EnGro
BUILDING SUSTAINABILITY

EnGro Corporation Limited

REDEFINING LANDSCAPES

Annual Report 2015

CONTENTS

Registered Office

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

Tel: +65-65617978
Fax: +65-65619770

Registrar

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors

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

Partner-in-Charge

Low Hon Wah
(with effect from FY2011)

Company Secretaries

Ms Joanna Lim Lan Sim
Ms Low Siew Tian

CORPORATE PROFILE

A leading provider of superior building materials, with more than 40 years of operational experience shaping landscapes in various parts of Asia, EnGro continues to maintain high standards of excellence for our products and services, and we look forward to contributing significantly to the industry and helping the industry go green.

CHAIRMAN'S MESSAGE

"...we track closely the pending Singapore economic transition and shall align our strategy with the anticipated economic restructuring."

Financial Review

In the financial year ended 31 December 2015 ("FY2015"), EnGro Corporation Limited ("EnGro" or the "Group") recorded revenue growth of 3.9 percent to S$180.8 million compared to FY2014, resulting from increased sales generated by Specialty Polymer business. Despite higher revenue, the Group incurred net loss before tax of S$5.1 million compared to profit of S$13.9 million in 2014, owing to losses from our China associates, as well as unrealised losses on Investment portfolio due to decrease in fair value of our financial assets and property investment. Profit from Integral Cement and Ready-Mix Concrete ("RMC") division was insufficient to offset losses from the China associates and Investment portfolio.

Dividend

The Board is confident that the Group's business strategy for China is still intact and our China associates should return to profitability in the near future. The Board is therefore recommending a first and final dividend of 2.5 cents per share declared for FY2015, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 29 April 2016.

Business Review

Overall, 2015 was a difficult year for EnGro as both Singapore and China operations have been impacted significantly by over-supply in the property market and returns from our venture capital ("VC") activities took a dip owing to both stock market corrections and fair value impairment of some of our VC funds.

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

Coupled with the Singapore economy downturn, weakening of the Singapore dollar versus US dollar impacting on import costs and softening of construction industry had resulted in margin squeeze and intensified competition.

Against the slowdown in Singapore's economy, our RMC operation in Malaysia continues its expansion in the Iskandar Development Region (IDR) to gain market share.

The forecast for construction demand for 2016 by Building and Construction Authority ("BCA") is that public sector construction will be sustained at levels similar to 2015, whereas private sector construction is projected to decline to between S$8.5 billion and S$12.5 billion.

b) Specialty Cement Operations in China

China's GDP growth slipped to 6.9 percent in 2015. An across-the-board slowdown in China's economy has aggravated the pain inflicted from property glut and overcapacity problem confronting the steel and cement industry. This challenging condition had resulted in margin squeeze for our China GGBS associates and the depressed GGBS market is expected to continue in 2016 and prices are likely to bottom in 2017.

The intense competition among suppliers of cement manufacturers coupled with an unfavourable China economy took a toll on our GGBS associates, which saw our combined GGBS sales dropped to 7.4 million tons for the year against 7.8 million tons for 2014. A depressed selling price saw a more drastic plunge in the sales revenue from S$274.2 million to S$203.3 million thereby marking the first time our China GGBS business incurred a loss since 2003. The commissioning of our latest GGBS joint venture plant in Qingdao at the end of 2015 saw our combined annual total GGBS production capacity crossing 10 million tons.

Looking ahead, China under its 13th Five-Year Plan has announced in March 2016 a target GDP growth at 6.5 percent to 7.0 percent. To maintain the growth under its economic transformation, key industries including steel and cement are subject to restructuring to align with Central Government's push for sustainable development with emphasis on green urbanisation.

China's emphasis on the development of sponge city concept in 16 selected cities is opening up new applications for GGBS and we look forward to a revived demand for our various GGBS plants which will play a meaningful role in sustainable construction.

c) Specialty Polymer

In late 2014, R&P was granted a Technology license by ExxonMobil Chemical USA to continue its polypropylene compounding business aimed at serving the automotive industry in Asia Pacific. With view to enlarging the customer base and to get closer to the market, R&P has entered into an MOU with its China distributor to form a joint venture in China. Discussion is in progress, and the proposed JV is founded on a synergy between the merits of the two companies to unlock values in technological knowhow.

d) Investments

To prevent the property market from overheating, Singapore Government decided not to lift its cooling measures introduced since 2013. The unsold units of Turquoise have been leased out pending market recovery.

In China, two plots of Nanhu Eco City project in Tangshan have been launched. Take up rates have been slow under subdued market conditions, and impairment provision has been made for one of the plots. Despite the market uncertainty, we remain cautiously optimistic that the marketing of this high-end residential project, integrated with commercial and entertainment, cum riding on co-branding of Yanlord and Ho Bee Land, given time, will yield results especially under the latest Central Government policy of pushing for Beijing-Tianjin-Hebei corridor, Tangshan has been earmarked to become a garden city within this corridor.

For 2015, the US venture capital ("VC") industry raised US$28 billion, comparable to 2014. While this was another indicator to show continued confidence in the high-tech VC industry, our VC fund managers are prudent to space out investment in light of the exponential increase in number of Unicorns and overheating in the VC industry.

Prospects

In Singapore, under current economic downturn where government is predicting 1.0 percent to 3.0 percent growth for the economy in 2016, our RMC operation would continue to stay nimble and maintain competitive edge by focusing on niche and value-add solutions. On medium term, we track closely the pending Singapore economic transition and shall align our strategy with the anticipated economic restructuring.

There is always the risk when presenting company's prospect particularly when it takes firm positions and offer optimistic yet controversial opinions, particularly on China economy. Despite's Moody's downgrade of its outlook of China from "stable" to "negative", we remain cautiously optimistic on China's growth.

The era of moderate growth in China has arrived, which offers opportunity for our China associates to join force and aim for higher value-add synergy. We have adopted a ***platform play*** for GGBS by capitalizing on the scale, networking, strategic locations of each associate, branding, competencies, and Green initiatives, to promote the awareness and demand of ***Green Cement***. A new collaborative GGBS business model to address the Green Cement opportunity as evidenced in Singapore has been initiated. This is in response to demand called for in the ***Sponge City*** projects in 16 pilot cities and new phase of infrastructure building and massive MRT programs in tier-two cities.

Our latest plant in Qingdao, namely Qingdao Evergreen JV, is poised to contribute to our GGBS business from 2016, coinciding with the construction of high-speed railway in Shandong province, new Qingdao international airport and the extended MRT lines over the next decade.

Acknowledgement

On behalf of the Board, I wish to offer my heartfelt thanks to everyone in the EnGro family - our customers, stakeholders, my fellow Directors and our Management team and staff for their continuing support, dedication and contributions.

Despite the challenging global economic environment, we are still on track to execute our growth plans, and we are cautiously hopeful of returning to profitability in 2016.

Tan Cheng Gay
Chairman

DIRECTORS' PROFILES

Tan Cheng Gay
Chairman and Chief Executive Officer

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

Tan Yok Koon
Executive Director

Mr Tan was first appointed as a non-independent director in 1974. In March 2005, he was appointed the position of President, China Operations. He also serves as a member of the Nominating Committee. He is related to Mr Tan Cheng Gay.

Soh Kim Soon
Director

Mr Soh joined the board in 2002 as an independent and non-executive Director. Mr Soh is also the Lead Independent Director. He is the Chairman of the Nominating Committee and serves as a member of the Remuneration Committee and the Audit Committee.

Mr Soh is currently Chairman of ORIX Investment And Management Private Limited and ORIX Leasing Singapore Limited. He also serves on the board of Frasers Centrepoint Asset Management Ltd.

Mr Soh was previously Senior Managing Director of DBS Bank where he worked for more than 29 years.

Ng Tat Pun
Director

Mr Ng is an independent and non-executive Director. He joined the board in 2002 and is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr Ng's extensive experience in the banking and finance industry began when he started his career with Citibank in 1971. Since then, he has served in various senior positions with both foreign and local banks. From 1988 to 1997, he was Executive Vice President of OCBC Bank, Singapore, in charge of its International Banking and Financial Institutions business. In 1998, he was appointed the Executive Director and Chief Executive Officer of OCBC Bank, Malaysia. Mr Ng was also a Managing Director of JP Morgan Chase from 1999 to 2002, a Managing Director and subsequently a Senior Advisor at UBS AG from 2003 to 2008.

Mr Ng presently serves as an independent director and Audit committee member of Thai Beverage Public Company Ltd. He is also the independent non-executive Chairman of Sing Investments & Finance Limited and the independent non-executive Chairman of SP Chemicals Holdings Ltd.

Ronnie Teo Heng Hock
Director

Mr Teo joined the board in January 2012 as an independent and non-executive director of the company. He is the Chairman of the Remuneration Committee and serves as a member of the Nominating Committee and the Audit Committee.

He has worked in two major banking and financial institutions covering areas in corporate lending, treasury, consumer and investment banking over a period spanning more than 20 years. Prior to being the Managing Director of Financial Reengineering Pte Ltd, Mr Teo was the Managing Director and CEO of DBS Asset Management Ltd and General Manager of DBS Finance Ltd.

Mr Teo is currently a director of Berger International Ltd and Uni-Asia Holdings Ltd.

MANAGEMENT TEAM

HQ HEAD OF DEPARTMENT

Len Cheng
Group Chief Financial Officer

Mr Cheng is Group Chief Financial Officer. He has over 15 years of financial management and public accounting experience in both multinational corporations as well as public-listed organization in Singapore. He assists Group CEO in overseeing operations and performance of the Group.

Lim Yee Chuan
Group Financial Controller

Ms Lim oversees financial affairs of the Group. She has over 15 years of experience in similar field in government-linked and public-listed companies in Singapore.

Wong Toon Hong
Manager
Strategic Business Unit

Mr Wong is responsible for venture capital hi-tech investments and the GGBS & blended cement JV operations in Korea. His prior working experience were in sectors like defense, government, publishing, technology and business consulting for multinational companies in Asia Pacific.

Vincent Loh
Manager
Knowledge Management &
Business Development

Mr Loh heads the Group's Knowledge Management and Business Development department. He also oversees the Group's green initiative programs and Corporate Governance matters.

SINGAPORE CEMENT & RMC OPERATIONS

Eugene Ho
Senior General Manager
Building Materials Division Singapore

Mr Ho is Senior General Manager of Singapore Building Materials Division. He has more than 25 years of working experience in Building Materials Industry and has held various senior positions in the major RMC companies.

SPECIALTY POLYMER OPERATIONS

Tai Boon Chen
Manager, R&P (Pte) Ltd

Mr Tai is the Plant Manager for R&P and supports the CFO to oversee the business and operations of the Specialty Polymer unit. His prior working experience includes operations management, plant restructuring, production management and technology transfer for local and multinational manufacturing companies.

SPECIALTY CEMENT OPERATIONS

Dr Chen En Yi
General Manager
Specialty Cement

Dr Chen is a member of China business team. He is General Manager of Specialty Cement Division. He has been working with the company for 20 years. Prior to joining the Company, he lectured in Tsinghua University China, specializing in cement and concrete technologies.

Dr Lim Chan Teng
Manager
Business Development
China

Dr Lim is a member of China business development team. His previous working experience includes responsibilities in process technology, facilities planning and development as well as design in a major oil company.

CORPORATE STRUCTURE

ENGRO

- **Building Materials**
  - **GGBS**
    - 40% Tangshan Tanglong Materials Co Ltd
    - 40% Tangshan Tang-Ang Materials Co Ltd
    - 40% Jinan Luxin Materials Co Ltd
    - 40% Jiangsu Huailong Materials Co Ltd
    - 33% Wuhan Wuxin Materials Co Ltd
    - 34.4% Qingdao Evergreen Materials and Technologies Co Ltd
    - 40% VCEM Materials Co Ltd
  - **DRY MIX**
    - 100% Shanghai S3 Building Materials Co Ltd
  - **RMC**
    - 100% Top-Mix Concrete Pte Ltd
    - 100% Top Mix Concrete (Malaysia) Sdn Bhd
    - 40% Changshu Chang Long Concrete Co Ltd
    - 40% Changshu Chang Xin Ready Mix Concrete Co Ltd
    - 40% Changshu Chang Yin Ready Mix Concrete Co Ltd
- **Specialty Polymer**
  - 98.57% R&P (Pte) Ltd
- **Investments**
  - 100% Sancem Investment Pte Ltd
  - 100% SsangYong LTI Pte Ltd
  - 100% Juniper Capital Ventures (Pte) Ltd
  - 100% e-Invest Limited
- **Property Development**
  - 30% HBS Investments Pte Ltd
  - 30% Parliament View Developments Limited
  - 20% HB Investments (China) Pte Ltd
  - 10% Ho Bee Cove Pte Ltd
- **Others**
  - 100% Tianjin Ang de Food & Beverages Management Co Ltd

Companies Incorporated in China
Companies Incorporated in Singapore
Companies Incorporated in Malaysia
Companies Incorporated in United Kingdom
Companies Incorporated in South Korea
Companies Incorporated in Hong Kong

REGIONAL FOOTPRINT

SINGAPORE & MALAYSIA: INTEGRAL CEMENT & READY-MIX CONCRETE

The Building and Construction Authority (BCA) projects the total construction contracts in 2016 is to be between $27 billion and $34 billion. The mid-point of 2016's construction demand forecast (at $30.5 billion) is anticipated to be higher than the preliminary demand in 2015. Barring any unforeseen circumstances, the total construction contracts for 2016 would reach $34 billion if all major projects are to proceed according to plan.

Total public sector demand is projected to increase significantly to between $18.5 billion and $21.5 billion – a new record for the public sector since 2002. The boost in demand growth in 2016 will largely come from a rebound of civil engineering demand, consisting 65 percent of total industry demand. In contrast, private sector's demand is projected to decline to between $8.5 billion and $12.5 billion in 2016.

The fall in private sector construction demand came on the back of a marked slowdown in contract volume for the new private building in the second half of 2015.

In 2015, the total cement sales of EnGro were mainly attributed to demand from public sector comprising of cement supply contracts to the Thomson-East Coast MRT project. The Land Transport Authority (LTA) of

Singapore will continue to roll out more major infrastructure projects that include East Coast MRT Line, North-South Expressway and other major roads and expressways. EnGro is actively participating in these projects and shall benefit from the anticipated increase in demand of blended slag cement for infrastructure and ground improvement works. EnGro has been at the forefront of researching and developing various slag cement products to cater to the increasing challenges that arose due to different ground conditions associated with the construction of underground tunnel and infrastructure works. Today, EnGro is proud to be a comprehensive solution provider, offering various range of cementitious products to meet the call of construction.

2015 has been a very challenging year for Top-Mix Concrete Singapore. A weak property market coupled with overcapacity in the

Jubilee Bridge - G80 green concrete containing EnGro GGBS & P8000 products

SINGAPORE & MALAYSIA: INTEGRAL CEMENT & READY-MIX CONCRETE

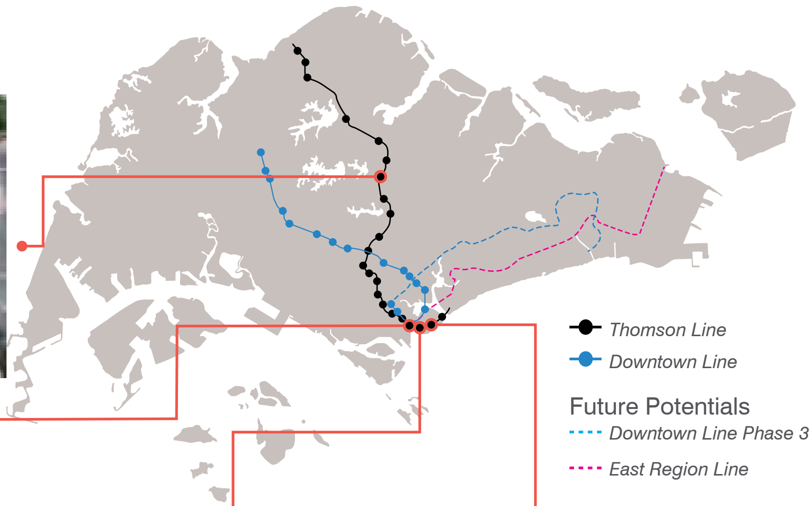
Top-Mix Malaysia plant

ready-mix concrete industry, has intensified competition, and as a result led to lower sales revenue and margin squeeze. To cope with the intense competition, Top-Mix has embarked on cost cutting measures and launched various new products such as high strength and high performance concrete in 2015 as a differentiation to yield better returns. In 2015, Top-Mix Concrete secured notable projects such as Borneo Motors Singapore New Service Centre at Pandan Crescent, expansion of Asahi Chemicals and Solder Industries Building at Pandan Road, Tiong Woon Corp HQ at Pandan Crescent, Singtel Data Centre at Yung Ho Road, Luxurious Boutique hotel off Maxwell road, JTC Space @ Tuas, D'Nest Condominium at Pasir Ris, multiple HDB projects and nursing homes.

