ENGRO
BUILDING SUSTAINABILITY

50 YEARS

Integrating Innovation and Sustainability

ANNUAL REPORT 2023

CONTENTS

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

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

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

COMPANY SECRETARY
Joanna Lim Lan Sim

COMPANY HISTORY

EnGro Corporation Limited ("EnGro", or "the Company") was incorporated on 27 November 1973 under the name SsangYong Cement (S) Pte Ltd. It was originally formed as a joint venture among SsangYong Cement Industrial Co Ltd of South Korea, Afro-Asia Shipping Co (Pte) Ltd and The Development Bank of Singapore Ltd. The Company was converted into a public limited company and listed on the mainboard of the Singapore Exchange in 1983 as Ssang Yong Cement (S) Ltd.

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

In 2002, the Company marked the beginning of a new chapter as the Korean JV partner exited the scene by selling its shares. Afro-Asia International Enterprises Pte Ltd acquired shares divested by SsangYong Cement Industrial Co Ltd and in the process made a mandatory general offer for shares not owned by Afro-Asia International Enterprises Pte Ltd or parties acting in concert.

In 2005, the Company changed its name to EnGro Corporation Limited with a new logo reflecting its vision of growth through partnership building and North Asia focus. The striking blue and orange curves symbolise EnGro and its partners. The curve design of the logo simulates the hemisphere of a globe reflecting EnGro's determination to expand globally.

Over the years, EnGro diversified its business by investing in specialty polymer, venture capital activity focusing on info-com, property development as well as food and beverage.

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

VISION AND MISSION

OUR VISION

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

OUR MISSION

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

CORPORATE PHILOSOPHY

矚遠瞻高
遠致靜寧

LOOKING FAR AND WIDE FROM A HIGH PLANE
KEEPING CALM TO ACHIEVE GREAT SUCCESS

Standing on a high point through accumulation of knowledge with an open mind, one has a 360 degrees view of the surroundings below. The view captured from all angles at the top allows one to absorb myriads of information.

A sea of knowledge accumulated calls for a calm mind to process and identify relevant information. With a clear and tranquil mindset, one can choose the right path with a clear vision for the future.

TRUST
诚信

WIN-WIN
共赢

EXCELLENCE
卓越

HARMONY
和顺

CHAIRMAN'S MESSAGE

Dear Shareholders,

FINANCIAL REVIEW

Despite the challenges encountered this year, I am heartened by the unwavering dedication and perseverance displayed by our team in the face of economic uncertainty. While this year has been marked by losses, it is essential to recognize that these setbacks are temporary that pave the way for future growth. EnGro Group revenue increased by 20.6 per cent to S$160.4 million for the year ended 31 December 2023 (FY2023), from S$133.0 million in FY2022. However, following profit guidance issued on 29 January 2024, the Group reported a net loss of S$5.6 million due to weakness in China's domestic economy and mark-to-market adjustments of venture capital (VC) investments in line with the U.S. tech sector correction.

The Group's integral cement and ready-mix concrete (ICR) business continue to gain momentum, driven by projects such as the ***Johor Bahru-Singapore Rapid Transit System (RTS) Link project***, and various private and public construction programs in Singapore. However, challenges persisted, particularly in China's anemic real estate sector, impacting our GGBS business, resulting in a wider loss for the year.

DIVIDEND

In celebration of our 50th anniversary and with immense gratitude for shareholders' continuous support, the Board is pleased to recommend a final dividend of 3.0 cents per share and special dividend payout of 2.0 cents per share, making a total of 5.0 cents for FY2023, subject to shareholders' approval at the Annual General Meeting to be held on 29 April 2024. This announcement exemplifies our commitment to enhancing stakeholder value, even amidst challenges. Our Group's financial robustness remains unwavering, a testament to our resilience and strategic focus on sustainability with environmental, social and governance (ESG) considerations.

MACRO ENVIRONMENT

In 2023, Singapore's GDP moderated to 1.1 per cent from 3.6 per cent in 2022, while the construction sector grew by 5.2 per cent, marginally higher than 4.6 per cent in 2022, buoyed by increased construction activities in both public and private projects.

Meanwhile, China's economy grew by 5.2 per cent in 2023, yet faced challenges from an overbuilt property market, resulting in softness in the overall economy. The slowdown in global economies dampened Chinese exports, falling in 2023 for the first time since 2016.

A weak and uncertain global economy having been, severely disrupted by COVID-19 pandemic, dodged a major recession in 2023 against the two-year old Ukraine-Russia war, but the eruption of the Hamas-Israel conflict in October 2023, added further strain to the global supply chains with resultant inflationary pressure on energy costs and food supplies.

Overall, high inflation, increasing interest rates, as well as geopolitical uncertainties continue to dampen global tech spending in 2023.

BUSINESS REVIEW

a) Integral Cement & Ready-Mix Concrete (ICR) operations

Singapore public sector construction demand in 2023 soared to S$19.5 billion, outpacing private sector construction at S$14.3 billion. Leading this growth were major projects like the Cross Island MRT Line (Phases 1 and 2), institutional building developments, and HDB's BTO schemes, underscoring the dominance of public sector construction in driving overall construction demand.

Our **ICR** operations provide stability and continuity in uncertain times. Top-Mix Singapore (TMS) RMC operation gained strength from various public and private projects. Additionally, TMS expanded its market coverage in Singapore by commissioning a new plant at the *RMC Ecosystem by Jurong Port (JP)*. In November 2023, it received its temporary occupation permit (TOP) and commissioned production in December 2023.

In 4Q2023, TMS won a bid for a plot of land to setup plant at *Pulau Punggol Timor (PPT)* allowing TMS to be operating with six batching plants to cover bigger geographical area in Singapore from 4Q2024 onwards.

In Malaysia, Top-Mix Malaysia (TMM) secured concrete supply contract to the notable ***Johor Bahru-Singapore Rapid Transit System (RTS) Link*** project which has caught up speed with the Singapore section of the project. TMM is now positioned to serve future phases of the RTS Link project, embracing the marine viaduct, the land viaduct, the Immigration, Customs and Quarantine (ICQ) facility as well as the RTS Rail Station and Depot. Leveraging on the new initiative of setting up semiconductor production base in Malaysia, TMM won RMC supply to the ***Texas Instrument RM5 billion plant***, in Melaka. Amidst the mushrooming of data centers in Johor, TMM also won the concrete supply contract to a ***data center owned by one of the key data center players from China, namely GDS (万国数据).*** The mini

construction boom forecast in Johor Bahru city centre and its ripple effects would have a positive impact on the performance of TMM while riding the RTS Link project.

b) Specialty Cement Operations in China

An improved 5.2 per cent GDP growth in 2023 subsequent to the lifting of ZERO COVID POLICY failed to help the China economy recovery as anticipated by most market watchers, partly due to complexity derived from over leverage of major real estate developers and depressed market sentiment in general. Macro-economic policies implemented by the Chinese Central Government aimed at reining in massive excess capacities in various industries, continue to weigh down on China's GDP. Construction projects across cities from Tangshan, Jinan, Huai'an, Rizhao, and Quanzhou, to Wuhan were impacted by the industry's downturn, which then severely impacted our GGBS JVs operations.

c) Specialty Polymer

Our Specialty Polymer segment faced lower sales due to the moderation of demand from home appliance related products, but was partially offset by higher automotive demand from Japan, amidst soft automotive global demand.

R&P's entry into Indonesia is to expand its specialty polymer compounding competency to the motorbike (two wheel) and emerging electric vehicle (EV) industries.

d) Investments

2023 continued to be a roller-coaster year for the venture capital (VC) industry. Investments in generative artificial intelligence (AI) seems to be the focus of VC tech industry. The slower era fueled by elevated interest rates led to VC fundraising declined by 60 per cent, the lowest since 2015. For seven consecutive quarters, VC industry posted negative returns as IPO window practically closed in 2023. Likewise, the performance of our investments in VC stayed fairly flat.

Against the backdrop of the lackluster China real estate market, we were able to sell all of the Phase 3 of Tangshan Nanhu Eco City project (mixed residential and commercial development) as at 31 December 2023.

PROSPECTS

Global economic uncertainty, due to high interest rates, geopolitical risks between US and China, two ongoing wars plus supply chain disruptions, are likely to hinder global economy recovery in 2024.

Singapore government projected a GDP growth between 1.0 to 3.0 per cent for 2024, reflecting significant downside risks in the global economy. Escalation of the Israel-Hamas conflict and continuous war in Ukraine could prolong disruption to the global supply chains and commodity markets.

Amidst BCA's mid-term forecast of a steady improvement in construction awards to reach between S$31 billion and S$38 billion per annum between 2025 and 2028, construction activity in Singapore is likely to stay brisk in 2024 backed by a series of multi-billion public cum private construction works. Major projects in the pipeline are the mega Changi Airport Terminal 5 (T5), Tuas Port developments, expansion of the two Integrated Resorts, major road enhancement and drainage improvement works.

We remain cautiously optimistic on China's long term growth. The automation and digital economy initiatives are expected to streamline processes and increase efficiency across industries, leading to enhanced productivity. The swift development of Electric Vehicles (EVs) is not only beneficial for the environment but it also presents growth opportunities, for our Specialty Polymer business. Coupled with digital economy on top of developing eco-cities, and accelerates urbanization moving from China's middle to western regions, is expected to benefit our Wuhan GGBS JV, which is strategically located at the heart of central China – Wuhan Wuxin Materials Co Ltd. ("WX"). Besides, the pool of well-educated unemployed fresh graduates will in time turns into a valuable resource to sustain long-term growth.

ACKNOWLEDGEMENT

As we commemorate EnGro's 50^{th} anniversary, I extend my sincere gratitude to the EnGro family, customers, shareholders, business partners, Directors, and the Management team. The unwavering support and dedication of our employees have been instrumental in driving EnGro's innovation and sustainability beyond its 50-year legacy.

Tan Cheng Gay
Chairman

Johor Bahru - Singapore Rapid Transit System

ENGRO
BUILDING SUSTAINABILITY
50 YEARS

50th Anniversary Dinner Celebration

CORPORATE CALENDAR

2025

FEB
Announcement of 2H and FY2024 results

APR
Annual General Meeting for FY2024

AUG
Announcement of 1H FY2025 results

2024

27 FEB
Announcement of 2H and FY2023 results

29 APR
Annual General Meeting for FY2023

31 MAY
Payment of First and Final Dividend

12 AUG
Announcement of 1H FY2024 results

2023

24 FEB
Announcement of 2H and FY2022 results

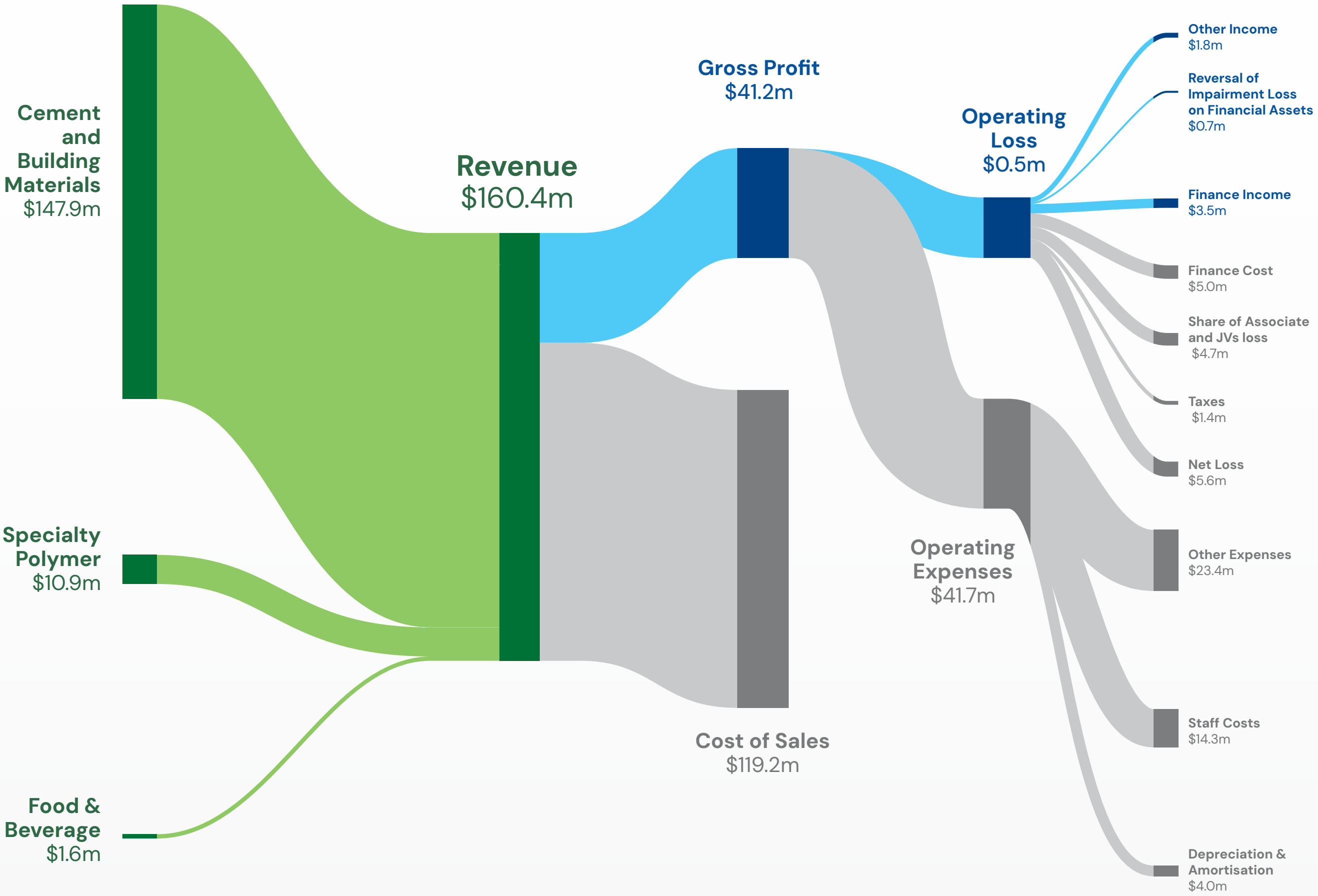
27 APR
Annual General Meeting for FY2022

