research and Development (R&D) program is continuing their work on innovative products and solutions for respective fields.

EnGro bulk terminal in Pulau Damar Laut at Jurong Port

INTEGRAL CEMENT AND READY-MIX CONCRETE
> SINGAPORE & MALAYSIA

Jalan Eunos project

TOP-MIX CONCRETE SINGAPORE (TMS)

The construction sector demand has improved gradually from 2020 where the demand was only S$21.3 billion to S$30 billion in 2021. Despite some form of disruption such as government-imposed lock down to our batching plant, our performance improved compared to 2020, however not to the pre-COVID level but recovering gradually. This resulted higher sales volume achieved when compared to the year 2020.

With our Jurong Port Ready Mix Concrete (RMC) plant in Jalan Buroh under way and scheduled for completion in 4Q 2022, our TMS performance is expected to grow in the following year.

New projects secured by TMS in 2021 include the 4-storey ramp up warehouse at Pioneer Sector 1, HDB Building works at Tampines N9C19 and Mixed Development at Pasir Ris Drive 3 with a various of building and civil engineering projects from both the public and private sectors.


Changi plant

Top Mix concrete mixer truck

INTEGRAL CEMENT AND READY-MIX CONCRETE
> SINGAPORE & MALAYSIA

TOP-MIX CONCRETE MALAYSIA (TMM)

Like previous year, 2021's financial year was disrupted due various lock down and Movement Control Order (MCO) – (on & off) imposed by The Malaysia Government due to COVID-19 Delta variant. Coupled with "wait and see" approach adopted by most of the developers and contractors, the overall economy of Malaysia declined and almost went down in spiral. The hope of recovery has been placed in the year 2022 and beyond when the government is opening up the economy despite high Omicron variant cases.


Yeashin in Melaka

With economy recovery in Southern Johor is still some distance away, securing the Rapid Transit System project (RTS – Malaysia portion) in the south has been very critical for TMM. Hence, to mitigate the overall risk, TMM has ventured into the north especially the Klang Valley territory. TMM has successfully set up a batching plant in Genting Permai (at the foot of the hill leading to the famed tourist attraction, the Genting Highlands) in late November. TMM is also in the midst of adding more batching plant in the north which is situated in the capital city.


Space Residences in Johor Bahru

The performance of TMM hinges on the rate of recovery of Malaysian economy for year 2022.

GREEN INITIATIVE

"Moments of great difficulty are also moments of great opportunity. To come together in solidarity. To unite behind solutions that can benefit all people"

– 2022 Message from UN Secretary-General

The gas crisis and energy price spikes undoubtedly increased pressure on green promises that arose from the *2021 United Nations Climate Change Conference (COP26)* at *Glasgow* in December last year. The energy crisis could also possibly derail countries from focus on their climate change policy.

Countries that supported the "Glasgow Climate Pact" at COP26 agreed on four key areas: ***coal, carbon markets, cash for developing nations*** and ***national climate targets***. And together with pledges on cars, trees and methane, the Glasgow Pact would give hope that the Paris accord goal of limiting global warming since pre-industrial times to ***1.5C*** remains intact.

Singapore is expected to implement more ambitious goals as it reviews its climate targets for 2030 this year. Singapore also recently announced that it plans to accelerate its longer-term climate plan to have emissions reach net zero by or around the middle of the century.

The emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Uncertainties due to inflation, supply chain disruptions, as well as oil and energy price volatility are expected to put pressure on the global economy as well as efforts to curtail the effects of climate change.

Business sustainability, climate changes and carbon emission has been emerged as the world focus direction in year of recovery. Battling with the virus over the past two years has created awareness that climate change is also another issue the world needs to join force to overcome.

GREEN INITIATIVE

At EnGro, our **Building Sustainability** tagline is a constant reminder that sustainability and business can co-exist as we commit ourselves to our goal of promoting applications of eco-friendly and low-carbon products via innovative solutions.

GREEN LABEL PRODUCTS

P197A
P197B
P4246
P4246S
VCEM
DureCrete

SINGAPORE GREEN BUILDING PRODUCTS

SINGAPORE GREEN BUILDING PRODUCT SGBC LEADER

P197-4S
P4246
P4246S
DureCrete

SINGAPORE GREEN BUILDING PRODUCT SGBC VERY GOOD

P197A
P197B
DureCrete

SUSTAINABILITY REPORT

EnGro Sustainability Report shall be published separately and would address the social and environmental impacts of our business.

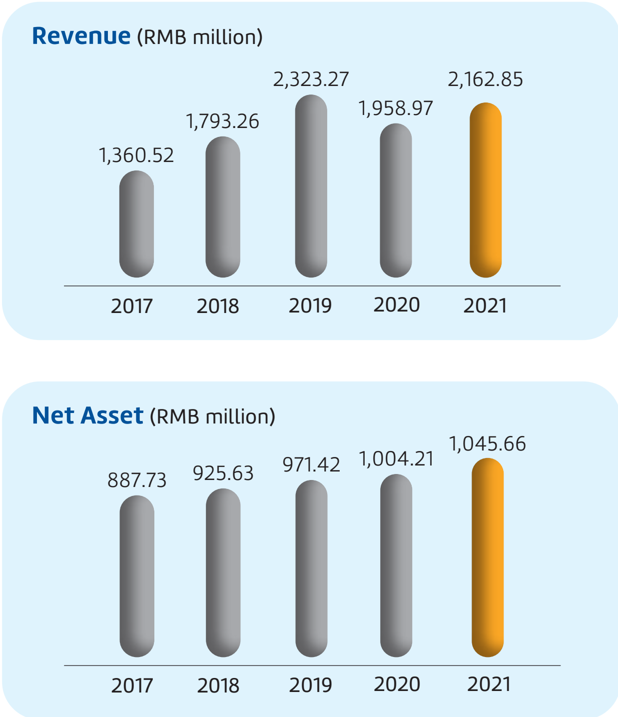
SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

Specialty Cement Business

Our China GGBS had quite a fruitful year. Under the dual control of energy consumption policy, our JVs successfully overcame disruptions caused by power cuts cum shutdowns. Increased selling price for our eco-friendly green building material together with other income enabled our JVs' total revenue to reach RMB2.2 billion, 10 per cent higher than the year before, while net profit surged 36 per cent year-on-year.

Our JVs performed satisfactorily, with Jiangsu HuaiLong leading the pack and contributing greatly to our GGBS business bottom line. However, the shutdown of Jinan Iron & Steel has resulted in loss of slag to Jinan LuXin, forcing it to source slag over great distances, thus raising the slag cost. Conversion of fuel from coal to natural gas in compliance with the city's environmental regulation further increased the operating cost. The relocation of Tangshan Iron & Steel Tangshan City to Laoting County at the Bohai Bay also created slag supply issue for TangLong mill and thus, its performance was also below par. Both the JVs are undertaking efforts to address their supply source and improve their operations in 2022.

The abrupt rise in coal prices led to a sharp increase in cement production costs. In addition, the "dual control policy of energy consumption" also affected the production capacity, propelling the average cement price to a record high in October, causing demand and production to decrease. The overall profit for the cement industry in 2021 was about RMB155 billion, down 15.28 per cent from a year earlier.



EnGro China GGBS Associates Five-year Revenue and Net Assets

SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

Smart Manufacturing Business

Over in Wuhan, SinoCem, our high-tech start-up specializing in development of industrial software and smart manufacturing solutions made considerable progress in 2021. In collaboration with Beijing TieJian YongTai Building Materials Co. and Beijing Foton Loxa (one of the biggest manufacturers of cement tankers in China), SinoCem successfully made an innovative breakthrough and developed the 慧砼帮 – RMC Last-mile Concrete Quality Management System, a first in China's ready-mix market. Several smart manufacturing projects for Ground Granulated Blast Furnace Slag (GGBS) production were implemented, including the HuaiLong Phase 3 Intelligent Manufacturing Project, regarded as the most advanced for GGBS plant in China, and 小灵通 "GGBS-All-In-One" Mobile App, a mobile platform which enables GGBS producers, traders, logistic operators and end users to carry out sale and purchase business activities in real time. SinoCem became a National High-Tech Enterprise company and received the NHTE Certification on 15 December 2021.


Eight Patents granted to SinoCem Smartec


SinoCem Smartec received 27 Software Copyrights

SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

SinoCem's RMC Last-mile Concrete Quality Management System

Variety of functions and data shown in the mobile app

SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

Presenting "GGBS-All-In-One" Mobile App at China GGBS Association Meeting

Outlook in 2022

China built 4,208 kilometres of new rail tracks with a fixed asset investment of RMB748.9 billion (US$117.86 billion) in 2021. This includes 2,168 kilometres high-speed rail, achieving a new milestone as it reached 40,000 kilometres. The country is strengthening its planning and construction of new high-speed railways, aiming to realize 70,000 kilometres by 2035 with the addition of another 1,400 kilometres of high-speed rail in 2022 along with 1,900 kilometres of normal speed rail.

Since the beginning of 2022, many major projects have been launched across the country. The total number of projects has exceeded 5,600, with a total investment of about RMB3.7 trillion. The growth of infrastructure investment has ushered in a "good start" for the basic building materials.

The outlook for the cement industry in 2022 will be stable as the market returns to rationality. The on-going supply-side-reform and dual control of energy consumption is expected to reduce cement production; however, average selling price would increase. China Cement Net's predictions put cement output at about 2.285 billion tons in 2022 and the annual profit at RMB170 billion, an increase of about 9.4 per cent year-on-year.

We are optimistic on China's sector demand for GGBS, which is universally recognized as a green and low carbon building material. In such a context, GGBS will help promote the large-scale development of green and low-carbon buildings in transforming China into a low-carbon economy and achieving carbon emissions peak before 2030 and carbon neutrality by 2060.

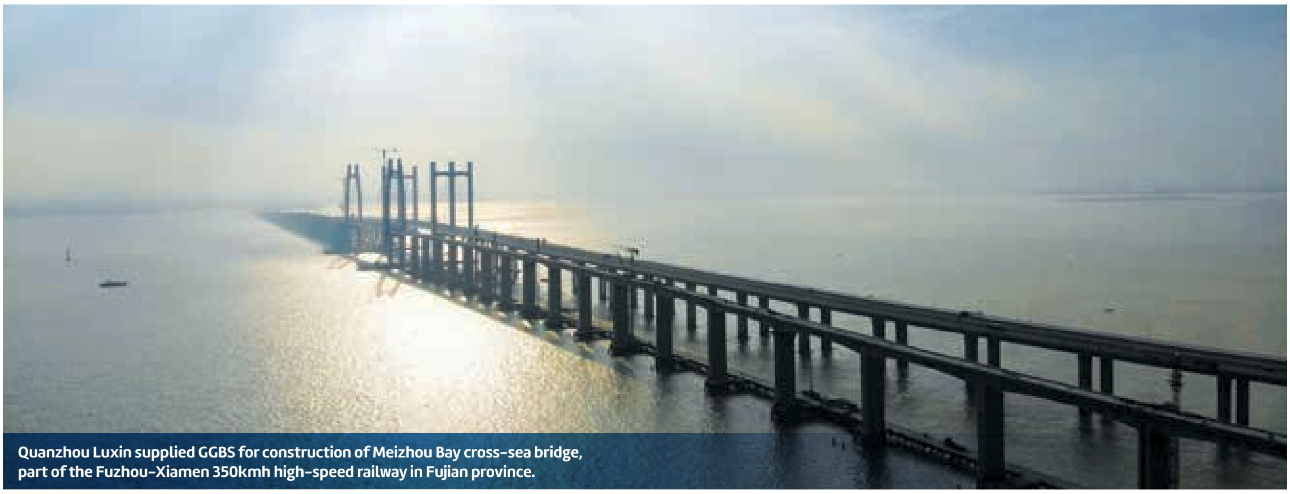
To improve our joint venture operations, Jinan LuXin established a new material R&D Centre with Jinan University to develop materials for various applications in agriculture and other industries in November 2021. At the start of 2022, Jinan LuXin held a Scientific and Technological Innovation Cooperation and Exchange Conference with Jinan University, Shandong Shuangshuo Environmental Protection Technology Co., Ltd., and Shandong Suzhenyuan New Material Technology Co., Ltd. They had in-depth exchanges on the issues of scientific and technological innovation cooperation, which led to a series of collaboration projects and agreements on R&D covering nano rare earth light transversion agents, thin-spray inorganic binding and solidifying agents for mining applications and solid waste resource utilization. To effectively utilize the mill capacity, Jinan LuXin will also expand its business to include commissioned manufacturing of basic materials for use in the revitalization of rural projects. In the meantime, the JV is intensively searching for new sources of slag supply.

SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

At TangLong, with the support of Tangshan Iron & Steel, a new waste-to-resource project has been identified and evaluated for treating mill scales (waste iron oxides generated during steel making process and hot rolling of steel slabs and billets) for recycling. This dovetails seamlessly with China's attempt to recycle 320 million metric tons of steel scrap by 2025 as mentioned in the "Efficient Resource Utilisation Promotion Project" under the "14th Five-Year Plan for Industrial Green Development."

All these efforts are expected to yield additional income for the JVs. Barring any unfavourable circumstances, our JVs would continue to perform well in 2022.

Jinan University - Jinan LuXin New Material R&D Centre


Quanzhou Luxin supplied GGBS for construction of Meizhou Bay cross-sea bridge, part of the Fuzhou-Xiamen 350kmh high-speed railway in Fujian province.

SPECIALTY CEMENT AND SMART MANUFACTURING
> CHINA

China has been making advances in science and technology, emphasising them increasingly as a fundamental part of the socio-economic development of the country. Under the 14th Five-Year Plan for building a digital economy by 2025, China aims for the added value of core digital economy industries to account for 10 per cent of its GDP to in 2025, up from 7.8 per cent in 2020.

Industrial software and intelligent manufacturing developments present a historic opportunity for SinoCem's smart manufacturing venture as China stresses self-reliance in its push into digital economy. SinoCem started to roadshow its RMC Last-mile Concrete Quality Management System at the end of 2021 and in early 2022 to major concrete players in Chengdu, Zhengzhou, Chongqing, and Wuhan. The roadshow will culminate in displaying SinoCem's various digital intelligent products at 2022 China Concrete Exhibition in Nanjing from 30 March to 1 April. SinoCem will continue to develop, enhance, and implement new smart manufacturing projects, while engaging in further R&D work to enhance SinoCem Industrial Software. We look forward to SinoCem making further inroads in their industrial software and smart manufacturing areas in 2022.


Road showing SinoCem's RMC Last-mile Concrete Quality Management System in Chengdu, 20 Dec 2021.

SPECIALTY POLYMER
> SINGAPORE & CHINA


KRP production


KRP production


Automotive application for R&P's products

SPECIALTY POLYMER

Recovery in automotive production had been sluggish due to global microchip supply shortages. Sales volume in Asia market (ex-China) remained stable in 2021, achieving higher sale revenue of S$14.4 million (2020: S$13.1 million), mainly contributed by refined automotive formulations as well as timely raw material procurement planning.

Automotive industry is expected to recover gradually as demand is expected to improve in 2022. Most OEMs are looking to satisfy pent-up demands, reduce backlogs as well as rebuild their inventories.

Kunshan R&P Co. Ltd (KRP)

As new variants of COVID-19 emerged and spread throughout most parts of the world, China remained vigilant and tightened its zero-COVID policy whilst proactively promoting its long-term "Dual Circulation Economy" strategy. Businesses were subject to stringent hygiene and environmental standards. Despite these challenges, KRP (the 40 per cent-owned JV in Kunshan) achieved a sales volume of 16,100 metric tons, which serves as a testament to our earlier strategy of entering into the film masterbatch business.

Riding on China's green environmental policies, KRP is well positioned and works closely with its customers to meet their green objectives. 2022 is expected to start slow in first quarter due to seasonal lunar new year holidays and gradually improve through the remaining quarters.

R&P Technologies Pte Ltd (RPT)

RPT is 60 per cent-owned subsidiary with manufacturing facilities located in Johor Bahru, Malaysia. Amidst the continual COVID-19 lockdowns in Malaysia, RPT achieved a sales volume of 6,800 metric tons in 2021. With higher demands, increasing material prices and timely procurement initiatives, RPT managed to achieve higher profit in excess of S$0.7 million for 2021. With no signs of COVID-19 situations easing, RPT continues to remain vigilant and strives to achieve better results in 2022.

VENTURE CAPITAL HI-TECH INVESTMENTS

In 2021, the US Venture Capital (VC) industry produced another record- year of deal flows and fund sizes across all-stages of investments attributable to the capital flow of the Federal Reserve's relaxed monetary policy.

The plethora of VC-backed technology IPOs and M&As in 2021 continued to gain momentum with support from robust public markets, SPACs exit and strong valuations. In light of these drivers, our investment portfolio benefited from income distribution via our VC and Fund-of-Funds (FOF) as our funds capitalised on exit trends.

The notable IPO-exits of our funds in 2021 were UiPath and Roblox. While OneLogin was a successful M&A exit from our early-stage VC funds.

UiPath is a global software company that makes robotic process automation software. It was founded in Bucharest, Romania and based in New York City.

OneLogin is a cloud-based identity and access management provider. It was founded in 2009 and based on San Francisco, California.

Roblox is an online gaming and entertainment platform offering a shared digital experience. It allows users to program games and play games created by other users.

Against the backdrop of a year plagued by uncertainties in the public markets due to China's tech crackdown, rising interest rates, inflation and geopolitical tensions, we are cautiously optimistic that our VC and FOF portfolios will continue to appreciate but may see a curtailing of the growth momentum through the second-half of 2022 as rate hikes precipitate.

Our VC and FOF investments have exposures in the following promising technology start-ups.

INVESTMENTS

Turquoise project in Sentosa


Tangshan Nanhu Eco-City project

PROPERTY INVESTMENT

All units for Phase 2 of Tangshan Nanhu Eco-City project in China were fully sold in 2020 and handed over to the buyers in 1H 2021, contributing to the 2021 Group results. The project was situated in Tangshan which was earmarked as a garden city within the Beijing-Tianjin-Hebei corridor.