In Malaysia, 2015 has been a good year for Top-Mix Concrete Malaysia as it enjoyed steady growth riding on continuous growth in Johor Bahru and the Iskandar Development Region ("IDR"). The proven track record of Top-Mix Concrete Malaysia with excellent service and quality products propelled it to achieve record sales revenues in 2015. In a short span of 4 years, Top-Mix Concrete Malaysia has expanded from one dry plant operation to four batching plants equipped with latest computerized wet mixing system. All the batching plants are strategically located in various parts of Johor Bahru aimed to capture key projects in the IDR. In 2015, Top-Mix Concrete Malaysia secured several projects such as Astaka in Bukit Senyum, Jade Palace Greenland in Danga Bay, Capital City in Jalan Tampoi, Pinetree Marina Resort in Puteri Harbour and many others. With its latest batching plant setup in Medini to address concrete demand in the IDR, Top-Mix Concrete Malaysia is expected to continue growing with more projects secured in 2016.

Thomson Line Projects

Brighthill Station



Shenton Way Station

Marina Bay Station

Marina South Station

11

	2010	2011	2012	2013	2014	2015
Construction Demand, SGD billion	25.7	32.0	28.1	35.8	37.7	27.2
• Public Sector, SGD billion	8.3	15.2	9.3	14.8	19.7	14.0
• Private Sector, SGD billion	17.4	16.8	18.8	21.0	18.0	13.2

ENGRO
BUILDING SUSTAINABILITY
+
TOP-MIX
DURABLE CONCRETE

9 Products

4 Products

2 Products

EnGro's Eco-Friendly Building Materials are awarded with SEC's Green label Accreditation as well as the SGBC's Singapore Green Product Label Accreditation

GGBS
VCEM

Green Concrete
DuraCrete™

Blended Cement
P4246S
P4246
P197A
P197B
P197-4S

Blended Cement
P8000
PreFine 60/80

SINGAPORE & MALAYSIA: INTEGRAL CEMENT & READY-MIX CONCRETE

Top-Mix Concrete Project References in Singapore


JTC Space @Tuas


D'Next Condominium

Top-Mix Concrete Project References in Malaysia


Country Garden Danga Bay


The Astaka


Greenland Jade Palace

Top-Mix Concrete Project References in Malaysia


Capital City


Greenfield Regency Apartments


Gleneagles Medini


ENGRO
魯新建材
②
①

CHINA: SPECIALTY CEMENT

China's gross domestic product (GDP) expanded by 6.9 percent in 2015, a far cry from its spectacular expansion in recent decades, though it falls in line with the government's 7 percent target. After years of torrid expansion, the world's second-largest economy is now decelerating, with the government trying to shift the growth engine away from manufacturing and debt-fueled investment toward the service sector and consumer spending. The annual growth of China's property investment continued to cool to 1 percent in 2015, a sharp decrease from the 10.5-percent growth in 2014. New housing construction projects dropped 14 percent year on year, with new residential housing declining 14.6 percent. Over 718.5 million square meters of commercial residential housing was for sale by the end of last year, enough to house over 20 million people. President Xi Jinping said in November 2015 that China had to take measures to address the country's supply glut.

2015 saw the addition of a new plant to our portfolio by Qingdao Evergreen Materials & Technologies Co., Ltd (Evergreen), a JV with Qingdao Iron & Steel Group (QDIS). Situated at Dongjiakou Port area, Qingdao City, the phase-one project has an annual production capacity of 1.2 million tons of GGBS and 500,000 tons of steel slags. With the commission of Evergreen mills at the end of 2015, our GGBS installed annual capacity in China has reached 10.2 million tons.

The year proved to be an extremely difficult one for our GGBS business in China. A slowing economy exposing the frigidity of the blindly over-built steel and cement capacities plunged both industries into great losses never seen before as housing construction activities ground almost to a halt as a result of looming gluts. Our business took an unexpectedly precipitous dive. We sold 7.4 million tons as compared to 7.8 million tons in 2014 or decrease of 5 percent over 2014, but with selling prices falling widely and unprecedentedly across the board, and GGBS operation being integrally associated with steel and cement sectors, performed badly and suffered its first ever loss since 2003.

Quanzhou Luxin GGBS Plant

CHINA: SPECIALTY CEMENT

Various measures to cut cost, improve productivity and core competencies

While operating in a very difficult economic environment, all our China GGBS joint ventures (JVs) were committed to reduce costs, improve productivity and enhance core competencies for improving margins or reducing losses. Some of the improvements and achievements are summarized below:

(i) Reduced Energy Cost

An innovative hot gas coal-fired generator. Breakthrough came in 2015 with a very encouraging result for one of our JVs, which had cut energy cost by more than 30%.

(ii) Product Differentiation – Type III GGBS

Producing Type III GGBS to match increasing demand overseas.

(iii) Wuhan Wuxin Listed on the New Third Board

Encouraged by the policies and incentives of the Chinese Government, both Wuhan Wuxin and Jinan Luxin worked relentlessly to get their JVs listed in the New Third Board (新三板), a prelude to subsequent listing in the main board of China stock exchange. We are pleased to report that Wuhan Wuxin had succeeded in getting itself listed on the New Third Board on 6 November 2015. Trading of its shares can begin on 22 July 2016. As for Luxin, we are optimistic that it can also be listed by early 2016.

(iv) Strategic move from "**Building Scale**" to "**Pursuit of Excellence**"

In the next few years, depressed GGBS selling prices will continue to dominate the scene.

In view of the New Normal Economy of China, we have taken a strategic move from "Building Scale" to "Pursuit of Excellence" in order to consolidate and improve strength, profitability and sustainability in the next 5 years.

Notwithstanding our anxiety over economic weakness and a projected glut of unwanted housing units flooding the market that shall complicate the economy in its path toward recovery, we see the following promising opportunities for our business:

- Promoting the use of low carbon green slag cements due to changes in Environmental Regulations in China.
- Extending the business chain by developing and promoting applications of green low carbon slag cements and high performance concrete products.

- Build on logistics to expand market coverage within China.

Some of the programmes identified under the "**Pursuit of Excellence**" and put in motion in 2015 are described below:

(a) Zibo Duoshan Eco-friendly Green Cement Production Project to improve margin

Leveraging on our technical knowhow and years of experience in the production and application of high quality slag cements in Singapore, this strategic move is expected to add value to our GGBS thus allowing us to compete strongly with other GGBS producers and yielding higher margins. The JV project is scheduled to start trial production in 2Q 2016.

(b) EnGro e-Commerce Project to allow its Green Building products reaching wider users

In line with the shift to digital economy, a new platform GGBS+ combining mobile apps is to be added. This is to allow information reaching more users across China thus creating new demand for GGBS. It is hoped that the GGBS+ platform will allow users to purchase our products online.

Quanzhou JV plant

(c) A trading arm was set up in Southern China in 2015 to augment with terminal operations. This operation allows us to ship GGBS from North China, to supplement our Quanzhou GGBS production base. With this addition, our coverage will span a coastal belt of 260 km from Xiamen to Fuzhou.

Qingdao JV plant

Outlook for 2016

More Infrastructural Projects Roll Out In Midst Of Property Market Gloom

Nationwide housing sales could slow to a more modest zero to 5 percent in 2016. The slump in property building is poised to weigh even more heavily in 2016. The outlook for 2016 remains challenging despite policy support and destocking, thus posing major headwinds for construction material business.

One bright spot is the infrastructure development which the government of China development is taking multiple initiatives to develop. To achieve a GDP of 6.5 percent in 2016, it was reported that an infrastructure construction spending of RMB 16.4 trillion is required. China is set to invest a total of at least RMB 2.8 trillion Yuan in railway construction during the 13th Five-Year Plan period (2016-2020). National railway network will grow by more than 23,000 kilometers over the period. In 2016 spending on railway and water supply projects will be maintained at RMB 800 billion.

CHINA: SPECIALTY CEMENT

Several railways linking Chongqing to Xiamen, Chongqing to Kunming, and Chongqing to Xi'an will start construction in this period. For Chongqing alone, over the next five years, the total investment of their transportation projects will amount to RMB 400 billion. This includes RMB 150 billion for high-speed rail lines and RMB 130 billion for expressways.

Wuhan Metro

MRT construction projects in Wuhan, Qingdao and Jinan

The **Wuhan Metro** in the city of Wuhan began its operation in July 2004 with the completion of a ten-station long elevated rail between Huangpu Road and Zongguan, As of December 2015, there are four lines in operation as shown below, totaling 102 stations and 128.7 kilometers.

Wuhan Metro is pursuing ambitious expansion projects. Seven urban transit and two suburban lines, totaling a length of 273.1 kilometers, are under construction and expected to complete by 2017 to serve the city of Wuhan, connecting the three boroughs separated by the Yangtze River and the Han River and sprawling to booming suburban districts.

Against this rosy backdrop in Chongqing, Wuhan Wuxin started to tackle logistic challenges so that it can penetrate and establish a foothold over there. It has successfully sailed its first GGBS shipment on an 890-kilometer Yangtze River journey to Chongqing on 11 January 2016.

The **Jinan Metro** is a rapid transit system in Jinan City currently under construction. The city government plans to build eight lines of urban-suburban metro with 331 kilometer in length and 155 stations. After years of planning, construction finally started in 2015. The first line, R1, with 9 stations and 26 kilometer in length, would serve the west of the city and cost RMB 12 billion. This line is due for completion by 2018. Another two lines (R2 & R3) with 28 stations and a length of 69.2 kilometer are planned to be completed by 2019.

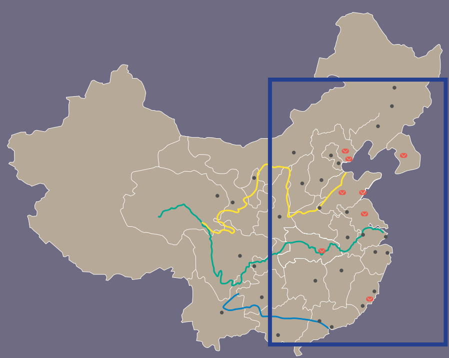

Wuhan Metro

The **Qingdao Metro** is the underground metro system in Qingdao. The construction of its first line, Line M3, began in November 2009 with an investment of RMB 13 billion. The north section began operation on 16 December 2015 and the south section will begin operation in 2016. With a total of 22 stations, it has a total length of 25.1 kilometer.

Next to be completed will be Line M2, which will have 27 stations and a length of 29.6 kilometer. It is expected to be completed around 2016-2017. An additional line, Line M1, is due to be completed around 2020. According to the published plans, ultimately there will be 5

GGBS JV PLANTS

GGBS JV Plant	Annual Production (tons p.a)
Tangshan Tanglong Materials Co., Ltd	1,200,000 tons
Tangshan Tang-Ang Materials Co., Ltd	600,000 tons
Jinan Luxin Materials Co., Ltd	2,400,000 tons
Quanzhou Luxin Materials Co., Ltd	600,000 tons
Jiangsu Huailong Materials Co., Ltd	1,200,000 tons
Wuhan Wuxin Materials Co., Ltd	3,000,000 tons
Qingdao Evergreen Materials and Technologies Co., Ltd	1,200.000 tons
VCEM Materials Co. Ltd. (Korea)	500,000 tons
Total GGBS Capacity	**10,700,000 tons**



CHINA: SPECIALTY CEMENT

Qingdao Metro

lines in total with a combined length of 231.5 kilometer. All work is scheduled to be finished prior to 2050.

Against this rosy backdrop in Chongqing, Wuhan Wuxin started to tackle logistic challenges so that it can penetrate and establish a foothold over there. It has successfully sailed its first GGBS shipment on an 890-kilometer Yangtze River journey to Chongqing on 11 January 2016.

New Opportunity in Sponge City Pilot Project offers good prospect

Decades of relentless urbanisation and poor water management have been causing either flooding or drought in many cities and districts across China, and also pollution in its rivers, lakes and waterways. To address these twin problems, the Chinese central government have now chosen 16 urban districts across the country, including Wuhan, Jinan, Chongqing and Xiamen, to become pilot sponge cities. It was reported that RMB 8.9 trillion will be spent on developing the sponge cities up to 2030. Annual investment is RMB 685 billion. Over the next three years, each will receive up to RMB 500 million to develop ponds, filtration pools and wetlands, as well as to build permeable roads and public spaces that enable storm water to soak into the ground. Ultimately, under the new sponge cities program, nearly 70-percent of excess rain water will be recycled and reused.

Wuhan lies along the Yangtze River, and has long-dealt with flooding. However, under the sponge cities program, authorities in Wuhan have plans to use the collected rainwater to top-up water levels in the lakes in the city. Permeable concrete and bio-retention systems will be built to collect and purify rain water from green belts along the sidewalks.

Wuhan Iron and Steel (“Wugang”), have shown great interest and commitment to be a leading player in Wuhan.

Besides Wuhan, Jinan and Xiamen are also on the list. Our GGBS JVs there are expected to benefit too.

China is accelerating 300 infrastructure projects valued at RMB 7 trillion (US$1.1 trillion) this year as policy makers seek to shore up growth that’s in danger of slipping below 7 percent.

SPECIALTY POLYMER: R&P

R&P Pte. Ltd.

R&P was granted a Technology License by ExxonMobil Chemical to continue its polypropylene (PP) compounding business for the automotive industry in Asia Pacific in late 2014.

2015 was a transition year for R&P where it transformed itself from toll compounding into an independent compounding house to directly serve the automotive sector. R&P's experience gained from being a toll compounder to ExxonMobil Chemical (for its Exxtral™ products) has allowed R&P to accumulate invaluable process engineering, testing know-how and capabilities to meet the stringent quality and reliability requirements of the automotive sector.

In China, R&P succeeded in getting Ford China to convert from Exxtral™ to STERLENE™ for its vehicle platform after 6 months of effort. By late 2015, R&P was accepted as an approved supplier by Valeo, a French multinational automotive supplier providing a wide range of products to auto manufacturers. With 2 major automotive customers secured, R&P saw its production volume increased by 15 percent year-on-year.

The automotive sector continues to be the largest single sector for the polymer industry, especially in Asia Pacific, where the growth of passenger vehicles in China and ASEAN countries continues to grow at a healthy rate. Besides, the usage of lightweight materials and polymers in cars continue to increase due to a focus in weight reduction to comply with stringent fuel-efficiency norms.

The China Association of Automobile Manufacturers reported that China's car sales reached new heights in 2015. Vehicle makers sold 21.1 million passenger cars, up 7.3 percent from a year earlier. The association also projected passenger car sales for 2016 would continue to grow by 7.8 percent to 22.76 million vehicles, helped by recent government purchase incentives for small cars, which make up nearly 70 percent of new car sales.

To serve its customers better and to get closer to the market, R&P has entered into an MOU with its China distributor with view to form a joint venture (JV) in China. Discussion is still in progress, and the proposed JV will be based on the merits of two companies to unlock value in technology knowhow.

INVESTMENTS

2015 saw strong fund raising activities for US venture capital activities where US$28 Billion was raised, which is comparable to 2014. The software industry continued to receive the bulk of investment, with Biotechnology in second place. Although venture backed IPO activity of 77 companies were down from last year, it was still higher than 2013 and 2012 numbers. This is due to non-traditional investors funding rounds of US$100 million and above, allowing companies staying private longer.

However with mutual fund valuation write-downs, a decrease in mega-round activities has resulted in fewer Unicorns (valuation exceeding US$1 Billion) in Q4 2015 as the investor community at large has started to scrutinize the actual performance of such companies. Reacting to the business uncertainty going into 2016 and with the public equity market corrections, our VC fund managers have kept adequate reserves and also ensured their portfolio companies have strong cash to last through the dry spell.

Locally, we continued our efforts to nurture promising local startups into global companies. Green Koncepts, our portfolio startup company in clean-tech energy management continues to refine its business model and expand its cloud-based platform to offer more vertical solutions in data centre management and lighting management. Going into 2016, Green Koncepts will be partnering with independent software vendors (ISVs) to offer Big Data Analytics and international system integration companies to bid in large enterprise projects. On a less bright note, our QT Vascular ("QTV") medtech device portfolio which got listed in 2014, has hit some rough patches in legal suits and sales activities. QTV has since established ownership of its key patents, taken steps to improve its sales activities, and has been consistent in its technical milestone track record including various regulatory product approvals.