31 MAY
Payment of First and Final Dividend

11 AUG
Announcement of 1H FY2023 results

FINANCIAL HIGHLIGHTS

FY2023



$160.4m
Revenue

$147.9m
Cement and Building Materials

$10.9m
Specialty Polymer

$41.2m
Gross Profit

$0.5m
Operating Loss

$5.6m
Net Loss

FINANCIAL HIGHLIGHTS

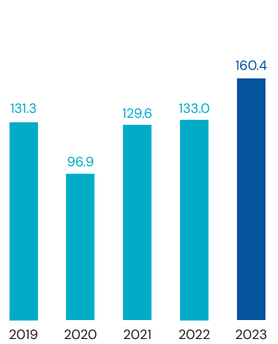
Consolidated Statement of Profit or Loss (S$'Million)	2019	2020	2021	2022	2023
Revenue	131.3	96.9	129.6	133.0	**160.4**
Profit/(loss) for the year	11.1	22.0	51.0	(0.8)	**(5.6)**
Profit/(loss) attributable to owners of the Company	11.1	22.0	50.7	(1.6)	**(6.3)**

Statement of Financial Position (S$'Million)	2019	2020	2021	2022	2023
Total assets	264.4	288.2	357.4	320.6	**316.9**
Equity attributable to owners of the Company	236.0	257.2	305.2	278.4	**263.4**

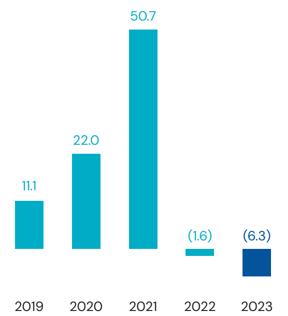
Per Share (Cents)	2019	2020	2021	2022	2023
Basic Earnings	9.31	18.56	42.70	(1.36)	**(5.34)**
Net asset value	199	217	257	235	**222**
Net dividend	2.50	3.00	6.50	2.50	**5.00**

FIVE-YEAR RESULTS AT A GLANCE

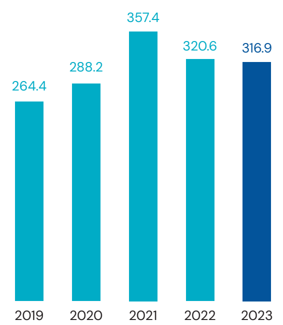
Revenue
(S$'Million)



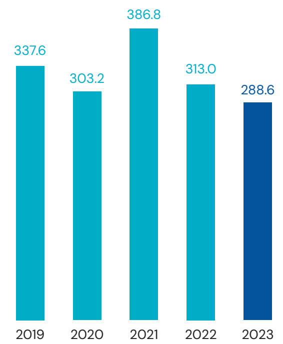
Profit/(loss) Attributable to Owners of the Company
(S$'Million)



Total Assets
(S$'Million)

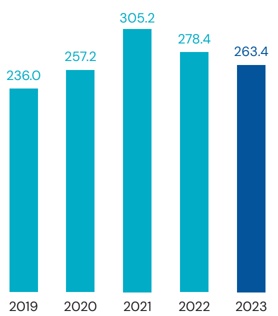


Revenue of Engro's and Associates and Joint Ventures#
(S$'Million)

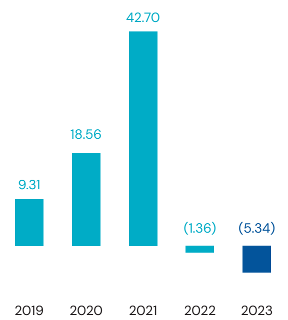


Revenue of Associates and Joint Ventures is calculated based on percentage of interest EnGro has in the Associates and Joint Ventures. Numbers are for illustration purpose only.

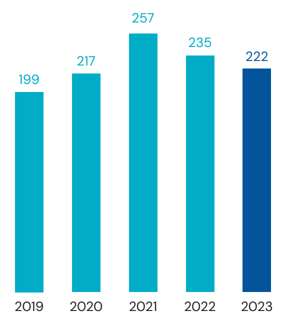
Equity Attributable to Owners of the Company
(S$'Million)



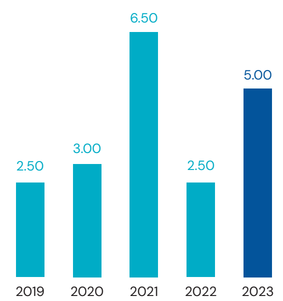
Basic Earnings per Share
(Cents)



Net Asset Value per Share
(Cents)



Net Divided per Share
(Cents)



BOARD OF DIRECTORS

TAN CHENG GAY

Chairman and Chief Executive Officer

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

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

TAN YOK KOON

Executive Director

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

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

TAN SOO NAN

Director

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

Mr Tan currently also serves on the Boards of public listed and private companies including Raffles Medical Group Ltd, Raffles Health Insurance Pte Ltd, ICE Futures Singapore Pte Ltd, ICE Clear Singapore Pte Ltd and ICE Singapore Holdings Pte Ltd.

Mr Tan is active in social causes and serves as a Director in Temasek Foundation Limited, TF IPC Ltd and Woh Hup Trust. Mr Tan is also a member of the Ministry of Transport's Public Transport Council.

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

STEVEN ONG KAY ENG

Director

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

He is currently a Non-Executive Director of Sino Land Company Ltd., Tsim Sha Tsui Properties Ltd and Sino Hotels (Holdings) Ltd which are listed in the HK Stock Exchange, since 2010. He is also the Lead Independent Director and Chairman of Audit & Risk Committee as well as Chairman of Nominating Committee of Yeo Hiap Seng Limited listed on the main board of Singapore Stock Exchange.

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

LEOW FOON LEE

Director

Mr Leow joined the Board in October 2021 as an Independent and Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and serves as a member of the Audit Committee and the Nominating Committee.

Mr Leow is the founder and Chief Executive Officer of Enerpower Pte Ltd. He has more than 30 years' experience in the energy and telecommunication sectors, having worked for some of the global US, European and Asian companies, including General Electric, Royal Dutch Shell, RGE, Alcatel-Lucent, and Motorola with global assignments in New York, Singapore, Taiwan, Hong Kong, Beijing, and Shanghai, particularly in the Greater China region where he spent more than 22 years. His career portfolio encompassed leading Asia-Pacific regional operations, infrastructure project development, technology transfers, and licensing as well as board management in the operation of equity joint ventures.

He is also a Visiting Senior Fellow at the Energy Studies Institute of the National University of Singapore and an adjunct lecturer at the Nanyang Business School of the Nanyang Technological University of Singapore.

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

HQ HEAD OF DEPARTMENT

EE CHIN SIEW

Group Financial Controller

Ms Ee oversees the Group's finance, procurement and IT functions. She has over 18 years of working experience in accounting and financial management as well as finance process improvement and automation across various industries. Prior to joining the Group, she held the position of Senior Finance Manager with Sky Wise Investment Pte Ltd and Corporate Finance Manager with Hi-P International Limited over the past 12 years. Ms Ee holds a Bachelor Degree in Accountancy from Nanyang Technological University and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

INTEGRAL CEMENT AND RMC OPERATIONS

VINCENT LOH

General Manager, Knowledge Management & Business Development

Mr Loh joined the Company in 2000 and currently manages the integral cement and ready-mix concrete (ICR) business as well as oversees the business development, investment, knowledge management and sustainability initiatives of the Group. He has more than 25 years of working experience in various industries. Mr Loh has a Bachelor of Business (Accounting) from Monash University, Australia, and is both a CPA Australia and a Chartered Accountant of Singapore. Mr Loh also attended the General Management Program jointly conducted by Wharton School of the University of Pennsylvania and Singapore Management University (SMU), as well as the Future China Advanced Leaders Programme, jointly organized by the Nanyang Business School and Business China.

JOSHUA TAN

Operation Controller

Mr Tan supports the CEO in overseeing operations and selective businesses of the Group. He has more than 20 years of working experience across various industries with vast working exposure especially risk management in Europe, Middle East, Africa, Central & South East Asia including China & India.

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

SPECIALTY CEMENT OPERATIONS

TAN TATT YAO

Deputy General Manager, China Operations

Mr Tan joined the Company in February 2018 as a Business Development Manager and was promoted to Deputy General Manager, China Operations in September 2022. He is based in Shanghai, China to support the Group's Venture Capital investment, Specialty Cement and Polymer businesses. He is also support and advise concrete businesses in their strategic action plan execution. Prior to joining EnGro, he was exposed to local and overseas banking industry and held various positions in both UOB Bank China and Standard Chartered Bank (Shanghai). He is related to Mr Tan Cheng Gay and Mr Tan Yok Koon. Mr Tan holds a Bachelor of Commerce from University of Western Australia. He also attended the Behaviourial Studies in Organisations and International Business studies from London School of Economics.

SPECIALTY POLYMER OPERATIONS

TAI BOON CHEN

General Manager, Specialty Polymer

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

CORPORATE STRUCTURE

01 BUILDING MATERIALS

Integral Cement and RMC (ICR)

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

Specialty Cement (GGBS)

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

Other Ready-Mix Concrete

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

02 SPECIALTY POLYMER

Specialty Polymer (R&P)

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

03 INVESTMENTS

VC Investment

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

Property Investments

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

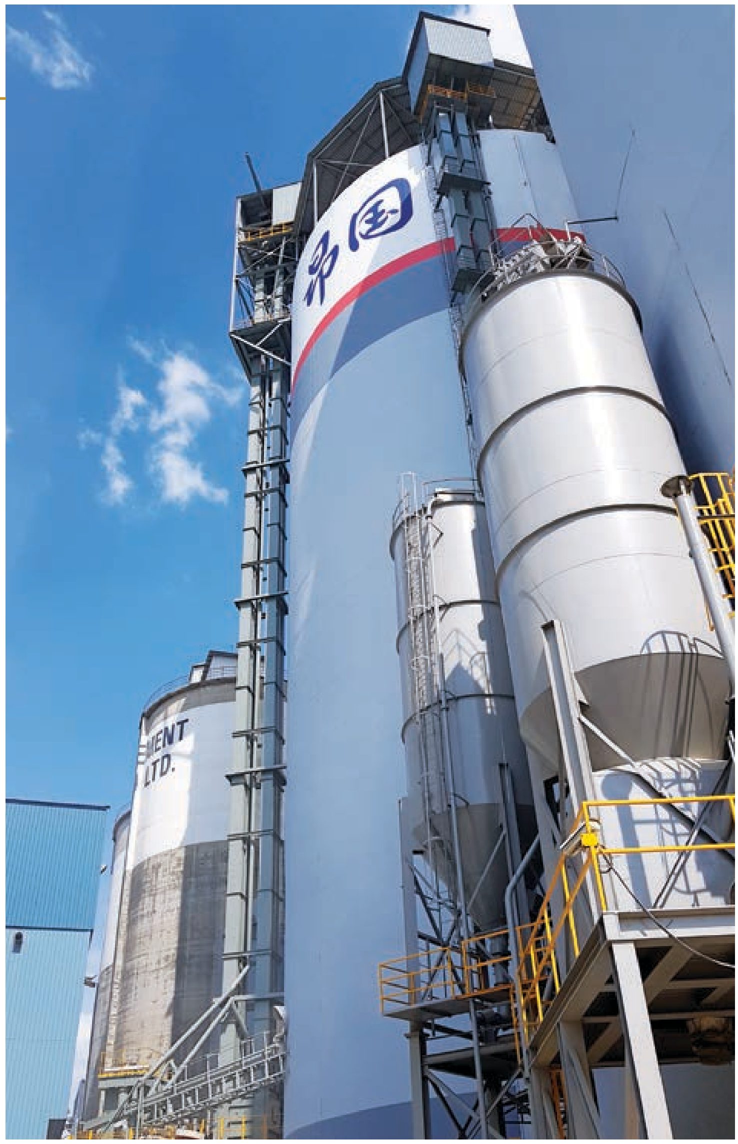
04 OTHERS

Food and Beverage

100%	Tianjin Ang de Food & Beverage Management Co Ltd

REGIONAL PRESENCE

INTEGRAL CEMENT AND READY-MIX CONCRETE
SINGAPORE & MALAYSIA



EnGro's operation at Jurong Port, Pulau Damar Laut

ENGRO CEMENT

The construction industry in 2023 experienced a remarkable 13.4 per cent surge in demand, reaching S$33.8 billion, exceeding the initial forecasts (S$27 – 32 billion) by the Building and Construction Authority of Singapore ("BCA"). Public construction demand rose to S$19.5 billion compared to S$17.9 billion in 2022, showcasing growth from previous years, while private construction demand totalling S$14.3 billion was substantially higher than the S$11.9 billion registered in 2022.

This upward trend led to a noteworthy increase of over 30 per cent in EnGro's cement sales compared to the previous year. The momentum was largely attributed to the acceleration of public sector projects such as Build-To-Order flats and MRT line construction and other infrastructure works. Public residential demand registered a big jump from S$5.3 billion in 2022 to S$7.6 billion in 2023, and is expected to remain at the same level for 2024. Cement sales in 2024 is expected to the same as 2023 levels.

In 2023, EnGro successfully secured the cement supply to various major infrastructure developments which include LTA MRT projects, as well as several packages of the Cross-Island Line – Phase 1 and Jurong Region Line projects. Other projects we secured comprise of MOE healthcare facilities projects including Serangoon Polyclinic @ Upper Serangoon Road and Thye Hua Kwan nursing Home @ Tanjong Katong and private building projects, IOI Central Boulevard Towers, The Continuum @ Thiam Siew Ave, Keppel Data Centre @ Genting Lane and Marina View Residences.

INTEGRAL CEMENT AND READY-MIX CONCRETE
SINGAPORE & MALAYSIA

Expansion and retrofitting of ICA

Johor Bahru-Singapore Rapid Transit System

Looking ahead to 2024, BCA anticipates the total construction demand to range between S$32 billion and S$38 billion, driven by significant projects such as the Cross Island (CRL) MRT line remaining Phase 2 contracts, relocation of Singapore Science Centre, expansion of the two Integrated Resorts (IR), new berth facilities at Tuas Terminal Megaport, and the most highly anticipated Changi Terminal 5 (T5) infrastructure works. For the medium term, BCA expects annual construction demand expected to reach between S$31 billion and S$38 billion from 2025 to 2028.

BCA's estimates reveal a positive outlook for the construction demand to be between S$32 billion and S$38 billion where 56 per cent of the construction demand of between $18 billion and S$21 billion, is anticipated to originate from Housing and Development Board's (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works. BCA also expects the remaining 44 per cent of construction demand, valued at between S$14 billion and S$17 billion to come from private sector contributing to the industry's growth and progress.