Amidst the private residential property market recovery, selected units in Turquoise project were released for sale and achieved strong sales performance. The occupancy and rental rates for the tenanted units remain satisfactory.





EnGro Scholarship for students of Singapore Institute of Technology (SIT)

EnGro continued to support SIT scholarship in 2021. The undergraduates are pursuing full-time engineering degree programmes such as sustainable infrastructure engineering, civil engineering, chemical engineering, mechanical engineering and systems engineering.

EnGro Support to Ren Ci Hospital

In the spirit of helping the less fortunate, EnGro donated to the Ren Ci Charity Golf Tournament 2021 in its fund raising drive to cater to the long term healthcare needs of disadvantaged residents. Ren Ci also provides rehabilitative care to post-acute patients in a community hospital setting.

Contribution to "Chinese Singaporean Culture Online Video Series"

EnGro also donated to support the Chinese Singaporean Culture Online Video Series, which provide accessible and high-quality programmes to the public. We are glad to be apart of supporting the Centre's magnanimous efforts to promote and transmit Chinese Singaporean culture to future generations.

Donation to Singapore Perspectives

EnGro's donation also went to Institute of Policy Studies (IPS) for its Singapore Perspectives flagship conference, which was first launched in 2000 to engage thinking Singaporeans in a lively debate about the public policy challenges.

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 that were in place throughout the financial year, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018.

For the financial year ended 31 December 2021 ("**FY2021**"), the Company has complied with the core principles of corporate governance laid down by the Code. The Company has also largely complied with the provisions that reinforce the principles of the Code and in areas where there are variations from the provisions of the Code (namely, variations from Provisions 2.4, 3.1, 3.2, 8.1, 11.4 and 12.2), appropriate explanation and the reasons for variations has been provided within this report. The Board considers that the alternative corporate governance practices adopted are consistent with the intent of the relevant principles of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provisions	Corporate Governance Practices of the Company
1.1	**Directors are fiduciaries who act objectively in the best interests of the Company** The Company is headed by an effective Board, comprising competent individuals with diversified backgrounds and collectively brings with them a wide range of experience, to lead and control the Company. 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. In particular, the Board holds the management of the Company ("**the Management**") accountable for performance. The Board has also put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company. Where there are conflicts of interest, Directors recuse themselves from discussions and decisions involving the issues of conflict.
1.2	**Directors' induction, training and development** New Directors, upon appointment, will be briefed on the business and organisation structure of the Group. There are update sessions to inform the Directors on new legislation and/or regulations that are relevant to the Group. 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.

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. Annually, the external auditors update the Audit Committee and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

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.

Mr. Leow Foon Lee, the newly appointed Director, being a first-time director of a Singapore Listed Company, has registered for the Listed Entity Directors Programme conducted by the Singapore Institute of Directors to familiarize himself with the roles and responsibilities of a director of a Singapore Listed Company.

1.3 **Matters requiring Board's approval**

Key matters which are specifically reserved for the Board's approval include, amongst 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.

1.4 **Board Committees**

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. The Chairman of the respective committees reports to the Board with their recommendations. Minutes of the Board Committee meetings are available to all Board members. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. A summary of the activities of the AC, the NC and the RC during FY2021 are also included within this report.

1.5 **Board Meetings and Attendance**

The Board meets regularly to oversee the business affairs of the Group. The schedule of all the Board and the Board Committee meetings for the calendar year is usually given to all the Directors well in advance. The Board has held meetings for particular and specific matters as and when required. The Company's Constitution allows a Board meeting to be conducted by means of telephone or similar communications equipment (which may include video conference). A record of the Directors' attendance at meetings of Board and Board Committees for FY2021, as well as frequency of such meetings, is set out in **Table 1**. Sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations as set out in **Table 3**.

1.6 **Access to information**

All Directors are provided with complete, adequate and timely information prior to meetings, and on an on-going basis. The members of the Board were provided with the financial information, as well as relevant background information and explanatory notes relating to items of business (such as budgets, forecasts and business strategies) to be discussed at Board and Board Committees' meetings before the scheduled meetings. Apart from keeping the Board informed of all relevant new laws and regulations, the Company also has an on-going orientation program for non-executive Board members to familiarise and update themselves with the Group's operations.

1.7 **Access to Management and Company Secretary**

The Directors have separate and independent access to the Group's Senior Management and the Company Secretary at all times. Management personnel who can provide additional insight into the matters at hand are invited to be present at the relevant time during a Board meeting. 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.

During FY2021, the Non-Executive Independent Directors ("**NEIDs**") met quarterly and on an ad hoc basis with the CEO and other key management personnel of the Group as and when required to discuss key issues and the challenges facing the Group. The Company benefited from the NEIDs having ready access to the Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

The Company Secretary attends all Board meetings, provides corporate secretarial support to the Board and ensures adherence to the 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. The appointment and removal of the Company Secretary is subject to the approval of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions	Corporate Governance Practices of the Company
2.1	**Director Independence**
	The Board comprises five Directors, two of whom are Executive Directors and three of whom are NEIDs. There is an independent element on the Board, with 60% of the Board comprising Independent Directors. A summary of the current composition of the Board and its committee is set out in **Table 2.**
	The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.
	Each Independent Director is required to provide an annual confirmation of his independence based on the guidelines as set out in the Code. None of the NEIDs has a relationship with the Company, its related corporations, its substantial shareholders (holding 5% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. None of the NEIDS has served on the Board for more than nine years.
2.2	**Independent directors make up a majority of the Board if Chairman is not independent**
	The Chairman of the Board and Chief Executive Officer ("**CEO**") of the Company is the same person and part of the management team. Where the Chairman is not independent, the independent directors should make up a majority of the Board. The Company has conformed to the relevant provision of the Code with majority of the Board made up of Independent Directors.
2.3	**Non-executive directors make up a majority of the Board**
	The Company has also complied with the Code's provision for majority of the Board to make up of non-executive Directors.

2.4 **Board Composition**

The Directors consider that the Board's present size of 5 members is of the appropriate size 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. The Company has adopted a formal Board Diversity Policy and recognises the benefits of having greater diversity on the Board in terms of skills, knowledge, experience and other aspects of diversity such as age, gender and ethnicity and views diversity on the Board as an important element in building an effective Board. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions, and contribute to problem-solving.

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. The biographies of all Board members are set out in the section entitled '**Board of Directors**".

2.5 **Meeting of Independent Directors without Management**

At least once a year, the NEIDs meet to discuss, inter alia, Management's performance without the presence of the Management. 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 Board and/or the Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions **Corporate Governance Practices of the Company**

3.1 **Separation of the roles of the Chairman and the Chief Executive Officer ("CEO")**

Mr. Tan Cheng Gay currently fulfils the role of Chairman and CEO of the Company. Being a stalwart of the Company since its inception, Mr. Tan Cheng Gay plays an instrumental role of developing the business of the Group and provides the Group with strong leadership, guidance and strategic vision. All major decisions made by the Chairman and CEO are endorsed by the Board.

Albeit the fact that the current board has not adopted the recommendation of the Code to have separate persons appointed as Chairman and CEO, the board has however practised with the recommendation of having one of the NEIDs Mr Tan Soon Nan as the Lead Independent Director ("**LID**") who is also a member of the Nominating committee. With this board structure, EnGro is in full compliance with Provision 2.2 that the NEIDs make up majority of the board 3:2 where the chairman and CEO is the same person.

The Board is of the view that the Independent Directors have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority.

3.2 **Division of responsibilities between the Chairman and CEO**

As Chairman, Mr Tan Cheng Gay leads the Board in accordance with the highest standards of integrity and governance, promotes effective communication and contributions by each Director, manages the business of the Board through the setting of meeting agendas (with the assistance of the Company Secretary and the Management) and by leading the meetings to ensure full discussion of all agenda items. As CEO, he provides clear and decisive leadership and guidance to Company's employees, runs the Company's business with a clear vision and mission, translating the Board's decisions into executive action and is accountable to the Board. In this sense, the clear division of responsibilities between his role as Chairman and CEO is implied without having to put in writing by the Board. Hence, the Board is of the view that although the Chairman and the CEO are not separate persons, the above measures ensure that there is an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

3.3 **Lead Independent Director**

The Board has appointed Mr. Tan Soo Nan, a NEID, as the Lead Independent Director. 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 (including the Group Financial Controller ("**Group FC**")) has failed to provide a satisfactory resolution or when such contact is inappropriate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions **Corporate Governance Practices of the Company**

4.1 **Role of Nominating Committee**

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual Director. Board composition is also evaluated to ensure diversity of skills, experience and age diversity are maintained within the Board and Board committees.

The principal functions of the NC are 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.

Summary of NC's activities in 2021

- Reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, attendance and nomination of Directors for re-election;
- Reviewed the need to renew the Board by bringing in candidates with the requisite experience;
- Reviewed the major themes arising from the annual Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened; and
- Reviewed the Director's independence criteria and assessment process.

4.2 Composition of NC

The NC, regulated by a set of written terms of reference, comprises three NEIDs 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**.

4.3 **Board Renewal and succession planning**

Board renewal is an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Group. The Company has plans to refresh and reorganize its Board to align with the spirit of the Code.

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 and principal commitments; (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 makes 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. re-election at general meeting.

All newly appointed Directors will have to retire at the next AGM following their appointments pursuant to Regulation 94 of the Company's Constitution. The retiring Directors are eligible to offer themselves for re-election. The following Directors will retire by rotation at the forthcoming AGM and have been re-nominated for re-election:

Mr. Tan Cheng Gay (Regulation 87)
Mr. Leow Foon Lee (Regulation 94)

The NC has recommended the nomination of the Directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned Directors will be offering themselves for re-election at the forthcoming AGM.

4.4 **Circumstances affecting Director's independence**

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.

As described under Principle 2 of this report, 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 to maintain objectivity in their conduct as Directors of the Company.

The Board, after taking into consideration the views of the NC, considers Mr. Tan Soo Nan, Mr. Steven Ong Kay Eng and Mr. Leow Foon Lee 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.

4.5 **Multiple listed company directorships and other principal commitments**

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to or has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company. Further information on the directorships and principal commitments of each Director are disclosed in **Table 3**.

The NC, with the concurrence of the Board, 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.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions **Corporate Governance Practices of the Company**

Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors

5.1 The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board and the Board Committees and the contribution of each individual director in assisting the Board.

5.2 The NC has adopted a formal system of evaluating the Board, Board Committees and each director's performance and contribution, annually. The NC reviewed the performance of the Board and the assessment parameters of which involves 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. The NC also assessed the efficiency and effectiveness of the Board Committees in assisting the Board based on the assessment criteria which include amongst others, the Board Committees' composition and size, sufficient expertise and useful recommendations in assisting the Board for better decision-making, the interaction among committee members, reporting to the Board and record of minutes. Self-appraisal forms were sent to the directors for completion and the results were reviewed by the NC and the Board. Factors which were taken into account include (amongst others) readiness to contribute at meetings of Board and Board Committees, contribution of effort such as preparedness, being informed and having sufficient knowledge of the Company's business, personal working relationships with fellow directors.

The annual evaluation exercises provide an opportunity to gain 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 and individual directors in assisting the Board.

Additionally, the process to the re-nomination of Directors for the current year takes into account their attendances, commitment of time and contributions made at meetings of Board and Board Committees as well as general meetings.

No external facilitators were used in the assessment of the Board, its Board Committees and the individual Directors.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions **Corporate Governance Practices of the Company**

6.1 **RC to recommend remuneration framework and packages**

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group.

Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. All remuneration matters are ultimately approved by the Board.

The functions of the RC include the following:

(a) to review periodically and recommend to the Board an appropriate framework of remuneration practices to attract, retain and motivate management staff to achieve increased performance and manage the Group successfully;

(b) to review and recommend key management personnel's remuneration package and that of the Executive Directors;

(c) to administer the EnGro Corporation Limited Performance Share Award Scheme and the EnGro Corporation Limited 2011 Employees' Share Option Scheme; and

(d) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service (if any), to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, if any.

The RC's considerations and recommendation for the fee framework of NEIDs had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his own remuneration.

6.2 **Composition of RC**

The RC, regulated by a set of written terms of reference, comprises three NEIDs. The names of the members of the RC are disclosed in **Table 2**.

6.3 **RC to consider and ensure all aspects of remuneration is fair**

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share–based incentives and awards, other benefits and termination terms, to ensure that they are fair. The remuneration packages of the Executive Directors are based on their respective service agreements. The service agreements of the Executive Directors are for a period of three years, and include a bonus sharing scheme that is performance related to align their interests with those of shareholders. 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.

6.4 **Expert advice on remuneration**

No independent consultant is engaged for advising on the remuneration of all Directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries 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.

Summary of RC's Activities in 2021

- Reviewed the average remuneration level for CEO and Executive Directors;
- Agreed with the variable bonus for Executive Directors and Senior Management staff;
- Reviewed the remuneration level for NEIDs; and
- Reviewed the remuneration of employees who are substantial shareholders, or are immediate family members of a director, the CEO or substantial shareholder.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions	Corporate Governance Practices of the Company
7.1 & 7.3	**Remuneration of executive directors and other key management personnel are appropriately structured to link rewards to performance** 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. The Company obtained shareholders' approval in FY2011 to implement a performance share award scheme (known as the "EnGro Corporation Limited Performance Share Award Scheme") and an employee's share option scheme (known as the "EnGro Corporation Limited 2011 Employees' Share Option Scheme"), where both schemes are administered by the RC. Both schemes have reached its 10-year duration and discontinued on 24 April 2021. 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. From time to time where appropriate and at the renewal of the service agreements, the RC reviews the service contracts of the Company's Executive Directors. The Company has entered into separate service agreements with the Executive Directors.
7.2	**Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities** In reviewing the recommendation for NEIDs' remuneration for FY2021, 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 AGM, the NEIDs do not receive any other forms of remuneration from the Company.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions	Corporate Governance Practices of the Company
8.1	**Level and mix of remuneration of directors and key management personnel (who are not directors or the CEO) for the year ended 31 December 2021**
	The Company discloses the actual remuneration of each Director, the CEO and the top five key management personnel (who are not Directors or the CEO) 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 (who are not Directors or the CEO) 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 (including the CEO) and the top five key management personnel (who are not Directors or the CEO) for FY2021, respectively.
	Regarding the Code's recommendation to fully disclose the remuneration of Directors and the CEO, given the confidentiality of and commercial sensitivity attached to remuneration matters, the Company believes that disclosing remuneration in the respective bands and disclosing in aggregate the total remuneration paid to the Directors and the CEO provide sufficient overview of the remuneration of Directors and the CEO.
8.2	**Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company**
	Saved as disclosed in Table 4B, there are no other substantial shareholders of the Company, or immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a Director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S$100,000 during FY2021.
8.3	**Details of employee share schemes**
	All forms of remuneration and other payments and benefits to Directors and key management personnel of the Group are disclosed in Table 4 and Table 4A. The Company has two share incentive schemes known as the EnGro Corporation Limited Performance Share Award Scheme and EnGro Corporation Limited 2011 Employees' Share Option Scheme. 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. Both schemes have reached its 10-year duration and discontinued on 24 April 2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions	Corporate Governance Practices of the Company

9.1 **Board determines the nature and extent of risks**

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;

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

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

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.

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 2021.

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.

9.2 **Assurance from CEO, Group Financial Controller and other key management personnel**

The Board has received assurance from (a) the CEO and the Group Financial Controller that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

<u>**Provisions**</u> <u>**Corporate Governance Practices of the Company**</u>

10.1 **Duties of AC**

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

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

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

(iii) reviews the draft half-yearly 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.

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.

In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. 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.

The amount of audit and non-audit fees paid to the external auditors in FY2021 is disclosed on Page 131 of the Annual Report. The Board and AC have reviewed the non-audit services rendered by the external auditors to the Group for FY2021 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

The AC had recommended and the Board had approved the tabling of the re-appointment of KPMG LLP as auditors of the Company for shareholders' approval at the forthcoming AGM. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Whistleblowing Policy. The Group has put in place 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 policy establishes a confidential line of communication in the form of a disclosure form addressed to the Internal Auditor of the Company for the whistleblower to report issues/concerns to the Company and provides for the protection of those who raise a concern in good faith against harassment or victimization. The complainant's identity shall also be kept confidential to the extent reasonably practical within the limits of the law.

The Internal Auditor ("**IA**") is the custodian of the policy responsible for the monitoring of the policy and its implementation. Depending on the seriousness of the concerns raised, the IA may escalate the matter to the CEO (or the Chairman of Audit Committee if the concern involves the CEO). The policy sets out the procedures and processes by which the IA assesses and reviews the nature of the complaint, the appropriate independent investigation to be conducted, the outcome of such investigation and the followed-up action to be taken. There was no reported incident pertaining to the whistleblowing policy in FY2021. The whistleblowing policy is communicated to all employees of the Group.

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.

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.

Summary of AC's activities in FY2021

During the year, the AC:

(i) reviewed the financial statements of the Company before the announcement of the Company's half-yearly 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 half-yearly 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.

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:

Key Audit Matters	How these issues addressed by the AC
Valuation of investments in venture capital funds and unquoted equity securities – S$70.3 million (20% 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 investment in Venture Capital funds were consistent with the latest available valuations obtained from the fund managers, and, where available, audited financial statements of the Venture Capital funds. The AC was also satisfied that the fair value of investments in unquoted equity securities were within range of reasonable fair value estimates.
Valuation of trade receivables – S$28.7 million (8% of Group's total assets)	In assessing the recoverability of the trade receivables, the AC considered the trade receivables' ageing profile, 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. 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.

Following the review and discussions, the AC recommended to the Board to approve the financial statements for FY2021.

Rule 1207(6), Rules 712 and 715 and/or Rule 716 of the SGX-ST Listing Manual	The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and significant associated companies and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 5 "Subsidiaries" of the Notes to the Financial Statements for the subsidiaries audited by different auditors.