Property Investment

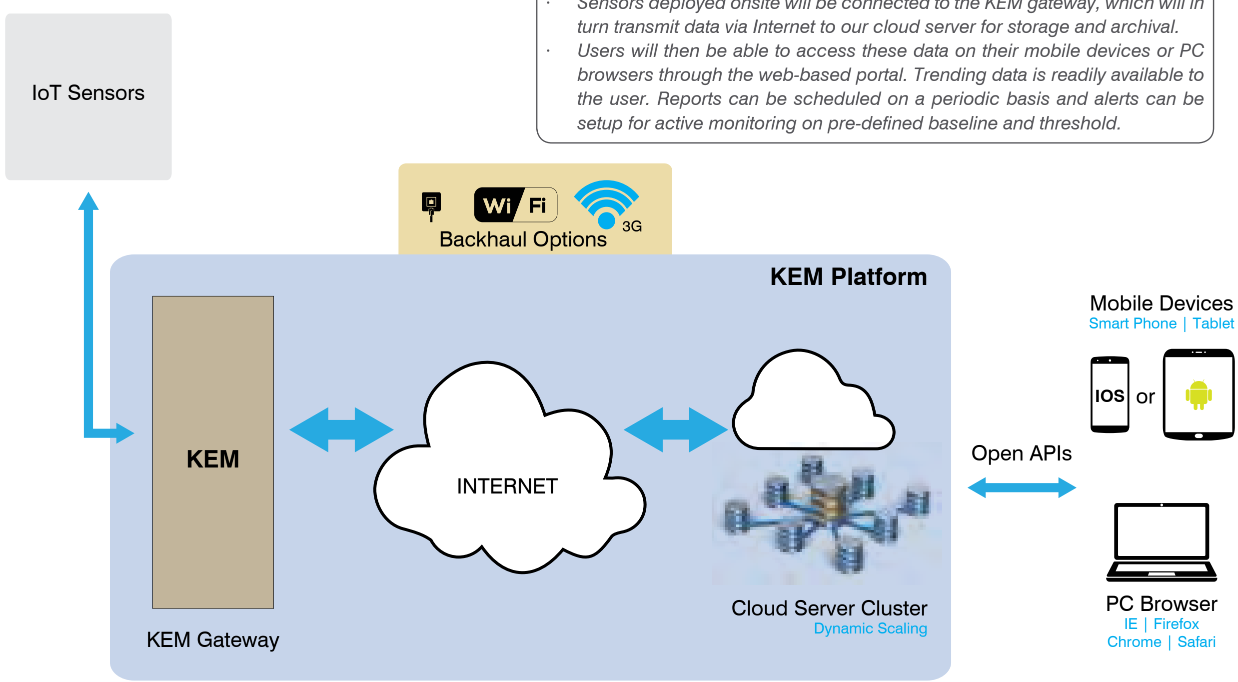
To prevent the property market from overheating, Singapore Government decided not to lift its cooling measures introduced since 2013. The unsold units of Turquoise have been leased out pending market recovery.

In China, two plots of Nanhu Eco City project in Tangshan have been launched. Take up rates have been slow under subdued market conditions, and impairment provision has been made for one of the plots. Despite the market uncertainty, we remain cautiously optimistic that the marketing of this high-end residential project, integrated with commercial and entertainment, cum riding on cobranding of Yanlord and Ho Bee Land, given time, will yield results especially under the latest Central Government policy of pushing for Beijing-Tianjin-Hebei corridor, Tangshan has been earmarked to become a garden city within this corridor.

Green Koncepts KEM Platform

KEM Platform

- *Sensors deployed onsite will be connected to the KEM gateway, which will in turn transmit data via Internet to our cloud server for storage and archival.*
- *Users will then be able to access these data on their mobile devices or PC browsers through the web-based portal. Trending data is readily available to the user. Reports can be scheduled on a periodic basis and alerts can be setup for active monitoring on pre-defined baseline and threshold.*



CORPORATE SOCIAL RESPONSIBILITY

Support and sponsorship on GGBS Association in China

As a leading GGBS player in China, EnGro and its joint venture associates actively play an important role in encouraging and promoting the use of eco-friendly GGBS products in the construction industry by formulating GGBS product quality control and technical specifications that guide the application of GGBS products in China. From 5 to 7 August 2015, the China Concrete and Cement Products Association (CCPA) hosted the annual meeting of GGBS producers and users in Nanjing. CCPA members elected Dr. Chen En Yi to continue as Chairman of the CCPA, in recognition of the contributions made by EnGro and Dr. Chen in the production and application of GGBS in China.

Guests from China visit to EnGro high-performance GGBS cement construction project

Bridge between Singapore and China

As a foreign enterprise doing business in China, EnGro has continuously engaged in activities to promote economic and business developments between Singapore and Jinan, as well as the various cities where EnGro has a presence. EnGro has been providing support and sponsorships to various Chinese enterprises and the management staff or officers of the municipal governments in several Chinese cities come to Singapore to attend professional exchange programs. In 2015, EnGro organized some visits for members of CCPA to visit Singapore.

Guests from China visit to EnGro cement terminal

Guests from China visit to EnGro Tampines cements blending plant

EnGro Participated in Sponsorship of Singapore National Day Dinner in Beijing, China

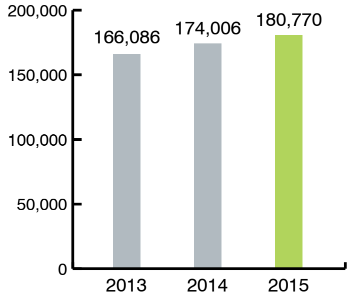
EnGro has actively supported various events organized by Singapore related parties held in Singapore or China. As an active member of Singapore Chamber of Commerce and Industry in Beijing, in 2015, EnGro was a gold sponsor of Singapore's 50th National Day celebration event in Beijing.

FINANCIAL HIGHLIGHTS

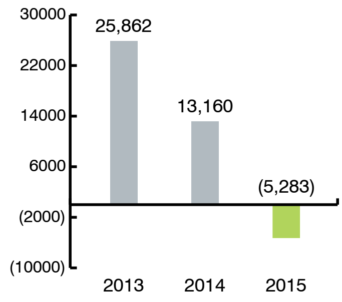
	FY2013	FY2014	FY2015
Consolidated Statement of Comprehensive Income ($'000)			
Revenue	166,086	174,006	180,770
Profit after tax	25,849	13,050	(5,455)
Profit attributable to owners	25,862	13,160	(5,283)
Statement of Financial Position ($'000)			
Total assets	244,814	268,862	262,793
Net assets value	214,363	227,998	223,451
Per Share (Cents)			
Basic Earnings	21.88	11.10	(4.45)
Net asset value	181	192	188
Net dividend	5.00	3.00	2.50

THREE-YEAR RESULTS AT A GLANCE

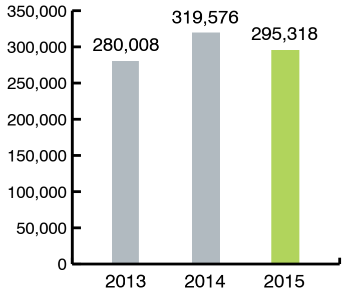
Revenue
($'000)



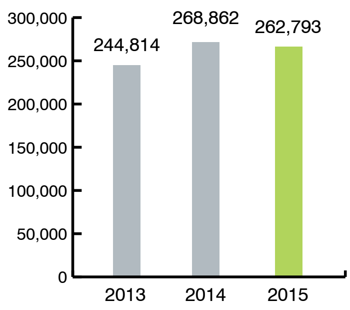
Profit Attributable to Owners
($'000)



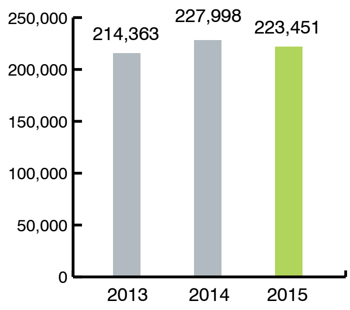
Revenue of EnGro and Associates and Joint Ventures#
($'000)



Total Asset
($'000)

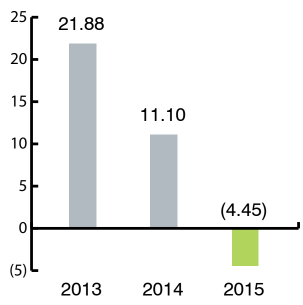


Net Assets Value
($'000)

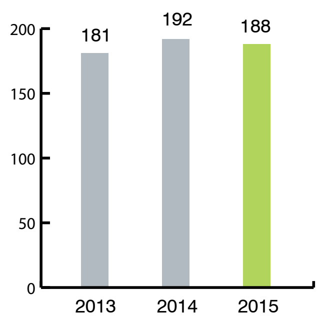


#Revenue of Associates and Joint Ventures is calculated based on percentage of interest EnGro has in the Associates and Joint Ventures. Numbers are for illustration purpose only.

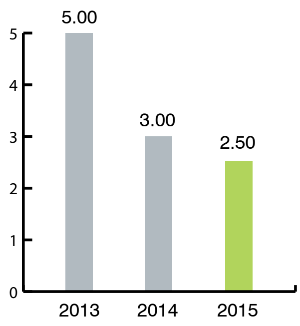
Basic Earnings per Share
(cents)



Net Asset Value per Share
(cents)



Net Dividend per Share
(cents)



CORPORATE GOVERNANCE REPORT

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

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

Guidelines of the Code	Corporate Governance Practices of the Company
1.1	The Board's principal functions include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.
1.2	All directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company.
1.3	To assist the Board in executing its duties, the Board has delegated specific functions to the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.
1.4	The Board has held meetings for particular and specific matters as and when required. A record of the directors' attendance at meetings of Board and Board Committees for the financial year ended 31 December 2015 ("FY2015"), as well as frequency of such meetings, is set out in **Table 1**.
1.5	Matters which are specifically reserved for the Board's approval include, among others, any material acquisitions and disposals of assets, any significant corporate matters and major undertakings (other than in the ordinary course of business). The Board dictates the strategic direction and management of the Group through quarterly review of the financial performance of the Group and the Company. In addition to establishing the limits of the discretionary powers of the officers and committees, the Board reviews the adequacy of risk management systems and internal controls.
1.6	New directors, upon appointment, are briefed on the business and organization structure of the Company. There are update sessions to inform the directors on new legislation and/or regulations that are relevant to the Group. 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.

CORPORATE GOVERNANCE REPORT

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

Board Composition and Guidance

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

Guidelines of the Code	Corporate Governance Practices of the Company
2.1	The Board comprises five directors, two of whom are executive directors and three of whom are independent non-executive directors. There is an independent element on the Board, with independent directors constituting more than half of the Board. A summary of the current composition of the Board and its committee is set out in **Table 2.**
2.2	Although the Chairman of the Board and the CEO of the Company is the same person, there is a strong independent element on the Board, with more than half of the Board comprising independent directors.
2.3	The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director.
2.4	Concerning the independence of Directors who have served on the Board beyond nine years, the Board had rigorously reviewed the performance, character and background of Mr Ng Tat Pun and Mr Soh Kim Soon (both being long serving and are familiar with the Company's history, business as well as with management). Each of the aforesaid directors had exercised strong independent judgement in their deliberations in the interests of the Company and maintained their objectivity and independence at all times in the discharge of their duties as director. The Board is satisfied with the independence of character and judgement of both Mr Ng Tat Pun and Mr Soh Kim Soon notwithstanding their more than nine years of service on the Board. The Board is aware of the need for progressive refreshing of the Board. Due to the complexity of the Group's businesses, the retirement of its long serving directors will be paced to avoid an abrupt loss of members with the relevant experience.
2.5	The Board considers that the present Board size is appropriate, taking into account the nature and scope of the Group's operation. The Board comprises directors who as a group provide core competencies, such as business and management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group's objectives.
2.6	The Board recognizes the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. To this end, the NC reviews the Board's collective skills matrix regularly. As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views.
2.7	The non-executive directors aim to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors would also review the performance of Management in meetings.

CORPORATE GOVERNANCE REPORT

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

Chairman and Chief Executive Officer

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

Guidelines of the Code	Corporate Governance Practices of the Company
3.1	Mr Tan Cheng Gay currently fulfills the role of Chief Executive Officer (the "CEO") and Chairman of the Board (the "Chairman"). The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on corporate affairs of the Group.
3.2	As the Chairman and CEO, he, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the executive directors and the independent directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices. As Chairman, he is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company (the "Management") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.
3.3	The Board has appointed Mr Soh Kim Soon ("Mr Soh"), an independent and non-executive director, as the Lead Independent Director on 5th August 2013. Mr Soh will be available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO or the chief financial officer (or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate.
3.4	Where warranted, the lead independent director shall meet with the independent directors without the presence of Management or the executive directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

Board Membership

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

Guidelines of the Code	Corporate Governance Practices of the Company
4.1	The NC, regulated by a set of written terms of reference, comprises two independent non-executive directors as well as an executive director. The lead independent director is the Chairman of the NC. 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.**

CORPORATE GOVERNANCE REPORT

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

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

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

(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.

4.3 The NC reviews annually the independent declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. The NC has ascertained the independence of each director for FY2015 in accordance with the Code's definition of independence and is satisfied that Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock remain as independent non-executive directors of the Company.

The Board having reviewed the performance, character and background of each independent non-executive director, considers Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock to be independent since they do not have any existing business or professional relationships with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment.

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

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

4.5 No alternate director has been appointed to the Board.

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

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

i. developing a framework on desired competencies and diversity on board;
ii. assessing current competencies and diversity on board;
iii. developing desired profiles of new directors;
iv. initiating search for new directors including external search, if necessary;
v. shortlist and interview potential director candidates;
vi. recommending appointments and retirements to the board;
vii. election at general meeting.

CORPORATE GOVERNANCE REPORT

4.7	Key information of each member of the Board can be found under the Directors' Profile section of this Annual Report. The date of the directors' initial appointment and last re-election and their directorships are disclosed in **Table 3.**

Board Performance

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

Guidelines of the Code	Corporate Governance Practices of the Company
5.1	The NC is responsible for assessing the effectiveness and performance of the Board. The assessment parameters include the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness, Board accountability and oversight, functioning of the Board Committees as well as standards of conduct. For FY2015, the NC reviewed the performance of the Board based on the aforesaid parameters.
5.2	The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.
5.3	The NC members were in consensus that there is no necessity to go through the formal process of evaluating their fellow director's performance on an individual basis. There were no issue with fellow members' regularity of attendance at meetings, their objectivity, competencies, time commitment and their readiness to contribute at meetings. Any disagreement between fellow directors would have been ironed out at the Board meeting. Although the Directors are not evaluated individually on a formal basis, the factors taken into consideration with regard to the re-nomination of Directors for the current year are based on their attendances, commitment of time and contributions made at meetings of Board and Board committees as well as general meetings.

Access to Information

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

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

6.3	Directors have separate and independent access to the Company Secretary at all times. The Company Secretary attends all Board meetings, provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors.
6.4	The appointment and removal of the Company Secretary is subject to the approval of the Board.
6.5	The Board (whether individually or as a group) has, in the execution of its duties, access to independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Practices of the Company
7.1	The RC, regulated by a set of written terms of reference, comprises three independent non-executive directors. The names of the members of the RC are disclosed in **Table 2**.
7.2	According to the terms of reference of the RC, the functions of the RC include, among others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the executive directors (in the form of service agreements) are formulated and approved. The RC has access to outside expert advice on all remuneration matters at the Company's expense. No director or member of the RC has been involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.
7.3	An independent remuneration consulting firm was engaged in FY2013 to advise on the remuneration structure and process of the Group's compensation systems, both at Company level and at individual level (i.e. the key executive level). In addition, the long term incentive schemes (share option schemes) of the Company were also reviewed.
7.4	According to the service agreement of the CEO: i. the term of service shall continue until terminated by either party in accordance with the terms of the agreement; and ii. there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the CEO.

Level and Mix of Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Company
8.1	**ANNUAL REMUNERATION REPORT**
	REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL
	The CEO's remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the CEO's interests with that of the shareholders. The other executive director is paid a basic salary, overseas allowance and a variable performance bonus which is linked to his performance and the performance of the China operations. He is also paid a director fee for being a member of the NC.
	Based on the recommendation of the independent remuneration consulting firm, the RC has accepted and recommended to the Board the adoption of the performance measures, targets and hurdles for key management personnel.
8.2	The Company obtained shareholders' approval in FY2011 to implement a performance share award scheme (called the "EnGro Corporation Limited Performance Share Award Scheme") and an employee's share option scheme (called the "EnGro Corporation Limited 2011 Employees' Share Option Scheme"), where both schemes are administered by the RC. As at the date of this report, no award or share options have been granted to either the CEO or the other executive director, both of whom are entitled to participate in these two schemes subject to the rules and limits set out therein.
8.3	**POLICY IN RESPECT OF NON - EXECUTIVE DIRECTORS' REMUNERATION**
	In reviewing the recommendation for independent non-executive directors' remuneration for FY2015, 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.
	Save for directors' fees, which have to be approved by the shareholders at every annual general meeting ("AGM"), the independent non-executive directors do not receive any other forms of remuneration from the Company.
8.4	In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

Disclosure on Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Company
9.1 Also Rules 1207(12) to 1207(15) of the SGX-ST Listing Rules	**LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2015.** Although the remuneration of each director and the top five key management personnel are not fully disclosed, the Company discloses their remuneration in bands of S$250,000 and also discloses in aggregate the total remuneration paid to the directors and the top five key management personnel. The compensation structure for the key management personnel of the Group consists of three key components – fixed salary, bonus and other benefits. **Table 4** and **Table 4A** sets out the breakdown of the remuneration of the directors and the top five key management personnel for FY2015, respectively.
9.2 & 9.3	Regarding the Code's recommendation to fully disclose the remuneration of directors and the top five key management personnel, given the highly competitive environment it is operating in and the confidentiality attached to the remuneration matters, the Company believes that disclosing remuneration in bands of S$250,000 and disclosing in aggregate the total remuneration paid to the directors and the top five key management personnel provide sufficient overview of the remuneration of directors and the top five key management personnel.
9.4	**REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER** Save as disclosed in Table 4, there is no immediate family member (defined in the SGX-ST Listing Manual) as the spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded S$50,000 during FY2015.
9.5	The Circular to Shareholders containing the details of the EnGro Corporation Limited Performance Share Award Scheme and the EnGro Corporation Limited 2011 Employees' Share Option Scheme are available to shareholders upon their request.
9.6	Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report under Principles 7, 8 and 9 and in the financial statements of the Company and the Group.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	Corporate Governance Practices of the Company
10.1	The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting quarterly and other price-sensitive public reports and reports to regulators (if required).
10.2	The following policies were established:- (a) Standard Operating Procedure Manual; (b) Policy on Delegation of Authority; (c) Financial Risk Management Policy; (d) Policy on Matters reserved for the Board; (e) Share Buyback Policy; and (f) Investment Policy
10.3	Management had provided each member of the Board with management accounts on a quarterly and monthly basis so that they will be better informed on how the Group and Company are performing. The CEO and the Chief Financial Officer ("CFO") provide assurance to the Board on the integrity of these financial statements through a written representation.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Guidelines of the Code	Corporate Governance Practices of the Company
11.1	The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls, as well as risk management policies and systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:- (a) discussions with management on risks identified by management; (b) the audit processes; (c) the review of internal and external audit plans; and (d) the review of significant issues arising from internal and external audits.
11.2	The Directors recognise that risk management is integral to the whole business of the Group. In 2013, the Company developed the risk identification and management framework with the assistance of a reputable consultant, following which management has been tasked with the responsibility of overseeing and regularly reviewing the Group's internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems.