INTEGRAL CEMENT AND READY-MIX CONCRETE
SINGAPORE & MALAYSIA

TMS Jurong Port batching plant

TOP-MIX CONCRETE SINGAPORE (TMS)

In 2023, supply challenges stemming from the strict and unexpected enforcement of truck overloading policy by the Malaysian transport ministry, escalated the direct material costs.

The Jurong Port batching plant was granted approval to begin operations in mid-November 2023. Additionally, TMS received approval from BCA to establish a new batching plant in Pulau Punggol Timor (PPT) towards end of December 2023, highlighting its commitment to growth and innovation in the sector.

Throughout the year, TMS successfully secured projects in both public and private sectors (such as warehouse developments, PUB improvement to Siglap Canal, C09A at Changi East, Keppel Sakra Cogen Cycle Plant, executive hostel at NUS campus, Pioneer Lodge Dormitory, as well as industrial projects in Tuas and Jurong Island), reflecting their dedication to excellence and service. The upcoming completion of the new batching plant in PPT stands as a testament to TMS's resilience and forward-looking approach.

Pokka building at 4 Benoi Crescent

INTEGRAL CEMENT AND READY-MIX CONCRETE
SINGAPORE & MALAYSIA

TOP-MIX CONCRETE MALAYSIA (TMM)

The construction sector in Malaysia saw substantial growth in 2023, supported by government initiatives and thriving private and public sector projects. TMM played a crucial role in major infrastructure projects like the ***Johor Bahru-Singapore Rapid Transit System (RTS)*** Link project, of which TMM supplied the bulk of concrete volume needed for the construction of marine viaducts of the RTS construction which recently linked up to the Spore section in January 2024. TMM also secured supply contracts of the **RTS Link's** ***land viaducts, the Immigration, Customs and Quarantine (ICQ) complex superstructure work*** and ***RTS Depot***; showcasing TMM's capability and contribution to the sector's expansion.

TMM's sales volume surged due to its involvement in the RTS project as well as other notable such as the construction of ***Texas Instrument semiconductor fab plant*** in Melaka, the ***Alton Intelligent Technology mega factory***, and ***GDS Data Center***, emphasizing TMM's position as a key player in the Malaysian construction landscape. Upcoming projects like the ***Light Rail Transit (LRT) system in Johor Bahru*** indicates a promising trajectory for continued growth in Johor Bahru's construction activities.

The Malaysia Budget for 2024 anticipates a robust expansion of the construction sector's real output at an accelerated pace of 6.8 per cent, as compared to an estimated growth rate of 6.3 per cent in 2023, supported by a higher development expenditure. This growth is facilitated by an increased allocation towards development expenditures.

Furthermore, the positive trend in foreign direct investment under Malaysia's New Industrial Master Plan 2030 is set to bring forth higher-value industrial construction projects. The upcoming year is poised to see substantial private sector-driven infrastructure project awards, fostering a dynamic construction market. Notably, significant investments in new semiconductor foundries and data centers will contribute to sustaining the vibrancy of the private sector construction industry.

TMM batching plant

Data center owned by GDS at Johor, Malaysia

JB-SG RTS Link Marine Viaduct project

SUSTAINABILITY

In light of Singapore Green Plan 2030, launched in February 2021, to galvanise a whole-of-nation movement and advance Singapore's national sustainable development agenda, EnGro leverages its 50 years of expertise in Green Materials and Waste-To-Resource (WTR) capabilities to consistently deliver innovative green solutions to the construction industry.

COP28 also marked the conclusion of first "global stocktake" of the world's efforts to combat climate change under the Paris Agreement. In order to uphold the 1.5 Degrees Celsius Goal, countries have committed to accelerating actions across all areas by 2030. It is imperative that we act swiftly and decisively now!

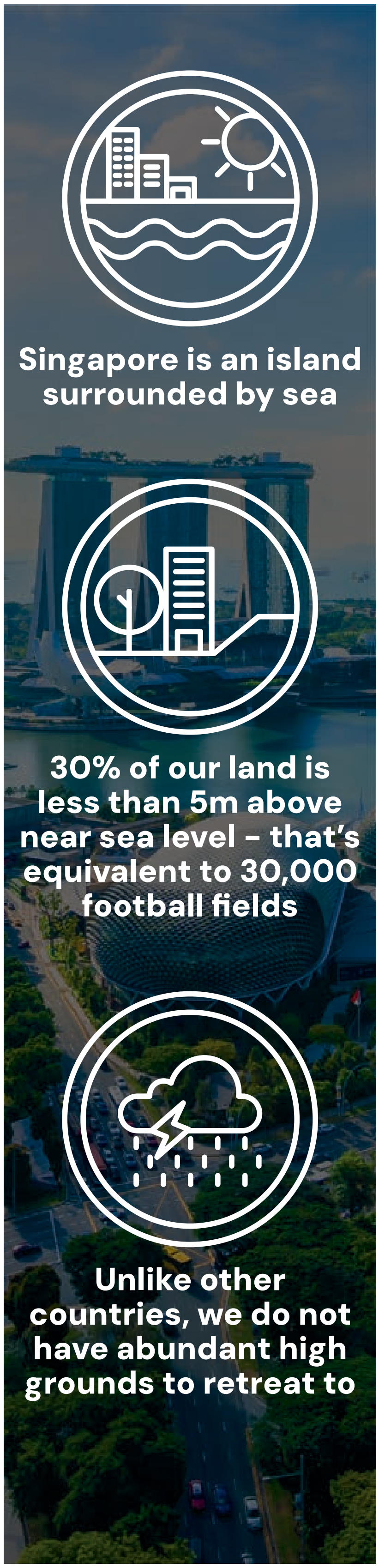
SUSTAINABILITY REPORT

EnGro is committed to sustainability and prioritizes the creation of sustainable value for our stakeholders. Detailed information on Company's sustainability practices will be published separately in a standalone Sustainability Report for the financial year ended 31 December 2023.

SINGAPORE'S NET ZERO FUTURE

Achieve net zero emissions by 2050

Reduce 2030 emissions to 60 Mt CO_{2e} after peaking emissions earlier



Sources: PUB Singapore's National Water Agency

GREEN INITIATIVE

SINGAPORE GREEN BUILDING PRODUCT SGBC LEADER

SINGAPORE GREEN BUILDING PRODUCT SGBC VERY GOOD

P197-4S

P4246

P4246S

DuraCrete

P197A

P197B

DureCrete

GreenLabel SINGAPORE

P197A

P197B

P4246

P4246S

VCEM

DureCrete

In line with our commitment to environmental sustainability, we have been reinforcing our green initiatives which we planted the seeds over a decade ago. In recent years, our green products have played a significant role in reducing the embodied carbon emissions of green buildings

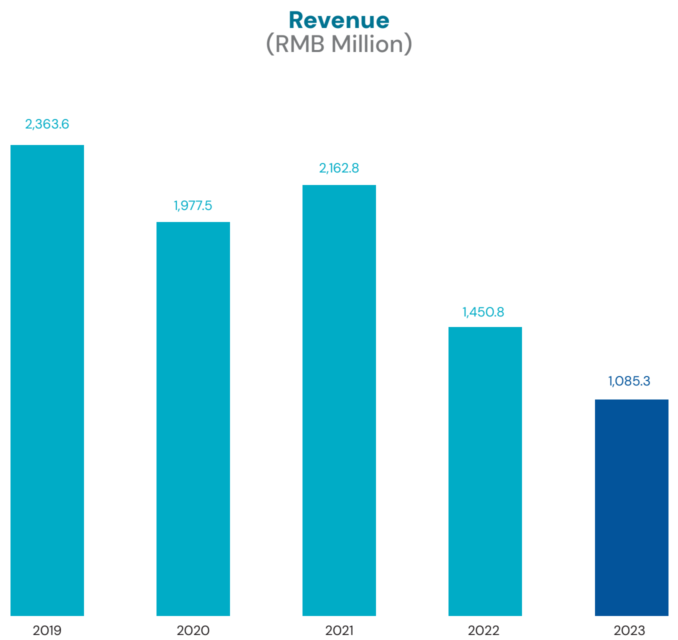
EnGro's range of certified Green Cement and Green Concrete not only attained the highest rating in SGBP accreditation but also offering our customers and building owners with low-carbon and eco-friendly choices.

SPECIALTY CEMENT
CHINA

SPECIALTY CEMENT IN 2023

China GGBS Business:
In 2023, China's economic landscape experienced significant shifts, diverging from its pre-COVID trajectory. The year began with the easing of stringent pandemic measures, signaling a pivot towards economic revitalization. This transition injected new life into public amenities and dining establishments, revitalizing both urban and rural areas. The relaxation of COVID restrictions played a pivotal role in reigniting economic momentum, resulting in a robust 5.2% GDP growth, supported by domestic consumption, resilient exports, and targeted government interventions.

However, amidst this broader recovery, the real estate sector encountered significant headwinds, characterized by overleveraging and weakened demand. This downturn had ripple effects across related industries, including construction and materials. Our GGBS business felt the impact acutely, contending with declining selling prices amid a challenging market environment. Despite these challenges, our total annual sales volume increased by an impressive 16.5%, reaching slightly below 8 million tons. However, the average selling price experienced a sharp decline of 35.9% compared to the previous year, resulting in a decline in revenue totalling slightly over RMB1 billion.



China GGBS Associates Five-year Revenue

OUTLOOK FOR CHINA GGBS ASSOCIATES IN 2024:

As we reflect on 2023 and look ahead to 2024, the market dynamics continue to evolve. While there was a temporary uptick in demand towards the end of 2023, driven by infrastructure projects, the onset of winter and the Chinese New Year traditionally dampen construction activities, impacting cement and GGBS consumption.

Looking forward, the Chinese economy is poised for cautious adjustment and potential rejuvenation, informed by the lessons learned from past challenges. The real estate sector, in particular, may encounter obstacles before stabilization, amidst government initiatives aimed at curbing excessive debt and fostering affordable housing. While some regions and market segments may recover faster than others, the overall pace of recovery is expected to be gradual.

However, amid the subdued demand and issues of overcapacity, vigilance is warranted. We anticipate the downturn to persist well into the second quarter, necessitating strategic navigation. To thrive in this environment, EnGro GGBS Business will remain attuned to evolving trends, proactively seeking new opportunities within the Chinese market. Key to success will be the ability to lower operational costs, enhance product offerings, and diversify strategically, positioning ourselves for growth amidst market fluctuations.

In conclusion, 2024 presents both challenges and opportunities. By staying agile, innovative, and responsive to market dynamics, we are poised to navigate the terrain, capitalize on emerging opportunities, and drive sustainable growth in the year ahead.

SPECIALTY POLYMER

R&P operation achieved a net profit of US$1.9m in FY2023 despite facing challenges in the global market, mainly attributed to timely purchase of raw materials and strategic pricing negotiation, which resulted in a better margin on automotive related products than budget.

Market demands for automotive sector remain uncertain in FY2024 due to slow recovery of new vehicle sales to pre-Covid level. Also, existing automotive customers are losing market share as they are yet to begin offering OEM products for the growing EV market. Regulatory changes and growing environmental concerns have negatively impacted consumer interest in automobiles. Meanwhile, most PP producers reduce their production volume to address the oversupply issue and increase its selling price. All these factors lead to rising of vehicle and petrol prices, contributing to the overall weak market demand in the automotive sector.

R&P Technologies Pte Ltd (RPT)

Despite market volatility and economic uncertainties, our strategic on supply chain investments and operational efficiencies have contributed to sustained profitability resulted RPT achieved higher profit compared to previous year despite the decrease in sales volume in the automotive industry.

Other than raw material purchase, operational efficiency and process optimization initiatives have played a pivotal role in driving productivity gains and cost savings across the value chain. Through continuous improvement efforts and the adoption of best practices, we have streamlined operations and enhanced our ability to deliver value to customers while maximizing shareholder returns.

To expand its overseas sales and explore new opportunities in Indonesia, RPT has setup its subsidiary in Indonesia on Mar 2023 and will relocate the current production plant in Malaysia to Indonesia. Due to the relocation plan, RPT is ramping up the inventory since FY2023 in order to fulfil the customer demand until completed the validation process. RPT production is planned to cease on Q3 2024 and completed the whole relocation process in FY 2024.

PT RNP Technologies Indonesia (PT RNP)

PT RNP Technologies Indonesia established on 1st March 2023 and aim to explore new opportunities in Indonesia while this decision was based on demographic advantages and domestic market demand in Indonesia, as well as the government's requirement for local contents in finished products for local government projects or grants. The Indonesia Plant is setup and located at Karawang, under Suryacipta city of industry, which is only 54KM from the Tanjung Priok Port and surrounding with OEM in Indonesia.

Other than serving the existing customers, this new plant is focusing on diversify the products in two-wheel industries. Besides, PT RNP also cooperate with PT Sojitz Indonesia as strategic partner to explore more new markets at Indonesia. Through market diversification efforts and strategic partnerships, PT RNP expected to expand its footprint in both traditional and emerging markets in Indonesia.

PT RNP's operation at Karawang, Indonesia

On the other hand, sustainability remains a core focus for PT RNP, with various initiatives aimed at reducing environmental impact and promoting responsible business practices. These include investments in recycling initiatives, and the development of sustainable product alternatives. The report outlines progress made in sustainability metrics and sets targets for future improvement, demonstrating a long-term commitment to sustainability.

Looking ahead, PT RNP remains optimistic about future growth prospects. Despite ongoing market challenges, we are confident in our ability to navigate uncertainties and capitalise on emerging opportunities to sustain our momentum and deliver long-term value to stakeholders.

SPECIALTY POLYMER
SINGAPORE & CHINA

Photo with Strategic partner in Indonesia and Sales and Business Development Team from ExxonMobil.
(From left to right: Chun Hong (Exxon), Elford (Exxon), Yamamoto (Sojitz Indonesia), Boon Chen (RNP), Pei Ni (RNP), Indri (Sojitz Indonesia))

Kunshan R&P Co. Ltd (KRP)

In 2023, the Speciality Polymer market in China experienced heightened competition, posing challenges for industry players. Despite this, KRP emerged as a standout performer, achieving an impressive annual profit in excess of RMB 8million. This remarkable success can be attributed to the adept management of two pivotal factors.

Primarily, KRP distinguished itself through the implementation of advanced material formulations and the successful incorporation of recycled materials. This strategic move not only contributed to an enhancement in product quality but also resulted in improved profit margins, showcasing the company's commitment to sustainability and innovation.