In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716.

10.2 **Composition of AC**

The AC, regulated by a set of written terms of reference, comprises three members, all of whom are NEIDs. The names of the members of the AC are disclosed in **Table 2**. The AC has three members namely Mr. Tan Soo Nan, Mr Steven Ong Kay Eng and Mr. Leow Foon Lee, who have accounting or related financial management expertise or experience.

10.3 **AC does not comprise former partners or directors of the Company's auditing firm**

None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.

10.4 **Primary reporting line of the internal audit function is AC; internal audit function has unfettered access to Company's documents, records, properties and personnel**

The Group's internal audit ("IA") function is discharged in-house. The reporting line of the Group's in-house IA function is to the Audit Committee. The AC reviews and approves the annual IA plan and resources to ensure that the internal auditor has the necessary resources to adequately perform her duties. The AC also decides on the appointment, termination and remuneration of the IA team.

The AC has reviewed the adequacy and effectiveness of the IA function and is satisfied that the IA function is independent, effective and adequately resourced in planning and executing all internal audit functions required. The internal auditor has unfettered access to all the Group's documents, records, properties and personnel, including the AC. The IA function has appropriate standing within the Company. The Audit Committee is satisfied that the IA function is staffed with persons suitably qualified who have the relevant experience to perform its function effectively and the head of the internal audit team is a member of the Institute of Internal Auditors Singapore.

The internal auditor plans its IA schedules in consultation with the AC. Any material non-compliance or lapses in internal controls, together with recommendation for improvement, are reported to the AC. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the activities of the internal auditors on a quarterly basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified.

10.5 **AC meets with the auditors without the presence of Management annually**

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions **Corporate Governance Practices of the Company**

11.1 **Company provides shareholders with the opportunity to participate effectively and vote at general meetings**

The Company 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.

In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. 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.

At general meetings, the 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 Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at AGMs on his/her behalf. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.

11.2 **Separate resolution on each substantially separate issue**

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.

11.3 **All Directors attend general meetings**

All Directors (including the Chairpersons of the AC, NC and RC) are present and available to address shareholders' questions. In addition, the Company's external auditors, KPMG LLP have also been invited to attend the AGM to assist the Directors in addressing the shareholders' queries relating to the conduct of the audit and the preparation and content of the Auditors' Report.

All Directors attended the Company's AGM duly held on 29 April 2021. A record of the Directors' attendance at AGM is set out in **Table 1**.

11.4 **Company's Constitution on absentia voting of shareholders**

Under the Company's Constitution and pursuant to the Companies Act 1967 of Singapore ("the Act"), a relevant intermediary (as defined in the Act) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved. Accordingly, the Company's Constitution does not currently expressly provide for such absentia voting methods at general meetings of shareholders.

11.5 **Minutes of general meeting are published via SGXNet and on the Company's website**

Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings. In view of the requirements of COVID-19 (Temporary Measures) (Alternative Arrangements For Meetings For Companies') Order 2020, the Company had published the minutes of its 2021 Annual General Meeting on SGXNet and the Company's website within one month after the date of the meeting.

11.6 **Dividend Policy**

The Company's dividend policy 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 final tax-exempt (one-tier) dividend of 2.5 cents per ordinary share and a special tax exempt (one-tier) dividend of 4.0 cents per ordinary share have been proposed for FY2021.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

<u>**Provisions**</u> <u>**Corporate Governance Practices of the Company**</u>

12.1 **The Company provides avenues for communication between the Board and shareholders**

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.

Investor relations (if any) and mechanism of communication between the shareholders and the Company

12.2 The Company will put in place an investor relations policy to promote regular and proactive communication with its shareholders when required.

12.3 It is the Board's policy that shareholders be informed of all major developments within the Group. Price-sensitive information and results are released to the public through SGXNET on a timely basis in accordance with the requirements of the SGX-ST. The Company does not practice selective disclosure.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions **Corporate Governance Practices of the Company**

Engagement with material stakeholder groups

13.1 The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognises the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses.

13.2 The Company embarked on a stakeholder engagement exercise with shareholders, suppliers, customers (mostly building contractors), employees, regulators/industry associations and the community in FY2021 for its sustainability reporting. The objective was for the Company to identify new opportunities and to manage risks associated with each stakeholder group. Feedback from all stakeholder groups was solicited through open dialogues on a regular basis. Internal stakeholder workshops for account-drivers and overseas markets were also organised to gather more in-depth views and that they are aligned with the Company's strategies.

13.3 **Corporate website to engage stakeholders**

The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2021 Sustainability Report.

The Company provides timely and informative updates relating to company announcements, quarterly financial results announcements and news releases on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance.

OTHER CORPORATE GOVERNANCE MATTERS

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

Securities Transactions

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 one month before the announcement of the Company's half year or and full year financial statements (the Company does not announce its quarterly financial statements).

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 for 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 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 interested parties and its relationship with each party 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 FY2021 Sustainability Report (the "**SR**"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by 31 May 2022. This SR will be publicly accessible through EnGro's website as well as on SGXNet.

TABLE 1 – DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS AND OTHER MEETINGS FOR FY2021

	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee		AGM		Attendance	
	Number of Meetings											
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Total**	**%**
Tan Cheng Gay	5	5	1	1	4	4	1	1	1	1	12/12	100%
Tan Yok Koon	5	5	1	1	4	4	1	–	1	1	11/11	100%
Tan Soo Nan	5	5	1	1	4	4	1	1	1	1	12/12	100%
Ronnie Teo Heng Hock(1)	5	5	1	1	4	4	1	1	1	1	12/12	100%
Steven Ong Kay Eng	5	5	1	1	4	4	1	1	1	1	12/12	100%
Leow Foon Lee (2)	1	1	1	1	1	1	–	–	–	–	3/3	100%

(1) Resigned on 31 December 2021
(2) Appointed on 8 October 2021

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
Steven Ong Kay Eng	Member	Chairman	Member	Member
Leow Foon Lee	Member	Member	Member	Chairman

TABLE 3 — DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS/PRINCIPAL COMMITMENTS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 5 years) directorships in listed companies	Principal Commitments
Tan Cheng Gay	75	27/11/1973	26/04/2019	EnGro Corporation Limited	–	Full time employment with the Group
Tan Yok Koon	73	17/05/1974	25/06/2020	EnGro Corporation Limited	–	
Tan Soo Nan	73	02/05/2017	25/06/2020	1) EnGro Corporation Limited 2) Raffles Medical Group 3) SATS Limited	OSIM International Ltd	Major Appointments • Raffles Health Insurance Pte Ltd (Executive Director) • ICE Futures Singapore Pte Ltd (Director) • ICE Clear Singapore Pte Ltd (Director) • ICE Singapore Holdings Pte Ltd (Director) • Temasek Foundation Management Services CLG Limited (Director) • Woh Hup Trust (Director) • TF IPC Ltd (Director) • Chairman, The Advisory Board and Executive Committee of The Photographic Society of Singapore • Chairman, President's Challenge Social Enterprise Award Committee • Member, Board of Management of SPD • Member, Singapore Symphony Orchestra Council

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 5 years) directorships in listed companies	Principal Commitments
Steven Ong Kay Eng	75	01/07/2017	29/04/2021	1) EnGro Corporation Limited 2) Sino Land Company Limited 3) Tsim Sha Tsui Properties Limited 4) Sino Hotels (Holdings) Limited	–	Major appointment • Altrade Investment Pte Ltd (Director)
Leow Foon Lee	65	08/10/2021	–	EnGro Corporation Limited	–	Enerpower Pte Ltd (Director)

TABLE 4 – REMUNERATION OF DIRECTORS FOR FY2021

Table 4 sets out the breakdown of the remuneration of the Directors for FY2021:

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
		Directors' Fee %	Salary %	Bonus %	Other Benefits %	Total %	
Tan Cheng Gay	ED	–	30	68	2	100	2,500,001 – 2,750,000
Tan Yok Koon	ED	1	26	60	13	100	1,000,001 – 1,250,000
Tan Soo Nan	NEID	100	–	–	–	100	<250,000
Ronnie Teo Heng Hock[(1)]	NEID	100	–	–	–	100	<250,000
Steven Ong Kay Eng	NEID	100	–	–	–	100	<250,000
Leow Foon Lee[(2)]	NEID	100	–	–	–	100	<250,000
The Aggregate Total Remuneration (S$'000) of Directors						4,098	

Notes

ED: Executive Director

NEID: Non-Executive Independent Director

(1) Resigned on 31 December 2021

(2) Appointed on 8 October 2021

TABLE 4A – REMUNERATION OF TOP 5 KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR FY2021

Table 4A sets out the breakdown of the remuneration of the top five key management personnel for FY2021:

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of $250,000
		Salary %	Bonus %	Other Benefits %	Total %	
Loh Sui Shong Vincent	General Manager, Knowledge Management & Business Development	39	58	3	100	250,001 – 500,000
Chen En Yi	General Manager, Specialty Cement	52	44	4	100	250,001 – 500,000
Lim Chan Teng	Senior Manager, Business Development (China)	36	63	1	100	250,001 – 500,000
Tan Tatt Yao	Business Development Manager	44	31	25	100	250,001 – 500,000
Ho Pol Lim Eugene[(1)]	Senior General Manager, Building Materials Division (Singapore)	87	7	6	100	250,001 – 500,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,586	

(1) Resigned on 31 December 2021

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.

TABLE 4B – REMUNERATION OF EMPLOYEE WHO ARE SUBSTANTIAL SHAREHOLDER OF THE COMPANY, OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, THE CEO OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY FOR FY2021

The following immediate family member of a Director or the CEO is the employee of the Group whose remuneration exceeded S$100,000 in FY2021:

Name of Employee who are Immediate Family Members	Relationship with the Directors or CEO of the Group	Actual Total Remuneration in Compensation Bands of $100,000
Tan Tatt Yao	Son of Mr Tan Cheng Gay	250,001 – 500,000

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Mr Tan Cheng Gay and Mr Leow Foon Lee are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Friday, 29 April 2022 ("**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:

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
Date of Initial Appointment	27 November 1973	8 October 2021
Date of last re-appointment	26 April 2019	NA
Age	75	65
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 the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation and suitability of Mr Tan Cheng Gay for re-election as Executive Chairman and Chief Executive Officer of the Company. The Board has 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 the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation and suitability of Mr Leow Foon Lee for re-election as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Leow Foon Lee 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

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Chief Executive Officer	• Member of the Board • Chairman of the Remuneration Committee • Member of the Audit Committee • Member of the Nominating Committee
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 Engineering (Mechanical), National University of Singapore Master of Business Administration, Lally School of Management, Rensselaer Polytechnic Institute, New York
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.	<u>May 2015 – Present</u> Enerpower Pte Ltd – Founder & Chief Executive Officer <u>June 2017 – Present</u> National University of Singapore – Visiting Senior Research Fellow, Energy Studies Institute <u>August 2018 – Present</u> Nanyang Technological University of Singapore – Lecturer (Adjunct), Strategy, International Business & Entrepreneurship Division, Nanyang Business School <u>March 2019 – July 2020</u> Lynk Global – Senior Subject Matter Expert (Hong Kong) <u>January 2018 – December 2019</u> Gas Asia Summit – Conference & Exhibition, Executive Committee Member <u>2017 – 2019</u> Aero-Energy (Beijing) Holding Co Ltd, Independent Board Director (Beijing City, China)

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
		2016 – 2018 Prime Rich Asia Pte Ltd, Director 2015 – 2017 Asian Development Bank – Senior Expert/Consultant 2012 – 2015 Alcatel-Lucent Enterprise, Senior VP, Asia Pacific Region 2010 – 2012 Alcatel-Lucent Shanghai Bell Ltd. Executive VP, Enterprise and Strategic Industries
Shareholding interest in the listed issuer and its subsidiaries	864,450 shares (direct interest) 16,565,400 shares (deemed interest)	None
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

<table>
<tr><th>APPENDIX 7.4.1 DISCLOSURE</th><th>MR TAN CHENG GAY</th><th>MR LEOW FOON LEE</th></tr>
<tr><td>Other Principal Commitments* Including Directorships#

Past (for the last 5 years)</td><td>

<u>Past Directorships</u>
• HBS Investments Pte Ltd
• Parliament View Developments Ltd
• Temasek Foundation Ecosperity CLG Ltd
• Ma Seng Enterprise Pte Ltd</td><td>

<u>Past Directorships</u>
1. Aero-Energy (Beijing) Holding Co Ltd, Independent Board Director (Beijing, China)
2. Prime Rich Asia Pte Ltd, Director</td></tr>
<tr><td>Present</td><td><u>Present Directorships</u>
• EnGro Corporation Limited#
• Juniper Capital Ventures (Pte) Ltd
• Sancem Investment Pte Ltd
• Ssangyong LTI (Pte) Ltd
• Ssangyong Cement Singapore (China) Pte Ltd
• E-Invest Limited
• Ho Bee Cove Pte Ltd
• HB Investment (China) Pte Ltd
• EnGro (Asia) Pte Ltd
• Qingdao Evergreen Materials & Technologies Co Ltd
• Jinan Luxin Materials Co Ltd
• VCEM Materials Co Ltd
• IGlobe Advisors Pte Ltd
• IGlobe Platinum Fund II Pte Ltd
• VenCap 11 Limited
• Robinson Development (Pte) Ltd
• Performance Investment Pte Ltd
• SOM Industrial & Commercial Holdings Pte Ltd
• Afro-Asia Shipping Co (Pte) Ltd
• New Town Development (Pte) Ltd
• Serenus Limited</td><td><u>Present Directorships</u>
1. EnGro Corporation Limited
2. Enerpower Pte Ltd</td></tr>
</table>

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
	Major appointments (other than directorships) • Immediate Past President, Singapore Hokkien Huay Kuan • 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 • Singapore-Shandong Business Council Member • Life Honorary Chairman, Singapore Thong Chai Medical Institute • Board Member, Singapore Chinese Cultural Centre # Listed company	
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

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
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

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
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

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
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 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

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

APPENDIX 7.4.1 DISCLOSURE	MR TAN CHENG GAY	MR LEOW FOON LEE
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).	Yes Mr Tan Cheng Gay is currently the Executive Chairman and Director of the following listed company: • EnGro Corporation Limited	Yes Mr Leow Foon Lee is currently an Independent Non-executive Director of the following listed company: • EnGro Corporation Limited

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 2021.

In our opinion:

(a) the financial statements set out on pages 74 to 158 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 2021 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 1967 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	
Steven Ong Kay Eng	
Leow Foon Lee	(Appointed on 8 October 2021)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("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	682,650	864,450
Tan Yok Koon	366,000	366,000
– deemed interests		
Tan Cheng Gay	16,500,500	16,565,400
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' interests (Continued)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

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

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) (resigned on 31 December 2021), 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.

At the end of the financial year, details of the options granted under the 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 2021	Options exercised	Options outstanding at 31 December 2021	Number of option holders at 31 December 2021	Exercise period
ESOS 2011						
18/04/2012	$0.79	120,000	120,000	–	–	19/04/2013 – 17/04/2022

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 2011, no options have been granted to the controlling shareholders of the Company or their associates.

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)
Steven Ong Kay Eng	
Leow Foon Lee	(Appointed on 8 October 2021)

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.

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

12 April 2022

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 2021, the consolidated statement of profit or loss, consolidated statement of 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 74 to 158.

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 1967 ("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 2021 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 ("ACRA") *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.

Valuation of investments in venture capital funds and unquoted equity securities
(Refer to Note 8 and Note 26 to the financial statements)

The key audit matter

The Group has significant investments in venture capital funds ("VCF") amounting to $49.6 million and unquoted equity securities amounting to $20.7 million as at 31 December 2021.

For investments in VCFs, their fair values are measured 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 measurement 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 agreeing to the latest available valuations obtained from the VCF fund managers and, where available, audited financial statements of the VCFs. In assessing the Group's reliance on the VCF fund manager valuations, we evaluated the competency and objectivity of the VCF fund managers by reviewing their professional credentials and corroborated the valuation methods used to market practices. For investments in unquoted equity securities, we involved our valuation specialists to review the key valuation inputs.

Our findings

We found the fair values of VCFs recorded to be consistent with the latest available valuations obtained from the VCF fund managers and after taking into consideration all capital calls and distributions that have occurred during the financial year. 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.

Valuation of trade receivables
(Refer to Note 11 and Note 26 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group is exposed to credit risk relating to construction companies based in Singapore and Malaysia. Risk exists over the recovery of trade receivables, amounting $28.7 million. The estimate of the allowance for impairment of trade receivables requires the use of judgement on the customers' ability to pay and credit loss rates.	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 past estimations, 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, reviewing the ageing profile of the trade receivables relative to the historical payment patterns of the customers. Our findings We found the Group's estimate of the allowance for impairment of trade receivables 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.

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.