11.3 Based on the internal controls established and maintained by the Group, 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 Group's internal controls, addressing financial, operational, compliance and information technology controls, as well as risk management policies and systems, were adequate as at 31 December 2015.

Also Rule 1207(10) of the SGX-ST Listing Rules

The Board has received assurance from the CEO and the CFO that:

(a) 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 are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no known deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

11.4 As the Company does not have a Risk Management Committee, the Board, AC and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

AUDIT COMMITTEE

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

Guidelines of the Code **Corporate Governance Practices of the Company**

12.1 The AC, regulated by a set of written terms of reference, comprises three members, all of whom are Independent Non-Executive Directors. The names of the members of the AC are disclosed in **Table 2.**

12.2 The AC has three members namely Mr Ng Tat Pun, Mr Soh Kim Soon and Mr Ronnie Teo Heng Hock, who have accounting or related financial management expertise or experience.

12.3 The AC has full access to and full co-operation of the Management and external auditors. It also has the full discretion to invite any director or executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.

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

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

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

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

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

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

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

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

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

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

12.6 The amount of audit and non-audit fees paid to the external auditors in FY2015 is disclosed on Page 93 of the Annual Report.

The AC has reviewed the non-audit services (mainly tax compliance) provided by the external auditors to the Group in FY2015 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

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

12.8 **Summary of AC's activities in FY2015**

During the year, the AC:

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

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

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

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

(v) reviewed audit and non-audit fees;

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

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

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

(ix) reviewed interested party transactions.

Internal Audit

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

Guidelines of the Code	Corporate Governance Practices of the Company
13.1	The internal audit function reports directly to the Audit Committee. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.
13.2 to 13.5	Our in-house internal audit team reports directly to the Chairman of the AC on internal audit matters. The AC has reviewed the adequacy of the in-house internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.
14.2	Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.
14.3	Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

Guidelines of the Code	Corporate Governance Practices of the Company
15.1	The Company provides sufficient and regular information to its shareholders on a timely and fair basis regarding its business developments and financial performance that could have a material impact on the price or value of its shares. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests.
15.2	The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNET") and the press.
15.3	The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.
15.4	The Company has adopted quarterly reporting of its financial results since FY2003. Accordingly, in FY2015, quarterly financial results of the Company were published via SGXNET.
15.5	The Company's seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The declaration of a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share has been proposed for FY2015.

CONDUCT OF SHAREHOLDER MEETINGS

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

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

CORPORATE GOVERNANCE REPORT

16.3 The Chairpersons of the AC, NC and RC are also present and available to address to questions raised. In addition, the external auditors are present at AGMs to address queries, if any, on the conduct of the audit and the preparation and content of the Auditors' Report.

16.4 & 16.5 To have greater transparency in the voting process, with effect from FY2013, the Company conducts the voting of all its resolutions by poll at its AGM. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

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

DEALING IN SECURITIES

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

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

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

MATERIAL CONTRACTS

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

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

INTERESTED PERSON TRANSACTION ("IPT")

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

During the year under review, there have been no material interested person transactions requiring disclosure pursuant to the SGX-ST Listing Manual.

No IPT Mandate has been obtained from shareholders.

CORPORATE GOVERNANCE REPORT

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2015

Directors	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Cheng Gay	5	5	–	–	–	–	–	–
Tan Yok Koon	5	5	1	1	–	–	–	–
Ronnie Teo Heng Hock	5	5	1	1	4	4	1	1
Ng Tat Pun	5	5	–	–	4	4	1	1
Soh Kim Soon	5	5	1	1	4	4	1	1

TABLE 2 - BOARD AND BOARD COMMITTEES FOR FY2015

	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				
Ng Tat Pun	Member	–	Chairman	Member
Soh Kim Soon (also Lead Independent Director)	Member	Chairman	Member	Member
Ronnie Teo Heng Hock	Member	Member	Member	Chairman

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

Name of Director	Age	Date of initial appointment	Date of last re-election/re-appointment	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies
Tan Cheng Gay	69	27/11/1973	28/04/2015	EnGro Corporation Limited	–
Tan Yok Koon	67	17/05/1974	29/04/2014	EnGro Corporation Limited	–
Ng Tat Pun	71	01/07/2002	28/04/2015	1) EnGro Corporation Limited 2) Thai Beverage Public Company Ltd 3) Sing Investments & Finance Limited	–
Soh Kim Soon	70	19/11/2002	29/04/2013	1) EnGro Corporation Limited 2) Frasers Centrepoint Asset Management Ltd	–
Ronnie Teo Heng Hock	67	05/01/2012	29/04/2014	1) EnGro Corporation Limited 2) Berger International Limited (Delisted in February 2014) 3) Uni-Asia Holdings Limited	New Toyo International Holdings Ltd

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2015 is set out below:

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
		Directors' Fee	Salary %	Bonus %	Other Benefits %	Total %	
Tan Cheng Gay	ED	–	90	7	3	100%	500,001 – 750,000
Tan Yok Koon	ED	1	55	14	30	100%	500,001 – 750,000
Ronnie Teo Heng Hock	NEID	100%	–	–	–	100%	<250,000
Ng Tat Pun	NEID	100%	–	–	–	100%	<250,000
Soh Kim Soon	NEID	100%	–	–	–	100%	<250,000
The Aggregate Total Remuneration (S$'000) of Directors						1,349	

Notes

ED: Executive Director
NEID: Non-Executive Independent Director

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

The breakdown of total remuneration of the top 5 key management personnel (who are not also Directors or the CEO) of the Group for the year ended 31 December 2015 is set out below:

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of $250,000
		Salary %	Bonus %	Other Benefits %	Total %	
Ho Pol Lim Eugene	Senior General Manager Building Materials	66	29	5	100	250,001 – 500,000
Len Cheng	Chief Financial Officer	77	18	5	100	250,001 – 500,000
Chen En Yi	General Manager Specialty Cement	89	7	4	100	<250,000
Wong Toon Hong	Manager, Strategic Business Unit	81	16	3	100	<250,000
Vincent Loh	Manager, Knowledge Management & Business Development	71	23	6	100	<250,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,171	

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.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

Year ended 31 December 2015

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 2015.

In our opinion:

(a) the financial statements set out on pages 47 to 117 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 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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	Executive Chairman
Tan Yok Koon	Executive Director
Ng Tat Pun	Independent and Non-executive Director
Soh Kim Soon	Lead Independent and Non-executive Director
Ronnie Teo Heng Hock	Independent and Non-executive Director

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company are as follows:

Name of director and company in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
- direct interests held		
Tan Cheng Gay	636,750	636,750
Tan Yok Koon	366,000	366,000
Soh Kim Soon	46,500	46,500
- deemed interests held		
Tan Cheng Gay	826,000	16,500,500
Tan Yok Koon	–	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 or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

DIRECTORS' STATEMENT

Year ended 31 December 2015

Directors' interests (cont'd)

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.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

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

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2000 is set out below:

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

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

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

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

Option 3 has been fully exercised.

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

The EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2011. The ESOS 2011 is administered by the Company's Remuneration Committee, comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

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.

Share options (cont'd)

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

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

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2015	Options exercised	Forfeited	Options outstanding at 31 December 2015	Number of option holders at 31 December 2015	Exercise period
ESOS 2000*							
01/12/2006	$0.75	287,500	–	–	287,500	3	02/12/2007 – 30/11/2016
08/01/2008	$1.17	790,000	–	(50,000)	740,000	8	09/01/2009 – 07/01/2018
		1,077,500	–	(50,000)	1,027,500		
ESOS 2011							
18/04/2012	$0.79	205,000	–	–	205,000	5	19/04/2013 – 17/04/2022
		1,282,500	–	(50,000)	1,232,500		

** No further options will be granted under ESOS 2000.*

Since the commencement of both Schemes, there were no options granted to the controlling shareholders of the Company or their associates and no participant under both Schemes has been granted 5% or more of the total options available under both Schemes.

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.

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

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Ng Tat Pun (Chairman)
Soh Kim Soon
Ronnie Teo Heng Hock

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

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

Year ended 31 December 2015

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

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

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

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

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

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

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

In appointing our auditors for the Company, subsidiary corporations 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

31 March 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
EnGro Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of EnGro Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 117.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Property, plant and equipment	4	15,199	18,845	2,948	2,379
Subsidiaries	5	–	–	47,333	50,450
Intangible asset	6	328	333	–	–
Associates and joint ventures	7	101,007	103,863	60,243	60,243
Other investments	8	21,914	21,034	1,217	1,275
Other assets	9	172	172	172	172
Amounts due from associates and joint venture	11	1,607	2,094	–	–
Loans to a subsidiary	12	–	–	–	2,073
Deferred tax assets	17	29	–	–	–
Non-current assets		140,256	146,341	111,913	116,592
Other investments	8	23,611	33,980	–	18
Inventories	10	13,725	11,157	8,170	7,938
Trade and other receivables	11	51,580	40,444	67,135	59,456
Loans to a subsidiary	12	–	–	7,498	5,936
Cash and cash equivalents	13	33,621	36,940	10,992	16,751
Current assets		122,537	122,521	93,795	90,099
Total assets		262,793	268,862	205,708	206,691
Equity					
Share capital	14	85,270	85,270	85,270	85,270
Reserves	14	138,181	142,728	95,129	98,109
Equity attributable to owners of the Company		223,451	227,998	180,399	183,379
Non-controlling interests		62	133	–	–
Total equity		223,513	228,131	180,399	183,379
Liabilities					
Loans and borrowings	16	7,291	8,935	433	116
Deferred tax liabilities	17	655	997	–	–
Non-current liabilities		7,946	9,932	433	116
Loans and borrowings	16	4,440	3,008	11,867	10,071
Trade and other payables	18	26,685	27,427	13,009	13,125
Current tax liabilities		209	364	–	–
Current liabilities		31,334	30,799	24,876	23,196
Total liabilities		39,280	40,731	25,309	23,312
Total equity and liabilities		262,793	268,862	205,708	206,691

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	19	180,770	174,006
Changes in inventories of finished goods and work in progress		1,779	(656)
Raw materials		(142,603)	(128,270)
Other income		5,302	841
Depreciation of property, plant and equipment	4	(4,768)	(3,803)
Amortisation of intangible asset		(5)	–
Staff costs		(17,439)	(14,683)
Other expenses		(27,942)	(25,101)
Results from operating activities		(4,906)	2,334
Finance income	20	3,876	4,524
Finance costs	20	(3,411)	(491)
Net finance income		465	4,033
Share of (loss)/profit of associates and joint ventures, net of tax		(698)	7,497
(Loss)/Profit before tax		(5,139)	13,864
Tax expense	21	(306)	(814)
(Loss)/Profit for the year	22	(5,445)	13,050
(Loss)/Profit attributable to:			
Owners of the Company		(5,283)	13,160
Non-controlling interests		(162)	(110)
(Loss)/Profit for the year		(5,445)	13,050
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		180	3,748
Exchange differences on monetary items forming part of the net investment		2,459	1,725
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		2,377	2
Net change in fair value of equity securities available-for-sale financial assets		(575)	738
Other comprehensive income for the year, net of tax		4,441	6,213
Total comprehensive (loss)/income for the year		(1,004)	19,263
Total comprehensive income attributable to:			
Owners of the Company		(933)	19,303
Non-controlling interests		(71)	(40)
Total comprehensive (loss)/income for the year		(1,004)	19,263
Earnings per share			
Basic earnings per share (cents)	23	(4.45)	11.10
Diluted earnings per share (cents)	23	(4.45)	11.08

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company									
Group	**Share capital $'000**	**Capital reserve $'000**	**Reserve for own shares $'000**	**Share option reserve $'000**	**Foreign currency translation reserve $'000**	**Fair value reserve $'000**	**Accumulated profits* $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2014	85,263	(22)	(302)	192	(4,771)	7,385	126,618	214,363	153	214,516
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	13,160	13,160	(110)	13,050
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	3,678	–	–	3,678	70	3,748
Exchange differences on monetary items forming part of the net investment	–	–	–	–	1,725	–	–	1,725	–	1,725
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss	–	–	–	–	–	2	–	2	–	2
Net change in fair value of equity securities available-for-sale financial assets	–	–	–	–	–	738	–	738	–	738
Total other comprehensive income	–	–	–	–	5,403	740	–	6,143	70	6,213
Total comprehensive income for the year	–	–	–	–	5,403	740	13,160	19,303	(40)	19,263
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares under share option scheme	7	–	–	–	–	–	–	7	–	7
Final one-tier dividend declared of 3 cents per share in respect of year ended 31 December 2013	–	–	–	–	–	–	(3,560)	(3,560)	–	(3,560)
Special one-tier dividend declared of 2 cents per share in respect of year ended 31 December 2013	–	–	–	–	–	–	(2,374)	(2,374)	–	(2,374)
Capital contribution by a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	20	20
Share-based payment transactions	–	–	–	27	–	–	–	27	–	27
Issue of treasury shares under share option scheme	–	1	282	(51)	–	–	–	232	–	232
Total contributions by and distributions to owners	7	1	282	(24)	–	–	(5,934)	(5,668)	20	(5,648)
At 31 December 2014	85,270	(21)	(20)	168	632	8,125	133,844	227,998	133	228,131

* Included in accumulated profits is the Group's share of statutory common reserves of its associates and joint ventures of $14,831,000 that are not distributable as cash dividends.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company									
Group	**Share capital $'000**	**Capital reserve $'000**	**Reserve for own shares $'000**	**Share option reserve $'000**	**Foreign currency translation reserve $'000**	**Fair value reserve $'000**	**Accumulated profits* $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
At 1 January 2015	85,270	(21)	(20)	168	632	8,125	133,844	227,998	133	228,131
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(5,283)	(5,283)	(162)	(5,445)
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	89	–	–	89	91	180
Exchange differences on monetary items forming part of the net investment in foreign operations	–	–	–	–	2,459	–	–	2,459	–	2,459
Net change in fair value of available-for-sale financial assets transferred to profit or loss	–	–	–	–	–	2,377	–	2,377	–	2,377
Net change in fair value of equity securities available-for-sale financial assets	–	–	–	–	–	(575)	–	(575)	–	(575)
Total other comprehensive income	–	–	–	–	2,548	1,802	–	4,350	91	4,441
Total comprehensive income for the year	–	–	–	–	2,548	1,802	(5,283)	(933)	(71)	(1,004)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Final one-tier dividend declared of 3 cents per share in respect of year ended 31 December 2014	–	–	–	–	–	–	(3,561)	(3,561)	–	(3,561)
Own shares acquired	–	–	(53)	–	–	–	–	(53)	–	(53)
Total contributions by and distributions to owners	–	–	(53)	–	–	–	(3,561)	(3,614)	–	(3,614)
At 31 December 2015	85,270	(21)	(73)	168	3,180	9,927	125,000	223,451	62	223,513

* Included in accumulated profits is the Group's share of statutory common reserves of its associates and joint ventures of $15,031,000 that are not distributable as cash dividends.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
(Loss)/profit before tax		(5,139)	13,864
Adjustments for:			
Depreciation of property, plant and equipment	4	4,768	3,803
Amortisation of intangible asset	6	5	–
Dividend income	20	(844)	(478)
Equity-settled share-based payment transactions		–	27
(Gain)/Loss on disposal of property, plant and equipment	22	(362)	220
Impairment losses on available-for-sale equity securities	20	2,957	220
Interest income	20	(162)	(122)
Interest expense	20	454	271
Other investment income	20	(1,110)	(850)
Gain on disposal of available-for-sale financial assets	20	(56)	(218)
Impairment losses on property, plant and equipment	22	1,540	–
Net change in fair value of financial assets at fair value through profit or loss	20	(655)	(2,074)
Share of loss/(profit) of associates and joint ventures, net of tax		698	(7,497)
		2,094	7,166
Changes in working capital:			
Inventories		(2,580)	(3,028)
Trade and other receivables		(6,597)	(6,798)
Trade and other payables		664	3,217
Cash (used in)/generated from operations		(6,419)	557
Tax paid		(894)	(914)
Tax refunded		–	397
Net cash (used in)/from operating activities		(7,313)	40
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,140)	(1,774)
Distribution from available-for-sale financial asset		1,038	705
Dividends received from:			
- associates and joint ventures		4,358	7,743
- other investments		844	478
Interest received		162	122
Proceeds from disposal of:			
- available-for-sale financial assets		1,341	1,512
- financial assets at fair value through profit or loss		14,833	4,969
- property, plant and equipment		686	720
Purchase of available-for-sale financial assets		(1,990)	(3,907)
Purchase of financial assets at fair value through profit or loss		(3,720)	(27,974)
Purchase of intangible asset		–	(333)
Investment in a joint venture		–	(5,584)
Due from a joint venture (non-trade)		(6,503)	–
Net cash from/(used in) investing activities		9,909	(23,323)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Deposits pledged		–	106
Dividends paid		(2,966)	(4,944)
Interest paid		(679)	(271)
Repayment of amounts due from associates and joint ventures		–	2,254
Payment of finance lease liabilities		(3,555)	(2,402)
Proceeds from exercise of share options		–	7
Issue of treasury shares pursuant to exercise of share options		–	232
Own shares acquired		(53)	–
Loan from a non-controlling interest of a subsidiary		1,361	510
Contribution by a non-controlling interest of a subsidiary		–	20
Net cash used in financing activities		(5,892)	(4,488)
Net decrease in cash and cash equivalents		(3,296)	(27,771)
Cash and cash equivalents at 1 January		36,440	64,101
Effect of exchange rate fluctuations on cash held		(23)	110
Cash and cash equivalents at 31 December	13	33,121	36,440

Significant non-cash transactions

The following are significant non-cash transactions which were not included in the cash flow statement:

	2015 $'000	2014 $'000
Acquisition of property, plant and equipment under finance leases	2,404	8,476

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2016.