Secondly, the company outperformed expectations in the automotive sector, surpassing the budgeted sales volume by over 10%. This achievement underscores KRP's adept market positioning and strong foothold in a crucial industry segment. The synergy of these factors played a pivotal role in bolstering KRP's performance in the face of a challenging market landscape.

In addition, KRP was awarded the prestigious "Outstanding Service Contribution" award by Valeo. This accolade recognizes our innovative achievements and steadfast commitment in the specialty polymer sector, showcasing our spirit of continuous excellence.

Heading into 2024, KRP acknowledges the potential challenges, including the volatility of raw material costs and the ongoing reshuffling within the automotive sector. However, the company is well-prepared to navigate these hurdles. With a focus on increased production efficiency, waste reduction initiatives, and the maintenance of robust customer relationships.

Looking forward, KRP is initiating its strategic exploration of expanding into overseas markets. This move lays the groundwork for future sales growth and represents a significant opportunity to extend its reach beyond domestic borders, tapping into new markets in a realistic and measured approach.

In summary, KRP's success in 2023 is a testament to its resilience and strategic acumen. The ongoing factory relocation and the commitment to operational efficiency underscores the company's dedication to long-term sustainability and growth. The initiation of overseas market expansion further illustrates KRP's proactive approach and solid foundation, positioning the company for continued success in the dynamic landscape of the Specialty Polymer market. This strategic move into new markets not only aims to diversify revenue streams but also to solidify KRP's presence on the global stage, affirming its commitment to growth and innovation.

New R&P factory in Kunshan, Jiangsu China

Valeo's acknowledgement towards "Outstanding Service Contribution"

VENTURE CAPITAL HI-TECH INVESTMENTS

The venture ecosystem weathered a tumultuous 2023, characterized by a daunting fundraising landscape, the demise of Silicon Valley Bank, and subdued exit market activity. Despite these challenges, many startups successfully navigated rough seas by extending their runway through reduced cash expenditure, securing bridge rounds, or capitalizing on other opportune financing avenues.

The sharp increase in down rounds, rising from around 8% in 2022 to 20% in 2023, underscores a significant down valuation for late-stage firms, although within a context of limited deal activity. In parallel, China's venture capital sector witnessed a decrease in deal flow and valuation yet demonstrated relative resilience compared to its counterparts.

The prospect of a phased reopening of IPO markets in 2024 sets the stage for a potential return to "Normal" IPO conditions by 2025.

The following are some of the promising technology players invested by our VCF and FOF.

ITERABLE

stripe

Airtable

scale

Vercel

Hugging Face

databricks

Notion

INVESTMENTS

Tangshan Nanhu Eco-City project

Turquoise project in Sentosa

PROPERTY INVESTMENT

The phase 3 mixed development of Tangshan Nanhu Eco-City project were fully sold as at 31 December 2023. The project was launched in June 2021 and situated in China Tangshan which was earmarked as a garden city within the Beijing-Tianjin-Hebei corridor.

98% of the entire 91-unit Sentosa Cove Turquoise development was sold as at end of 2023, with sale completion scheduled in the upcoming two years.

ENGRO SCHOLARSHIP FOR STUDENTS OF SINGAPORE INSTITUTE OF TECHNWOLOGY (SIT)

Under 2023 EnGro Scholarship program, six undergraduates were supported in pursuing their full-time engineering degree programmes in the areas of sustainable infrastructure engineering, civil engineering, chemical engineering and mechanical engineering.

LEE KUAN YEW CENTENNIAL FUND

EnGro is pleased to be a part of Lee Kuan Yew Centennial Fund, established in memory of 100th anniversary of Mr Lee Kuan Yew's birth in 2023. The Fund was founded from a ground-up initiative to invest in and support the development of Singapore youth to become visionary leaders with the imagination and determination to shape Singapore's future as an exceptional nation. It will support the education-related initiatives to develop and recognise young leaders in Singapore.

SINGAPORE CHINESE CULTURE CENTRE

EnGro has donated to Singapore Chinese Cultural Centre for three consecutive years since 2021. The centre supports our local arts and cultural groups through commissions, venue partnership and arts housing to promote and develop local Chinese culture. We are pleased to contribute to the Centre's significant efforts in promoting and transmitting Chinese Singaporean Culture for future generations.

SINGAPORE PERSPECTIVES

In 2023, EnGro continuously supported Institute of Policy Studies (IPS) annual flagship conference. The theme of 2023 conference is "Work", which delved into the disruptions and trends in technology, socio-economic developments and Singapore's own demographics to shape the future of work.

SINGAPORE ZOO

The Red River Hog adoption initiative at Singapore Zoo not only exemplifies EnGro's commitment to wildlife conservation and community engagement, but also raising awareness about the importance of protecting vulnerable species. This partnership underscores our dedication to sustainable practices and environmental stewardship, reflecting our values as a socially conscious organization.

CARING FOR COMMUNITY

Ren Ci Hospital
EnGro contributed to the Ren Ci Charity Golf Tournament 2023 as part of its fundraising efforts. Ren Ci Hospital is one of the few charity healthcare institutions in Singapore, offering high quality and affordable medical, nursing and rehabilitative care services for the community.

Singapore Disability Sports Council (SDSC)
EnGro also donated to SDSC for its Charity Golf 2023 event. The event has successfully raised an astounding amount to support those in need. SDSC serves as the national sports body for individuals with disabilities and aims to transform their lives through sports as a form of rehabilitative therapy and means to realise their potential.

CORPORATE
GOVERNANCE REPORT

EnGro Corporation Limited ("**the Company**") is committed to achieving a high standard of corporate governance within the Company and its subsidiaries ("**the Group**"), to promote corporate transparency and to enhance shareholder value. This report describes the Company's corporate governance processes and activities that were in place throughout the financial year, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018.

For the financial year ended 31 December 2023 ("**FY2023**"), the Company has complied with the core principles of corporate governance laid down by the Code. The Company has also largely complied with the provisions that reinforce the principles of the Code and in areas where there are variations from the provisions of the Code (namely, variations from Provisions 2.4, 3.1, 3.2, 8.1, 11.4 and 12.2), appropriate explanation and the reasons for variations has been provided within this report. The Board considers that the alternative corporate governance practices adopted are consistent with the intent of the relevant principles of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with

Management for the long-term success of the company.

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
1.1	**Directors are fiduciaries who act objectively in the best interests of the Company**

The Company is headed by an effective Board, comprising competent individuals with diversified backgrounds and collectively brings with them a wide range of experience, to lead and control the Company. The Board's principal functions include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction. In particular, the Board holds the management of the Company ("**the Management**") accountable for performance. The Board has also put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company.

All Directors exercise due diligence and independent judgement and are obliged to act in good faith and in the best interests of the Company. Where there are conflicts of interest, Directors recuse themselves from discussions and decisions involving the issues of conflict.

1.2 **Directors' induction, training and development**

New Directors, upon appointment, will be briefed on the business and organization structure of the Group. There are update sessions to inform the Directors on new legislation and/or regulations that are relevant to the Group. A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as Director. New Directors, upon appointment, will also be briefed on their duties and obligations as Directors. The Directors are also informed of regulatory changes initiated by or affecting the Company.

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

The Company provides for all Directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments. Annually, the external auditors update the Audit Committee and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

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

1.3 **Matters requiring Board's approval**

Key matters which are specifically reserved for the Board's approval include, amongst others, annual budgets, declaration of dividends, any material acquisitions and disposals of assets, any significant corporate matters and major undertakings (other than in the ordinary course of business). The Board dictates the strategic plans, direction and management of the Group through quarterly review of the financial performance of the Group and the Company. In addition to establishing the limits of the discretionary powers of the officers and committees, the Board reviews the adequacy of risk management systems and internal controls.

1.4 **Board Committees**

To assist the Board in executing its duties, the Board has delegated specific functions to the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (together "**Board Committees**" and each a "**Board Committee**"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. The Chairman of the respective committees reports to the Board with their recommendations.

Minutes of the Board Committee meetings are available to all Board members. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. A summary of the activities of the AC, the NC and the RC during FY2023 are also included within this report.

1.5 **Board Meetings and Attendance**

The Board meets regularly to oversee the business affairs of the Group. The schedule of all the Board and the Board Committee meetings for the calendar year is usually given to all the Directors well in advance. The Board has held meetings for particular and specific matters as and when required. The Company's Constitution allows a Board meeting to be conducted by means of telephone or similar communications equipment (which may include video conference). A record of the Directors' attendance at meetings of Board and Board Committees for FY2023, as well as frequency of such meetings, is set out in **Table 1**. Sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations as set out in **Table 3**.

1.6 **Access to information**

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

1.7 **Access to Management and Company Secretary**

The Directors have separate and independent access to the Group's Senior Management and the Company Secretary at all times. Management personnel who can provide additional insight into the matters at hand are invited to be present at the relevant time during a Board meeting. The Board (whether individually or as a group) has, in the execution of its duties, access to independent professional advice, if necessary, at the Company's expense.

During FY2023, the Non-Executive Independent Directors ("**NEIDs**") met quarterly and on an ad hoc basis with the CEO and other key management personnel of the Group as and when required to discuss key issues and the challenges facing the Group. The Company benefited from the NEIDs having ready access to the Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

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

BOARD COMPOSITION AND GUIDANCE

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

Provisions **Corporate Governance Practices of the Company**

2.1 **Director Independence**

The Board comprises five Directors, two of whom are Executive Directors and three of whom are NEIDs. There is an independent element on the Board, with 60% of the Board comprising Independent Directors. A summary of the current composition of the Board and its committee is set out in **Table 2**.

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

Each Independent Director is required to provide an annual confirmation of his independence based on the guidelines as set out in the Code. None of the NEIDs has a relationship with the Company, its related corporations, its substantial shareholders (holding 5% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. None of the NEIDS has served on the Board for more than nine years.

2.2 **Independent directors make up a majority of the Board if Chairman is not independent**

The Chairman of the Board and Chief Executive Officer ("**CEO**") of the Company is the same person and part of the management team. Where the Chairman is not independent, the independent directors should make up a majority of the Board. The Company has conformed to the relevant provision of the Code with majority of the Board made up of Independent Directors.

2.3 **Non-executive directors make up a majority of the Board**

The Company has also complied with the Code's provision for majority of the Board to make up of non-executive Directors.

2.4 **Board Composition**

The Directors consider that the Board's present size of 5 members is of the appropriate size taking into account the nature and scope of the Group's operation. The Company has adopted a formal Board Diversity Policy setting out its policy, framework and measurable objectives for promoting diversity on the Board. The Nominating Committee ("**NC**") is responsible for administering and reviewing the Board Diversity Policy to ensure its effectiveness and practicality. Where appropriate, the NC will report to the Board on the progress made towards achieving board diversity on an annual basis and conduct periodic review to the Board Diversity Policy. The NC reviews the Board's collective skills matrix during the annual assessment of the effectiveness of the Board, as well as the independent element, listed company representations and other principal commitments held by each director, scope and nature of operations as well as business requirements of the Group, succession plan for directors, progressive refreshing of the Board and Board Committees.

In respect of the overall diversity target, the NC and the Board are of the view that the target has already been achieved. The present size, structure and composition of the Board and respective Board Committees are appropriate and effective in providing adequate diversity and independence to the Board. There is efficient and effective discussion and decision making with meaningful individual participation by each director with diverse professional expertise. The current 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. In line with the Board Diversity Policy, the Board has met its objectives in ensuring a diverse of skills and experience given that the existing Board members comprises Directors with a mix of professional accounting and diverse background. The biographies of all Board members are set out in the section titled "**Board of Directors**".

As part of our commitment to promoting diversity on the Board, the NC actively seeks out qualified individuals from a wide range of backgrounds. In selecting new directors, we prioritize merit and objective criteria, while also giving due consideration to the benefits of having a diverse Board. Our ultimate goal is to cultivate a Board with a wide range of perspectives and experiences that contribute to our success as a company and steer the Company forward.

2.5 **Meeting of Independent Directors without Management**

At least once a year, the NEIDs meet to discuss, inter alia, Management's performance without the presence of the Management. Where warranted, the Lead Independent Director shall meet with the Independent Directors without the presence of Management or the Executive Directors to review any matters that must be raised privately before providing feedback to the Board and/or the Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

Albeit the fact that the current board has not adopted the recommendation of the Code to have separate persons appointed as Chairman and CEO, the board has however practised with the recommendation of having one of the NEIDs Mr Tan Soon Nan as the Lead Independent Director ("**LID**") who is also a member of the Nominating committee. With this board structure, EnGro is in full compliance with Provision 2.2 in that the NEIDs make up majority of the board 3.2 where the chairman and CEO is the same person.

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

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

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

3.3 **Lead Independent Director**

The Board has appointed Mr. Tan Soo Nan, a NEID, as the Lead Independent Director. Mr. Tan Soo Nan will be available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO or other management executive (including the Group Financial Controller ("**Group FC**")) has failed to provide a satisfactory resolution or when such contact is inappropriate.

BOARD MEMBERSHIP

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

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

4.1 **Role of Nominating Committee**

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

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

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

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

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

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

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

Summary of NC's activities in 2023

- Reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, attendance and nomination of Directors for re-election;
- Reviewed the need to renew the Board by bringing in candidates with the requisite experience and in performing the aforesaid, give adequate consideration to the Company's Board Diversity Policy;
- Reviewed the major themes arising from the annual Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened;
- Oversight of directors' training programs, including sustainability training of all directors as prescribed under listing rules; and
- Reviewed the Director's independence criteria and assessment process.

4.2 **Composition of NC**

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

4.3 **Board Renewal and succession planning**

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

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

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

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

ii. assessing current competencies and diversity on board;

iii. developing desired profiles of new Directors;

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

v. shortlist and interview potential Director candidates;

vi. recommending appointments and retirements to the board;

vii. re-election at general meeting.

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

Mr. Steven Ong Kay Eng (Regulation 87)

Mr. Leow Foon Lee (Regulation 87)

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

4.4 **Circumstances affecting Director's independence**

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. Each Independent Director is required to complete a Confirmation of Independence Statement annually based on the guidelines as set out in the Code.