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 Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 April 2022

STATEMENTS OF
FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Property, plant and equipment	4	**4,852**	5,201	**1,805**	1,753
Subsidiaries	5	**–**	–	**69,129**	72,940
Intangible assets	6	**189**	194	**120**	125
Associates and joint ventures	7	**134,903**	115,466	**59,943**	59,943
Other investments	8	**71,126**	53,706	**12,143**	16,525
Other assets	9	**78**	78	**78**	78
Right-of-use assets	29	**16,891**	4,244	**4,570**	3,890
Deferred tax assets	17	**739**	186	**–**	–
Non-current assets		**228,778**	179,075	**147,788**	155,254
Other investments	8	**8,521**	11,019	**3,549**	6,595
Inventories	10	**9,024**	10,166	**4,127**	4,573
Trade and other receivables	11	**34,771**	43,265	**30,136**	24,200
Tax recoverable		**378**	187	**–**	–
Loan to a subsidiary	12	**–**	–	**5,499**	5,209
Cash and cash equivalents	13	**75,930**	44,523	**51,249**	29,250
Current assets		**128,624**	109,160	**94,560**	69,827
Total assets		**357,402**	288,235	**242,348**	225,081
Equity					
Share capital	14	**85,270**	85,270	**85,270**	85,270
Reserves	14	**219,943**	171,905	**124,392**	114,886
Equity attributable to owners of the Company		**305,213**	257,175	**209,662**	200,156
Non-controlling interests	33	**1,664**	1,237	**–**	–
Total equity		**306,877**	258,412	**209,662**	200,156
Liabilities					
Lease liabilities	28	**17,200**	5,192	**3,740**	3,580
Loans and borrowings	16	**3,889**	–	**3,889**	–
Deferred tax liabilities	17	**1,143**	917	**–**	–
Provision for reinstatement costs	19	**336**	–	**140**	–
Non-current liabilities		**22,568**	6,109	**7,769**	3,580
Loans and borrowings	16	**2,278**	1,114	**8,562**	10,839
Trade and other payables	18	**24,379**	21,166	**15,738**	10,145
Lease liabilities	28	**1,300**	1,434	**617**	361
Current liabilities		**27,957**	23,714	**24,917**	21,345
Total liabilities		**50,525**	29,823	**32,686**	24,925
Total equity and liabilities		**357,402**	288,235	**242,348**	225,081

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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	20	**129,642**	96,934
Other income		**3,391**	3,898
Changes in inventories of finished goods and work in progress		**(685)**	(4,678)
Raw materials and consumables used		**(99,094)**	(68,407)
Depreciation of property, plant and equipment	4	**(1,733)**	(2,181)
Depreciation of right-of-use assets	29	**(1,128)**	(1,256)
Amortisation of intangible assets	6	**(74)**	(90)
Staff costs		**(14,020)**	(15,090)
Impairment loss on financial assets	26	**(3,648)**	(1,579)
Other expenses		**(14,125)**	(13,970)
Results from operating activities		**(1,474)**	(6,419)
Finance income	21	**33,538**	17,603
Finance costs	21	**(433)**	(278)
Net finance income		**33,105**	17,325
Share of profit of associates and joint ventures, net of tax		**19,281**	11,399
Profit before tax		**50,912**	22,305
Tax credit/(expense)	22	**102**	(318)
Profit for the year	23	**51,014**	21,987
Profit attributable to:			
Owners of the Company		**50,679**	22,021
Non-controlling interests		**335**	(34)
Profit for the year		**51,014**	21,987
Earnings per share			
Basic earnings per share (cents)	24	**42.70**	18.56
Diluted earnings per share (cents)	24	**42.70**	18.56

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2021

	2021 $'000	2020 $'000
Profit for the year	**51,014**	21,987
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income	**(4,382)**	(761)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**32**	(383)
Share of foreign currency translation differences of associates and joint ventures	**4,610**	3,988
Exchange differences on monetary items forming part of net investment in foreign operations	**728**	(671)
	5,370	2,934
Other comprehensive income for the year, net of tax	**988**	2,173
Total comprehensive income for the year	**52,002**	24,160
Total comprehensive income attributable to:		
Owners of the Company	**51,575**	24,117
Non-controlling interests	**427**	43
Total comprehensive income for the year	**52,002**	24,160

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	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
		Attributable to owners of the Company									
At 1 January 2020		85,270	(40)	(59)	20	(9,074)	(234)	160,141	236,024	1,194	237,218
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	22,021	22,021	(34)	21,987
Other comprehensive income											
Foreign currency translation differences – foreign operations		–	–	–	–	(379)	–	–	(379)	(4)	(383)
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	3,907	–	–	3,907	81	3,988
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(671)	–	–	(671)	–	(671)
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(761)	–	(761)	–	(761)
Total other comprehensive income		–	–	–	–	2,857	(761)	–	2,096	77	2,173
Total comprehensive income for the year		–	–	–	–	2,857	(761)	22,021	24,117	43	24,160
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividend declared of 2.5 cents per share	14	–	–	–	–	–	–	(2,966)	(2,966)	–	(2,966)
Total distributions to owners		–	–	–	–	–	–	(2,966)	(2,966)	–	(2,966)
At 31 December 2020		85,270	(40)	(59)	20	(6,217)	(995)	179,196	257,175	1,237	258,412

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	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
		Attributable to owners of the Company									
At 1 January 2021		**85,270**	**(40)**	**(59)**	**20**	**(6,217)**	**(995)**	**179,196**	**257,175**	**1,237**	**258,412**
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	50,679	50,679	335	51,014
Other comprehensive income											
Foreign currency translation differences – foreign operations		–	–	–	–	26	–	–	26	6	32
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	4,524	–	–	4,524	86	4,610
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	728	–	–	728	–	728
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(4,382)	–	(4,382)	–	(4,382)
Total other comprehensive income		–	–	–	–	5,278	(4,382)	–	896	92	988
Total comprehensive income for the year		–	–	–	–	5,278	(4,382)	50,679	51,575	427	52,002
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend declared of 2.5 cents per share	14	–	–	–	–	–	–	(2,967)	(2,967)	–	(2,967)
Special dividend declared of 0.5 cents per share	14	–	–	–	–	–	–	(594)	(594)	–	(594)
Repurchase of treasury shares		–	–	(71)	–	–	–	–	(71)	–	(71)
Issue of treasury shares under share option scheme		–	(15)	130	(20)	–	–	–	95	–	95
Total contributions by and distributions to owners		–	(15)	59	(20)	–	–	(3,561)	(3,537)	–	(3,537)
At 31 December 2021		85,270	(55)	–	–	(939)	(5,377)	226,314	305,213	1,664	306,877

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before tax		**50,912**	22,305
Adjustments for:			
Depreciation of property, plant and equipment	4	**1,733**	2,181
Depreciation of right-of-use assets	29	**1,128**	1,256
Property, plant and equipment written off		**318**	–
Amortisation of intangible assets	6	**74**	90
Dividend income	21	**(6,464)**	(253)
Gain on disposal of property, plant and equipment	23	**(31)**	(64)
Impairment loss on financial assets	26	**3,648**	1,579
Impairment loss on property, plant and equipment	4	**–**	64
Impairment loss on right-of-use assets	29	**–**	1,683
Impairment loss on intangible assets	6	**–**	157
Interest income	21	**(562)**	(500)
Interest expense		**433**	271
Other investment income	21	**(6,841)**	(240)
Net change in fair value of financial assets at fair value through profit or loss		**(18,350)**	(16,263)
Share of profits of associates and joint ventures, net of tax		**(19,281)**	(11,399)
		6,717	867
Changes in:			
– Inventories		**1,041**	4,157
– Trade and other receivables		**3,418**	3,739
– Trade and other payables		**4,443**	2,347
Cash generated from operations		**15,619**	11,110
Tax paid		**(423)**	(577)
Net cash from operating activities		**15,196**	10,533
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,858)**	(1,574)
Distributions from other investments		**4,795**	5,701
Dividends received from:			
– associates and joint ventures		**6,008**	6,901
– other investments		**6,464**	253
Interest received		**562**	500
Investment in a joint venture		**(1,004)**	(581)
Proceeds from disposal of:			
– other investments		**11,262**	5,081
– property, plant and equipment		**177**	111
Purchase of other investments		**(9,332)**	(11,287)
Purchase of intangible assets		**(69)**	(35)
Net cash from investing activities		**17,005**	5,070
Cash flows from financing activities			
Dividends paid		**(3,561)**	(2,966)
Interest paid		**(433)**	(271)
Payment of lease liabilities	28	**(2,030)**	(2,714)
Repurchase of treasury shares		**(71)**	–
Proceeds from exercise of share options		**95**	–
Drawdown of bank loan	16	**5,000**	–
Net cash used in financing activities		**(1,000)**	(5,951)
Net increase in cash and cash equivalents		**31,201**	9,652
Cash and cash equivalents at 1 January		**44,523**	34,891
Effect of exchange rate fluctuations on cash held		**206**	(20)
Cash and cash equivalents at 31 December	13	**75,930**	44,523

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2022.

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 2021 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)"). The changes to significant accounting policies are described in note 2.5.

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.

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 prospectively.

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

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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

- Note 26 – Measurement of loss allowance for trade receivables
- Note 26 – 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

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 26 – Financial instruments.

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*

The application of the above amendments to standards and interpretations does not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activates acquired includes, at minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

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.

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 equity transactions.

(ii) 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 a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iv) 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.

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.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) 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.

(vi) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

(i) 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. However, foreign currency differences arising from the translation of an equity instrument designated as at fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including 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. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence 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 the 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

(i) 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 or minus, 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.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets (Continued)

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.

Financial assets: Business model assessment

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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.

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (Continued)

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.

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

Financial liabilities are classified as measured at amortised cost.

Other 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.

(iii) 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 either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(iii) Derecognition (Continued)

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.

(iv) 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.

(v) 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.

(vi) 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 and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measures at fair value, and changes therein are generally recognised in profit or loss.

(vii) 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 tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(vii) Share capital (Continued)

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 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.

(viii) 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

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

If significant 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

(ii) 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.

(iii) 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.

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:

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.

3.5 Intangible assets

(i) Recognition and measurement

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets (Continued)

(ii) 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.

(iii) 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 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

3.8 Impairment

(i) Non-derivative financial assets

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 trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the debtor 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.

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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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 debtor;
- 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 debtor 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.

(ii) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 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.

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 change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

3.9 Employee benefits

(i) 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.

(ii) 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 or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (Continued)

(iii) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the 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 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 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Provision for reinstatement costs

In accordance with lease agreements, provision for reinstatement costs in respect of the Group's obligation for reinstatement works on its leases of industrial land and office to their original conditions is recognised.

3.11 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 and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue (Continued)

The 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.

3.12 Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as “other income” on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.13 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 FVTPL; and
- the foreign currency gain or loss on financial assets and financial liabilities.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Finance income and finance costs (Continued)

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.

3.14 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provision*, *Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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 also includes any tax arising from dividends.

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 tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax (Continued)

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 individual subsidiaries in 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.

3.15 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.

3.16 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 to 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 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 not expected to have a significant impact to the Group's consolidated financial statements and the Group's statement of financial position.

- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018-2020
- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

4 PROPERTY, PLANT AND EQUIPMENT

	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 2020	19,993	19,615	1,249	267	15,416	94	56,634
Additions	42	258	18	24	160	1,072	1,574
Reclassification to intangible assets (note 6)	–	–	–	–	–	(29)	(29)
Disposals/write-offs	–	(149)	–	(4)	(280)	–	(433)
Effect of movements in exchange rates	–	(6)	20	–	2	–	16
At 31 December 2020	20,035	19,718	1,287	287	15,298	1,137	57,762
Additions	9	164	37	99	122	1,427	1,858
Transfer	76	–	–	–	–	(76)	–
Disposals/write-offs	–	–	–	(58)	(287)	(318)	(663)
Effect of movements in exchange rates	(16)	(34)	22	*	(52)	*	(80)
At 31 December 2021	**20,104**	**19,848**	**1,346**	**328**	**15,081**	**2,170**	**58,877**
Accumulated depreciation and impairment losses							
At 1 January 2020	19,560	16,010	993	224	13,901	–	50,688
Depreciation	217	1,065	96	22	781	–	2,181
Disposals/write-offs	–	(102)	–	(4)	(280)	–	(386)
Impairment losses	–	11	53	–	–	–	64
Effect of movements in exchange rates	–	(4)	17	–	1	–	14
At 31 December 2020	19,777	16,980	1,159	242	14,403	–	52,561
Depreciation	228	955	42	27	481	–	1,733
Disposals/write-offs	–	–	–	(57)	(142)	–	(199)
Effect of movements in exchange rates	(15)	(22)	21	*	(54)	–	(70)
At 31 December 2021	**19,990**	**17,913**	**1,222**	**212**	**14,688**	**–**	**54,025**
Carrying amounts							
At 1 January 2020	433	3,605	256	43	1,515	94	5,946
At 31 December 2020	258	2,738	128	45	895	1,137	5,201
At 31 December 2021	**114**	**1,935**	**124**	**116**	**393**	**2,170**	**4,852**

* Amount less than $1,000

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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 2020	17,366	15,172	887	213	1,949	32	35,619
Additions	–	17	14	16	13	–	60
Reclassification to intangible assets (note 6)	–	–	–	–	–	(29)	(29)
At 31 December 2020	17,366	15,189	901	229	1,962	3	35,650
Additions	–	101	8	99	24	450	682
Disposals/write-offs	–	–	–	(58)	(271)	–	(329)
At 31 December 2021	**17,366**	**15,290**	**909**	**270**	**1,715**	**453**	**36,003**
Accumulated depreciation							
At 1 January 2020	17,366	13,689	715	194	1,235	–	33,199
Depreciation	–	308	38	15	337	–	698
At 31 December 2020	17,366	13,997	753	209	1,572	–	33,897
Depreciation	–	263	39	19	163	–	484
Disposals/write-offs	–	–	–	(58)	(125)	–	(183)
At 31 December 2021	**17,366**	**14,260**	**792**	**170**	**1,610**	**–**	**34,198**
Carrying amounts							
At 1 January 2020	–	1,483	172	19	714	32	2,420
At 31 December 2020	–	1,192	148	20	390	3	1,753
At 31 December 2021	**–**	**1,030**	**117**	**100**	**105**	**453**	**1,805**

Impairment loss

In the prior year, due to continued operating losses incurred by the Group's food and beverage segment, the Group recognised an impairment loss of $64,000 on the plant and equipment held by the segment. The impairment loss was included in "other expenses" in profit or loss.

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 20 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	
	2021	2020
	$'000	$'000
Equity investments at cost	**75,990**	75,990
Less: Accumulated impairment losses	**(37,348)**	(37,348)
	38,642	38,642
Loans to subsidiaries	**47,937**	50,592
Less: Accumulated impairment losses	**(17,450)**	(16,294)
	30,487	34,298
	69,129	72,940

Loans to subsidiaries are classified as financial assets at amortised cost. The loans are unsecured, interest-free and the repayment is not expected to be within the next 12 months.

Impairment loss

The movements in the allowances for impairment losses during the year are as follows:

	2021	2020
	$'000	$'000
Equity investments at cost		
Balance at 1 January	**37,348**	45,201
Impairment loss recognised	**–**	560
Impairment loss reversed	**–**	(8,413)
Balance at 31 December	**37,348**	37,348
Loans to subsidiaries		
Balance at 1 January	**16,294**	17,244
Impairment loss recognised	**1,156**	3,960
Impairment loss reversed	**–**	(4,910)
Balance at 31 December	**17,450**	16,294

At each reporting date, the Company carries out a review on the recoverable amount of its investments in subsidiaries. Where impairment indicators exist, the recoverable amount of the relevant investments in subsidiaries is estimated.

5 SUBSIDIARIES (CONTINUED)

Impairment loss (Continued)

In the prior year, impairment losses of $560,000 and $3,960,000 were recognised on the cost of investment in a subsidiary and on loans to certain subsidiaries, respectively. The Company also reversed impairment losses of $8,413,000 and $4,910,000 on the cost of investment in a subsidiary and loan to the subsidiary respectively. In the current year, the Company recognised impairment loss of $1,156,000 on loans to a subsidiary. The impairment losses recognised were determined based on the estimated fair value of the respective net assets at the reporting date (i.e. fair value less cost to sell of the subsidiaries). The net assets of these subsidiaries comprise mainly short-term assets, short-term liabilities and financial assets measured at fair value.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Held by the Company				
CemtecAsia (H.K.) Limited	Inactive	Hong Kong	**100**	100
CemtecAsia (M) Sdn Bhd	Trading of construction chemicals and building materials	Malaysia	**100**	100
Sancem Global Pte. Ltd.	Investment trading	Singapore	**100**	100
EnGro Global Resources Pte. Ltd.	Investment holding	Singapore	**100**	100
S3 Technologies Pte Ltd	Investment holding	Singapore	**100**	100
Sancem Investment Pte Ltd	Investment trading	Singapore	**100**	100
SsangYong Cement (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
e-Invest Limited	Investment holding	Hong Kong	**100**	100
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	**100**	100
SsangYong Cement Investment (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	**100**	100

5 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Held by the Company				
SsangYong LTI (Pte) Ltd	Investment holding	Singapore	**100**	100
EnGro (Asia) Private Limited	Investment holding	Singapore	**80**	80
Shanghai VCEM Commercial Co Ltd	Trading, wholesale and distribution of building materials	People's Republic of China	**100**	100
Held by subsidiaries				
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	**100**	100
Top Mix Concrete (Malaysia) Sdn Bhd	Manufacture and sale of concrete and other building materials	Malaysia	**100**	100
TopWest Concrete Sdn Bhd	Inactive	Malaysia	**100***	–
Pelopor Niaga Sdn Bhd	Inactive	Malaysia	**100**	100
Tianjin Ang De Food & Beverages Management Co., Ltd	Operation of food and beverage outlets	People's Republic of China	**100**	100
R&P Technologies Pte. Ltd.	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

* Acquired on 12 November 2021

5 SUBSIDIARIES (CONTINUED)

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

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.

6 INTANGIBLE ASSETS

	Software $'000	Franchise rights $'000	Total $'000
Group			
Cost			
At 1 January 2020	370	333	703
Additions	35	–	35
Reclassification from property, plant and equipment (note 4)	29	–	29
At 31 December 2020	434	333	767
Additions	69	–	69
At 31 December 2021	**503**	**333**	**836**

6 INTANGIBLE ASSETS (CONTINUED)

	Software $'000	Franchise rights $'000	Total $'000
Group			
Accumulated amortisation and impairment losses			
At 1 January 2020	180	146	326
Amortisation	60	30	90
Impairment loss	–	157	157
At 31 December 2020	240	333	573
Amortisation	74	–	74
At 31 December 2021	**314**	**333**	**647**
Carrying amounts			
At 1 January 2020	190	187	377
At 31 December 2020	194	–	194
At 31 December 2021	**189**	–	**189**

	Software $'000
Company	
Cost	
At 1 January 2020	231
Amortisation	35
Impairment loss	29
At 31 December 2020	295
Additions	47
At 31 December 2021	**342**
Accumulated amortisation	
At 1 January 2020	129
Amortisation	41
At 31 December 2020	170
Amortisation	52
At 31 December 2021	**222**
Carrying amounts	
At 1 January 2020	102
At 31 December 2020	125
At 31 December 2021	**120**

6 INTANGIBLE ASSETS (CONTINUED)

Impairment loss

In the prior year, due to continued operating losses incurred by the Group's food and beverage segment, the Group recognised an impairment loss of $157,000 on the franchise rights. The impairment loss was included in "other expenses" in profit or loss.