1 Domicile and activities

EnGro Corporation Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is at 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 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

The principal activities of the Group are those relating to the manufacture and sale of cement and building materials and specialty polymers and of 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 ("FRS").

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 has 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 FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 4 – Useful lives of property, plant and equipment
- Note 4 – Impairment of property, plant and equipment
- Note 5 – Impairment of investments in subsidiaries
- Note 10 – Allowance for inventory obsolescence
- Note 25 – Impairment of trade and other receivables
- Note 25 – Valuation of available-for-sale financial assets

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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.

The Group has an established control framework with respect to the measurement of fair values.

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 might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date 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,

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

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

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 acquisition date. 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 FRSs.

If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and any changes are taken to profit or loss.

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

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

Subsidiaries

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

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

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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

Transactions eliminated on consolidation

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

Subsidiaries, associates and joint ventures in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

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

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

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial assets at fair value through profit or loss

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

Financial assets classified as held for trading comprise equity and debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity and debt securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise a debt security.

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits and cash and cash equivalents managed by fund managers are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

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

Distributions of cash or quoted equity shares made by venture funds are recognised in the financial statements as and when they are received. Such distributions are initially treated as return of investment and are therefore offset against the cost of the investment. Any cash distributions received in excess of the cost of the investment are taken to profit or loss. Distributed quoted equity shares are stated at market value and any increases or decreases in carrying amount are included in other comprehensive income.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital (cont'd)

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

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

Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Subsequent costs

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

Depreciation

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

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

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

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

Leasehold apartment	-	over remaining lease term of 33 years
Buildings and civil works	-	5% to 33⅓%
Plant, machinery and equipment	-	10% to 25%
Office equipment, furniture and fittings	-	10% to 20%
Computers	-	20% to 33⅓%
Motor vehicles and transport equipment	-	20%

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

3.5 Intangible assets

Other intangible assets

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

Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.5 Intangible assets (cont'd)

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, other than goodwill, 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

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

3.6 Leased assets

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

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

3.7 Inventories

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

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

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 30% to be significant and a period of nine months to be prolonged.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables and held-to-maturity investment securities

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

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

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

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of 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.

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

3.9 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

Share-based payment transactions

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

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

3.10 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.11 Revenue

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards vary depending on the individual trade terms of the sales transactions.

3.12 Lease payments

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

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

3.13 Finance income and finance costs

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

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

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

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

3.14 Tax

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

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

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;

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

- 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; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

A deferred tax asset is recognised for unused tax losses, 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 utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.15 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 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 interest income, interest-bearing loans and interest expense, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Group and the Company in future financial periods, and which the Group does not plan to early adopt, are set out below.

- FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts and related interpretations*. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

  FRS 115 *Revenue from Contracts with Customers* is effective for annual periods beginning on or after 1 January 2018.

- FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

  FRS 109 *Financial Instruments* is effective for annual periods beginning on or after 1 January 2018.

FRS 115 and FRS 109 were issued on 19 November 2014 and 11 December 2014 respectively. The Group is currently evaluating the impact of the implementation of these standards.

- The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

4 Property, plant and equipment

Group	Leasehold apartment	Buildings and civil works	Plant, machinery and equipment	Office equipment, furniture and fittings	Computers	Motor vehicles and transport equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 January 2014	888	23,044	22,285	1,775	1,531	8,403	358	58,284
Additions	–	147	2,656	35	23	6,799	590	10,250
Reclassification	–	–	445	409	–	(37)	(817)	–
Disposals/write-offs	(490)	(57)	(962)	(926)	(24)	(627)	–	(3,086)
Effect of movements in exchange rates	17	25	(11)	–	–	(35)	–	(4)
At 31 December 2014	415	23,159	24,413	1,293	1,530	14,503	131	65,444
Additions	–	–	229	108	51	3,044	112	3,544
Disposals/write-offs	–	(7)	(211)	(16)	(944)	(1,442)	–	(2,620)
Effect of movements in exchange rates	4	(105)	(342)	2	(3)	(337)	–	(781)
At 31 December 2015	419	23,047	24,089	1,387	634	15,768	243	65,587
Accumulated depreciation and impairment loss								
At 1 January 2014	219	21,314	17,673	1,229	1,397	3,060	–	44,892
Depreciation for the year	25	417	1,166	130	50	2,015	–	3,803
Reclassification	–	1	(111)	125	–	(15)	–	–
Disposals/write-offs	(75)	(57)	(849)	(627)	(23)	(516)	–	(2,147)
Effect of movements in exchange rates	7	23	24	4	–	(7)	–	51
At 31 December 2014	176	21,698	17,903	861	1,424	4,537	–	46,599
Depreciation for the year	19	405	1,037	70	43	3,194	–	4,768
Impairment loss	–	–	1,441	45	54	–	–	1,540
Disposals/write-offs	–	(5)	(106)	(15)	(942)	(1,228)	–	(2,296)
Effect of movements in exchange rates	1	(47)	(69)	2	(1)	(109)	–	(223)
At 31 December 2015	196	22,051	20,206	963	578	6,394	–	50,388
Carrying amounts								
At 1 January 2014	669	1,730	4,612	546	134	5,343	358	13,392
At 31 December 2014	239	1,461	6,510	432	106	9,966	131	18,845
At 31 December 2015	223	996	3,883	424	56	9,374	243	15,199

During the year, the Group acquired property, plant and equipment with an aggregate cost of $3,544,000 (2014: $10,250,000), of which $2,404,000 (2014: $8,476,000) were acquired under finance leases.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

4 Property, plant and equipment (cont'd)

Impairment loss

During the year, the Specialty Polymer CGU continued to incur losses. The Group assessed the recoverable amount of the Specialty Polymer CGU in accordance with the accounting policy of the Group and consequently, recognised an impairment loss of $1,540,000 (2014: nil) with respect to the property, plant and equipment in the Group's profit or loss under other expenses.

The recoverable amount of the Specialty Polymer CGU was determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budget approved by management covering a four-year period (the remaining useful lives of the underlying property, plant and equipment).

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts of the Specialty Polymer CGU are discount rates and budgeted annual sales volume growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the specialty polymer industry and were based on both external and internal sources (historical data). The key assumptions were as follows:

	2015 %	2014 %
Discount rate	7.22	9.00
Sales volume growth rate	Nil	6.10

Management determined zero growth rate over sales volume based on its expectation of future market and the contracted volumes with its customers to be appropriate. The discount rates used are pre-tax and reflect specific risks associated with the Specialty Polymer CGU. No terminal value is assumed.

4 Property, plant and equipment (cont'd)

Company	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Assets under construction $'000	Total $'000
Cost							
At 1 January 2014	17,211	13,806	704	1,047	746	358	33,872
Additions	–	189	16	20	–	590	815
Reclassification	–	701	116	–	–	(817)	–
Disposals/write-offs	–	(58)	–	(2)	–	–	(60)
At 31 December 2014	17,211	14,638	836	1,065	746	131	34,627
Additions	–	97	7	16	780	88	988
Disposals/write-offs	–	(4)	–	(911)	(238)	–	(1,153)
At 31 December 2015	17,211	14,731	843	170	1,288	219	34,462
Accumulated depreciation							
At 1 January 2014	17,211	12,711	514	1,010	546	–	31,992
Depreciation for the year	–	209	28	22	57	–	316
Disposals/write-offs	–	(58)	–	(2)	–	–	(60)
At 31 December 2014	17,211	12,862	542	1,030	603	–	32,248
Depreciation for the year	–	254	35	21	107	–	417
Disposals/write-offs	–	(4)	–	(909)	(238)	–	(1,151)
At 31 December 2015	17,211	13,112	577	142	472	–	31,514
Carrying amounts							
At 1 January 2014	–	1,095	190	37	200	358	1,880
At 31 December 2014	–	1,776	294	35	143	131	2,379
At 31 December 2015	–	1,619	266	28	816	219	2,948

At 31 December, the net carrying amount of property, plant and equipment acquired under finance leases is as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Plant, machinery and equipment	1,546	2,309	–	–
Motor vehicles	8,652	9,607	636	137

Sources of estimation uncertainty

The costs of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 33 years. The Group reviews annually the estimated useful 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 materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

5 Subsidiaries

	Company 2015 $'000	Company 2014 $'000
Equity investments at cost	51,774	53,769
Accumulated impairment losses	(45,201)	(42,267)
	6,573	11,502
Loans to subsidiaries	54,604	52,792
Accumulated impairment losses	(13,844)	(13,844)
	40,760	38,948
Interest in subsidiaries	47,333	50,450

The loans to subsidiaries are non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the loans are in substance, a part of the entity's net investment in the subsidiaries, they are classified as non-current and stated at cost less accumulated impairment losses.

Impairment

During the year ended 31 December 2015, the Specialty Polymer CGU continued to incur losses, the Company assessed the recoverable amount of the Specialty Polymer CGU in accordance with the accounting policy of the Group and consequently, recognised an impairment loss of $2,934,000 in the Company's profit or loss (2014: $600,000) under other expenses.

The recoverable amount of the Specialty Polymer CGU was determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budget approved by management covering a four-year period (the remaining useful lives of the underlying property, plant and equipment).

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts of the Specialty Polymer CGU are discount rates and budgeted annual sales volume growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the specialty polymer industry and were based on both external and internal sources (historical data). The key assumptions were as follows:

Company	2015 %	2014 %
Discount rate	7.22	9.00
Sales volume growth rate	Nil	6.10

Management determined zero growth rate over sales volume based on its expectation of future market and the contracted volumes with its customers to be appropriate. The discount rates used are pre-tax and reflect specific risks associated with the Specialty Polymer CGU. No terminal value is assumed.

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

5 Subsidiaries (cont'd)

Source of estimation uncertainty (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2015 %	2014 %
Held by the Company				
CemtecAsia (H.K.) Limited[(1)]	Inactive	Hong Kong	100	100
CemtecAsia (M) Sdn Bhd[(4)]	Manufacture and sale of construction and building materials	Malaysia	100	100
Pacific Climate Solutions Pte. Ltd.	Carbon consultancy services	Singapore	100	100
EnGro Global Resources Pte. Ltd.	Manufacture and sale of construction and building materials	Singapore	100	100
S3 Technologies Pte Ltd	Manufacture and sale of construction and building materials	Singapore	100	100
Sancem Investment Pte Ltd	Investment trading	Singapore	100	100
Shanghai S3 Building Materials Co Ltd[(3)]	Manufacture and sale of construction and building materials	People's Republic of China	100	100
SsangYong Cement (S) Pte. Ltd.	Sale of building materials	Singapore	100	100
e-Invest Limited[(2)]	Investment holding	Hong Kong	100	100
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	100	100
SsangYong Cement Investment (S) Pte. Ltd.	Investment holding	Singapore	100	100
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	100	100
SsangYong LTI (Pte) Ltd	Investment holding	Singapore	100	100
EnGro (Asia) Private Limited	Marketing and distribution of building materials	Singapore	80	80
Shanghai EverGro Commercial Co Ltd[(6)]	Trading, wholesale and distribution of building materials	People's Republic of China	100	100

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

5 Subsidiaries (cont'd)

Source of estimation uncertainty (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2015 %	2014 %
Held by subsidiaries				
EnGro Chemicals Pte. Ltd.	Inactive	Singapore	100	100
MPT Pacific Technology Sdn Bhd[4]	Inactive	Malaysia	100	100
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	100	100
Top Mix Concrete (Malaysia) Sdn Bhd[2]	Manufacture and sale of concrete and other building materials	Malaysia	100	100
Pelopor Niaga Sdn Bhd[4]	Provision and supply of workers	Malaysia	100	100
Tianjin Ang De Food & Beverages Management Co., Ltd [8]	Operation of food and beverage outlets	People's Republic of China	100	–
Jointly held by the Company and a subsidiary				
R&P (Pte.) Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	98.57	98.57
Burkill (Singapore) Pte. Ltd.	Inactive	Singapore	98.57	98.57
Resin & Pigment Technologies Sdn Bhd[5]	Inactive	Malaysia	98.57	98.57
Resin & Pigment Technologies (Wuxi) Co Ltd[7]	Inactive	People's Republic of China	98.57	98.57

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

(1) KT Chan and Company, Hong Kong.
(2) Member firms of KPMG International in the respective country of incorporation.
(3) Shanghai Huiya Certified Public Accountants, China.
(4) Lim & Company, Malaysia.
(5) SQ Morrison, Malaysia.
(6) Inactive company and thus not required to be audited by laws of country of incorporation.
(7) Wuxi Taibo Public Accountants Partnership.
(8) BDO China Shu Lun Pan Certified Public Accountants LLP.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

6 Intangible asset

	Franchise rights $'000
Group	
Cost	
At 1 January 2014	–
Addition	333
At 31 December 2014 and 31 December 2015	333
Accumulated amortisation	
At 1 January 2014 and 31 December 2014	–
Amortisation for the year	5
At 31 December 2015	5
Carrying amounts	
At 1 January 2014	–
At 31 December 2014	333
At 31 December 2015	328

7 Associates and joint ventures

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Associates				
Equity investments, at cost	2,436	2,436	320	320
Loan to an associate	15,213	15,213	15,213	15,213
Share of reserves*	3,699	3,811	–	–
	21,348	21,460	15,533	15,533
Joint ventures				
Equity investments, at cost	57,317	57,317	44,710	44,710
Share of reserves*	22,342	25,086	–	–
	79,659	82,403	44,710	44,710
	101,007	103,863	60,243	60,243

* Included in share of reserves is the Group's share of statutory common reserves of its associates and joint ventures of $15,031,000 (2014: $14,831,000) that are not distributable as cash dividends.

The loan to an associate is non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the loan is in substance, a part of the Group's net investment in the associate, it is classified as non-current and stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

7 Associates and joint ventures (cont'd)

Details of the associates and joint ventures are as follows:

Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2015 %	Effective equity held by the Group 2014 %
Held by the Company				
HBS Investments Pte Ltd[(1)]	Investment holding	Singapore	30	30
HB Investments (China) Pte. Ltd.[(1)]	Investment holding	Singapore	20	20
Held by subsidiaries				
Changshu Changlong Concrete Co Ltd[(5)]	Manufacture and sale of building materials	People's Republic of China	40	40
Changshu Changxin Ready Mix Concrete Co Ltd[(5)]	Manufacture and sale of building materials	People's Republic of China	40	40
Name of joint ventures				
Held by the Company				
Jiangsu Huailong Materials Co Ltd[(2),(8)]	Manufacture and sale of specialty cement	People's Republic of China	40	40
Jinan Luxin Materials Co Ltd[(2),(9)]	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan Tanglong Materials Co Ltd[(3)]	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan TangAng Materials Co Ltd[(3)]	Manufacture and sale of specialty cement	People's Republic of China	40	40
Wuhan Wuxin Materials Co Ltd[(2),(10)]	Manufacture and sale of specialty cement	People's Republic of China	33	33

7 Associates and joint ventures (cont'd)

Details of the associates and joint ventures are as follows: (cont'd)

Name of joint ventures	**Principal activities**	**Country of incorporation**	**Effective equity held by the Group**	
			2015	**2014**
Held by subsidiaries			**%**	**%**
VCEM Materials Co Ltd[(4)]	Manufacture and sale of specialty cement	South Korea	40	40
Changshu Changyin Ready Mix Concrete Co Ltd[(6)]	Manufacture and sale of building materials	People's Republic of China	40	40
Qingdao Evergreen Materials and Technologies Co Ltd[(7)]	Manufacture and sale of specialty cement	People's Republic of China	34.40	34.40

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

(1) KPMG LLP, Singapore.
(2) For consolidation purposes, a member firm of KPMG International performed specified audit procedures on certain specified significant accounts in accordance with International Standards on Auditing. For this purpose, an associate or joint venture is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.
(3) Zhongxi CPAs (Special General Partnership), China.
(4) Member firm of KPMG International in the country of incorporation.
(5) Jiangsu Xinrui Certified Public Accountants Co., Limited, China.
(6) Changshu Xinlian Certified Public Accountants Co., Limited, China.
(7) Inactive company and thus not required to be audited by laws of country of incorporation.
(8) Huaian Xinrui Public Accountants.
(9) Pan-China Certified Public Accountants.
(10) Beijing Xinghua Certified Public Accountants.