As described under Principle 2 of this report, when reviewing the independence of the three Independent Directors, the NC has considered the guidelines for independence as set out in the Code. As part of the consideration, the NC also considered their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The Board, after taking into consideration the views of the NC, considers Mr. Tan Soo Nan, Mr. Steven Ong Kay Eng and Mr. Leow Foon Lee to be independent by virtue of the fact that each Director does not have any existing business and/or professional relationship whatsoever with EnGro group of companies and its officers who could possibly influence their objectivity in discharging their duty as an Independent Director of the Company.

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

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

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

BOARD PERFORMANCE

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

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
	Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors
5.1	The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board and the Board Committees and the contribution of each individual director in assisting the Board.
5.2	The NC has adopted a formal system of evaluating the Board, Board Committees and each director's performance and contribution, annually. The NC reviewed the performance of the Board and the assessment parameters of which involves the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness, Board accountability and oversight. The NC also assessed the efficiency and effectiveness of the Board Committees in assisting the Board based on the assessment criteria which include amongst others, the Board Committees' composition and size, sufficient expertise and useful recommendations in assisting the Board for better decision-making, the interaction among committee members, reporting to the Board and record of minutes. Self-appraisal forms were sent to the directors for completion and the results were reviewed by the NC and the Board. Factors which were considered include (amongst others) readiness to contribute at meetings of Board and Board Committees, contribution of effort such as preparedness, being informed and having sufficient knowledge of the Company's business, personal working relationships with fellow directors. The annual evaluation exercises provide an opportunity to gain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole as well as the efficiency and effectiveness of the Board Committees and individual directors in assisting the Board. Additionally, the process to the re-nomination of Directors for the current year takes into account their attendances, commitment of time and contributions made at meetings of Board and Board Committees as well as general meetings. No external facilitators were used in the assessment of the Board, its Board Committees and the individual Directors.

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
6.1	**RC to recommend remuneration framework and packages** The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group. Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. All remuneration matters are ultimately approved by the Board.

The functions of the RC include the following:

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

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

(c) to administer the share incentive schemes, if any; and

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

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

6.2 **Composition of RC**

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

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

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits and termination terms, to ensure that they are fair. The remuneration packages of the Executive Directors are based on their respective service agreements. The service agreements of the Executive Directors are for a period of three years and include a bonus sharing scheme that is performance related to align their interests with those of shareholders. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Directors.

6.4 **Expert advice on remuneration**

No independent consultant is engaged for advising on the remuneration of all Directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals. The Company has not adopted the use of contractual provisions to reclaim incentive components of the remuneration of Executive Directors and key management personnel as it was considered unnecessary in the Company's current context.

Summary of RC's Activities in 2023

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

LEVEL AND MIX OF REMUNERATION

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

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
7.1 & 7.3	**Remuneration of executive directors and other key management personnel are appropriately structured to link rewards to performance** The CEO's remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the CEO's interests with that of the shareholders. The other Executive Director is paid a basic salary, overseas allowance and a variable performance bonus which is linked to his performance and the performance of the China operations. He is also paid a Director fee for being a member of the NC. The Company obtained shareholders' approval in FY2011 to implement a performance share award scheme (known as the "EnGro Corporation Limited Performance Share Award Scheme") and an employee's share option scheme (known as the "EnGro Corporation Limited 2011 Employees' Share Option Scheme"), where both schemes are administered by the RC. Both schemes have reached its 10-year duration and discontinued on 24 April 2021. As at the date of this report, no award or share options have been granted to either the CEO or the other Executive Director, both of whom are entitled to participate in these two schemes subject to the rules and limits set out therein. From time to time where appropriate and at the renewal of the service agreements, the RC reviews the service contracts of the Company's Executive Directors. The Company has entered into separate service agreements with the Executive Directors.
7.2	**Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities** In reviewing the recommendation for NEIDs' remuneration for FY2023, the RC had continued to adopt a framework of base fees for serving on the Board and Board Committees, as well as fees for chairing Board Committees and the role as Lead Independent Director. The fees take into consideration the amount of time and effort that each Board member may be required to devote to their role. Save for Directors' fees, which have to be approved by the shareholders at every AGM, the NEIDs do not receive any other forms of remuneration from the Company.

DISCLOSURE OF REMUNERATION

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

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
8.1	**Level and mix of remuneration of directors and key management personnel (who are not directors or the CEO) for the year ended 31 December 2023** The Company discloses the actual remuneration of each Director, the CEO and the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000 and discloses in aggregate the total remuneration paid to the Directors and the top five key management personnel. The compensation structure for the key management personnel (who are not Directors or the CEO) of the Group consists of three key components – fixed salary, bonus and other benefits. **Table 4** and **Table 4A** sets out the breakdown of the remuneration of the Directors (including the CEO) and the top five key management personnel (who are not Directors or the CEO) for FY2023, respectively.

Regarding the Code's recommendation to fully disclose the remuneration of Directors and the CEO, given the confidentiality of and commercial sensitivity attached to remuneration matters, the Company believes that disclosing remuneration in the respective bands and disclosing in aggregate the total remuneration paid to the Directors and the CEO provide sufficient overview of the remuneration of Directors and the CEO.

8.2 **Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company**

Saved as disclosed in **Table 4B**, there are no other substantial shareholders of the Company, or immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a Director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S$100,000 during FY2023.

8.3 **Details of employee share schemes**

All forms of remuneration and other payments and benefits to Directors and key management personnel of the Group are disclosed in **Table 4** and **Table 4A**. The Company has two share incentive schemes known as the EnGro Corporation Limited Performance Share Award Scheme and EnGro Corporation Limited 2011 Employees' Share Option Scheme. The Circular to Shareholders containing the details of the EnGro Corporation Limited Performance Share Award Scheme and the EnGro Corporation Limited 2011 Employees' Share Option Scheme are available to shareholders upon their request. Both schemes have reached its 10-year duration and discontinued on 24 April 2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provisions	Corporate Governance Practices of the Company

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

The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls, as well as risk management policies and systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:–

(a) discussions with management on risks identified by management;

(b) the audit processes;

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

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

The Directors recognise that risk management is integral to the whole business of the Group. In 2013, the Company developed the risk identification and management framework with the assistance of a reputable consultant, following which Management has been tasked with the responsibility of overseeing and regularly reviewing the Group's internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems.

Based on the Group's framework of management controls in place; the internal control policies and procedures established and maintained by the Group; the work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, the AC and the Board, the Board with the concurrence of AC is of the opinion that the risk management and internal control systems within the Group, addressing the financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2023.

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

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

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

AUDIT COMMITTEE

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

Provisions **Corporate Governance Practices of the Company**

10.1 **Duties of AC**

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

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

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

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

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

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

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

In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

The amount of audit and non-audit fees paid to the external auditors in FY2023 is disclosed on Page 107 of the Annual Report. The Board and AC have reviewed the non-audit services rendered by the external auditors to the Group for FY2023 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

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

Whistleblowing Policy. The Group has put in place a whistle-blowing policy where employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The policy establishes a confidential line of communication in the form of a disclosure form addressed to the Internal Auditor of the Company for the whistleblower to report issues/concerns to the Company and provides for the protection of those who raise a concern in good faith against harassment or victimization. The complainant's identity shall also be kept confidential to the extent reasonably practical within the limits of the law.

The Internal Auditor ("**IA**") is the custodian of the policy responsible for the monitoring of the policy and its implementation. Depending on the seriousness of the concerns raised, the IA may escalate the matter to the CEO (or the Chairman of Audit Committee if the concern involves the CEO). The policy sets out the procedures and processes by which the IA assesses and reviews the nature of the complaint, the appropriate independent investigation to be conducted, the outcome of such investigation and the followed-up action to be taken. There was no reported incident pertaining to the whistleblowing policy in FY2023. The whistleblowing policy is communicated to all employees of the Group.

The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. The arrangement provides for investigation to be undertaken by the Internal Auditor as the Whistleblower Investigation Officer who reports directly to the CEO or the Chairman of the AC if the concern involves the CEO.

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

Summary of AC's activities in 2023

During the year, the AC:

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

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

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

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

(v) reviewed audit and non-audit fees;

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

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

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

(ix) reviewed interested party transactions.

Financial reporting and significant financial judgement

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

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

Key Audit Matters	How these issues addressed by the AC
Valuation of investments in venture capital funds and unquoted equity securities – S$54.4 million (17% of Group's total assets).	In consideration of this matter, the AC reviewed the methodology applied to the valuation assessment of the investments in venture capital funds and unquoted equity securities. The AC also obtained understanding on the work performed by the external auditors. It was satisfied that the fair values of the investment in Venture Capital funds were consistent with the latest available valuations obtained from the fund managers, and, where available, audited financial statements of the Venture Capital funds. The AC was also satisfied that the fair value of investments in unquoted equity securities were within range of reasonable fair value estimates.
Valuation and impairment of non-financial assets – S$114.5 million (36% of Group's total assets)	The Group's cash generating units ("CGUs") with indications of impairment were firstly identified. In assessing the recoverable amount of these CGUs, the AC considered the value in use based on cash flow forecasts with revenue growth, selling price growth and a discounting rate assumed according to the latest market conditions. The procedures above provided the AC with the assurance on the approach and conclusion drawn by Management that the valuation and impairment provision of the non-financial assets were reasonable and adequate.

Following the review and discussions, the AC recommended to the Board to approve the financial statements for FY2023.

Rule 1207(6), Rules 712, 715 and/or Rule 716 of the SGX- ST Listing Manual

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

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

10.2 **Composition of AC**

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

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

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

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

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

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

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

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provisions	Corporate Governance Practices of the Company
11.1	**Company provides shareholders with the opportunity to participate effectively and vote at general meeting** The Company supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is made available to shareholder by electronic means, together with explanatory notes or an Addendum on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet. At general meetings, the shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at AGMs on his/her behalf. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.
11.2	**Separate resolution on each substantially separate issue** Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.
11.3	**All Directors attend general meetings** All Directors (including the Chairpersons of the AC, NC and RC) are present and available to address shareholders' questions. In addition, the Company's external auditors, KPMG LLP have also been invited to attend the AGM to assist the Directors in addressing the shareholders' queries relating to the conduct of the audit and the preparation and content of the Auditors' Report. All Directors attended the Company's AGM duly held on 27 April 2023. A record of the Directors' attendance at AGM is set out in **Table 1**.
11.4	**Company's Constitution on absentia voting of shareholders** Provision 11.4 of the Code recommends that the Company's Constitution allow for absentia voting at general meetings of shareholders. The Company's Constitution allows for absentia voting at general meetings of shareholders, including but not limited to voting by mail, electronic mail or facsimile. As the authentication of shareholder identity and other related security and integrity issues still remains a concern, the Company has decided for the time being, not to implement absentia voting methods such as voting by mail, electronic mail or facsimile. Notwithstanding variation from Provision 11.4 of the Code, the Company is of the view that the intent of Principle 11 is still met as the existing arrangement whereby shareholders have the right to appoint proxies to attend general meetings and vote on their behalf enables shareholders to exercise their rights and have the opportunity to vote even if they are unable to attend in person.

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

Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings. In accordance with Guidance 6 of the Practice Note 7.5 General Meetings of the SGX Listing Manual, the Minutes of AGM will be published within one month after the AGM on SGXNET.

Dividend Policy

The Company's dividend policy seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The declaration of a first and final tax-exempt (one-tier) dividend of 3.0 cents (2022: 2.5 cents) per ordinary share and a special tax exempt (one-tier) dividend of 2.0 cents per ordinary share have been proposed for FY2023. No special tax exempt (one-tier) dividend was proposed for FY2022.

ENGAGEMENT WITH SHAREHOLDERS

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

Provisions **Corporate Governance Practices of the Company**

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

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provisions **Corporate Governance Practices of the Company**

Engagement with material stakeholder groups

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

13.2 The Company embarked on a stakeholder engagement exercise with shareholders, suppliers, customers (mostly building contractors), employees, regulators/industry associations and the community in FY2023 for its sustainability reporting. The objective was for the Company to identify new opportunities and to manage risks associated with each stakeholder group. Feedback from all stakeholder groups was solicited through open dialogues on a regular basis. Internal stakeholder workshops for account-drivers and overseas markets were also organised to gather more in-depth views and that they are aligned with the Company's strategies.

13.3 **Corporate website to engage stakeholders**

The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2023 Sustainability Report.

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

OTHER CORPORATE GOVERNANCE MATTERS

Rule 1207(19) of the SGX- ST ListingManual

Securities Transactions

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares one month before the announcement of the Company's half year or and full year financial statements (the Company does not announce its quarterly financial statements).

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

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

Material contracts

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

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

Interested person transaction ("IPT")

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

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

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

Rule 711A-711B of the SGX-ST Listing Rules	**Sustainability reporting**

As Singapore moves towards becoming a more sustainable city, we continue to play our part in promoting sustainability.

We believe that the effective management of environmental, social and governance risks and opportunities can help us to deliver long-term value to our stakeholders. EnGro intends to publish its FY2023 Sustainability Report (the "**SR**"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by 30 April 2024. This SR will be publicly accessible through EnGro's website as well as on SGXNet.