7 ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Associates				
Equity investments at cost	**2,136**	2,136	**20**	20
Share of reserves*	**18,173**	7,244	**–**	–
	20,309	9,380	**20**	20
Loan to an associate	**15,213**	15,213	**15,213**	15,213
	35,522	24,593	**15,233**	15,233
Joint ventures				
Equity investments at cost	**60,023**	60,335	**44,710**	45,022
Share of reserves*	**39,358**	30,850	**–**	–
	99,381	91,185	**44,710**	45,022
Less: Accumulated impairment loss	**–**	(312)	**–**	(312)
	99,381	90,873	**44,710**	44,710
	134,903	115,466	**59,943**	59,943

* Included in share of reserves is the Group's share of statutory common reserves of its associates and joint ventures of $20,905,000 (2020: $19,192,000) that are not distributable as cash dividends to the Group and Company.

The loan to an associate is classified as financial assets at amortised cost. It is unsecured, interest-free and the repayment is not expected to be within the next 12 months. There is no allowance for impairment loss arising as the ECL is not material.

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Details of the associates and joint ventures are as follows:

Name of associates and joint ventures	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Held by the Company				
HB Investments (China) Pte. Ltd.	Investment holding	Singapore	**20**	20
Jiangsu Huailong Materials Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Jinan Luxin Materials Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Tangshan TangAng Materials Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Tangshan Tanglong Materials Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**40**	40
Wuhan Wuxin Materials Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**40**	33
Xin-shan Ang-de (Zibo) Materials Co., Ltd.	Inactive	People's Republic of China	**–***	40

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name of associates and joint ventures	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Held by subsidiaries				
Changshu Changlong Concrete Co Ltd	Manufacture and sale of building materials	People's Republic of China	**40**	40
Changshu Changxin Ready Mix Concrete Co Ltd	Manufacture and sale of building materials	People's Republic of China	**40**	40
Changshu Changyin Ready Mix Concrete Co Ltd	Manufacture and sale of building materials	People's Republic of China	**40**	40
Kunshan R&P Co., Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	**40**	40
Qingdao Evergreen Materials and Technologies Co Ltd	Manufacture and sale of specialty cement	People's Republic of China	**34.4**	34.4
VCEM Materials Co Ltd	Manufacture and sale of specialty cement	South Korea	**40**	40
Wuhan SinoCem Smartec Co., Ltd.	Provision of system and software solutions	People's Republic of China	**49**	49

* Disposed on 20 May 2021

There are no associates and joint ventures considered significant as defined under the Singapore Exchange Limited Listing Manual. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates

The Group has one (2020: one) associate that 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 investment
Principal place of business/Country of incorporation	Singapore
Ownership interest/Voting rights held	20% (2020: 20%)

The following summarises the financial information of the Group's material associate based on its consolidated 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 remaining individually immaterial associates.

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
31 December 2021			
Revenue	–		
Profit from continuing operations	41,289		
Other comprehensive income	3,479		
Total comprehensive income	44,768		
Non-current assets	90,299		
Current assets	155		
Non-current liabilities	(34,596)		
Current liabilities	(2,686)		
Net assets	53,172		
Group's interest in net assets of investee at beginning of the year	1,681	7,699	9,380
Group's share of:			
– profit from continuing operations	8,257	1,552	9,809
– other comprehensive income	696	424	1,120
– total comprehensive income	8,953	1,976	10,929
Loan to an associate	15,213	–	15,213
Carrying amount of interest in investee at end of the year	25,847	9,675	35,522

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates (Continued)

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
31 December 2020			
Revenue	–		
Profit from continuing operations	21,765		
Other comprehensive income	(1,872)		
Total comprehensive income	19,893		
Non-current assets	84,792		
Current assets	185		
Non-current liabilities	(76,066)		
Current liabilities	(506)		
Net assets	8,405		
Group's interest in net assets of investee at beginning of the year	(2,298)	5,847	3,549
Group's share of:			
– profit from continuing operations	4,353	1,526	5,879
– other comprehensive income	(374)	326	(48)
– total comprehensive income	3,979	1,852	5,831
Loan to an associate	15,213	–	15,213
Carrying amount of interest in investee at end of the year	16,894	7,699	24,593

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% (2020: 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.

7 ASSOCIATES AND JOINT VENTURES (CONTINUED)

Joint ventures (Continued)

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated 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 remaining 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 2021					
Revenue	67,095	136,493	152,698		
Profit from continuing operations[a]	9,060	4,651	7,432		
Other comprehensive income	1,790	2,765	2,287		
Total comprehensive income	10,850	7,416	9,719		
[a] Includes:					
– depreciation	591	3,841	4,296		
– finance income	65	61	154		
– finance cost	1	190	842		
– income tax expense	979	590	1,514		
Non-current assets	21,666	48,076	68,083		
Current assets[b]	27,846	46,599	14,527		
Non-current liabilities	(536)	(2,348)	(9,339)		
Current liabilities	(7,943)	(26,890)	(21,627)		
Net assets	41,033	65,437	51,644		
[b] Includes cash and cash equivalents	1,222	14,577	8,484		
Group's interest in net assets of investee at beginning of the year	14,293	24,034	15,245	37,301	90,873
Group's share of:					
– profit from continuing operations	3,624	1,859	2,453	1,536	9,472
– other comprehensive income	716	1,106	755	913	3,490
– total comprehensive income	4,340	2,965	3,208	2,449	12,962
Dividends recognised during the year	(2,220)	(824)	(1,410)	–	(4,454)
Carrying amount of interest in investee at end of the year	16,413	26,175	17,043	39,750	99,381

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 2020					
Revenue	60,828	129,196	107,055		
Profit from continuing operations[a]	6,131	3,825	4,180		
Other comprehensive income	1,524	2,732	2,106		
Total comprehensive income	7,655	6,557	6,286		
[a] Includes:					
– depreciation	519	4,067	4,104		
– finance income	9	47	122		
– finance cost	3	3	443		
– income tax expense	2,063	186	1,342		
Non-current assets	14,735	44,807	62,653		
Current assets[b]	31,967	31,377	7,424		
Non-current liabilities	(43)	–	(3,881)		
Current liabilities	(10,927)	(16,099)	(19,998)		
Net assets	35,732	60,085	46,198		
[b] Includes cash and cash equivalents	807	11,340	4,729		
Group's interest in net assets of investee at beginning of the year	13,501	23,039	15,290	33,941	85,771
Group's share of:					
– profit from continuing operations	2,452	1,530	1,380	158	5,520
– other comprehensive income	610	1,093	694	1,639	4,036
– total comprehensive income	3,062	2,623	2,074	1,797	9,556
Dividends recognised during the year	(2,270)	(1,628)	(2,119)	–	(6,017)
Invested during the year	–	–	–	1,563	1,563
Carrying amount of interest in investee at end of the year	14,293	24,034	15,245	37,301	90,873

8 OTHER INVESTMENTS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current				
Mandatorily at FVTPL:				
– Equity securities	**8,390**	7,593	**–**	–
– Investment funds	**604**	–	**–**	–
– Venture capital funds	**49,580**	29,188	**–**	–
Designated at FVOCI:				
– Equity securities	**12,552**	16,925	**12,143**	16,525
	71,126	53,706	**12,143**	16,525
Current				
Mandatorily at FVTPL:				
– Equity securities	**2,734**	1,778	**–**	–
– Debt securities	**4,671**	7,728	**3,549**	6,595
– Investment funds	**1,116**	703	**–**	–
– Structured deposits	**–**	810	**–**	–
	8,521	11,019	**3,549**	6,595
	79,647	64,725	**15,692**	23,120

Debt securities at FVTPL have stated coupon interest rates of 3.4% to 5.8% (2020: 3.4% to 5.8%).

Equity investments designated at FVOCI

The Group and Company designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Group and Company intend to hold for long-term appreciation.

	Group		Company	
	Fair value at 31 December $'000	Dividend income recognised during the year $'000	Fair value at 31 December $'000	Dividend income recognised during the year $'000
2021				
Investment in Ho Bee Cove Pte. Ltd.	**12,143**	**6,400**	**12,143**	**6,400**
Investment in Green Koncepts Pte. Ltd.	**409**	**–**	**–**	**–**
	12,552	**6,400**	**12,143**	**6,400**
2020				
Investment in Ho Bee Cove Pte. Ltd.	16,525	150	16,525	150
Investment in Green Koncepts Pte. Ltd.	400	–	–	–
	16,925	150	16,525	150

8 OTHER INVESTMENTS (CONTINUED)

Equity investments designated at FVOCI (Continued)

There were no disposals of equity investments designated as at FVOCI during the year, 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 26.

9 OTHER ASSETS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Club memberships, at cost	**219**	219	**219**	219
Less: Accumulated impairment losses	**(141)**	(141)	**(141)**	(141)
	78	78	**78**	78

10 INVENTORIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At cost				
Raw materials	**1,182**	1,756	**–**	–
Consumables	**475**	602	**–**	–
Work-in-progress	**1,225**	1,025	**–**	–
Finished goods	**6,142**	6,783	**4,127**	4,573
	9,024	10,166	**4,127**	4,573

11 TRADE AND OTHER RECEIVABLES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Trade receivables:				
– Third parties	**32,405**	33,619	**15,757**	11,504
– Subsidiaries	**–**	–	**261**	1,721
– Joint venture	**3,855**	5,476	**–**	–
	36,260	39,095	**16,018**	13,225
Less: Allowance for doubtful receivables	**(7,548)**	(4,946)	**(1,070)**	(1,090)
	28,712	34,149	**14,948**	12,135
Non-trade receivables:				
– Subsidiaries	**–**	–	**15,126**	13,863
– Joint ventures	**1,581**	1,434	**38**	118
	1,581	1,434	**15,164**	13,981
Less: Allowance for doubtful receivables	**(494)**	(76)	**(839)**	(4,085)
	1,087	1,358	**14,325**	9,896
Deposits	**479**	497	**46**	63
Other receivables	**1,168**	801	**692**	504
Grant receivable	**–**	114	**–**	60
Dividends receivable from associates and joint ventures	**2,937**	4,308	**–**	–
Prepayments	**388**	2,038	**125**	1,542
	34,771	43,265	**30,136**	24,200

Trade amounts due from a joint venture are unsecured. Non-trade amounts due from subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 26.

12 LOAN TO A SUBSIDIARY

The loan to a subsidiary is unsecured, interest-free and is repayable in 2022. There is no impairment loss recognised in respect of the loan to a subsidiary as the ECL is not material.

13 CASH AND CASH EQUIVALENTS

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Short-term deposits	**40,191**	23,406	**32,304**	22,691
Bank balances	**35,739**	21,117	**18,945**	6,559
	75,930	44,523	**51,249**	29,250

14 CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	2021		2020	
	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.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Foreign currency translation reserve	**(939)**	(6,217)	**–**	–
Fair value reserve	**(5,377)**	(995)	**(4,989)**	(607)
Share option reserve	**–**	20	**–**	20
Reserve for own shares	**–**	(59)	**–**	(59)
Capital reserve	**(55)**	(40)	**(55)**	(40)
Accumulated profits	**226,314**	179,196	**129,436**	115,572
	219,943	171,905	**124,392**	114,886

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, including equity-accounted investees, 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.

14 CAPITAL AND RESERVES (CONTINUED)

Reserves (Continued)

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

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. At 31 December 2021, there were nil (2020: 64,200) Company's shares held by the Group.

Capital reserve

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

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Final 2.5 cents (2020: 2.5 cents) per ordinary share	**2,967**	2,966
Special 0.5 cents (2020: nil) per ordinary share	**594**	–
	3,561	2,966

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Final 2.5 cents (2020: 2.5 cents) per qualifying ordinary share	**2,967**	2,967
Special 4.0 cents (2020: 0.5 cents) per qualifying ordinary share	**4,748**	594
	7,715	3,561

15 EMPLOYEE SHARE OPTIONS

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 was administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman) (resigned on 31 December 2021), 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:

	2021		**2020**	
	Weighted average exercise price $	**No. of options '000**	**Weighted average exercise price $**	**No. of options '000**
Outstanding at 1 January	**0.79**	**120**	0.79	120
Exercised	**0.79**	**(120)**	–	–
Outstanding at 31 December	**–**	**–**	0.79	120
Exercisable at 31 December	**–**	**–**	0.79	120

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

	2021		**2020**	
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	**–**	**120**	–	–

At 31 December 2021, there were no outstanding share options granted under the ESOS 2011 (2020: 120,000 shares).

15 EMPLOYEE SHARE OPTIONS (CONTINUED)

EnGro Corporation Limited 2011 Employees' Share Option Scheme ("the ESOS 2011") (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 2011
Date of grant of options	**18 April 2012**
Fair value at measurement date	$0.15
Share price	$0.79
Exercise price	$0.79
Exercise price adjusted	–
Expected volatility	42.1%
Expected option life	5 years
Expected dividends	6.66%
Risk-free interest rate	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.

16 LOANS AND BORROWINGS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current				
Bank loan	**3,889**	–	**3,889**	–
Current				
Loans from subsidiaries	**–**	–	**7,451**	10,839
Bank loan	**1,111**	–	**1,111**	–
Loan from a non-controlling interest	**1,167**	1,114	**–**	–
	2,278	1,114	**8,562**	10,839
	6,167	1,114	**12,451**	10,839

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 is disclosed in Note 26.

16 LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				Group		Company	
	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
2021							
Loans from subsidiaries	**SGD**	**–**	**2022**	**–**	**–**	**7,451**	**7,451**
Bank loan	**SGD**	**2.00%**	**2026**	**5,000**	**5,000**	**5,000**	**5,000**
Loan from a non-controlling interest	**RMB**	**–**	**2022**	**1,167**	**1,167**	**–**	**–**
				6,167	**6,167**	**12,451**	**12,451**
2020							
Loans from subsidiaries	SGD/USD	–	2022	–	–	10,839	10,839
Loan from a non-controlling interest	RMB	–	2022	1,114	1,114	–	–
				1,114	1,114	10,839	10,839

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

	Bank loan $'000	Loan from a non-controlling interest $'000	Total $'000
As at 1 January 2020	–	1,064	1,064
Foreign exchange loss	–	50	50
As at 31 December 2020	–	1,114	1,114
As at 1 January 2021	**–**	**1,114**	**1,114**
Changes from financing cash flows			
Drawdown of bank loan	**5,000**	**–**	**5,000**
Total changes from financing cash flows	**5,000**	**–**	**5,000**
Foreign exchange loss	–	53	53
As at 31 December 2021	**5,000**	**1,167**	**6,167**

17 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	**(260)**	–	**134**	72
Trade receivables	**(589)**	(231)	**–**	–
Provisions	**(20)**	(25)	**–**	–
Withholding tax on share of profits of associates and joint ventures	**–**	–	**1,143**	917
Others	**(4)**	(2)	**–**	–
Deferred tax (assets) liabilities	**(873)**	(258)	**1,277**	989
Set off of tax	**134**	72	**(134)**	(72)
Net deferred tax (assets) liabilities	**(739)**	(186)	**1,143**	917

Movement in deferred tax balances

	At 1 January $'000	Recognised in profit or loss (Note 22) $'000	Withholding tax paid $'000	At 31 December $'000
Group				
31 December 2021				
Property, plant and equipment	**72**	**(198)**	**–**	**(126)**
Trade receivables	**(231)**	**(358)**	**–**	**(589)**
Provisions	**(25)**	**5**	**–**	**(20)**
Withholding tax on share of profits of associates and joint ventures	**917**	**448**	**(222)**	**1,143**
Others	**(2)**	**(2)**	**–**	**(4)**
	731	**(105)**	**(222)**	**404**
31 December 2020				
Property, plant and equipment	5	67	–	72
Trade receivables	–	(231)	–	(231)
Provisions	–	(25)	–	(25)
Withholding tax on share of profits of associates and joint ventures	878	339	(300)	917
Others	–	(2)	–	(2)
	883	148	(300)	731

17 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2021	**2020**
	$'000	**$'000**
Tax losses	**31,714**	37,495
Unabsorbed wear and tear allowances	**4,299**	4,421
Deductible temporary differences	**20,180**	17,880
Unutilised donations	**1,542**	692
	57,735	60,488

The tax losses and unabsorbed wear and tear allowances of Singapore incorporated subsidiaries at 31 December 2021 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 1947. 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 3.14.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
– Third parties	**12,690**	10,661	**6,615**	3,345
– Joint venture	**229**	4	**–**	–
Non-trade amount due to a joint venture	**–**	969	**–**	–
Accrued expenses	**9,759**	7,830	**8,130**	6,089
Deferred grant income	**–**	114	**–**	60
Other payables	**1,701**	1,419	**993**	482
Forward exchange contracts	**–**	169	**–**	169
	24,379	21,166	**15,738**	10,145

Trade amounts due to a joint venture are unsecured. Non-trade amounts due to a joint venture 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 26.

19 PROVISION FOR REINSTATEMENT COSTS

	Group $'000	Company $'000
At January 2021	–	–
Provisions made during the year	336	140
At 31 December 2021	336	140

Provision for reinstatement costs was made in respect of the Group's obligation for reinstatement works on its leases of industrial land and office to their original conditions. The reinstatement is expected to occur in the next three to four years when the leases expire.