Associates

The Group has interests in one (2014: one) associate which is considered to be material and a number of associates that are individually immaterial to the Group. All associates are equity accounted.

	HB Investments (China) Pte. Ltd.
Nature of relationship with the Group	Investment in property and real estate
Principal place of business/Country of incorporation	Singapore
Ownership interest/Voting rights held	20% (2014: 20%)

The following summarises the financial information of the Group's material associate based on its financial statements prepared in accordance with FRS. The table also analyses, in aggregate, the carrying amount and share of results and other comprehensive income of the remaining individually immaterial associates.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

7 Associates and joint ventures (cont'd)

2015	**HB Investments (China) Pte. Ltd. $'000**	**Immaterial associates $'000**	**Total $'000**
Revenue	–		
Loss from continuing operations	(8,265)		
Other comprehensive income	4,605		
Total comprehensive income	(3,660)		
Non-current assets	64,112		
Current assets	248		
Non-current liabilities	(76,066)		
Current liabilities	(11)		
Net assets	(11,717)		
Add: Non-current liabilities	76,066*		
Adjusted net assets	64,349		
Group's interest in net assets of investee at beginning of the year	13,603	7,857	21,460
Group's share of:			
- (loss)/profit from continuing operations	(1,653)	988	(665)
- other comprehensive income	921	232	1,153
- total comprehensive income	(732)	1,220	488
Dividends recognised during the year	–	(600)	(600)
Carrying amount of interest in investee at end of the year	12,871	8,477	21,348

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

7 Associates and joint ventures (cont'd)

2014	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
Revenue	–		
Loss from continuing operations	(2,200)		
Other comprehensive income	3,360		
Total comprehensive income	1,160		
Non-current assets	67,766		
Current assets	260		
Non-current liabilities	(76,066)		
Current liabilities	(11)		
Net assets	(8,051)		
Add: Non-current liabilities	76,066*		
Adjusted net assets	68,015		
Group's interest in net assets of investee at beginning of the year	13,371	8,857	22,228
Group's share of:			
- (loss)/profit from continuing operations	(440)	898	458
- other comprehensive income	672	352	1,024
- total comprehensive income	232	1,250	1,482
Dividends recognised during the year	–	(2,250)	(2,250)
Carrying amount of interest in investee at end of the year	13,603	7,857	21,460

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

Joint ventures

Jiangsu Huailong Materials Co Ltd, Jinan Luxin Materials Co Ltd and Wuhan Wuxin Materials Co Ltd are unlisted joint arrangements in which the Group has joint control via investors' agreement and holds 40%, 40% and 33% (2014: 40%, 40% and 33%) ownership interest respectively. These investees are incorporated in the People's Republic of China, 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.

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 FRS and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of results and other comprehensive income of the individually immaterial joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

7 Associates and joint ventures (cont'd)

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd and its subsidiary $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
2015					
Revenue	24,104	70,968	73,473		
(Loss)/profit from continuing operations [a]	(3,048)	2,778	94		
Other comprehensive income	338	593	542		
Total comprehensive income	(2,710)	3,371	636		
[a] Includes:					
- depreciation	3,211	4,523	3,940		
- income tax (credit)/expense	(1,007)	589	87		
Non-current assets	17,555	45,722	75,873		
Current assets [b]	14,285	21,652	24,346		
Non-current liabilities [c]	–	–	(1,917)		
Current liabilities [d]	(3,342)	(8,183)	(52,549)		
Net assets	28,498	59,191	45,753		
Includes					
[b] Cash and cash equivalents	2,803	2,774	2,631		
[c] Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–		
[d] Current financial liabilities (excluding trade and other payables and provisions)	–	–	–		
Group's interest in net assets of investee at beginning of the year	12,942	23,598	16,176	29,687	82,403
Group's share of:					
- (loss)/profit from continuing operations	(1,219)	1,111	31	44	(33)
- other comprehensive income	135	236	179	(9)	541
- total comprehensive income	(1,084)	1,347	210	35	508
Dividends recognised during the year	(462)	(1,269)	(1,287)	(234)	(3,252)
Carrying amount of interest in investee at end of the year	11,396	23,676	15,099	29,488	79,659

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

7 Associates and joint ventures (cont'd)

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd and its subsidiary $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
2014					
Revenue	36,345	110,670	90,338		
Profit from continuing operations [a]	1,285	6,893	7,960		
Other comprehensive income	1,369	2,483	1,898		
Total comprehensive income	2,654	9,376	9,858		
[a] Includes:					
- depreciation	3,001	4,890	3,098		
- interest expense	–	–	713		
- income tax expense	476	1,239	1,957		
Non-current assets	19,577	50,225	73,039		
Current assets [b]	17,132	21,719	52,134		
Non-current liabilities [c]	–	–	(1,726)		
Current liabilities [d]	(4,354)	(12,948)	(74,429)		
Net assets	32,355	58,996	49,018		
Includes					
[b] Cash and cash equivalents	2,930	3,946	24,631		
[c] Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(1,726)		
[d] Current financial liabilities (excluding trade and other payables and provisions)	–	–	(32,993)		
Group's interest in net assets of investee at beginning of the year	13,019	21,865	14,508	22,183	71,575
Investment a new joint venture	–	–	–	5,584	5,584
Group's share of:					
- profit from continuing operations	514	2,757	2,653	1,115	7,039
- other comprehensive income	547	993	633	1,101	3,274
- total comprehensive income	1,061	3,750	3,286	2,216	10,313
Dividends recognised during the year	(1,138)	(2,017)	(1,618)	(296)	(5,069)
Carrying amount of interest in investee at end of the year	12,942	23,598	16,176	29,687	82,403

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

8 Other investments

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current investments				
Available-for-sale financial assets:				
- Equity securities, quoted	3,801	3,676	–	–
- Equity securities, unquoted	15,598	14,422	–	58
Available-for-sale financial assets at cost:				
- Equity securities, unquoted	2,515	2,936	1,217	1,217
	21,914	21,034	1,217	1,275
Current investments				
Held-to-maturity financial asset:				
- Debt security, unquoted	1,413	1,324	–	–
Financial assets classified as held for trading:				
- Equity securities	8,488	9,058	–	–
- Debt securities	3,362	4,535	–	–
Financial assets designated as at fair value through profit or loss:				
- Equity securities	7,760	12,514	–	–
- Debt securities	2,588	6,531	–	–
Forward exchange contracts	–	18	–	18
	23,611	33,980	–	18
	45,525	55,014	1,217	1,293

An impairment loss of $2,957,000 (2014: $220,000) in respect of available-for-sale equity securities of the Group was recognised in the profit or loss during the year.

The unquoted debt security classified as held-to-maturity investment with a carrying amount of $1,413,000 (2014: $1,324,000) at 31 December 2015 bears interest at 8% (2014: 8%) per annum and matures in October 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

9 Other assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Club membership, at cost	238	238	238	238
Accumulated impairment losses	(66)	(66)	(66)	(66)
	172	172	172	172

10 Inventories

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At cost				
Raw materials	3,245	2,528	–	–
Work in progress	18	6	–	–
Goods-in-transit	2,850	6,075	2,850	6,075
Finished goods	7,612	2,548	5,320	1,863
	13,725	11,157	8,170	7,938

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

11 Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Amounts due from associates and joint venture, non-trade	1,607	2,094	–	–
Current				
Trade receivables due from				
- Subsidiaries	–	–	11,776	12,914
- Third parties	40,478	35,242	15,834	11,210
	40,478	35,242	27,610	24,124
Allowance for doubtful receivables	(842)	(436)	(299)	–
Net trade receivables	39,636	34,806	27,311	24,124
Non-trade receivables due from				
- Joint ventures	6,582	160	11	160
- Subsidiaries	–	–	42,905	34,433
Allowance for doubtful receivables	–	–	(4,466)	(496)
	6,582	160	38,450	34,097
Deposits	556	477	28	57
Other receivables	1,608	1,309	333	14
Tax recoverable	140	140	–	–
Loans and receivables	48,522	36,892	66,122	58,292
Prepayments	3,058	3,552	1,013	1,164
	51,580	40,444	67,135	59,456
Loans and receivables (non-current and current)	50,129	38,986	66,122	58,292

The non-current amounts due from associates and joint venture pertain to dividends receivable from the associates and joint venture which are unsecured, interest-free and are not expected to be settled within the next twelve months. There is no allowance for doubtful debts arising from these amounts.

An unsecured loan of $6,550,000 (2014: nil) to a joint venture is at an interest rate of 6% per annum and is expected to be repaid within the next twelve months.

All other outstanding balances, including loans with 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 related to trade and other receivables, are disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

12 Loans to a subsidiary

The loans to a subsidiary of $7,498,000 (2014: $5,936,000) are unsecured, bear interest at 3% per annum and repayable in 2016.

No impairment loss has been recognised in respect of the loans to a subsidiary.

13 Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	601	601	500	500
Bank balances	33,020	36,339	10,492	16,251
Cash and cash equivalents in the statements of financial position	33,621	36,940	10,992	16,751
Fixed deposits pledged	(500)	(500)	(500)	(500)
Cash and cash equivalents in the statement of cash flows	33,121	36,440	10,492	16,251

Fixed deposits pledged represent bank balances of the Company pledged as security to obtain credit facilities.

The weighted average effective interest rates per annum relating to cash and cash equivalents at 31 December 2015 for the Group and the Company are 0.33% (2014: 0.2%) and 0.92% (2014: 0.3%) per annum respectively.

14 Capital and reserves

Share Capital

	Ordinary shares			
	2015	**2015**	**2014**	**2014**
Company	**No. of shares '000**	**$'000**	**No. of shares '000**	**$'000**
In issue at 1 January	118,703	85,270	118,703	85,263
Issue of shares under share options scheme	–	–	–	7
In issue at 31 December	118,703	85,270	118,703	85,270

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

14 Capital and reserves (cont'd)

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.

Issuance of ordinary shares

During the year, the Company issued nil (2014: 60,000) ordinary shares under the Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme at an exercise price of $ nil (2014: $0.75) per ordinary share and nil (2014: 245,000) ordinary shares under the EnGro Corporation Limited 2011 Employees' Share Option Scheme at an exercise price of $ nil (2014: $0.79) per ordinary share.

These shares issued during the year were recorded against the Company's reserve for own shares.

Reserves

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign currency translation reserve	3,180	632	–	–
Fair value reserve	9,927	8,125	–	–
Share option reserve	168	168	168	168
Reserve for own shares	(73)	(20)	(73)	(20)
Capital reserve	(21)	(21)	(21)	(21)
	13,181	8,884	74	127
Accumulated profits	125,000	133,844	95,055	97,982
	138,181	142,728	95,129	98,109

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, as well as foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

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, which is recorded as a deduction of equity. During the year, the Company repurchased 56,000 of its own shares. As at 31 December 2015, the Group held 75,000 (2014: 19,000) of the Company's shares.

Capital reserve

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

15 Employee share options

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

The Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme (the "ESOS 2000") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 January 2001. The ESOS 2000 is administered by the Company's Remuneration Committee comprising three directors, Ronnie Teo Heng Hock (Chairman), Soh Kim Soon and Ng Tat Pun.

Other information regarding the ESOS 2000 is set out below:

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

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

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

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

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), Soh Kim Soon and Ng Tat Pun.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

15 Employee share options (cont'd)

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

	2015		2014	
	Weighted average exercise price $	No. of options '000	Weighted average exercise price $	No. of options '000
Outstanding at 1 January	1.02	1,282	0.96	1,587
Forfeited	1.17	(50)	–	–
Exercised	–	–	0.78	(305)
Outstanding at 31 December	1.05	1,232	1.02	1,282
Exercisable at 31 December	1.05	1,232	1.02	1,282

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

	2015		2014	
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 2000				
Option 1 - $0.75 each	–	–	–	60
ESOS 2011				
- $0.79 each	–	–	–	245
	–	–	–	305

At 31 December 2015, outstanding share options granted under its Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Option Scheme amounted 1,027,500 shares (2014: 1,077,500 shares) and under its EnGro Corporation Limited 2011 Employees' Share Option Scheme amounted to 205,000 shares (2014: 205,000 shares).

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes formula. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

15 Employee share options (cont'd)

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

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

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

16 Loans and borrowings

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Non-current liabilities				
Finance lease liabilities	7,291	8,935	433	116
Current liabilities				
Loans from subsidiaries	–	–	11,653	10,033
Loan from a non-controlling interest of a subsidiary	1,871	510	–	–
Finance lease liabilities	2,569	2,498	214	38
	4,440	3,008	11,867	10,071
	11,731	11,943	12,300	10,187

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

			2015		2014	
	Nominal interest rate	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
	%		**$'000**	**$'000**	**$'000**	**$'000**
Group						
Loan from a non-controlling interest of a subsidiary	–	2016	1,871	1,871	510	510
Finance lease liabilities	1.30% – 3.52%	2016 – 2021	10,534	9,860	12,344	11,433
			12,405	11,731	12,854	11,943
Company						
Finance lease liabilities	1.50%	2018	680	647	163	154

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2015		2014	
	Future minimum lease payments	**Present value of minimum lease payments**	**Future minimum lease payments**	**Present value of minimum lease payments**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Within one year	2,858	2,569	2,849	2,498
Between two to five years	7,671	7,286	9,476	8,916
More than five years	5	5	19	19
	10,534	9,860	12,344	11,433
Less: Future finance charges	(674)		(911)	
Present value of obligation	9,860		11,433	
Company				
Within one year	228	214	42	38
Between two to five years	452	433	121	116
	680	647	163	154
Less: Future finance charges	(33)		(9)	
Present value of obligation	647		154	

17 Deferred tax (assets)/liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Movements in deferred tax liabilities of the Group during the year, after appropriate offsetting, are as follows:

	At 1 January 2015 $'000	Recognised in profit or loss (note 21) $'000	Witholding tax paid $'000	At 31 December 2015 $'000
Group				
Property, plant and equipment	71	(100)	–	(29)
Withholding tax on share of profits of associates and joint ventures	926	(117)	(154)	655

	At 1 January 2014 $'000	Recognised in profit or loss (note 21) $'000	Witholding tax paid $'000	At 31 December 2014 $'000
Group				
Property, plant and equipment	–	71	–	71
Withholding tax on share of profits of associates and joint ventures	802	412	(288)	926

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

	Group 2015 $'000	2014 $'000
Unabsorbed tax losses	36,439	33,942
Unabsorbed wear and tear allowances	484	484
Deductible temporary differences	12,720	9,147
	49,643	43,573
Unutilised donations	2,035	2,283

The tax losses and unabsorbed wear and tear allowances at 31 December 2015 are available for carry forward and set off against future taxable income subject to agreement with the Comptroller of Income Tax and compliance with Section 37 of the Income Tax Act Chapter 134. Certain of the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

18 Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
– Third parties	11,822	13,639	2,481	2,395
– Joint ventures	832	1,208	832	1,208
Advances received from:				
– Third parties	505	501	500	500
– Joint ventures	–	88	–	–
Accrued expenses	7,336	5,076	4,375	2,731
Dividend payable	4,358	3,764	4,358	3,764
Non-trade payables due to:				
– Subsidiaries	–	–	339	357
Other payables	1,832	3,151	124	2,170
	26,685	27,427	13,009	13,125

The amounts due to joint ventures and subsidiaries are unsecured, interest-free and repayable on demand.