TABLE 1 – DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS AND OTHER MEETINGS FOR FY2023

Directors	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee		AGM		Attendance	
	Number of Meetings											
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Total	%
Tan Cheng Gay	5	5	1	1	4	4	2	2	1	1	13/13	100%
Tan Yok Koon	5	5	1	1	4	4	2	–	1	1	11/11	100%
Tan Soo Nan	5	5	1	1	4	4	2	2	1	1	13/13	100%
Steven Ong Kay Eng	5	5	1	1	4	4	2	2	1	1	13/13	100%
Leow Foon Lee	5	5	1	1	4	4	2	2	1	1	13/13	100%

TABLE 2 – BOARD AND BOARD COMMITTEES

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

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

Name of Director	Age	Date of initial Appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 5 years) directorships in listed companies	Principal Commitments
Tan Cheng Gay	77	27/11/1973	29/04/2022	EnGro Corporation Limited	–	Full time employment with the Group
Tan Yok Koon	75	17/05/1974	27/04/2023	EnGro Corporation Limited	–	
Tan Soo Nan	75	02/05/2017	27/04/2023	1) EnGro Corporation Limited 2) Raffles Medical Group	1) SATS Limited	Major Appointments ● Raffles Health Insurance Pte Ltd (Executive Director) ● ICE Futures Singapore Pte Ltd (Director) ● ICE Clear Singapore Pte Ltd (Director) ● ICE Singapore Holdings Pte Ltd (Director) ● Temasek Foundation Limited (Director) ● Woh Hup Trust (Director) ● TF IPC Ltd (Director) ● Chairman, Board of The Photographic Society of Singapore ● Member, Ministry of Transport's Public Transport Council
Steven Ong Kay Eng	77	01/07/2017	29/04/2021	1) EnGro Corporation Limited 2) Sino Land Company Limited 3) Tsim Sha Tsui Properties Limited 4) Sino Hotels (Holdings) Limited 5) Yeo Hiap Seng Limited	–	
Leow Foon Lee	66	08/10/2021	29/04/2022	EnGro Corporation Limited	–	Enerpower Pte Ltd (Director)

TABLE 4 – REMUNERATION OF DIRECTORS FOR FY2023

Table 4 sets out the breakdown of the remuneration of the Directors for FY2023:

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of S$250,000
		Directors' Fee %	Salary %	Bonus %	Other Benefits %	Total %	
Tan Cheng Gay	ED	–	75	22	3	100	750,001 – 1,000,000
Tan Yok Koon	ED	1	56	18	25	100	500,001 – 750,000
Tan Soo Nan	NEID	100	–	–	–	100	<250,000
Steven Ong Kay Eng	NEID	100	–	–	–	100	<250,000
Leow Foon Lee	NEID	100	–	–	–	100	<250,000
The Aggregate Total Remuneration (S$'000) of Directors						1,629	

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) FOR FY2023

Table 4A sets out the breakdown of the remuneration of the top five key management personnel for FY2023:

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of $250,000
		Salary %	Bonus %	Other Benefits %	Total %	
Loh Sui Shong Vincent	General Manager, Knowledge Management & Business Development	60	36	4	100	250,001 – 500,000
Tai Boon Chen	General Manager, Specialty Polymer	58	39	3	100	250,001 – 500,000
Tan Tatt Yao	Deputy General Manager, China Operations	56	27	17	100	250,001 – 500,000
Ee Chin Siew	Group Financial Controller	67	30	3	100	<250,000
Tan Weng Yew, Joshua	Operations Controller	89	6	5	100	<250,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,227	

Legend:

Salary: Basic salary and Employer's Central Provident Fund ("CPF") contribution

Bonus: Bonus is based on the Company and individual performance and includes Employer's CPF contribution.

Other Benefits: Transport allowance and other benefits.

TABLE 4B – REMUNERATION OF EMPLOYEE WHO ARE SUBSTANTIAL SHAREHOLDER OF THE COMPANY, OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, THE CEO OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY FOR FY2023

The following immediate family member of a Director or the CEO is the employee of the Group whose remuneration exceeded S$100,000 in FY2023:

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Steven Ong Kay Eng and Mr Leow Foon Lee are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Monday, 29 April 2024 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

	MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
Date of Initial Appointment	1 July 2017	8 October 2021
Date of last re-appointment	29 April 2021	29 April 2022
Age	77	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, and suitability of Mr Steven Ong Kay Eng for re-election as an Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Steven Ong Kay Eng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation and suitability of Mr. Leow Foon Lee for re-election as an Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Leow Foon Lee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Independent Non-Executive Director • Member of the Board • Chairman of the Nominating Committee • Member of the Audit Committee • Member of the Remuneration Committee	• Independent Non-Executive Director • Member of the Board • Chairman of the Remuneration Committee • Member of the Audit Committee • Member of the Nominating Committee
Professional qualifications	–	Bachelor of Engineering (Mechanical), National University of Singapore Master of Business Administration, Lally School of Management, Rensselaer Polytechnic Institute, New York

	MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
Working experience and occupation(s) during the past 10 years	2022 - Present: Lead Independent Director and Chairman of Audit & Risk Committee as well as Chairman of Nominating Committee of Yeo Hiap Seng Limited listed on the main board of Singapore Stock Exchange. 2006 - Present: Non-Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited (all publicly listed in HKEX - Hong Kong Stock Exchange) 2004 - 2006 Chairman of Foreign Bankers Association in Beijing, PRC 1990 – 2006 Chief Representative & Country Manager in Greater China for Banca Monte dei Paschi di Siena S.p.A. and was retained as Senior Advisor from 2006 - 2008. 1988 – 1990 Managing Director of Royal City Avenue Bangkok representing a leading Singapore developer. 1985 – 1987 Deputy Chairman of People s Insurance, a subsidiary of Hwa Hong Corporation and Senior Advisor for Banques Gutzwilla Geneva (taken over by Credit Suisse) 1978 – 1985 General Manager and Country of Amex Bank Singapore and Director of Pacific Bank Malaysia. 1975 - 1978 Assistant Vice President of Amex Bank Singapore.	August 2018 - Present Nanyang Technological University of Singapore – Lecturer (Adjunct), Strategy, International Business & Entrepreneurship Division, Nanyang Business School June 2017 - Present National University of Singapore – Visiting Senior Research Fellow, Energy Studies Institute May 2015 - Present Enerpower Pte Ltd – Founder & Chief Executive Officer March 2019 – July 2020 Lynk Global – Senior Subject Matter Expert (Hong Kong) January 2018 – December 2019 Gas Asia Summit – Conference & Exhibition, Executive Committee Member July 2017 – 2019 Aero-Energy (Beijing) Holding Co Ltd, Independent Board Director (Beijing City, China) July 2016 – 2018 Prime Rich Asia Pte Ltd, Director 2015 - 2017 Asian Development Bank – Senior Expert/Consultant 2012 - 2015 Alcatel-Lucent Enterprise, Senior VP, Asia Pacific Region 2010 - 2012 Alcatel-Lucent Shanghai Bell Ltd. Executive VP, Enterprise and Strategic Industries
Shareholding interest in the listed issuer and its subsidiaries	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	There are no relationships (including immediate family relationships) between Mr Steven Ong Kay Eng and the other directors, the Company or its substantial shareholders.	There are no relationships (including immediate family relationships) between Mr Leow Foon Lee and the other directors, the Company or its substantial shareholders.
Conflict of Interest (including any competing business)	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
Undertaking (in the format set out in Appendix 7.7) under Rule 720[(1)] has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Altrade Investment Pte Ltd (Director) <u>Past Directorships</u> Nil <u>Present Directorship</u> 1. EnGro Corporation Limited 2. Sino Land Company Limited 3. Tsim Sha Tsui Properties Limited 4. Sino Hotels Holdings Limited 5. Yeo Hiap Seng Limited	None <u>Past Directorships</u> 1. Aero-Energy (Beijing) Holding Co Ltd, Independent Board Director (Beijing, China) 2. Prime Rich Asia Pte Ltd, Director <u>Present Directorship</u> 1. EnGro Corporation Limited 2. Enerpower Pte Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

		MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

	MR STEVEN ONG KAY ENG	MR LEOW FOON LEE
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

DIRECTORS' STATEMENT

Year ended 31 December 2023

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 2023.

In our opinion:

(a) the financial statements set out on pages 60 to 135 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 2023 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 Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Tan Cheng Gay (Chairman)
Tan Yok Koon
Tan Soo Nan
Steven Ong Kay Eng
Leow Foon Lee

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares in the Company are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2024
The Company			
Ordinary shares			
- interests held			
Tan Cheng Gay	864,450	884,450	963,950
Tan Yok Koon	366,000	366,000	366,000
- deemed interests			
Tan Cheng Gay	16,615,400	16,615,400	16,615,400
Tan Yok Koon	15,674,500	15,674,500	15,674,500

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

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.

Audit Committee

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

Tan Soo Nan (Chairman)
Steven Ong Kay Eng
Leow Foon Lee

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

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

The Audit Committee also reviewed the following:

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

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

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

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Tan Cheng Gay
Director

Tan Yok Koon
Director

12 April 2024

INDEPENDENT
AUDITORS' REPORT

Members of the Company EnGro Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EnGro Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 60 to 135.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of investments in venture capital funds and unquoted equity securities **(Refer to Note 9 and Note 27 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
The Group has significant investments in venture capital funds ("VCF") amounting to $43.4 million (2022: $45.5 million) and unquoted equity securities amounting to $11.0 million (2022: $11.1 million) as at 31 December 2023. For investments in VCFs, their fair values are measured based on the valuation of the underlying net assets which are measured at fair value. For investments in unquoted equity securities, there are unobservable inputs used in the measurement of fair value. The valuation of the unquoted securities requires the use of expertise and judgement.	Our audit procedures performed on the valuation of the VCFs included agreeing to the latest available valuations obtained from the VCF fund managers and, where available, audited financial statements of the VCFs. In assessing the Group's reliance on the VCF fund manager valuations, we evaluated the competency and objectivity of the VCF fund managers by reviewing their professional credentials and corroborated the valuation methods used to market practices. For investments in unquoted equity securities, we involved our valuation specialists to review the key valuation inputs, where applicable.

Valuation of investments in venture capital funds and unquoted equity securities **(Refer to Note 9 and Note 27 to the financial statements) (cont'd)**	
The key audit matter	*How the matter was addressed in our audit*
	Our findings We found the fair values of VCFs recorded to be consistent with the latest available valuations obtained from the VCF fund managers and after taking into consideration all capital calls and distributions that have occurred during the financial year. The VCF valuations performed by the VCF fund managers utilised valuation models which are generally accepted by market participants. We also identified no concerns over the competence and objectivity of the VCF fund managers in performing the valuations as a basis for placing reliance. The fair values of the unquoted equity securities were also found to be within a reasonable range of fair values.

Valuation and impairment of non-financial assets **(Refer to Note 4, Note 6, Note 7, Note 8 and Note 30 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2023, the carrying amount of Group's net assets value of $267.1 million (2022: $280.6 million) exceed its market capitalisation of $89.0 million (2022: $124.6 million). This is an indication that the Group's non-financial assets may be impaired. The carrying value of the Group's non-financial assets, which comprise mainly investment in associates and joint ventures with carrying amount of $79.2 million (2022: $109.9 million), property, plant and equipment with carrying amount of $16.2 million (2022: $11.3 million) intangible assets with carrying amount of $249,000 (2022: $310,000), investment properties of $2.4 million (2022: $2.6 million) and right-of-use assets with carrying amount of $16.5 million (2022: $17.4 million), accounted for approximately 36% (2022: 44%) of the Group's total assets. In accordance with SFRS(I) 1-36 Impairment of Assets, the Group performed an assessment of indications of impairment of the Group's non-financial assets as at the reporting date, according to the Group's cash-generating units ("CGUs"). The recoverable amount of the CGUs with indications of impairment have been determined using its value in use. Various assumptions which involve estimates and judgements made by the Group are used in the value in use calculations. These estimates and judgements include revenue growth, selling price growth and the discount rate.	We assessed management's identification of CGUs based on our understanding of the Group's businesses. For the CGUs with indications of impairment identified, we evaluated management's value in use calculations prepared based on cash flow forecasts. We determined the appropriateness of key assumptions used by comparing revenue growth and selling price growth to historical sales data and market data drawn from independent data sources, as well as comparing the discount rate against our independently formed expectation. Our findings We found the key assumptions used in the value in use calculations to be balanced in comparison with the Group's historical performance and current market trend.

Other information

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

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

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

INDEPENDENT
AUDITORS' REPORT

Members of the Company EnGro Corporation Limited

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 April 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Assets					
Property, plant and equipment	4	16,175	11,338	2,032	1,974
Subsidiaries	5	–	–	77,236	70,218
Intangible assets	6	249	310	223	266
Investment properties	7	2,403	2,558	–	–
Associates and joint ventures	8	79,157	109,919	33,831	51,649
Other investments	9	56,290	57,844	4,570	5,197
Other assets	10	78	78	78	78
Right-of-use assets	30	16,472	17,374	4,931	6,015
Deferred tax assets	18	–	169	–	–
Lease receivables	11	–	–	300	–
Non-current assets		170,824	199,590	123,201	135,397
Other investments	9	15,582	8,562	8,984	2,461
Inventories	12	9,341	10,113	3,329	5,207
Trade and other receivables	13	47,457	34,927	37,638	31,643
Tax recoverable		228	656	–	–
Loan to a subsidiary	14	–	–	4,944	5,144
Lease receivables	11	–	–	44	–
Cash and cash equivalents	15	73,478	66,723	51,707	47,460
Current assets		146,086	120,981	106,646	91,915
Total assets		316,910	320,571	229,847	227,312
Equity					
Share capital	16	85,270	85,270	85,270	85,270
Reserves	16	178,178	193,127	122,431	123,771
Equity attributable to owners of the Company		263,448	278,397	207,701	209,041
Non-controlling interests	34	3,618	2,242	–	–
Total equity		267,066	280,639	207,701	209,041
Liabilities					
Lease liabilities	29	15,480	16,445	3,867	4,464
Loans and borrowings	17	3,415	2,776	1,485	2,773
Deferred tax liabilities	18	1,315	1,149	–	–
Provision for reinstatement costs	20	1,160	1,106	550	550
Non-current liabilities		21,370	21,476	5,902	7,787
Loans and borrowings	17	2,881	2,356	4,460	5,333
Trade and other payables	19	23,303	14,257	11,048	4,324
Lease liabilities	29	2,053	1,843	736	827
Current tax liabilities		237	–	–	–
Current liabilities		28,474	18,456	16,244	10,484
Total liabilities		49,844	39,932	22,146	18,271
Total equity and liabilities		316,910	320,571	229,847	227,312