20 REVENUE

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

The following tables provide information about the nature and timing of the satisfaction of performance obligations ("PO") in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Cement and building materials segment

Nature of goods or services	Manufacture and sale of cement, ready-mix concrete and other building materials.
When revenue is recognised	Revenue from sales of goods is recognised when the Group satisfies the PO at a point in time, which is when the control of the promised goods has been transferred to the customer, according to the contractual terms, and the customer has accepted the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.
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	Revenue from sales of goods is recognised when the Group satisfies the PO at a point in time, which is when the control of the promised goods has been transferred to the customer, according to the contractual terms, and the customer has accepted the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.
Significant payment terms	60 days from invoice date.

20 REVENUE (CONTINUED)

Food and beverage segment

Nature of goods or services	Sale of food and beverage.
When revenue is recognised	Revenue from the sale of food and beverage is recognised at a point in time which coincides with when the Group delivers the food and beverage to the customers.
Significant payment terms	Payment is due at the point of delivery of food, beverage and services to the customers.

21 FINANCE INCOME AND FINANCE COSTS

	Group	
	2021	**2020**
	$'000	**$'000**
Interest income under the effective interest method on:		
– Cash and cash equivalents	**276**	377
– Debt securities measured at FVTPL	**286**	123
Total interest income arising from financial assets measured at amortised cost or FVTPL	**562**	500
Dividend income	**6,464**	253
Other investment income	**6,841**	240
Net change in fair value of financial assets:		
– Mandatorily measured at FVTPL – held-for-trading	**124**	–
– Mandatorily measured at FVTPL – others	**18,226**	16,270
Net foreign exchange gain	**1,321**	340
Finance income	**33,538**	17,603
Financial liabilities measured at amortised cost:		
– Interest expense on lease liabilities	**(351)**	(271)
– Interest expense on loans and borrowings	**(82)**	–
Net change in fair value of financial assets mandatorily measured at FVTPL – held-for-trading	**–**	(7)
Finance costs	**(433)**	(278)
Net finance income recognised in profit or loss	**33,105**	17,325

22 TAX CREDIT/(EXPENSE)

	Group 2021 $'000	Group 2020 $'000
Current tax expense		
Current year	**8**	85
(Over)/Under provided in prior years	**(5)**	85
	3	170
Deferred tax (credit)/expense		
Reversal and origination of temporary differences	**(123)**	170
Over/(Under) provided in prior years	**18**	(22)
	(105)	148
Tax (credit)/expense	**(102)**	318
Reconciliation of effective tax rate		
Profit before tax	**50,912**	22,305
Less: Share of profits of associates and joint ventures (net of tax)	**(19,281)**	(11,399)
	31,631	10,906
Tax using the Singapore tax rate of 17% (2020: 17%)	**5,377**	1,854
Effect of tax rates in foreign jurisdictions	**(259)**	(277)
Non-deductible expenses	**225**	542
Tax exempt income	**(5,442)**	(3,324)
Utilisation of deferred tax benefits previously not recognised	**(1,124)**	(189)
Unrecognised deferred tax assets	**656**	1,310
Tax on unremitted profits	**452**	339
Under provided in prior years	**13**	63
	(102)	318

23 PROFIT FOR THE YEAR

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

	Group	
	2021	**2020**
	$'000	**$'000**
Government grants	**941**	1,224
Gain on disposal of property, plant and equipment	**(31)**	(64)
Contributions to defined contribution plans, included in staff costs	**965**	807
Audit fees paid to:		
– auditors of the Company	**299**	277
– other auditors	**25**	30
Non-audit fees paid to:		
– auditors of the Company	**68**	32
– other auditors	**–**	2

24 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders of $50,679,000 (2020: $22,021,000), and weighted-average number of ordinary shares outstanding of 118,675,000 (2020: 118,638,000), as follows:

Weighted-average number of ordinary shares

	Group	
	2021	**2020**
	No. of shares	**No. of shares**
	'000	**'000**
Issued ordinary shares at 1 January	118,638	118,638
Effect of own shares held	(2)	–
Effect of share options exercised	39	–
Weighted average number of ordinary shares during the year	118,675	118,638

24 EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders of $50,679,000 (2020: $22,021,000), and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,693,000 (2020: 118,653,000), calculated as follows:

Weighted-average number of ordinary shares (diluted)

	Group	
	2021	**2020**
Weighted average number of ordinary shares (basic) (‘000)	**118,675**	118,638
Potential ordinary shares issuable under share options (‘000)	**18**	15
Weighted-average number of ordinary shares (diluted) during the year (‘000)	**118,693**	118,653

25 OPERATING SEGMENTS

The Group has the following four reportable segments, which are its strategic business units. These strategic business units offer different products or services, and are managed separately. The Group’s Chief Executive Officer (“CEO”) (the chief operating decision maker) reviews internal management reports of each strategic business unit at least monthly. 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 other building materials.
- Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.
- Investments: Trading of quoted equity securities, debt securities and holding of investments in venture capital and investment funds and unquoted equity securities.
- 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), 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.

25 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food and beverage $'000	Total $'000
Revenue and expenses					
31 December 2021					
External revenues, representing consolidated revenue	**111,532**	**14,418**	**–**	**3,692**	**129,642**
Reportable segment profit/(loss)	**6,749**	**(574)**	**31,343**	**610**	**38,128**
Share of profits of associates and joint ventures	**10,900**	**124**	**8,257**	**–**	**19,281**
	17,649	**(450)**	**39,600**	**610**	**57,409**
Headquarter expenses					**(5,272)**
Support expenses of associates and joint ventures					**(1,354)**
Interest expense					**(433)**
Interest income					**562**
Profit before tax					**50,912**
Add: Tax credit					**102**
Profit for the year					**51,014**
Timing of revenue recognition:					
– Products transferred at a point in time	**111,532**	**14,418**	**–**	**3,692**	**129,642**
31 December 2020					
External revenues, representing consolidated revenue	81,493	13,104	–	2,337	96,934
Reportable segment profit/(loss)	3,933	1,240	14,862	(2,324)	17,711
Share of profits of associates and joint ventures	8,027	(982)	4,354	–	11,399
	11,960	258	19,216	(2,324)	29,110
Headquarter expenses					(5,680)
Support expenses of associates and joint ventures					(1,354)
Interest expense					(271)
Interest income					500
Profit before tax					22,305
Less: Tax expense					(318)
Profit for the year					21,987
Timing of revenue recognition:					
– Products transferred at a point in time	81,493	13,104	–	2,337	96,934

25 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food and beverage $'000	Others $'000	Total $'000
Assets and liabilities						
31 December 2021						
Total assets for reportable segments	**79,058**	**13,144**	**87,756**	**1,233**	**–**	**181,191**
Investments in associates and joint ventures						**134,903**
Other unallocated amounts						**41,308**
Consolidated total assets						**357,402**
Total liabilities for reportable segments	**38,825**	**2,212**	**361**	**1,816**	**–**	**43,214**
Other unallocated amounts						**7,311**
Consolidated total liabilities						**50,525**
31 December 2020						
Total assets for reportable segments	53,802	17,647	76,054	1,082	–	148,585
Investments in associates and joint ventures						115,466
Other unallocated amounts						24,184
Consolidated total assets						288,235
Total liabilities for reportable segments	20,514	5,034	57	2,185	4	27,794
Other unallocated amounts						2,029
Consolidated total liabilities						29,823
Other segment information						
31 December 2021						
Capital expenditure	**1,816**	**82**	**–**	**29**	**–**	**1,927**
Depreciation and amortisation	**2,746**	**186**	**–**	**3**	**–**	**2,935**
Impairment of financial assets	**1,640**	**2,008**	**–**	**–**	**–**	**3,648**
31 December 2020						
Capital expenditure	1,501	107	–	1	–	1,609
Depreciation and amortisation	2,727	206	–	594	–	3,527
Impairment of financial assets	1,579	–	–	–	–	1,579
Impairment of property, plant and equipment	–	–	–	64	–	64
Impairment of right-of-use assets	–	–	–	1,683	–	1,683
Impairment of intangible assets	–	–	–	157	–	157

25 OPERATING SEGMENTS (CONTINUED)

Geographical segments

The Group's operations are mainly in Singapore, Malaysia and the 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 2021						
External customers						
– Cement and building materials	**101,001**	**9,805**	**1**	**725**	**–**	**111,532**
– Specialty polymer	**9,553**	**331**	**570**	**3,964**	**–**	**14,418**
– Food and beverage	**–**	**–**	**3,692**	**–**	**–**	**3,692**
Inter-segment revenue	**5,248**	**124**	**–**	**–**	**(5,372)**	**–**
Total revenue	**115,802**	**10,260**	**4,263**	**4,689**	**(5,372)**	**129,642**
Total non-current assets for reportable segments*	**20,479**	**1,378**	**153**	**–**	**–**	**22,010**
Total assets for reportable segments	**161,963**	**12,631**	**6,597**	**–**	**–**	**181,191**
Investments in associates and joint ventures	**25,847**	**–**	**102,507**	**6,549**	**–**	**134,903**
Other unallocated amounts						**41,308**
Consolidated total assets						**357,402**
31 December 2020						
External customers						
– Cement and building materials	62,354	16,237	–	2,902	–	81,493
– Specialty polymer	8,205	403	1,203	3,293	–	13,104
– Food and beverage	–	–	2,337	–	–	2,337
Inter-segment revenue	4,543	5	–	–	(4,548)	–
Total revenue	75,102	16,645	3,540	6,195	(4,548)	96,934
Total non-current assets for reportable segments*	7,505	2,063	149	–	–	9,717
Total assets for reportable segments	124,727	16,754	7,104	–	–	148,585
Investments in associates and joint ventures	16,894	–	91,614	6,958	–	115,466
Other unallocated amounts						24,184
Consolidated total assets						288,235

* excludes associates and joint ventures, deferred tax assets and other investments

25 OPERATING SEGMENTS (CONTINUED)

Major customer

For the year ended 31 December 2021, revenue from one customer of the cement and building materials segment represented approximately $24,265,000 (2020: $20,001,000) of the Group's total revenue.

26 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from 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 or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and Company's receivables from third party customers.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

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.

Impairment losses/(reversal of impairment losses) on financial assets recognised in profit or loss were as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Impairment loss on		
– Trade receivables	**3,154**	1,774
– Non-trade amount due from a joint venture	**494**	(195)
	3,648	1,579

Trade receivables

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

Exposure to credit risk

At 31 December 2021, the Group's exposure to credit risk primarily comprises $21,049,000 (2020: $17,549,000), $40,000 (2020: $1,922,000) and $3,800,000 (2020: $8,723,000) due from customers in Singapore, the People's Republic of China and Malaysia respectively.

At 31 December 2021, the Group's exposure to credit risk primarily comprises $22,552,000 (2020: $24,446,000) 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 impairment 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.

The carrying amounts of financial assets 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.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Expected credit loss assessment for third party customers

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 that may affect the customers' ability to settle the outstanding receivables.

The following tables provide information about the exposure to credit risk and ECLs for trade receivables:

	Expected loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
31 December 2021				
Not past due	**0.05**	**14,599**	**(7)**	**No**
Past due 1 – 30 days	**0.17**	**6,471**	**(11)**	**No**
Past due 31 – 90 days	**0.74**	**3,116**	**(23)**	**No**
Past due more than 90 days	**62.17**	**12,074**	**(7,507)**	**Yes**
		36,260	**(7,548)**	
31 December 2020				
Not past due	0.06	13,824	(8)	No
Past due 1 – 30 days	0.32	5,664	(18)	No
Past due 31 – 90 days	3.40	4,175	(142)	No
Past due more than 90 days	30.96	15,432	(4,778)	Yes
		39,095	(4,946)	
Company				
31 December 2021				
Not past due	**0.06**	**8,214**	**(5)**	**No**
Past due 1 – 30 days	**0.14**	**4,396**	**(6)**	**No**
Past due 31 – 90 days	**0.17**	**2,353**	**(4)**	**No**
Past due more than 90 days	**100**	**1,055**	**(1,055)**	**Yes**
		16,018	**(1,070)**	
31 December 2020				
Not past due	0.06	6,494	(4)	No
Past due 1 – 30 days	0.35	3,166	(11)	No
Past due 31 – 90 days	1.16	1,470	(17)	No
Past due more than 90 days	50.50	2,095	(1,058)	Yes
		13,225	(1,090)	

26 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Movements in allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables are as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at 1 January	**4,946**	3,172	**1,090**	1,197
Impairment loss recognised	**3,667**	1,975	**–**	–
Amounts reversed	**(537)**	–	**(20)**	–
Amounts written off	**(528)**	(201)	**–**	(107)
Balance at 31 December	**7,548**	4,946	**1,070**	1,090

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).

Loans and non-trade amounts due from subsidiaries, associate and joint ventures

The Company held loans and non-trade receivables from its subsidiaries, an associate and joint ventures. These balances are amounts lent to satisfy their funding requirements. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. There is no significant increase in credit risk for these exposures. Therefore, impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Guarantees

The Group's policy is to provide financial guarantees 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 $675,000 (2020: $661,000). 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.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

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 $75,930,000 and $51,249,000 respectively at 31 December 2021 (2020: $44,523,000 and $29,250,000 respectively). 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 credit 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. The amount of the allowance on cash and cash equivalents is 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 objective when 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.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Exposure to liquidity risk

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	Within 1 year $'000	Between 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Bank loan	**5,000**	**(5,215)**	**(1,202)**	**(4,013)**	**–**
Loan from a non-controlling interest	**1,167**	**(1,167)**	**(1,167)**	**–**	**–**
Lease liabilities	**18,500**	**(21,877)**	**(2,132)**	**(6,652)**	**(13,093)**
Trade and other payables*	**24,379**	**(24,379)**	**(24,379)**	**–**	**–**
	49,046	**(52,638)**	**(28,880)**	**(10,665)**	**(13,093)**
31 December 2020					
Non-derivative financial liabilities					
Loan from a non-controlling interest	1,114	(1,114)	(1,114)	–	–
Lease liabilities	6,626	(7,699)	(1,668)	(3,417)	(2,614)
Trade and other payables*	20,853	(20,853)	(20,853)	–	–
	28,593	(29,666)	(23,635)	(3,417)	(2,614)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	169				
– Outflow		(14,710)	(14,710)	–	–
– Inflow		14,541	14,541	–	–
	169	(169)	(169)	–	–
	28,762	(29,835)	(23,804)	(3,417)	(2,614)

26 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 2 to 5 years $'000**	**More than 5 years $'000**
Company					
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables*	**15,738**	**(15,738)**	**(15,738)**	**–**	**–**
Lease liabilities	**4,357**	**(5,056)**	**(738)**	**(2,027)**	**(2,291)**
Bank loan	**5,000**	**(5,215)**	**(1,202)**	**(4,013)**	**–**
Loans from subsidiaries	**7,451**	**(7,451)**	**(7,451)**	**–**	**–**
	32,546	**(33,460)**	**(25,129)**	**(6,040)**	**(2,291)**
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables*	9,916	(9,916)	(9,916)	–	–
Lease liabilities	3,941	(4,738)	(482)	(1,642)	(2,614)
Loans from subsidiaries	10,839	(10,839)	(10,839)	–	–
	24,696	(25,493)	(21,237)	(1,642)	(2,614)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	169				
– Outflow		(14,710)	(14,710)	–	–
– Inflow		14,541	14,541	–	–
	169	(169)	(169)	–	–
	24,865	(25,662)	(21,406)	(1,642)	(2,614)

* excludes deferred grant income and forward exchange contracts

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 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.

26 FINANCIAL INSTRUMENTS (CONTINUED)

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 primarily are denominated are the Singapore dollar, US dollar and China renminbi.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The summary quantitative data about the exposure to currency risk is as follows:

	Singapore dollar $'000	US dollar $'000	China renminbi $'000
Group			
31 December 2021			
Trade and other receivables	**60**	**18**	**3,418**
Cash and cash equivalents	**193**	**10,246**	**13,213**
Other investments	**444**	**2,222**	**–**
Loan from a non-controlling interest of a subsidiary	**–**	**–**	**(1,167)**
Trade and other payables	**(40)**	**(1,570)**	**(42)**
	657	**10,916**	**15,422**
31 December 2020			
Trade and other receivables	724	34	4,774
Cash and cash equivalents	471	4,205	7,298
Other investments	450	1,236	–
Loan from a non-controlling interest of a subsidiary	–	–	(1,114)
Trade and other payables	(124)	(9)	(12)
	1,521	5,466	10,946

26 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

	US dollar $'000	China renminbi $'000
Company		
31 December 2021		
Trade and other receivables	**6,565**	**7,091**
Cash and cash equivalents	**8,099**	**13,211**
Loans to subsidiaries	**24,226**	**4,672**
Trade and other payables	**(1,570)**	**(33)**
	37,320	**24,941**
31 December 2020		
Trade and other receivables	2,662	3,197
Cash and cash equivalents	2,593	7,296
Loans to subsidiaries	26,591	4,458
Loans from subsidiaries	(3,392)	–
Trade and other payables	(9)	(3)
	28,445	14,948

Sensitivity analysis

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

	Profit or loss	
	Group $'000	Company $'000
31 December 2021		
Singapore dollar	**66**	**–**
US dollar	**1,092**	**3,732**
China renminbi	**1,542**	**2,494**
31 December 2020		
Singapore dollar	**152**	**–**
US dollar	**547**	**2,845**
China renminbi	**1,095**	**1,495**

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 amounts shown above, on the basis that all other variables remain constant.

26 FINANCIAL INSTRUMENTS (CONTINUED)

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 $293,000 (2020: $189,000). The analysis assumes that all other variables, in particular interest rates, remain constant. 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 strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of debt, comprising bank loan and finance leases, and equity, comprising share capital, distributable reserves and accumulated profits of the Group. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on the market prices. The shares are primarily intended to be used for issuing shares under the Group's share option programme. The Group does not have a defined share buy-back plan.