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

19 Revenue

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

20 Finance income and finance costs

	Group	
	2015	**2014**
	$'000	**$'000**
Finance income		
Dividend income from:		
- Financial assets held for trading	344	278
- Available-for-sale financial assets	500	200
Interest income on bank deposits	162	122
Other investment income	1,110	850
Net change in fair value of financial assets:		
- Held for trading	156	1,402
- Designated as at fair value through profit or loss	499	672
Net change in fair value of equity securities available-for-sale financial assets transferred to profit or loss		
- Gain on disposal of available-for-sale financial assets	56	218
Exchange gains	1,049	782
	3,876	4,524

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

20 Finance income and finance costs (cont'd)

	Group	
	2015	**2014**
	$'000	**$'000**
Finance costs		
Interest expense on bank borrowings	–	(1)
Interest expense on finance lease liabilities	(454)	(270)
Impairment loss on equity securities available-for-sale financial assets	(2,957)	(220)
	(3,411)	(491)
Net finance income	465	4,033

21 Tax expense

	Group	
	2015	**2014**
	$'000	**$'000**
Current tax expense		
Current year	568	497
(Over) provided in prior years	(45)	(166)
	523	331
Deferred tax expense		
Origination and reversal of temporary differences	(196)	468
(Over)/Under provided in prior years	(21)	15
	(217)	483
	306	814

Reconciliation of effective tax rate

(Loss)/profit before tax	(5,139)	13,864
Less: Share of loss/(profit) of associates and joint ventures (net of tax)	698	(7,497)
	(4,441)	6,367
Tax using the Singapore tax rate of 17% (2014: 17%)	(755)	1,082
Effect of tax rates in foreign jurisdictions	127	125
Non-deductible expenses	191	356
Tax exempt income	(158)	(68)
Utilisation of deferred tax benefits previously not recognised	(160)	(1,695)
Unrecognised deferred tax assets	1,192	711
Overprovided in prior years	(66)	(151)
Tax deducted at source	52	54
(Reversal of)/Tax on unremitted profits	(117)	412
Others	–	(12)
	306	814

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

22 Profit for the year

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

	Group	
	2015	**2014**
	$'000	**$'000**
Allowance for doubtful receivables	501	485
Bad debts recovered	(13)	(21)
Impairment loss on property, plant and equipment	1,540	–
(Gain)/loss on disposal of property, plant and equipment	(362)	220
Compensation income received from early termination of a contract by a customer	(2,649)	–
Contributions to defined contribution plans	1,479	938
Audit fees paid to:		
- auditors of the Company	423	427
- other auditors	33	97
Non-audit fees paid to:		
- auditors of the Company	51	81
Operating lease expense	2,900	2,179
(Write-back)/write-down of inventories	(59)	261

23 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the loss attributable to ordinary shareholders of $5,283,000 (2014: profit attributable to ordinary shareholders of $13,160,000), and a weighted average number of ordinary shares outstanding of 118,682,000 (2014: 118,560,000), calculated as follows:

Weighted average number of ordinary shares

	Group	
	2015	**2014**
	No. of shares	**No. of shares**
	'000	**'000**
Issued ordinary shares at 1 January (excluding treasury shares)	118,684	118,379
Effect of share options exercised	(2)	181
Weighted average number of ordinary shares during the year	118,682	118,560

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

23 Earnings per share (cont'd)

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2015 was based on loss attributable to ordinary shareholders of $5,283,000 (2014: profit attributable to ordinary shareholders of $13,160,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,852,000 (2014: 118,787,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2015 No. of shares '000	2014 No. of shares '000
Weighted average number of ordinary shares (basic)	118,682	118,560
Potential ordinary shares issuable under share options	170	227
Weighted average number of ordinary shares (diluted) during the year	118,852	118,787

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

24 Operating segments

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

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

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

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

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

Other operations include the provision of carbon consultancy services. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

24 Operating segments (cont'd)

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food & Beverage $'000	Others $'000	Total $'000
Revenue and expenses						
2015						
External revenues, representing consolidated revenue	165,475	14,513	–	774	8	180,770
Dividend income	–	–	844	–	–	844
Reportable segment profit/(loss) before tax	3,457	(634)	1,070	(1,379)	–	2,514
Share of profit/(loss) of associates and joint ventures	961	–	(1,659)	–	–	(698)
	4,418	(634)	(589)	(1,379)	–	1,816
Headquarter expense						(5,123)
Interest expense						(454)
Impairment loss						(1,540)
Interest income						162
Tax expense						(306)
Loss for the year						(5,445)
2014						
External revenues, representing consolidated revenue	168,848	5,153	–	–	5	174,006
Dividend income	–	–	478	–	–	478
Reportable segment profit/(loss) before tax	9,355	(1,691)	3,227	–	(152)	10,739
Share of profit/(loss) of associates and joint ventures	8,070	–	(573)	–	–	7,497
	17,425	(1,691)	2,654	–	(152)	18,236
Headquarter expense						(4,223)
Interest expense						(271)
Interest income						122
Tax expense						(814)
Profit for the year						13,050

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

24 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food & Beverage $'000	Others $'000	Total $'000
Assets and liabilities						
2015						
Total assets for reportable segments	76,817	12,562	68,869	2,747	50	161,045
Investments in associates and joint ventures						101,007
Other unallocated amounts						741
Consolidated total assets						262,793
Total liabilities for reportable segments	32,865	3,248	1,586	711	5	38,415
Other unallocated amounts						865
Consolidated total liabilities						39,280
2014						
Total assets for reportable segments	86,099	7,117	70,643	–	399	164,258
Investments in associates and joint ventures						103,863
Other unallocated amounts						741
Consolidated total assets						268,862
Total liabilities for reportable segments	37,879	872	581	–	38	39,370
Other unallocated amounts						1,361
Consolidated total liabilities						40,731
Other segment information						
2015						
Capital expenditure	2,912	17	–	615	–	3,544
Depreciation and amortisation	4,363	346	–	64	–	4,773
Impairment loss on equity securities available-for-sale financial assets	–	–	2,957	–	–	2,957
2014						
Capital expenditure	9,721	529	–	–	333	10,583
Depreciation	3,109	694	–	–	–	3,803
Impairment loss on equity securities available-for-sale financial assets	–	–	220	–	–	220

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

24 Operating segments (cont'd)

Reconciliation of reportable segment profit or loss

	2015 $'000	2014 $'000
Profit or loss		
Total (loss)/profit for reportable segments	(4,149)	6,516
Unallocated amounts	(292)	(149)
Share of (loss)/profit of associates and joint ventures	(698)	7,497
Consolidated (loss)/profit before tax	(5,139)	13,864

Geographical segments

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

	Singapore $'000	Malaysia $'000	People's Republic of China $'000	Elimination $'000	Total $'000
2015					
External customers	122,330	42,289	16,151	–	180,770
Inter-segment revenue	27,984	1,592	–	(29,576)	–
Total revenue	150,314	43,881	16,151	(29,576)	180,770
Total assets for reportable segments	137,486	18,055	5,504	–	161,045
Investments in associates and joint ventures					101,007
Other unallocated amounts					741
Consolidated total assets					262,793
2014					
External customers	132,983	37,881	3,142	–	174,006
Inter-segment revenue	24,279	3,823	–	(28,102)	–
Total revenue	157,262	41,704	3,142	(28,102)	174,006
Total assets for reportable segments	141,074	15,272	7,912	–	164,258
Investments in associates and joint ventures					103,863
Other unallocated amounts					741
Consolidated total assets					268,862

25 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

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

Credit risk

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

The carrying amounts of financial assets in the statements of financial position represents the Group and the Company's respective maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Trade and other receivables

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

25 Financial instruments (cont'd)

Exposure to credit risk

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

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Held-to-maturity financial asset					
- Debt security, unquoted	8	1,413	1,324	–	–
Financial assets classified as held for trading					
- Debt securities	8	3,362	4,535	–	–
Financial assets designated as at fair value through profit or loss					
- Debt securities	8	2,588	6,531	–	–
Loans and receivables	11	50,129	38,986	66,122	58,292
Loans to a subsidiary	12	–	–	7,498	8,009
Cash and cash equivalents	13	33,621	36,940	10,992	16,751
Recognised financial assets		91,113	88,316	84,612	83,052

The ageing of loans and receivables (excluding cash & cash equivalents) at the reporting date was:

	2015 Gross $'000	2015 Impairment losses $'000	2014 Gross $'000	2014 Impairment losses $'000
Group				
Not past due	27,696	–	22,630	–
Past due 0 – 30 days	11,087	–	11,018	–
Past due 31 – 90 days	8,614	–	4,860	–
Past due 91 days	3,574	(842)	914	(436)
	50,971	(842)	39,422	(436)
Company				
Not past due	70,228	(3,970)	62,561	–
Past due 0 – 30 days	4,806	–	2,804	–
Past due 31 – 90 days	2,051	–	805	–
Past due 91 days	1,300	(795)	627	(496)
	78,385	(4,765)	66,797	(496)

An analysis of the credit quality of loans and receivables that are neither past due nor impaired indicates that the balances are of acceptable risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Financial instruments (cont'd)

Exposure to credit risk

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At 1 January	436	523	496	56
Impairment loss recognised in profit or loss	501	485	4,269	440
Amount utilised	(51)	(576)	–	–
Translation difference	(44)	4	–	–
At 31 December	842	436	4,765	496

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

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At 31 December 2015, the Group's exposure to credit risk comprises $29,021,000 (2014: $25,180,000), $10,410,000 (2014: $4,814,000) and $10,677,000 (2014: $8,992,000) from companies in the geographic locations of Singapore, People's Republic of China and Malaysia respectively.

At 31 December 2015, the Group's exposure to credit risk primarily comprises $35,154,000 (2014: $36,565,000) from construction companies.

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Financial instruments (cont'd)

Derivatives

Forward contracts are entered into with banks and financial institutions which are regulated.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $33,621,000 and $10,992,000 respectively at 31 December 2015 (2014: $36,940,000 and $16,751,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions which are regulated.

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 delivery cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Generally, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 2 to 5 years $'000**	**More than 5 years $'000**
Group					
2015					
Non-derivative financial liabilities					
Loan from a non-controlling interest of a subsidiary	1,871	(1,871)	(1,871)	–	–
Finance lease liabilities	9,860	(10,534)	(2,858)	(7,671)	(5)
Trade and other payables*	26,180	(26,180)	(26,180)	–	–
	37,911	(38,585)	(30,909)	(7,671)	(5)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

25 Financial instruments (cont'd)

	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					
2014					
Non-derivative financial liabilities					
Loan from a non-controlling interest of a subsidiary	510	(510)	(510)	–	–
Finance lease liabilities	11,433	(12,344)	(2,849)	(9,476)	(19)
Trade and other payables*	26,838	(26,838)	(26,838)	–	–
	38,781	(39,692)	(30,197)	(9,476)	(19)
Derivative financial instruments					
Forward exchange contracts (gross-settled)					
- Inflow	18	2,646	2,646	–	–
- Outflow	–	(2,628)	(2,628)	–	–
	18	18	18	–	–
	38,799	(39,674)	(30,179)	(9,476)	(19)
Company					
2015					
Non-derivative financial liabilities					
Finance lease liabilities	647	(680)	(228)	(452)	–
Trade and other payables*	12,509	(12,509)	(12,509)	–	–
Loans from subsidiaries	11,653	(11,653)	(11,653)	–	–
	24,809	(24,842)	(24,390)	(452)	–
2014					
Non-derivative financial liabilities					
Finance lease liabilities	154	(163)	(42)	(121)	–
Trade and other payables*	12,625	(12,625)	(12,625)	–	–
Loans from subsidiaries	10,033	(10,033)	(10,033)	–	–
	22,812	(22,821)	(22,700)	(121)	–
Derivative financial instruments					
Forward exchange contracts (gross-settled)					
- Inflow	18	2,646	2,646	–	–
- Outflow	–	(2,628)	(2,628)	–	–
	18	18	18	–	–
	22,830	(22,803)	(22,682)	(121)	–

* *excludes advances received*

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

25 Financial instruments (cont'd)

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

Market risk

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

Currency risk

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

At 31 December, the Group's and the Company's exposure to currencies, other than the respective functional currency of each individual company within the Group, are as follows:

	Singapore dollar $'000	US dollar $'000	China renminbi $'000	Australian dollar $'000	Euro $'000
Group					
2015					
Trade and other receivables	1,157	1,291	8,156	–	–
Cash and cash equivalents	421	5,411	1,278	14	–
Other investments	–	18,153	–	409	–
Loan from a non-controlling interest of a subsidiary	–	–	(350)	–	–
Trade and other payables	(1,149)	(12)	(836)	–	–
	429	24,843	8,248	423	–
2014					
Trade and other receivables	–	639	2,514	–	–
Cash and cash equivalents	–	8,188	5,629	399	–
Other investments	–	21,150	–	341	773
Loan from a non-controlling interest of a subsidiary	–	–	(510)	–	–
Trade and other payables	–	(309)	(1,208)	–	–
	–	29,668	6,425	740	773

25 Financial instruments (cont'd)

	US dollar $'000	China renminbi $'000
Company		
2015		
Trade and other receivables	8,734	8,165
Cash and cash equivalents	2,361	1,275
Loans to subsidiaries	39,052	7,498
Trade and other payables	(12)	(828)
Loans from subsidiaries	(9,524)	(1,528)
	40,611	14,582
2014		
Trade and other receivables	5,112	4,036
Cash and cash equivalents	4,103	3,038
Other investments	58	–
Loans to subsidiaries	39,316	8,009
Trade and other payables	(100)	(1,208)
Loans from subsidiaries	(8,122)	(1,013)
	40,367	12,862

Sensitivity analysis

A 10% strengthening of the group entities' functional currencies, as indicated below, against the following currencies at 31 December would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, as indicated below:

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
31 December 2015				
Singapore dollar	(43)	–	–	–
US dollar	(2,464)	(20)	(4,062)	–
China renminbi	(825)	–	(1,458)	–
Australian dollar	(42)	–	–	–
Euro	–	–	–	–
31 December 2014				
US dollar	(2,967)	(23)	(4,037)	(6)
China renminbi	(643)	–	(1,286)	–
Australian dollar	(74)	–	–	–
Euro	(78)	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Financial instruments (cont'd)

Interest rate risk

Exposure to interest rate risk

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets classified as held for trading				
- Debt securities	3,362	4,535	–	–
Financial assets designated at fair value through profit or loss				
- Debt securities	2,588	6,531	–	–
	5,950	11,066	–	–

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately $219,000 (2014: $901,000) for the Group. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 2014.

Cash flow sensitivity analysis for variable rate instruments

There is no significant interest rate risk relating to variable rate instruments.

Equity price risk

Sensitivity analysis

For investments classified as available-for-sale financial assets, a 10% increase in the equity prices at the reporting date would have increased equity by $1,940,000 (2014: $1,810,000). For investments classified as fair value through profit or loss, the impact on profit before tax would have been an increase of $1,625,000 (2014: $2,157,000). The analysis is performed on the same basis for 2014. A 10% decrease in equity prices would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Capital management

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

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

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

25 Financial instruments (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts shown in the statement of financial position and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows:

Group	Note	Carrying amount							Fair value			
		Held for trading $'000	Designated at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2015												
Financial assets measured at fair value												
Available-for-sale financial assets												
- Equity securities	8	–	–	–	–	19,399	–	19,399	3,602	199	15,598	19,399
Held-to-maturity financial asset												
- Debt security	8	–	–	1,413	–	–	–	1,413	–	1,392	–	1,392
Financial assets classified as held for trading												
- Debt securities	8	3,362	–	–	–	–	–	3,362	–	3,362	–	3,362
- Equity securities	8	8,488	–	–	–	–	–	8,488	8,488	–	–	8,488
Financial assets designated as at fair value through profit or loss												
- Debt securities	8	–	2,588	–	–	–	–	2,588	–	2,588	–	2,588
- Equity securities	8	–	7,760	–	–	–	–	7,760	1,803	5,957	–	7,760
		11,850	10,348	1,413	–	19,399	–	43,010				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount							Fair value			
Group	**Note**	**Held for trading $'000**	**Designated at fair value $'000**	**Held-to-maturity $'000**	**Loans and receivables $'000**	**Available-for-sale $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets not measured at fair value												
Available-for-sale financial assets – amortised cost	8	–	–	–	–	2,515	–	2,515				
Trade and other receivables	11	–	–	–	50,129	–	–	50,129				
Cash and cash equivalents	13	–	–	–	33,621	–	–	33,621				
		–	–	–	83,750	2,515	–	86,265				
Financial liabilities not measured at fair value												
Finance lease liabilities	16	–	–	–	–	–	(9,860)	(9,860)				
Loan from a non-controlling interest	16	–	–	–	–	–	(1,871)	(1,871)				
Trade and other payables	18	–	–	–	–	–	(26,180)	(26,180)				
		–	–	–	–	–	(37,911)	(37,911)				

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Group	Note	Carrying amount: Held for trading $'000	Designated at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Fair value: Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2014												
Financial assets measured at fair value												
Available-for-sale financial assets												
- Equity securities	8	–	–	–	–	18,098	–	18,098	3,676	174	14,248	18,098
Held-to-maturity financial asset												
- Debt security	8	–	–	1,324	–	–	–	1,324	–	1,253	–	1,253
Financial assets classified as held for trading												
- Debt securities	8	4,535	–	–	–	–	–	4,535	–	4,535	–	4,535
- Equity securities	8	9,058	–	–	–	–	–	9,058	7,837	1,221	–	9,058
Financial assets designated as at fair value through profit or loss												
- Debt securities	8	–	6,531	–	–	–	–	6,531	6,300	231	–	6,531
- Equity securities	8	–	12,514	–	–	–	–	12,514	–	12,514	–	12,514
Forward exchange contracts	8	–	18	–	–	–	–	18	–	18	–	18
		13,593	19,063	1,324	–	18,098	–	52,078				

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Group	Note	Carrying amount							Fair value			
		Held for trading $'000	Designated at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value												
Available-for-sale financial assets – amortised cost	8	–	–	–	–	2,936	–	2,936				
Trade and other receivables	11	–	–	–	38,986	–	–	38,986				
Cash and cash equivalents	13	–	–	–	36,940	–	–	36,940				
		–	–	–	75,926	2,936	–	78,862				
Financial liabilities not measured at fair value												
Finance lease liabilities	16	–	–	–	–	–	(11,433)	(11,433)				
Loan from a non-controlling interest	16	–	–	–	–	–	(510)	(510)				
Trade and other payables	18	–	–	–	–	–	(26,838)	(26,838)				
		–	–	–	–	–	(38,781)	(38,781)				

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount							Fair value			
Company	**Note**	**Held for trading $'000**	**Designated at fair value $'000**	**Held-to-maturity $'000**	**Loans and receivables $'000**	**Available-for-sale $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2015												
Financial assets not measured at fair value												
Available-for-sale financial assets												
- Equity securities	8	–	–	–	–	1,217	–	1,217				
Trade and other receivables	11	–	–	–	66,122	–	–	66,122				
Loans to a subsidiary	12	–	–	–	7,498	–	–	7,498				
Cash and cash equivalents	13	–	–	–	10,992	–	–	10,992				
		–	–	–	84,612	–	–	85,829				
Financial liabilities not measured at fair value												
Finance lease liabilities	16	–	–	–	–	–	(647)	(647)				
Loan from subsidiaries	16	–	–	–	–	–	(11,653)	(11,653)				
Trade and other payables	18	–	–	–	–	–	(12,509)	(12,509)				
		–	–	–	–	–	(24,809)	(24,809)				

25 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Company	Note	Carrying amount							Fair value			
		Held for trading $'000	Designated at fair value $'000	Held-to-maturity $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2014												
Financial assets measured at fair value												
Available-for-sale financial assets												
- Equity securities	8	–	–	–	–	58	–	58	–	–	58	58
Forward exchange contracts	8	–	18	–	–	–	–	18	–	18	–	18
		–	18	–	–	58	–	76				
Financial assets not measured at fair value												
Available-for-sale financial assets – amortised cost	8	–	–	–	–	1,217	–	1,217				
Trade and other receivables	11	–	–	–	58,292	–	–	58,292				
Loans to a subsidiary	12	–	–	–	8,009	–	–	8,009				
Cash and cash equivalents	13	–	–	–	16,751	–	–	16,751				
		–	–	–	83,052	1,217	–	84,269				
Financial liabilities not measured at fair value												
Finance lease liabilities	16	–	–	–	–	–	(154)	(154)				
Loan from subsidiaries	16	–	–	–	–	–	(10,033)	(10,033)				
Trade and other payables	18	–	–	–	–	–	(12,625)	(12,625)				
		–	–	–	–	–	(22,812)	(22,812)				

25 Financial instruments (cont'd)

Source of estimation uncertainty

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

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

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

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

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

During the year ended 31 December 2015, available-for-sale financial assets with a carrying amount of $86,000 (2014: $171,000) were transferred out of Level 3 into Level 1 because the quoted securities held by a venture capital fund was distributed as equity shares directly to the Group. In addition, available-for-sale financial assets with a carrying amount of $ nil (2014: $1,485,000) were transferred from Level 2 to Level 1 because the securities became quoted securities for which quoted prices in active markets were regularly available.