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Revenue	21	160,356	132,985
Other income		1,759	2,230
Changes in inventories of finished goods and work in progress		(304)	916
Raw materials and consumables used		(118,887)	(100,914)
Depreciation of property, plant and equipment	4	(1,857)	(690)
Depreciation of right-of-use assets	30	(2,047)	(1,497)
Depreciation of investment properties	7	(50)	(13)
Amortisation of intangible assets	6	(61)	(79)
Staff costs		(14,270)	(10,942)
Reversal of impairment loss on financial assets	27	653	3,454
Other expenses		(23,376)	(16,912)
Results from operating activities		1,916	8,538
Finance income	22	3,507	7,814
Finance costs	22	(4,982)	(13,320)
Net finance costs		(1,475)	(5,506)
Share of losses of associates and joint ventures, net of tax		(4,661)	(3,086)
Loss before tax		(4,220)	(54)
Tax expense	23	(1,408)	(768)
Loss for the year	24	(5,628)	(822)
Loss attributable to:			
Owners of the Company		(6,337)	(1,614)
Non-controlling interests		709	792
Loss for the year		(5,628)	(822)
Earnings per share			
Basic earnings per share (cents)	25	(5.34)	(1.36)
Diluted earnings per share (cents)	25	(5.34)	(1.36)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 $'000	2022 $'000
Loss for the year	(5,628)	(822)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income	(812)	(7,163)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(868)	(531)
Share of foreign currency translation differences of associates and joint ventures	(3,582)	(9,753)
Exchange differences on monetary items forming part of net investment in foreign operations	(524)	(253)
	(4,974)	(10,537)
Other comprehensive income for the year, net of tax	(5,786)	(17,700)
Total comprehensive income for the year	(11,414)	(18,522)
Total comprehensive income attributable to:		
Owners of the Company	(11,981)	(19,100)
Non-controlling interests	567	578
Total comprehensive income for the year	(11,414)	(18,522)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Share capital $'000	Capital reserve $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company									
At 1 January 2022		85,270	(55)	–	–	(939)	(5,377)	226,314	305,213	1,664	306,877
Total comprehensive income for the year											
(Loss)/Profit for the year		–	–	–	–	–	–	(1,614)	(1,614)	792	(822)
Other comprehensive income											
Foreign currency translation differences – foreign operations		–	–	–	–	(509)	–	–	(509)	(22)	(531)
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	(9,561)	–	–	(9,561)	(192)	(9,753)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(253)	–	–	(253)	–	(253)
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(7,163)	–	(7,163)	–	(7,163)
Total other comprehensive income		–	–	–	–	(10,323)	(7,163)	–	(17,486)	(214)	(17,700)
Total comprehensive income for the year		–	–	–	–	(10,323)	(7,163)	(1,614)	(19,100)	578	(18,522)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend declared of 2.5 cents per share	16	–	–	–	–	–	–	(2,968)	(2,968)	–	(2,968)
Special dividend declared of 4.0 cents per share	16	–	–	–	–	–	–	(4,748)	(4,748)	–	(4,748)
Total contributions by and distributions to owners		–	–	–	–	–	–	(7,716)	(7,716)	–	(7,716)
At 31 December 2022		85,270	(55)	–	–	(11,262)	(12,540)	216,984	278,397	2,242	280,639

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Attributable to owners of the Company									
		Share capital $'000	Capital reserve $'000	Reserve for own shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023		85,270	(55)	–	–	(11,262)	(12,540)	216,984	278,397	2,242	280,639
Total comprehensive income for the year											
(Loss)/Profit for the year		–	–	–	–	–	–	(6,337)	(6,337)	709	(5,628)
Other comprehensive income											
Foreign currency translation differences – foreign operations		–	–	–	–	(821)	–	–	(821)	(47)	(868)
Share of foreign currency translation differences of equity-accounted investees		–	–	–	–	(3,487)	–	–	(3,487)	(95)	(3,582)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(524)	–	–	(524)	–	(524)
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(812)	–	(812)	–	(812)
Total other comprehensive income		–	–	–	–	(4,832)	(812)	–	(5,644)	(142)	(5,786)
Total comprehensive income for the year		–	–	–	–	(4,832)	(812)	(6,337)	(11,981)	567	(11,414)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend declared of 2.5 cents per share	16	–	–	–	–	–	–	(2,968)	(2,968)	–	(2,968)
Contribution by non-controlling interest of a subsidiary		–	–	–	–	–	–	–	–	809	809
Total contributions by and distributions to owners		–	–	–	–	–	–	(2,968)	(2,968)	809	(2,159)
At 31 December 2023		85,270	(55)	–	–	(16,094)	(13,352)	207,679	263,448	3,618	267,066

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Loss before tax		(4,220)	(54)
Adjustments for:			
Depreciation of property, plant and equipment	4	1,857	690
Depreciation of right-of-use assets	30	2,047	1,497
Depreciation of investment properties	7	50	13
Property, plant and equipment written off		24	–
Amortisation of intangible assets	6	61	79
Dividend income	22	(917)	(6,716)
Loss/(Gain) on disposal of property, plant and equipment	24	335	(9)
Gain on termination on lease liabilities		(65)	(32)
Loss on divestment of a joint venture		643	–
Impairment loss on investment in a joint venture		3,837	–
Reversal of impairment loss on financial assets	27	(653)	(3,454)
Interest income	22	(1,634)	(764)
Interest expense		795	567
Other investment income	22	(956)	(334)
Net change in fair value of financial assets at fair value through profit or loss		3,113	11,588
Share of losses of associates and joint ventures, net of tax		4,661	3,086
		8,978	6,157
Changes in:			
- Inventories		674	(1,128)
- Trade and other receivables		(9,089)	(163)
- Trade and other payables		9,277	(9,488)
Cash generated from/(used in) operations		9,840	(4,622)
Tax paid		(211)	(537)
Net cash from/(used in) operating activities		9,629	(5,159)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,487)	(7,130)
Cash paid for capitalised renovation costs in investment properties		(38)	–
Distributions from other investments		945	1,206
Dividends received from:			
- associates and joint ventures		2,305	4,343
- other investments		748	6,716
Direct costs incurred on right-of-use assets		–	(128)
Interest received		1,634	764
Investment in a joint venture		(888)	–
Proceeds from disposal of:			
- quoted other investments		7,512	3,366
- property, plant and equipment		320	42
- joint venture		6,896	–
Purchase of other investments		(17,485)	(10,210)
Purchase of intangible assets		–	(200)
Repayment of loan from an associate		6,491	8,294
Net cash from investing activities		3,953	7,063

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from financing activities			
Dividends paid		(2,968)	(7,716)
Interest paid		(795)	(567)
Payment of lease liabilities	29	(1,798)	(1,368)
Proceeds from minority shareholders from issue of shares by a subsidiary		809	–
Repayment of bank borrowings	17	(1,746)	(1,261)
Net cash used in financing activities		(6,498)	(10,912)
Net increase/(decrease) in cash and cash equivalents		7,084	(9,008)
Cash and cash equivalents at 1 January		66,723	75,930
Effect of exchange rate fluctuations on cash held		(329)	(199)
Cash and cash equivalents at 31 December	15	73,478	66,723

Significant non-cash transaction

During the financial year ended 31 December 2023, the Group received investment properties with an aggregate cost of Nil (2022: $2,657,000) as part of settlement plan with a trade debtor, and acquired property, plant and equipment under hire purchase amounting to $2,957,000 (2022: $168,000).

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2024.

1 Domicile and activities

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

The financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to material accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

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

- Note 4 – Impairment of property, plant and equipment
- Note 8 – Impairment of joint ventures and associates
- Note 27 – Measurement of loss allowance for trade receivables
- Note 27 – Valuation of financial assets measured at fair value

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 4 – Useful economic lives of property, plant and equipment
- Note 5 – Impairment of investments in subsidiaries

Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 27 – Financial instruments.

2.5 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-1 and Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities.

2 Basis of preparation (cont'd)

2.5 Changes in material accounting policies (cont'd)

New accounting standards and amendments (cont'd)

Deferred tax related to assets and liabilities arising from a single transaction (cont'd)

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I) 1-12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax assets and labilities recognised (see Note 18).

Material accounting policy information

The group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policies.

3 Material accounting policies

This section sets out the (1) material accounting policy information upon which the group's financial statements are prepared as a whole and (2) other material accounting policy information not otherwise described in the notes to the financial statements. Where material accounting policy information is specific to a line item in the financial statements, the policy is described within the note for that line item. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) **Business combinations**

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

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

The Group measures goodwill at the date of acquisition as:

- the consideration (generally measured at fair value) 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,

3 Material accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

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

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

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

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

(iii) Loss of control

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

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

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

3 Material accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iv) Investments in associates and joint-ventures ("equity-accounted investees") (cont'd)

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

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

(v) Transactions eliminated on consolidation

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

(vi) Subsidiaries, associates and joint ventures in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an equity instrument designated as at fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income.

(ii) Foreign operations

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

3 Material accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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

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

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Equity investments at FVOCI

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

Financial assets at FVTPL

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

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

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Derivative financial instruments

The Group holds non-trading derivative financial instruments that are not designated in a hedge relationship that qualifies for hedge accounting. These derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measures at fair value, and changes therein are generally recognised in profit or loss.

(vii) Intra-group financial guarantees in the separate financial statements

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

Financial guarantee contracts issued by Group entities were accounted for as insurance contracts. With the transition of SFRS(I) 4 on Insurance Contract to SFRS(I) 17, the Company has elected to apply SFRS(I) 9, on a contract-by-contract basis, to account for its financial guarantees issued.

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(vii) Intra-group financial guarantees in the separate financial statements (cont'd)

At inception, the Company recognises the financial guarantee at its fair value. Subsequently, it is measured at the higher of (i) amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 15; and (ii) the amount of expected loss allowance in accordance with SFRS(I) 9. Where there are any premium receivables at inception, the Company adopts a net approach, recognising a single net amount, to account for its financial guarantee contracts and premium receivables.

There was no impact on the statement of financial position and retained earnings as at 1 January 2022 and 31 December 2022 as the carrying amount of the financial guarantee contract was assessed to be negligible.

3.4 Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, from the date that they are completed and ready for use, unless it is included in the carrying amount of another asset.

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

Buildings and civil works	-	3 to 20 years
Plant, machinery and equipment	-	4 to 10 years
Office equipment, furniture and fittings	-	5 to 10 years
Computers	-	3 to 5 years
Motor vehicles and transport equipment	-	5 years

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

3 Material accounting policies (cont'd)

3.5 Intangible assets

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Franchise rights	-	10 years
Software	-	8 years

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

3.6 Investment properties

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Freehold properties	-	50 years

3.7 Leases

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

As a lessee

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

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

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

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

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

3 Material accounting policies (cont'd)

3.7 Leases (cont'd)

As a lessee (cont'd)

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low-value assets

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

3.8 Inventories

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

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

3.9 Impairment

(i) **Non-derivative financial assets**

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

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

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

3 Material accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Simplified approach

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

General approach

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

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

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

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

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

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

Measurement of ECLs

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

Credit-impaired financial assets

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

3 Material accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

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

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

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

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

3 Material accounting policies (cont'd)

3.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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

3.10 Revenue

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

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

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

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

3.11 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

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

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

3 Material accounting policies (cont'd)

3.11 Finance income and finance costs (cont'd)

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

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

3.12 Income tax

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

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

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3 Material accounting policies (cont'd)

3.13 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.

3.14 Segment reporting

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

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

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

3.15 New accounting standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

(i) Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants*

The amendments as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

The Group has a secured bank loan that are subject to specific covenants. While both liabilities are classified as non-current at 31 December 2023, a future breach of the related covenants may require the Group to repay the liabilities earlier than the contractual maturity dates. The Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosures.

(ii) Other accounting standards

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*

4 Property, plant and equipment

	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Assets under construction $'000	Total $'000
Group							
Cost							
At 1 January 2022	20,104	19,848	1,346	328	15,081	2,170	58,877
Additions	190	326	1	65	276	6,440	7,298
Transfer	–	25	–	–	–	(25)	–
Disposals/write-offs	(6)	(68)	–	(24)	(613)	–	(711)
Effect of movements in exchange rates	(79)	(215)	(42)	(2)	(280)	(5)	(623)
At 31 December 2022	20,209	19,916	1,305	367	14,464	8,580	64,841
Additions	484	779	272	102	3,678	2,129	7,444
Transfer	4,949	4,283	–	–	–	(9,232)	–
Disposals/write-offs	(432)	(186)	(82)	(9)	(589)	(24)	(1,322)
Effect of movements in exchange rates	(73)	(198)	(20)	(2)	(223)	(13)	(529)
At 31 December 2023	25,137	24,594	1,475	458	17,330	1,440	70,434
Accumulated depreciation and impairment losses							
At 1 January 2022	19,990	17,913	1,222	212	14,688	–	54,025
Depreciation	129	299	45	54	163	–	690
Disposals/write-offs	(6)	(65)	–	(24)	(583)	–	(678)
Effect of movements in exchange rates	(71)	(154)	(40)	(2)	(267)	–	(534)
At 31 December 2022	20,042	17,993	1,227	240	14,001	–	53,503
Depreciation	167	832	51	80	727	–	1,857
Disposals/write-offs	(36)	(1)	(8)	(9)	(589)	–	(643)
Effect of movements in exchange rates	(65)	(155)	(19)	(2)	(217)	–	(458)
At 31 December 2023	20,108	18,669	1,251	309	13,922	–	54,259
Carrying amounts							
At 1 January 2022	114	1,935	124	116	393	2,170	4,852
At 31 December 2022	167	1,923	78	127	463	8,580	11,338
At 31 December 2023	5,029	5,925	224	149	3,408	1,440	16,175

4 Property, plant and equipment (cont'd)

	Buildings and civil works $'000	Plant, machinery and equipment $'000	Office equipment, furniture and fittings $'000	Computers $'000	Motor vehicles and transport equipment $'000	Assets under construction $'000	Total $'000
Company							
Cost							
At 1 January 2022	17,366	15,290	909	270	1,715	453	36,003
Additions	–	123	–	56	229	146	554
Disposals/write-offs	–	(19)	–	(21)	(170)	–	(210)
At 31 December 2022	17,366	15,394	909	305	1,774	599	36,347
Additions	–	101	188	88	–	81	458
Disposals/write-offs	–	–	–	(8)	(74)	–	(82)
At 31 December 2023	17,366	15,495	1,097	385	1,700	680	36,723
Accumulated depreciation							
At 1 January 2022	17,366	14,260	792	170	1,610	–	34,198
Depreciation	–	225	39	47	71	–	382
Disposals/write-offs	–	(16)	–	(21)	(170)	–	(207)
At 31 December 2022	17,366	14,469	831	196	1,511	–	34,373
Depreciation	–	220	36	70	74	–	400
Disposals/write-offs	–	–	–	(8)	(74)	–	(82)
At 31 December 2023	17,366	14,689	867	258	1,511	–	34,691
Carrying amounts							
At 1 January 2022	–	1,030	117	100	105	453	1,805
At 31 December 2022	–	925	78	109	263	599	1,974
At 31 December 2023	–	806	230	127	189	680	2,032

Impairment assessment

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

Source of estimation uncertainty

Property, plant and equipment are depreciated on a straight-line basis over its useful economic lives. Management estimates the useful economic lives of property, plant and equipment to be between 3 to 20 years. The Group reviews annually the estimated useful economic lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful economic lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

5 Subsidiaries

	Company 2023 $'000	Company 2022 $'000
Equity investments at cost	87,515	75,990
Less: Accumulated impairment losses	(38,886)	(37,348)
	48,629	38,642
Loans to subsidiaries	46,637	49,026
Less: Accumulated impairment losses	(18,030)	(17,450)
	28,607	31,576
	77,236	70,218

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

Impairment loss

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

	2023 $'000	2022 $'000
Equity investments at cost		
Balance at 1 January	37,348	37,348
Impairment loss recognised	1,538	–
Balance at 31 December	38,886	37,348
Loans to subsidiaries		
Balance at 1 January	17,450	17,450
Impairment loss recognised	580	–
Balance at 31 December	18,030	17,450

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

In the current year, impairment losses of $1,538,000 and $580,000 were recognised on the cost of investment in subsidiaries and on loans to a subsidiary respectively. The impairment losses recognised were determined based on the estimated fair value of the respective net assets at the reporting date (i.e. fair value less cost to sell of the subsidiaries). The net assets of these subsidiaries comprise mainly short-term assets, short-term liabilities and insignificant non-financial assets.