The Group is required to comply with covenants under a loan with a bank and the covenants include maximum gearing ratio and minimum liquidity ratio requirements. The Group performs regular reviews to ensure the covenants are complied with. The Group is in compliance with externally imposed capital requirements for the financial year ended 31 December 2021. In the prior year, neither the Company nor any of its subsidiaries were subject to externally imposed capital requirements.

Other than the above, there were no changes in the Group's approach to capital management during the year.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values

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 approximation of fair value.

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2021										
Financial assets measured at fair value										
Financial assets at fair value through profit or loss:										
– Equity securities	8	11,124	–	–	–	11,124	2,932	–	8,192	11,124
– Venture capital funds	8	49,580	–	–	–	49,580	–	–	49,580	49,580
– Debt securities	8	4,671	–	–	–	4,671	–	4,671	–	4,671
– Investment funds	8	1,720	–	–	–	1,720	–	1,720	–	1,720
Financial assets at fair value through other comprehensive income:										
– Equity securities	8	–	12,552	–	–	12,552	–	–	12,552	12,552
		67,095	12,552	–	–	79,647				
Financial assets not measured at fair value										
Loan to an associate	7	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	34,383	–	34,383				
Cash and cash equivalents	13	–	–	75,930	–	75,930				
		–	–	125,526	–	125,526				
Financial liabilities not measured at fair value										
Loan from a non-controlling interest	16	–	–	–	(1,167)	(1,167)				
Bank loan	16	–	–	–	(5,000)	(5,000)				
Trade and other payables	18	–	–	–	(24,379)	(24,379)				
		–	–	–	(30,546)	(30,546)				

26 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2020										
Financial assets measured at fair value										
Financial assets at fair value through profit or loss:										
– Equity securities	8	9,371	–	–	–	9,371	1,887	–	7,484	9,371
– Venture capital funds	8	29,188	–	–	–	29,188	–	–	29,188	29,188
– Debt securities	8	7,728	–	–	–	7,728	–	7,728	–	7,728
– Investment funds	8	703	–	–	–	703	–	703	–	703
– Structured deposits	8	810	–	–	–	810	–	810	–	810
Financial assets at fair value through other comprehensive income:										
– Equity securities	8	–	16,925	–	–	16,925	–	–	16,925	16,925
		47,800	16,925	–	–	64,725				
Financial assets not measured at fair value										
Loan to an associate	7	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	41,414	–	41,414				
Cash and cash equivalents	13	–	–	44,523	–	44,523				
		–	–	101,150	–	101,150				
Financial liabilities measured at fair value										
Forward exchange contracts	18	(169)	–	–	–	(169)	–	(169)	–	(169)
Financial liabilities not measured at fair value										
Loan from a non-controlling interest	16	–	–	–	(1,114)	(1,114)				
Trade and other payables	18	–	–	–	(20,853)	(20,853)				
		–	–	–	(21,967)	(21,967)				

26 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2021										
Financial assets measured at fair value										
Financial assets measured at fair value through profit or loss										
– Debt securities	8	3,549	–	–	–	3,549	–	3,549	–	3,549
Financial assets measured at fair value through other comprehensive income										
– Equity security	8	–	12,143	–	–	12,143	–	–	12,143	12,143
		3,549	12,143	–	–	15,692				
Financial assets not measured at fair value										
Loans to subsidiaries	5	–	–	30,487	–	30,487				
Loan to an associate	7	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	30,011	–	30,011				
Loan to a subsidiary	12	–	–	5,499	–	5,499				
Cash and cash equivalents	13	–	–	51,249	–	51,249				
		–	–	132,459	–	132,459				
Financial liabilities not measured at fair value										
Loans from subsidiaries	16	–	–	–	(7,451)	(7,451)				
Bank loan	16	–	–	–	(5,000)	(5,000)				
Trade and other payables	18	–	–	–	(15,738)	(15,738)				
		–	–	–	(28,189)	(28,189)				

26 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2020										
Financial assets measured at fair value										
Financial assets measured at fair value through profit or loss										
– Debt securities	8	6,595	–	–	–	6,595	–	6,595	–	6,595
Financial assets measured at fair value through other comprehensive income										
– Equity security	8	–	16,525	–	–	16,525	–	–	16,525	16,525
		6,595	16,525	–	–	23,120				
Financial assets not measured at fair value										
Loans to subsidiaries	5	–	–	34,298	–	34,298				
Loan to an associate	7	–	–	15,213	–	15,213				
Trade and other receivables	11	–	–	22,658	–	22,658				
Loan to a subsidiary	12	–	–	5,209	–	5,209				
Cash and cash equivalents	13	–	–	29,250	–	29,250				
		–	–	106,628	–	106,628				
Financial liabilities measured at fair value										
Forward exchange contracts	18	(169)	–	–	–	(169)	–	(169)	–	(169)
Financial liabilities not measured at fair value										
Loans from subsidiaries	16	–	–	–	(10,839)	(10,839)				
Trade and other payables	18	–	–	–	(9,916)	(9,916)				
		–	–	–	(20,755)	(20,755)				

26 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

There were no transfers of financial assets between Levels 1 and 2 during the years ended 31 December 2021 and 31 December 2020.

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 opening balances to the ending balances for Level 3 fair values:

	FVTPL – Venture capital funds $'000	FVTPL – Equity securities $'000	FVOCI – Equity securities $'000
Group			
At 1 January 2020	21,537	831	17,709
Total unrealised gains recognised in profit or loss:			
– Finance income	8,624	6,840	–
Total unrealised losses recognised in other comprehensive income:			
– Net change in fair value of equity investments at FVOCI	–	–	(761)
Purchases	2,287	–	–
Settlements	(2,679)	–	–
Exchange movement	(581)	(187)	(23)
At 31 December 2020	29,188	7,484	16,925
At 1 January 2021	**29,188**	**7,484**	**16,925**
Total unrealised gains recognised in profit or loss:			
– Finance income	**17,354**	**568**	**–**
Total unrealised losses recognised in other comprehensive income:			
– Net change in fair value of equity investments at FVOCI	**–**	**–**	**(4,382)**
Purchases	**6,258**	**–**	**–**
Settlements	**(3,880)**	**–**	**–**
Exchange movement	**660**	**140**	**9**
At 31 December 2021	**49,580**	**8,192**	**12,552**

* Amount less than $1,000

26 FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 fair values (Continued)

	FVOCI – Equity security $'000
Company	
At 1 January 2020	16,410
Total unrealised losses recognised in other comprehensive income:	
– Net change in fair value of equity investments at FVOCI	115
At 31 December 2020	16,525
At 1 January 2021	**16,525**
Total unrealised losses recognised in other comprehensive income:	
– Net change in fair value of equity investments at FVOCI	**(4,382)**
At 31 December 2021	**12,143**

At 31 December 2021 and 31 December 2020, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

As at the reporting date, fair values of VCFs are determined based on the latest available net asset values obtained from the fund managers of the VCFs, and where relevant, adjustments for any capital contributions and distributions. The underlying assets of the VCFs consist of assets and liabilities which are measured at fair value.

Fair value of investments in unquoted equity securities are determined by estimating the fair value of the investee's net assets, adjusted for the effect of the non-marketability of the equity investments, where relevant.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Net asset value ("NAV")	Value of the underlying net assets	The estimated fair value would increase/decrease if NAV was higher/lower
A discount is applied to take into consideration the non-marketable nature of the investments, where applicable.	Discount rate: 2021: 30%–40% 2020: 30%–45%	The estimated fair value would increase/decrease if the 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 inputs by 10% at the reporting date would have increased profit or loss by $5,777,000 (2020: $3,667,000) and equity by $1,255,000 (2020: $1,693,000) for the Group and $1,214,000 (2020: $1,653,000) for the Company. A 10% decrease in the significant unobservable inputs would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

26 FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 fair values (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 underlying net assets of the funds would increase/decrease the carrying value of the investments in VCFs.

Fair values of investments in unquoted equity securities are derived based on unobservable inputs, including NAV of investees 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.

27 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 prices 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.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values due to the short period to maturity.

28 LEASES

Leases as lessee

The Group leases industrial land, office, retail and warehouse space. The leases run for a period of two to twenty years, with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in profit or loss

	Group	
	2021	**2020**
	$'000	**$'000**
Interest on lease liabilities	**351**	271
Expenses relating to short-term leases	**271**	526

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

	Lease liabilities $'000
Balance at 1 January 2020	7,507
Changes from financing cash flows	
Interest paid	(271)
Payment of lease liabilities	(2,714)
Total changes from financing cash flows	(2,985)
Effect of movements in exchange rates	55
Other changes	
Liability-related	
New leases	1,944
Termination of lease	(166)
Interest expense	271
Total other changes	2,049
Balance at 31 December 2020	6,626
Balance at 1 January 2021	**6,626**
Changes from financing cash flows	
Interest paid	**(351)**
Payment of lease liabilities	**(2,030)**
Total changes from financing cash flows	**(2,381)**
Effect of movements in exchange rates	**125**
Other changes	
Liability-related	
New leases	**13,815**
Termination of lease	**(36)**
Interest expense	**351**
Total other changes	**14,130**
Balance at 31 December 2021	**18,500**

29 RIGHT-OF-USE ASSETS

	Industrial land $'000	Office, retail and warehouse space $'000	Total $'000
Group			
At 1 January 2020	4,381	991	5,372
Additions	356	1,588	1,944
Depreciation	(376)	(880)	(1,256)
De-recognition of right-of-use assets	(152)	–	(152)
Impairment	–	(1,683)	(1,683)
Effect of movements in exchange rates	*	19	19
At 31 December 2020	4,209	35	4,244
At 1 January 2021	**4,209**	**35**	**4,244**
Additions	**12,518**	**1,297**	**13,815**
Depreciation	**(799)**	**(329)**	**(1,128)**
De-recognition of right-of-use assets	**(36)**	**–**	**(36)**
Effect of movements in exchange rates	**(4)**	**–**	**(4)**
At 31 December 2021	**15,888**	**1,003**	**16,891**
Company			
At 1 January 2020	4,188	339	4,527
Depreciation	(298)	(339)	(637)
At 31 December 2020	3,890	–	3,890
At 1 January 2021	**3,890**	**–**	**3,890**
Additions	**–**	**1,297**	**1,297**
Depreciation	**(297)**	**(320)**	**(617)**
At 31 December 2021	**3,593**	**977**	**4,570**

* Amount less than $1,000

Impairment loss

During the prior year, due to continued operating losses incurred by the Group's food and beverage segment, the Group recognised an impairment loss of $1,683,000 on its right-of-use assets. The impairment loss was included in "other expenses" in profit or loss.

30 CAPITAL COMMITMENTS

As at year end, the Group is committed to incur $15,351,000 (2020: $8,446,000) in respect of additional investments in VCFs and $6,569,000 (2020: $1,145,000) in respect of purchases of plant and equipment.

31 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, CEO and department heads are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2021	**2020**
	$'000	**$'000**
Directors' fees	**289**	270
Short-term employee benefits:		
– directors	**3,794**	1,991
– other management personnel	**1,852**	1,779
Post-employment benefits:		
– directors	**15**	15
– other management personnel	**101**	119
	6,051	4,174

Other related party transactions

During the year, the Group received dividends amounting to $6,400,000 (2020: $150,000) from Ho Bee Cove Pte Ltd, a company in which a substantial shareholder of the Company has interest in.

31 RELATED PARTIES (CONTINUED)

Other related party transactions (Continued)

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

	Group	
	2021	**2020**
	$'000	**$'000**
Joint venture		
Purchases of goods	**(67)**	(494)
Sales of goods	**480**	1,295

32 CONTINGENCIES

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2021, the net current liabilities and net liabilities of these subsidiaries amounted to approximately $2,384,000 and $19,414,000 (2020: $2,877,000 and $19,282,000) respectively.

The Company entered into an indemnity agreement to counter indemnify Ho Bee Land Limited, an entity which a substantial shareholder of the Company has interest in, with respect to a loan obtained by a subsidiary of an associate of the Group and Company, HB Investments (China) Pte. Ltd. Under the terms of the indemnity agreement, the Company provided counter indemnity amount of approximately $12,100,000 (2020: $12,100,000), which is proportionate to the Group and Company's shareholdings in HB Investments (China) Pte. Ltd.

33 NON-CONTROLLING INTERESTS

R&P Technologies Pte. Ltd. has a non-controlling interest that is material to the Group as at 31 December 2021:

Name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interest	
			2021	**2020**
			%	**%**
R&P Technologies Pte. Ltd.	Singapore	Specialty polymer	**40**	40

33 NON-CONTROLLING INTERESTS (CONTINUED)

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
2021				
Revenue	11,103			
Profit	740			
Other comprehensive income	15			
Total comprehensive income	755			
Attributable to non-controlling interest:				
– Profit	296	39	–	335
– Other comprehensive income	6	86	–	92
– Total comprehensive income	302	125	–	427
Non-current assets	1,033			
Current assets	5,279			
Current liabilities	(4,027)			
Net assets	2,285			
Net assets attributable to non-controlling interest	914	750	–	1,664
Cash flows used in operating activities	(161)			
Cash flows used in investing activities	(82)			
Net decrease in cash and cash equivalents	(243)			

33 NON-CONTROLLING INTERESTS (CONTINUED)

	R&P Technologies Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2020				
Revenue	8,772			
Profit	202			
Other comprehensive income	(10)			
Total comprehensive income	192			
Attributable to non-controlling interest:				
– Profit/(Loss)	81	(115)	–	(34)
– Other comprehensive income	(4)	81	–	77
– Total comprehensive income	77	(34)	–	43
Non-current assets	1,212			
Current assets	5,355			
Current liabilities	(5,058)			
Net assets	1,509			
Net assets attributable to non-controlling interest	604	633	–	1,237
Cash flows from operating activities	692			
Cash flows used in investing activities	(100)			
Cash flows used in financing activities	(50)			
Net increase in cash and cash equivalents	542			

1 DIRECTORS' REMUNERATION – GROUP AND COMPANY

The number of directors in each of the remuneration bands are as follows:

	Number of directors	
	2021	2020
$2,500,001 to $2,750,000	1	–
$1,000,001 to $1,250,000	1	1
$750,001 to $1,000,000	–	1
Below $250,000	4	3
Total	6	5

2 INTERESTED PERSON TRANSACTIONS

The aggregate value of transactions entered into by the Group with interested person and their affiliates, as defined in the SGX Listing Manual, are as follows:

Interested person	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	Aggregate value of all other transactions
Afro Asia Shipping Co. (Pte) Ltd – Sales of ready-mix concrete	–	$16,784

STATISTICS OF **SHAREHOLDINGS**

As at 15 March 2022

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	:	118,702,500
Number of treasury shares	:	Nil
Percentage of treasury shares	:	NA

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 15 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	39	2.49	846	0.00
100 – 1,000	273	17.40	178,999	0.15
1,001 – 10,000	905	57.68	3,774,332	3.18
10,001 – 1,000,000	340	21.67	21,056,808	17.74
1,000,001 and above	12	0.76	93,691,515	78.93
TOTAL	**1,569**	**100.00**	**118,702,500**	**100.00**

20 LARGEST SHAREHOLDERS AS AT 15 MARCH 2022

NO.	NAME	NO OF SHARES	%
1	AFRO-ASIA INTERNATIONAL ENTERPRISES PTE LIMITED	44,463,000	37.46
2	AFRO ASIA SHIPPING CO PTE LTD	14,270,500	12.02
3	UOB KAY HIAN PRIVATE LIMITED	13,122,000	11.05
4	CHUA WEE KENG	8,774,800	7.39
5	DBS NOMINEES (PRIVATE) LIMITED	4,233,173	3.57
6	MORPH INVESTMENTS LTD	1,620,000	1.36
7	PERFORMANCE INVESTMENT PTE LTD	1,404,000	1.18
8	CHUA HOONG TAT FRANZ	1,336,000	1.13
9	ONE HILL PROPERTIES PTE LTD	1,282,500	1.08
10	LIM CHER KHIANG	1,155,892	0.97
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,021,650	0.86
12	KOR BENG SHIEN	1,008,000	0.85
13	NEW TOWN DEVELOPMENT PTE LTD	890,900	0.75
14	TAN CHOO HOON @ TAN CHENG GAY	864,450	0.73
15	SON FONG MENG	756,000	0.64
16	NG SOO GIAP OR CHEW SOOI GUAT	707,100	0.60
17	KWOK HAE MENG	689,650	0.58
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	648,800	0.55
19	PHILLIP SECURITIES PTE LTD	567,710	0.48
20	TAN SAR TEE	452,000	0.38
	TOTAL	**99,268,125**	**83.63**

SUBSTANTIAL SHAREHOLDERS as at 15 March 2022

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	864,450	16,565,400[(1)]	17,429,850	14.68
Tan Yok Koon	366,000	15,674,500[(2)]	16,040,500	13.51
Tan Chin Hoon	30,000	16,565,400[(3)]	16,595,400	13.98
Chua Thian Poh	165,000	45,745,500[(4)]	45,910,500	38.68
Ho Bee Holdings (Pte) Ltd	–	44,463,000[(5)]	44,463,000	37.46
Afro-Asia International Enterprises Pte. Limited	44,463,000	–	44,463,000	37.46
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000[(6)]	15,674,500	13.20
Chua Wee Keng	8,774,800	–	8,774,800	7.39

Notes:

(1) This represents Tan Cheng Gay's deemed interest of 16,565,400 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) 890,900 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 16,565,400 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) 890,900 shares held by New Town Development Pte Ltd

(4) This represents Mr. Chua Thian Poh'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 through Ho Bee Holdings (Pte) Ltd; and
(b) 1,282,500 shares held by One Hill Properties Pte Ltd through One Hill Holdings Pte. Ltd (a company which Mr. Chua Thian Poh has a substantial financial interest).

(5) This represents Ho Bee Holdings (Pte) Ltd's deemed interest of 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited.

(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.