Apart from above, there were no other transfers between Level 1 and Level 2, or transfers into Level 3 occurring during the years ended 31 December 2014 and 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

25 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Available-for-sale equity securities	
	2015	**2014**
	$'000	**$'000**
Group		
At 1 January	14,248	12,638
Total losses recognised in profit or loss	(1,511)	(112)
Total gains recognised in other comprehensive income		
- Net change in fair value of equity securities available-for-sale financial assets	927	78
Purchases	1,990	1,810
Settlements	(930)	(649)
Transfer out of Level 3	(86)	(171)
Exchange movement	960	654
At 31 December	15,598	14,248
Company		
At 1 January	58	58
Total losses recognised in profit or loss	(58)	–
At 31 December	–	58

At 31 December 2015 and 31 December 2014, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

Available-for-sale equity securities in Level 3 of the fair value hierarchy consist of investments in venture capital funds ("VCFs"). Fair values of VCFs are derived based on net asset values ("NAV") obtained from the Fund Managers as at 31 December 2015. Otherwise, the latest available valuation obtained is adjusted for any capital contributions and distributions where relevant, up to 31 December 2015, to determine the fair values of these venture capital funds as at 31 December 2015.

The underlying assets of the VCFs consist of quoted and unquoted debt and equity securities which are classified as held for trading financial assets recognised at fair value through profit or loss. On a quarterly basis, the Fund Managers perform a valuation of the portfolio of their respective companies. The fair values of investments in quoted equity and debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date. Fair value of investments in unquoted debt and equity securities are determined by obtaining broker quotes, last round financing price or similar recent transactions in the private market led by a reputable valuer.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
NAV	Value of the underlying assets (mainly investments) of the VCFs	The estimated fair value would increase/decrease if NAV was higher/ lower

25 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

For the fair value of available-for-sale Level 3 financial assets, increasing the significant unobservable input by 10% at the reporting date would have increased equity by $1,560,000 (2014: $1,425,000). A 10% decrease in the significant unobservable input would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

26 Measurement of fair values

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

Equity securities and debt securities

The fair values of investments in equity and debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date, or where such information is unavailable, based on broker quotes (Level 2 fair values) or determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using contractual or expected future cash flows as applicable, and a market-related discount rate.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

27 Operating leases

Leases as lessee

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Within one year	1,815	2,567	874	874
Between two to five years	3,778	4,538	2,183	2,598
More than five years	7,245	7,791	6,011	6,470
	12,838	14,896	9,068	9,942

28 Capital commitments

As at year end, the Group has commitments amounting to $9,872,000 (2014: $7,284,000) in respect of additional investments in venture capital funds.

As at 31 December 2015, the Group has entered into contracts to purchase property, plant and equipment for nil (2014: $389,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29 Related parties

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

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2015	**2014**
	$'000	**$'000**
Directors' fees	263	263
Short-term employee benefits:		
- directors	1,086	1,638
- other management personnel	1,171	1,362
	2,520	3,263

During the year, the Group received dividends from Ho Bee Cove Pte Ltd amounting to $500,000 (2014: $200,000), a company in which a substantial shareholder of the Company has interest in.

Other related party transactions

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

	Group	
	2015	**2014**
	$'000	**$'000**
Joint ventures		
Purchase of finished goods	13,532	9,278
Dividends received	3,252	5,069
Associates		
Repayment of loan	–	5,384
Dividends received	600	2,250

30 Contingencies

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2015, the net current liabilities and deficits in shareholders' funds of these subsidiaries amounted to approximately $20,083,000 and $20,999,000 (2014: $6,431,000 and $14,651,000).

31 Subsequent events

In January 2016, a subsidiary pledged its shares, representing its 43% equity interest in a joint venture (the "JV") to the other shareholder of the JV (the "JV Partner"). The JV Partner in turn agreed to provide a full corporate guarantee to a bank for long-term bank facility of RMB230 million to the JV for construction of its production plant.

SUPPLEMENTARY INFORMATION
(SGX-ST Listing Manual disclosure requirements)

1 Directors' Remuneration – Group and Company

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

	Number of directors	
	2015	**2014**
$1,250,001 to $1,500,000	–	–
$750,001 to $1,000,000	–	1
$500,001 to $750,000	2	1
Below $250,000	3	3
Total	5	5

2 Interested Person Transactions

There were no transactions entered into by the Group with interested persons and their affiliates, as defined in the SGX Listing Manual.

STATISTICS OF SHAREHOLDINGS
as at 14 March 2016

SHARE CAPITAL

Issued and fully paid-up Share Capital	:	S$85,270,272.17
Class of Shares	:	Ordinary Shares
Voting Rights excluding treasury shares	:	one vote for every ordinary share
Number of issued shares excluding treasury shares	:	118,702,500

The Company has no treasury shares as at 14 March 2016.

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	39	2.13	816	0.00
100 – 1,000	294	16.03	200,474	0.17
1,001 – 10,000	1,071	58.40	4,540,252	3.82
10,001 – 1,000,000	419	22.84	24,898,573	20.98
1,000,001 and above	11	0.60	89,062,385	75.03
Total	**1,834**	**100.00**	**118,702,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	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	13,148,010	11.08
4	CHUA WEE KENG	5,902,300	4.97
5	DBS NOMINEES (PRIVATE) LIMITED	2,590,525	2.18
6	MORPH INVESTMENTS LTD	1,596,500	1.34
7	NG SOO GIAP OR CHEW SOOI GUAT	1,495,500	1.26
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,490,550	1.26
9	TAN CHOO SUAN*	1,419,000	1.20
10	PERFORMANCE INVESTMENT PTE LTD	1,404,000	1.18
11	ZEN PROPERTY MANAGEMENT PTE LTD	1,282,500	1.08
12	NEW TOWN DEVELOPMENT PTE LTD	826,000	0.70
13	LIM CHER KHIANG	778,281	0.66
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	760,000	0.64
15	SON FONG MENG	756,000	0.64
16	KWOK HAE MENG	714,250	0.60
17	CHUA HOONG TAT FRANZ	709,100	0.60
18	LIM & TAN SECURITIES PTE LTD	644,100	0.54
19	TAN CHOO HOON @TAN CHENG GAY	636,750	0.54
20	CHEN ENYI	620,000	0.52
	Total:	**95,506,866**	**80.47**

* As of 29 October 2015, these shares were pronounced by the High Court of Singapore as belonging to the Estate of the late Mr. Tan Kiam Toen.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information provided to the Company as at 14 March 2016, approximately 44.41% 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.

STATISTICS OF SHAREHOLDINGS

as at 14 March 2016

SUBSTANTIAL SHAREHOLDERS as at 14 March 2016
as shown in the Company's Register of Substantial Shareholders

Name of Substantial Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Number of Shares	% of Issued Share Capital
Tan Cheng Gay	636,750	16,500,500 (1)	17,137,250	14.44
Tan Yok Koon	366,000	15,674,500 (2)	16,040,500	13.51
Tan Chin Hoon	-	16,500,500 (3)	16,500,500	13.90
Chua Thian Poh	165,000	45,745,500 (4)	45,910,500	38.68
Ho Bee Holdings (Pte) Ltd	-	45,745,500 (5)	45,745,500	38.54
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

Notes:

(1) This represents Mr Tan Cheng Gay's deemed interest of 16,500,500 shares held in the name of the following:-
- (a) 14,270,500 shares held by Afro Asia Shipping Co (Pte) Ltd;
- (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
- (c) 826,000 shares held by New Town Development Pte. Ltd.

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

(3) This represents Mr Tan Chin Hoon's deemed interest of 16,500,500 shares held in the name of the following:-
- (a) 14,270,500 shares held by Afro Asia Shipping Co (Pte) Ltd;
- (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
- (c) 826,000 shares held by New Town Development Pte. Ltd.

(4) This represents Mr Chua Thian Poh's deemed interest of 45,745,500 shares held indirectly by Ho Bee Holdings (Pte) Ltd.

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

(6) This represents Afro Asia Shipping Co (Pte) Ltd's deemed interest of 1,404,000 shares held by its wholly-owned subsidiary Performance Investment Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of EnGro Corporation Limited (the "Company") will be held at 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Friday, 29 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015, the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**

3(a) To re-elect Mr Tan Yok Koon who retires pursuant to Article 87 of the Company's Articles of Association. **(Resolution 3)**

3(b) To re-elect Mr Soh Kim Soon who retires pursuant to Article 87 of the Company's Articles of Association. **(Resolution 4)**

Mr Soh Kim Soon 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.

3(c) To re-appoint Mr Ng Tat Pun as a director of the Company **(Resolution 5)**

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

[See Explanatory Note]

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$262,500 for the financial year ended 31 December 2015 (2014: S$262,500). **(Resolution 7)**

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

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

"That authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the Company as may be required to be issued pursuant to the exercise of options under the ESOS 2000, provided always that the aggregate number of shares to be issued pursuant to the ESOS 2000 and other share based schemes of the Company (which shall include the EnGro Corporation Limited 2011 Employees' Share Option Scheme and the EnGro Performance Share Award Scheme) shall not exceed fifteen per centum (15%) of the total issued shares in the capital of the Company excluding treasury shares, from time to time." **(Resolution 8)**

6.2 Share Issue Mandate

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

provided that:

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

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

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

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

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

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

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **(Resolution 9)**

6.3 Authority to grant options and to allot and issue shares under with the EnGro Corporation Limited 2011 Employees' Share Option Scheme (the "ESOS 2011")

"That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the ESOS 2011 and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOS 2011, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of new shares to be allotted and issued pursuant to the ESOS 2011 and other share based schemes of the Company (which shall include the ESOS 2000 and the EnGro Performance Share Award Scheme) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time." **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

6.4 Authority to issue shares under the EnGro Performance Share Award Scheme (the "EnGro PSA Scheme")

"That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of awards under the EnGro PSA Scheme, whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of shares to be allotted and issued pursuant to the EnGro PSA Scheme and other share based schemes (including the ESOS 2000 and ESOS 2011) of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."
(Resolution 11)

6.5 Renewal of the Share Purchase Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the directors of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the "**Shares**"), not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-

(i) on-market purchases (each a "**Market Purchase**") on the Singapore Securities Trading Limited (the "SGX-ST"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:-

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting 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 ordinary shares of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued ordinary shares of the Company shall be taken to be the number of issued ordinary shares of the Company as altered (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit;

"Relevant Period" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:-

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days (**"Market Day"** being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." **(Resolution 12)**

7. To transact any other business that may properly be transacted at an Annual General Meeting.

NOTICE OF BOOK CLOSURE DATE FOR DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of shareholders being obtained at the Annual General meeting of the Company for the payment of the first and final tax-exempt (1-tier) dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 27 May 2016 for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 26 May 2016 will be registered to determine shareholders' entitlement to the proposed dividends. The first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2015, if approved at the Annual General Meeting, will be paid on 10 June 2016.

By Order of the Board

Joanna Lim
Company Secretary

14 April 2016

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE

In relation to Ordinary Resolutions 3, 4 and 5 proposed in items 3(a), 3(b) and 3(c) above, the detailed information on Mr Tan Yok Koon, Mr Soh Kim Soon and Mr Ng Tat Pun are set out in the section entitled "Directors Profile" and Table 3 in the Corporate Governance Report of the Company's 2015 Annual Report.

With the repeal of Section 153 of the Companies Act (Cap 50) effective 3 January 2016, there is no age limit for a public company director and he need not be re-appointed on an annual basis. As the shareholders' mandate on the appointment of Mr Ng Tat Pun as director of the Company will expire at the conclusion of this Annual General Meeting, the purpose of Resolution 5 proposed in item 3(c) is to re-appoint him as director of the Company and henceforth he shall be re-elected on triennial basis (Article 87 of the Company's Articles of Association and Code of Corporate Governance 4.2).

Mr Tan Yok Koon is the brother of Mr Tan Cheng Gay (a Director and substantial shareholder of the Company) and Mr Tan Chin Hoon (a substantial shareholder of the Company).

There are no relationships (including immediate family relationships) between Mr Soh Kim Soon and the other directors, the Company or its 10% shareholders.

There are no relationships (including immediate family relationships) between Mr Ng Tat Pun, and the other directors of the Company.

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

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

Ordinary Resolution 7

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2015.

Ordinary Resolution 8

Resolution 8 proposed in item 6.1 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company pursuant to the exercise of options granted under the "ESOS 2000", provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company from time to time. Note that the ESOS 2000 was at the end of its 10-year duration and discontinued on 15 January 2011. However, subsisting options granted prior to that date are not affected by the discontinuation and remain exercisable in accordance with the rules of the ESOS 2000. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 9

Resolution 9 proposed in item 6.2 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 10

Resolution 10 proposed in item 6.3 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to grant options under the ESOS 2011 which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 and to allot and issue shares upon the exercise of such options granted under the ESOS 2011 in accordance with the rules of the ESOS 2011. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 11

Resolution 11 proposed in item 6.4 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company pursuant to the vesting of awards under the EnGro PSA Scheme which was approved at the Extraordinary General Meeting of the Company on 27 April 2011 in accordance with the rules of the EnGro PSA Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 12

Resolution 12 proposed in item 6.5 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) 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 2015 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) A member of the Company (other than a depository agent) entitled to attend and vote at the Meeting may appoint not more than two proxies to attend and vote in his/her stead.

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

(3) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

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

(5) An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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

PROXY FORM

Important:
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

*I / We, ____________________

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

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

*and/or

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at 25 International Business Park, German Centre, 5th Floor, Munich Room, Singapore 609916 on Friday, 29 April 2016 at 10.00 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting:-

	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015, the Directors' Statement and the Report of the Auditors thereon. **(Resolution 1)**		
2.	To declare a first and final tax-exempt (1-tier) dividend of 2.5 cents per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**		
3a	To re-elect Mr Tan Cheng Gay (Retiring under Article 87). **(Resolution 3)**		
3b	To re-elect Mr Soh Kim Soon (Retiring under Article 87). **(Resolution 4)**		
3c	To re-appoint Mr Ng Tat Pun as a director of the Company. **(Resolution 5)**		
4.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**		
5.	To approve the payment of Directors' fees of S$262,500 for the financial year ended 31 December 2015 (2014: S$262,500). **(Resolution 7)**		
6.	To authorise Directors to allot and issue shares pursuant to the exercise of options granted under Ssangyong Cement (Singapore) Limited 2000 Employees' Share Option Scheme. **(Resolution 8)**		
7.	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate. **(Resolution 9)**		
8.	To authorise Directors to grant options and to allot and issue shares under EnGro ESOS 2011. **(Resolution 10)**		
9	To authorise Directors to issue shares under the EnGro PSA Scheme. **(Resolution 11)**		
10.	To approve the renewal of the Share Purchase Mandate. **(Resolution 12)**		

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

Dated this ____________ day of ________________ 2016

Total Number of Shares Held

____
Signature(s) of Member(s) / Common Seal
** Delete where applicable*

Notes:-

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

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

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

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

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

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

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

Fold along this line

Please
Affix
Postage
here

The Company Secretary

ENGRO CORPORATION LIMITED

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

Fold along this line

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