



ENGRO CORPORATION LIMITED
(REGISTRATION NO. 197302229H)

MISAPPROPRIATION OF MONIES AT A CHINA SUBSIDIARY

The Board of Directors of EnGro Corporation Limited (the “Company”) and its subsidiaries (the “Group”) wish to inform shareholders of the Company (the “Shareholders”) that the Group has discovered a case of fraud at its China subsidiary, Shanghai S3 Building Materials Co., Ltd (Shanghai S3). An aggregate amount of approximately RMB1.37 million (SGD284,000) was misappropriated from the accounts by an employee of the subsidiary.

The Company was alerted of the discrepancy by the President of China Operations in December 2016.

Since the discovery of the misappropriation up to the date of this announcement, the following actions have been taken by the Company:

- (a) the employee concerned was immediately suspended with no pay from all her duties and responsibilities;
- (b) a police report has been lodged and the case is currently under Police Forensic Department’s investigation in China;
- (c) Internal auditors have been deployed to carry out further investigations in the subsidiary concerned and concluded that while overall procedures and controls were in place, they could be improved. It was concluded that this incident was an isolated case committed by a staff; and
- (d) Internal controls of the subsidiary concerned have been reviewed and tightened.

The misappropriation is not expected to have material impact on the profit and the net tangible assets of the Group for the financial years ended 31 December 2016 and ending 31 December 2017.

By Order of the Board

Joanna Lim
Company Secretary
23 February 2017