Public Shareholdings

Based of the information provided to the Company as at 15 March 2022, approximately 38.13% 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.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of EnGro Corporation Limited ("the **Company**") will be held by way of electronic means on Friday, 29 April 2022 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021, together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt (one-tier) dividend of 2.5 cents per ordinary share and a special tax exempt (one-tier) dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2021. **(Resolution 2)**

3(a) To re-elect Mr Tan Cheng Gay who retires by rotation in accordance with Regulation 87 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 3)**

[See Explanatory Notes]

3(b) To re-elect Mr Leow Foon Lee who retires in accordance with Regulation 94 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 4)**

Mr Leow Foon Lee 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 Notes]

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$288,750 for the financial year ended 31 December 2021 (2020: S$270,000). **(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 1967 of Singapore and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:-

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

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

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

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

provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares 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 which were issued and are outstanding or subsisting at the time this Resolution is passed;

(ii) new shares arising from exercising share options or vesting of share awards which were issued and are 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;

and, in sub-paragraph (a) above and this sub-paragraph (b), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 Proposed Renewal of the Share Purchase Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 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**") effected on the SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose; 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; 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 during the relevant 5 Market Days and the day on which the Market Purchase was made; 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 8)

7. To transact any other business that may properly be transacted at an AGM.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 25 May 2022 for the preparation of dividend warrants for the proposed first and final tax-exempt (one-tier) dividend of 2.5 cents per ordinary share and a special tax-exempt (one-tier) dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2021. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 p.m. on 24 May 2022 will be registered to determine shareholders' entitlement to the proposed dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 24 May 2022 will be entitled to the proposed dividend. The proposed dividends, if approved by shareholders at the forthcoming AGM, will be paid on 10 June 2022.

By Order of the Board

Joanna Lim
Company Secretary

14 April 2022

EXPLANATORY NOTES

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 Leow Foon Lee 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 2021 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).

Mr Leow Foon Lee has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its substantial shareholders or its officers. Mr Leow Foon Lee is considered independent by the Board.

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 is:-

Ordinary Resolution 6

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2021.

Ordinary Resolution 7

Resolution 7 proposed in item 6.1 above, if passed, will empower the Directors of the Company (unless varied or revoked by the Company in general meeting) from the date of this AGM until the date of the next AGM, or the date by which the next AGM is required by law to be held, whichever is the earlier, to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments. The number of shares (including shares to be issued in pursuance of instruments made or granted) that the Directors of the Company may issue under Resolution 7 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of Resolution 7, of which up to twenty per centum (20%) may be issued other than on a *pro rata* basis to the shareholders. 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 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 were issued and are outstanding or subsisting at the time that 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 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 2021 are set out in greater detail in the Addendum in relation to the proposed renewal of the Share Purchase Mandate.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

(1) This Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice will not be sent to members.** Instead, this Notice will be sent to members by electronic means via publication on the Company's website at URL https://engro-global.com/news-and-announcements. This Notice will also be made available on the SGXNET.

(2) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 14 April 2022 which has been uploaded on SGXNET on the same day. The announcement and Notice of AGM may also be assessed at the Company's website at URL https://engro-global.com/news-and-announcements.

(3) **In view of the current COVID-19 control measures in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form is available on SGXNET and the Company's website at the URL https://engro-global.com/news-and-announcements.

(4) The Chairman of the AGM, as proxy, need not be a member of the Company. The Proxy Form must be submitted in the following manner:

(a) if submitted electronically, be submitted via email to the to the Company's email address at ir@engro-global.com or

(b) if submitted by post, be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

in either case, by 10.00 a.m. on 26 April 2022.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.

(5) The Annual Report 2021 and the Addendum, Notice of AGM and Proxy Form may be accessed on the Company's corporate website at the URL https://engro-global.com/news-and-announcements and on the SGX website at the URL https://www.sgx.com/securities/company-announcements

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data 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 the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, 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.

ADDITIONAL INFORMATION ON THE ANNUAL GENERAL MEETING ON 29 APRIL 2022 ("AGM") TO BE HELD BY ELECTRONIC MEANS

1. **Background.** The Board of Directors (the "**Board**") of EnGro Corporation Limited (the "**Company**") refers to:

   a. the COVID-19 (Temporary Measures) Act 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;

   b. the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") which sets out the alternative arrangements in respect of, inter alia, general meetings of companies;

   c. the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022) which provides guidance on the conduct of general meetings amid the evolving COVID-19 situation during the period from 27 March 2020 to 30 June 2021;

   d. The extension of the Order announced by the Ministry of Law ("MinLaw") on 6 April 2021 which allows entities to conduct general meetings via electronic means, beyond 30 June 2021 and will continue in force until revoked or amended by MinLaw (the "Extended Order"); and

   e. Issuance of the 16 December 2021 Regulator's Column entitled "What SGX RegCo expects on the conduct of general meetings amid the ongoing COVID-19 situation" by the Singapore Exchange Regulation ("SGX RegCo").

In light of the foregoing authorities' advisories and guidance and the evolving CovId-19 situation, the Company wishes to inform that the AGM will be convened and held on Friday, 29 April 2022 at 10.00 a.m. by way of electronic means via Live Webcast to transact the business set out in the AGM Notice and the following are the alternative arrangements which has been put in place for the AGM:–

(A) PRE-REGISTRATION

Shareholders who wish to attend the AGM via live audio-visual webcast or live audio-only stream, must pre-register at the pre-registration website at URL https://online.meetings.vision/engro-agm-registration from 14 April 2022 up to 10.00 a.m. on 26 April 2022 ("**Registration Cut-Off Date**") to enable the Company to verify their status as shareholders.

Following the verification, authenticated shareholders will receive a confirmation email by 10.00 a.m. on 28 April 2022 which will contain user ID and password details to access the live audio-only stream of the AGM proceedings.

Shareholders who do not receive the confirmation email by 10 a.m. on 28 April 2022 but have registered by the 26 April 2022 deadline should email the Company at ir@engro-global.com.

Persons who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM should approach their respective relevant intermediaries as soon as possible in order for necessary arrangements to be made for their participation in the AGM.

(B) SUBMISSION OF QUESTIONS IN ADVANCE

Shareholders will not be able to ask questions at the AGM live during the webcast or audio-stream and therefore it is important for shareholders to pre-register and submit their questions in advance of the AGM.

Shareholders can submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner:

(a) **Via the pre-registration website.** Shareholders who pre-register to observe and/or listen to the AGM proceedings may submit their questions via the pre-registration website at the URL: https://online.meetings.vision/engro-agm-registration

(b) **Via email.** Shareholders may submit their questions via email to the Company at ir@engro-global.com;

When sending in questions by post or by email, please also provide the Company with following details:

a. your full name;

b. number of shares held in the Company; and

c. the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

Deadline to submit questions. All questions must be submitted by 5.00 p.m. on 21 April 2022. Members will be not able to ask questions at the AGM live during the webcast or audio-stream.

The Company will address all substantial and relevant questions received from shareholders through an SGXNet announcement to be released prior to the closing date and time for the lodgement of the proxy forms on 26 April 2022 by 10.00 am. For substantial and relevant question received from shareholders after 21 April 2022, the responses to such questions from shareholders will be addressed during the AGM or published through an SGXNet announcement on 29 April 2022.

(C) SUBMISSION OF PROXY FORM TO VOTE

Appointment of Chairman of the AGM as proxy. Shareholders will not be able to vote during the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings. Shareholders (whether individual or corporate) who pre-register to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled at the AGM must appoint the Chairman of the AGM must appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM, in accordance with the instructions on the proxy form. The Proxy Form is available on SGXNET and the Company's website. A printed copy of the Proxy Form can also be found in the Annual Report 2021.

Specific voting instructions to be given. Shareholders must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Submission of proxy forms. The Proxy Form must be submitted in the following manner:

❖ if submitted electronically, be submitted via email to the to the Company's email address at ir@engro-global.com or

❖ if submitted by post, be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

in either case, by 10.00 a.m. on 26 April 2022.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM by 10.00 a.m. on 19 April 2022.

(D) ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

The Annual Report 2021 and the Addendum, Notice of AGM and Proxy Form may be accessed on the Company's corporate website at the URL https://engro-global.com/news-and-announcements and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(E) REMINDER

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to make further changes to its arrangements for the AGM at short notice. Shareholders should continually check for announcements by the Company for updates on the AGM.

The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

For and on behalf of
EnGro Corporation Limited
14 April 2022

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

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT
(1) This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967, including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
(2) CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM. Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions.

PERSONAL DATA PRIVACY:
By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.

I*I/We(Name) ____________________

(NRIC/Passport/UEN) ____________________

of (Address) ____________________

being a *member/members of EnGro Corporation Limited. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company **to be held by electronic means on Friday, 29 April 2022 at 10.00 a.m.** and at any adjournment thereof.

*I/We direct *my/our proxy to vote for or against, or abstain from voting on, the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 together with the Auditors' Report thereon.			
2.	To declare a first and final tax-exempt (one-tier) dividend of 2.5 cents per ordinary share and a special tax exempt (one-tier) dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2021.			
3.	To re-elect Mr Tan Cheng Gay as a Director (Retiring under Regulation 87).			
4.	To re-elect Mr Leow Foon Lee as a Director (Retiring under Regulation 94).			
5.	To re-appoint Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
6.	To approve the payment of Directors' fees of S$288,750 for the financial year ended 31 December 2021 (2020: S$270,000).			
7.	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate.			
8.	To approve the proposed renewal of the Share Purchase Mandate.			

* Delete where applicable

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish the Chairman of the AGM as your proxy to "Abstain" from voting on a resolution, please indicate "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this ________ day of ____________________ 2022

Total No. of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Member(s) or Common Seal of Corporate Member

* Delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depositary (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf 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, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the AGM as the member's proxy.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary entitled to vote at the AGM must appoint the Chairman of the AGM to vote at the AGM instead of the member.

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act 2001 and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act 1953, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 10.00 a.m. on 19 April 2022.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (i) if submitted electronically, be submitted via email to ir@engro-global.com; or

   (ii) if submitted by post, be deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

   in either case, by no later **than 26 April 2022, 10.00 a.m.**, being at least 72 hours before the time for holding the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) if the instrument appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the instrument of proxy, if the instrument appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the AGM as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. Members should take note that once this proxy form is submitted electronically via email to ir@engro-global.com or posted/deposited at the registered office of the Company at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923, they cannot change their vote as indicated in the box provided above.

Fold along this line

Affix Postage Stamp Here

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

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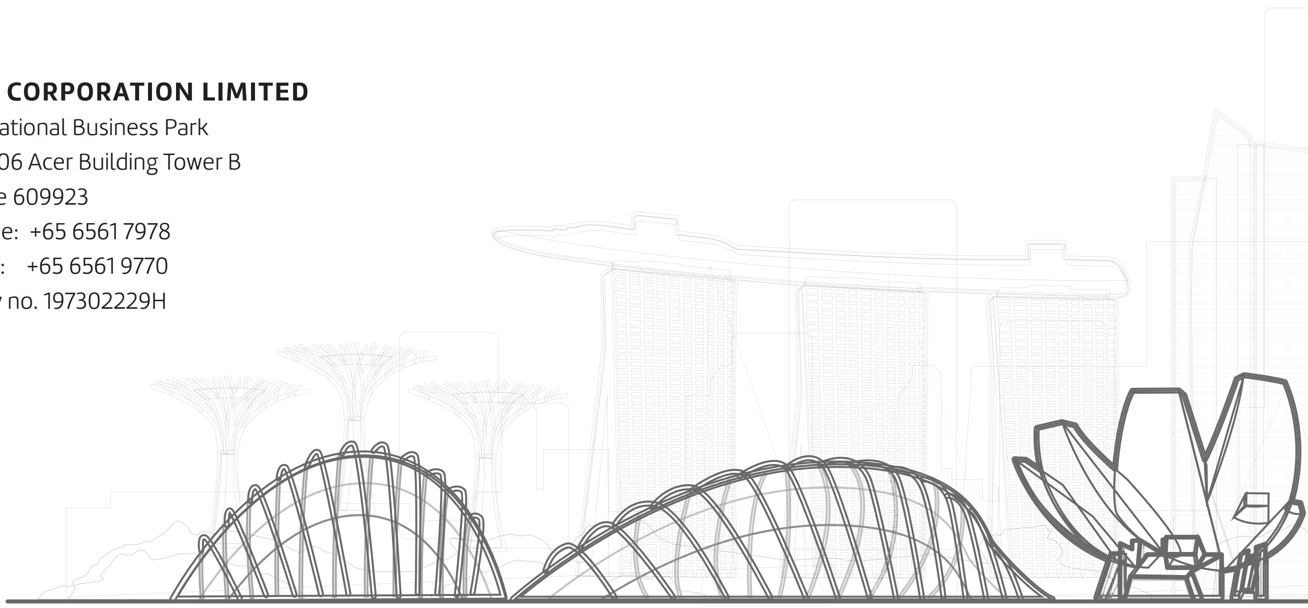
ENGRO CORPORATION LIMITED
29 International Business Park
#08-05/06 Acer Building Tower B
Singapore 609923
Telephone: +65 6561 7978
Facsimile: +65 6561 9770
Company no. 197302229H



ADDENDUM DATED 14 APRIL 2022

This Addendum is circulated to Shareholders of EnGro Corporation Limited (the "Company") together with the Company's 2021 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 by way of electronic means on 29 April 2022 at 10 a.m. 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.

This Addendum has been prepared by the Company with assistance and legal advice by Aptus Law Corporation.

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 1967 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 2021 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 29 April 2021
"**Latest Practicable Date**"	:	4 April 2022, 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 2021 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 2001 of Singapore. 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)
Steven Ong Kay Eng (Independent Director)
Leow Foon Lee (Independent Director)

Registered Office:

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

14 April 2022

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 29 April 2022 and (b) Resolution 8 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 8 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 does not hold any Treasury Shares and has no subsidiary holdings.

For illustrative purposes only, on the basis of 118,702,500 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 11,870,250 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 <u>Status of purchased Shares</u>

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) <u>Maximum holdings</u>

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) <u>Voting and other rights</u>

(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) <u>Disposal and cancellation</u>

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 2021, are prepared assuming the following:–

(a) the Share Purchases comprised 11,870,250 Shares (representing 10% of the 118,702,500 outstanding Shares as at the Latest Practicable Date);

(b) in the case of Market Purchases, the Maximum Price was S$1.359 (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$16,131,670;

(c) in the case of Off-Market Purchases, the Maximum Price was S$1.553 (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$18,434,498;

(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 2021;

	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 2021						
Shareholders' Funds ($)	305,213,000	289,081,000	286,779,000	209,662,000	193,530,000	191,228,000
NTA ($)	306,688,000	290,556,000	288,254,000	209,542,000	193,410,000	191,108,000
Current Assets ($)	128,624,000	112,492,000	110,190,000	94,560,000	78,428,000	76,126,000
Current Liabilities ($)	27,957,000	27,957,000	27,957,000	24,917,000	24,917,000	24,917,000
Cash & Cash Equivalent(1) ($)	75,930,000	59,798,000	57,496,000	51,249,000	35,117,000	32,815,000
Total Borrowings(2) ($)	6,167,000	6,167,000	6,167,000	12,451,000	12,451,000	12,451,000
Net Profit attributable to Shareholders ($)	50,679,000	50,679,000	50,679,000	17,424,000	17,424,000	17,424,000
Number of Shares	118,702,500	106,832,250	106,832,250	118,702,500	106,832,250	106,832,250
Weighted Average Number of Shares	118,702,500	118,669,979	118,669,979	118,702,500	118,669,979	118,669,979
Financial Ratios						
NTA per Share (S$)(3)	2.58	2.72	2.70	1.77	1.81	1.79
Net Gearing (times)(4)	NA	NA	NA	NA	NA	NA
EPS (cents)(5)	42.69	42.71	42.71	14.68	14.68	14.68

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) NTA per Share is computed based on NTA divided by the number of issued Shares.

(4) Net Gearing equals Total Borrowings less Cash and Cash Equivalent divided by Shareholders' Funds.

(5) 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) Increase 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 half year and full year financial statements.

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 45,253,425 Shares in the hands of public Shareholders, representing approximately 38.12% 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 33,383,175 Shares, representing approximately 31.25% 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 six 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 six 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 six 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	864,450	16,565,400(1)	17,429,850	14.68	16.32
Tan Yok Koon	366,000	15,674,500(2)	16,040,500	13.51	15.01
Tan Soo Nan	–	–	–	–	–
Steven Ong Kay Eng	–	–	–	–	–
Leow Foon Lee	–	–	–	–	–
Substantial Shareholder					
Tan Chin Hoon	30,000	16,565,400(3)	16,595,400	13.98	15.53
Chua Thian Poh	165,000	45,745,500(4)	45,910,500	38.68	42.97
Ho Bee Holdings (Pte) Ltd	–	44,463,000(5)	44,463,000	37.46	41.62
Afro-Asia International Enterprises Pte. Limited	44,463,000	–	44,463,000	37.46	41.62
Afro Asia Shipping Co Pte Ltd	14,270,500	1,404,000(6)	15,674,500	13.20	14.67
Chua Wee Keng	8,774,800	–	8,774,800	7.39	8.21

Notes:–

(1) This represents Mr Tan Cheng Gay's deemed interest of 16,565,400 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. 890,900 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 16,565,400 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. 890,900 shares held by New Town Development Pte. Ltd.

(4) This represents Mr Chua Thian Poh'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 through Ho Bee Holdings (Pte) Ltd, and

b. 1,282,500 shares held by One Hill Properties Pte Ltd through One Hill Holdings Pte Ltd (a company which Mr. Chua Thian Poh has a substantial financial interest).

(5) This represents Ho Bee Holdings (Pte) Ltd's deemed interest of 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited.

(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 purchased 55,800 Shares by way of Market Purchases pursuant to the Share Purchase Mandate granted at the Last AGM. The highest and lowest price paid was S$1.28 and S$1.24 per Share respectively. The total consideration paid for all of the purchases was S$70,469.

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 8 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