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Held by the Company				
CemtecAsia (H.K.) Limited	Inactive	Hong Kong	100	100
CemtecAsia (M) Sdn Bhd	Trading of construction chemicals and building materials	Malaysia	100	100
Sancem Global Pte. Ltd.	Investment trading	Singapore	100	100
EnGro Global Resources Pte. Ltd.	Investment holding	Singapore	100	100
S3 Technologies Pte Ltd	Investment holding	Singapore	100	100
Sancem Investment Pte Ltd	Investment trading	Singapore	100	100
SsangYong Cement (S) Pte. Ltd.	Investment holding	Singapore	100	100
e-Invest Limited	Investment holding	Hong Kong	100	100
Juniper Capital Ventures (Pte) Ltd	Investment holding	Singapore	100	100
SsangYong Cement Investment (S) Pte. Ltd.	Investment holding	Singapore	100	100
SsangYong Cement Singapore (China) Pte Ltd	Investment holding	Singapore	100	100
SsangYong LTI (Pte) Ltd	Investment holding	Singapore	100	100
EnGro (Asia) Private Limited	Investment holding	Singapore	80	80
Shanghai VCEM Commercial Co Ltd	Trading, wholesale and distribution of building materials	People's Republic of China	100	100
R&P (Pte.) Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	100	100
GranuleTech Pte. Ltd.	Treatment and disposal of waste (including remediation activities)	Singapore	100#	–

\# *Incorporated on 06 April 2023*

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest 2023 %	2022 %
Held by subsidiaries				
Top-Mix Concrete Pte Ltd	Manufacture and sale of concrete and other building materials	Singapore	100	100
Top Mix Concrete (Malaysia) Sdn Bhd	Manufacture and sale of concrete and other building materials	Malaysia	100	100
Topwest Concrete Sdn Bhd	Manufacture and sale of concrete and other building materials	Malaysia	100	100
Pelopor Niaga Sdn Bhd	Inactive	Malaysia	100	100
Tianjin Ang De Food & Beverages Management Co., Ltd	Operation of food and beverage outlets	People's Republic of China	100	100
R&P Technologies Pte. Ltd.	Manufacture of thermosetting synthetic resin and plastic materials	Singapore	60	60
PT RNP Technologies Indonesia	Manufacture of thermosetting synthetic resin and plastic materials	Indonesia	60*	–

* *Incorporated on 06 March 2023*

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

Source of estimation uncertainty

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

6 Intangible assets

	Software $'000	Franchise rights $'000	Patent $'000	Total $'000
Group				
Cost				
At 1 January 2022	503	333	–	836
Additions	–	–	200	200
At 31 December 2022	503	333	200	1,036
Effect of movements in exchange rates	(1)	–	–	(1)
At 31 December 2023	502	333	200	1,035
Accumulated amortisation and impairment losses				
At 1 January 2022	314	333	–	647
Amortisation	79	–	–	79
At 31 December 2022	393	333	–	726
Amortisation	61	–	–	61
Effect of movements in exchange rates	(1)	–	–	(1)
At 31 December 2023	453	333	–	786
Carrying amounts				
At 1 January 2022	189	–	–	189
At 31 December 2022	110	–	200	310
At 31 December 2023	49	–	200	249

	Software $'000	Patent $'000	Total $'000
Company			
Cost			
At 1 January 2022	342	–	342
Additions	–	200	200
At 31 December 2022 / 31 December 2023	342	200	542
Accumulated amortisation			
At 1 January 2022	222	–	222
Amortisation	54	–	54
At 31 December 2022	276	–	276
Amortisation	43	–	43
At 31 December 2023	319	–	319
Carrying amounts			
At 1 January 2022	120	–	120
At 31 December 2022	66	200	266
At 31 December 2023	23	200	223

Patent

The amortisation of patent has not commenced as the patent is not yet available for use as at 31 December 2023.

7 Investment properties

	Freehold properties	
	2023	2022
	$'000	$'000
Group		
At 1 January	2,558	–
Additions	38	2,657
Depreciation	(50)	(13)
Movement in exchange rate	(143)	(86)
At 31 December	2,403	2,558

Investment properties relates to freehold properties the Group received as part of settlement plan relating to trade receivables with an aggregate cost of Nil (2022: $2,657,000).

Amounts recognised in profit or loss

Rental income recognised by the Group during 2023 was $86,000 (2022: $17,000) and was included in other income while direct operating expenses recognised during the financial year was $42,000 (2022: $5,000).

Fair value

The fair value of investment properties as at 31 December 2023 was $3,339,000 (2022: $2,744,000) and is categorised as Level 3 fair value. Valuation was determined based on comparable market transactions that consider similar properties that have been transacted in the open market. Valuation technique is disclosed in note 28.

8 Associates and joint ventures

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Associates				
Equity investments at cost	2,136	2,136	20	20
Share of reserves*	16,300	16,932	–	–
	18,436	19,068	20	20
Loan to an associate	428	6,919	428	6,919
	18,864	25,987	448	6,939
Joint ventures				
Equity investments at cost	53,422	60,023	37,220	44,710
Share of reserves*	10,708	23,909	–	–
	64,130	83,932	37,220	44,710
Less: Accumulated impairment losses	(3,837)	–	(3,837)	–
	60,293	83,932	33,383	44,710
	79,157	109,919	33,831	51,649

* Included in share of reserves is the Group's share of statutory common reserves of its associates and joint ventures of $20,854,000 (2022: $21,565,000) that are not distributable as cash dividends to the Group and Company.

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

8 Associates and joint ventures (cont'd)

Impairment assessment

As at the reporting date, the Group carried out an impairment review of its investment in associates and joint ventures. Where impairment indicators exist, the recoverable amount of the investment in associates and joint ventures are estimated.

During the year, the Group shared a loss of a $10,555,000 from a joint venture, Jinan Luxin Materials Co Ltd. The loss was mainly contributed by the poor operating performance suffered by the joint venture as well as the re-valuation of slags inventory to its net realisable value. Management estimated the recoverable amount of Jinan Luxin Materials Co Ltd and the recoverable amount was estimated based on its value in use. An impairment loss of $3,837,000 (2022: Nil) was recognised by the Group to impair the cost of investment to its estimated recoverable amount.

The estimate of value in use was determined using the following key assumptions:

	2023
	%
Pre-tax discount rate	16.4
Revenue growth from 2024 to 2026	5.0
Terminal value growth rate from 2026	3.5

Following the impairment loss recognised in JNLX, the recoverable amounts are equal to the carrying amounts and any adverse movements in the key assumptions can lead to further impairment losses in future periods.

Details of the associates and joint ventures are as follows:

Name of associates and joint ventures	**Principal activities**	**Country of incorporation**	**Ownership interest**	
			2023	**2022**
			%	**%**
Held by the Company				
HB Investments (China) Pte. Ltd. (1)	Investment holding	Singapore	20	20
Jiangsu Huailong Materials Co Ltd (2), (4)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Jinan Luxin Materials Co Ltd (2), (4)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan TangAng Materials Co Ltd (4)	Manufacture and sale of specialty cement	People's Republic of China	40	40
Tangshan Tanglong Materials Co Ltd (4)	Manufacture and sale of specialty cement	People's Republic of China	–*	40
Wuhan Wuxin Materials Co Ltd (4)	Manufacture and sale of specialty cement	People's Republic of China	33	33
Held by subsidiaries				
Changshu Changlong Concrete Co Ltd (4)	Manufacture and sale of building materials	People's Republic of China	40	40
Changshu Changxin Ready Mix Concrete Co Ltd (4)	Manufacture and sale of building materials	People's Republic of China	40	40

* Disposed on 26 December 2023

8 Associates and joint ventures (cont'd)

Name of associates and joint ventures	Principal activities	Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Held by subsidiaries				
Changshu Changyin Ready Mix Concrete Co Ltd [(4)]	Manufacture and sale of building materials	People's Republic of China	40	40
Kunshan R&P Co., Ltd. [(4)]	Manufacture of thermosetting synthetic resin and plastic materials	People's Republic of China	40	40
Qingdao Evergreen Materials and Technologies Co Ltd [(2)], [(4)]	Manufacture and sale of specialty cement	People's Republic of China	34.4	34.4
VCEM Materials Co Ltd [(3)]	Manufacture and sale of specialty cement	South Korea	40	40
Wuhan SinoCem Smartec Co., Ltd. [(4)]	Provision of system and software solutions	People's Republic of China	49	49

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

(1) KPMG LLP

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

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

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

Associates

The Group has one (2022: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity-accounted. The following are for the material associate:

	HB Investments (China) Pte. Ltd.
Nature of relationship with the Group	Property development investment
Principal place of business/Country of incorporation	Singapore
Ownership interest/Voting rights held	20% (2022: 20%)

8 Associates and joint ventures (cont'd)

Associates (cont'd)

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

	HB Investments (China) Pte. Ltd. $'000	Immaterial associates $'000	Total $'000
31 December 2023			
Revenue	–		
Profit from continuing operations	497		
Other comprehensive income	(1,767)		
Total comprehensive income	(1,270)		
Non-current assets	53,352		
Current assets	129		
Non-current liabilities	(2,131)		
Current liabilities	(2,348)		
Net assets	49,002		
Group's interest in net assets of investee at beginning of the year	10,054	9,013	19,067
Group's share of:			
- profit from continuing operations	99	50	149
- other comprehensive income	(353)	(427)	(780)
- total comprehensive income	(254)	(377)	(631)
Loan to an associate	428	–	428
Carrying amount of interest in investee at end of the year	10,228	8,636	18,864
31 December 2022			
Revenue	–		
Profit from continuing operations	1,100		
Other comprehensive income	(3,995)		
Total comprehensive income	(2,895)		
Non-current assets	54,679		
Current assets	142		
Non-current liabilities	(2,131)		
Current liabilities	(2,416)		
Net assets	50,274		
Group's interest in net assets of investee at beginning of the year	10,634	9,675	20,309
Group's share of:			
- profit from continuing operations	220	218	438
- other comprehensive income	(799)	(880)	(1,679)
- total comprehensive income	(579)	(662)	(1,241)
Loan to an associate	6,919	–	6,919
Carrying amount of interest in investee at end of the year	16,974	9,013	25,987

8 Associates and joint ventures (cont'd)

Joint ventures

Jiangsu Huailong Materials Co Ltd, Jinan Luxin Materials Co Ltd and Wuhan Wuxin Materials Co Ltd are joint arrangements in which the Group has joint control via investors' agreement and holds 40%, 40%, 33% (2022: 40%, 40% and 33%) ownership interest respectively. The principal place of business of these entities are in the People's Republic of China. These entities are principally engaged in the manufacture and sale of specialty cement.

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

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

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
31 December 2023					
Revenue	36,857	49,783	73,751		
Profit/(Loss) from continuing operations [a]	2,384	(26,388)	407		
Other comprehensive income	(1,389)	(2,216)	(1,686)		
Total comprehensive income	995	(28,604)	(1,279)		
[a] Includes:					
- depreciation	1,501	3,837	3,873		
- finance income	129	49	104		
- finance cost	1	2,425	503		
- tax (income)/expense	(412)	(118)	65		
Non-current assets	22,642	47,765	54,178		
Current assets [b]	16,133	27,785	7,781		
Non-current liabilities	(415)	(11,888)	(8,765)		
Current liabilities	(5,849)	(34,547)	(14,815)		
Net assets	32,511	29,115	38,379		
[b] Includes cash and cash equivalents	7,503	5,591	6,307		
Group's interest in net assets of investee at beginning of the year	12,617	23,088	12,903	35,324	83,932
Group's share of:					
- profit/(loss) from continuing operations	942	(10,555)	318	4,503	(4,792)
- other comprehensive income	(555)	(887)	(556)	(1,501)	(3,499)
- total comprehensive income	387	(11,442)	(238)	3,002	(8,291)
Dividends recognised during the year	–	–	–	(5,539)	(5,539)
Impairment during the year	–	(3,837)	–	–	(3,837)
Invested during the year	–	–	–	888	888
Divested during the year	–	–	–	(6,860)	(6,860)
Carrying amount of interest in investee at end of the year	13,004	7,809	12,665	26,815	60,293

8 Associates and joint ventures (cont'd)

Joint ventures (cont'd)

	Jiangsu Huailong Materials Co Ltd $'000	Jinan Luxin Materials Co Ltd $'000	Wuhan Wuxin Materials Co Ltd $'000	Immaterial joint ventures $'000	Total $'000
31 December 2022					
Revenue	49,937	91,261	95,953		
Profit/(Loss) from continuing operations [a]	1,308	(309)	(8,305)		
Other comprehensive income	(3,287)	(5,373)	(4,238)		
Total comprehensive income	(1,979)	(5,682)	(12,543)		
[a] Includes:					
- depreciation	1,414	4,780	4,680		
- finance income	293	225	136		
- finance cost	1	1,474	737		
- tax (income)/expense	(1,437)	69	245		
Non-current assets	24,958	51,811	60,585		
Current assets [b]	12,770	71,087	8,936		
Non-current liabilities	(428)	(12,810)	(10,012)		
Current liabilities	(5,756)	(52,368)	(20,407)		
Net assets	31,544	57,720	39,102		
[b] Includes cash and cash equivalents	5,618	6,583	4,607		
Group's interest in net assets of investee at beginning of the year	16,413	26,175	17,043	39,750	99,381
Group's share of:					
- profit/(loss) from continuing operations	523	(124)	(2,741)	(1,182)	(3,524)
- other comprehensive income	(1,315)	(2,149)	(1,399)	(3,211)	(8,074)
- total comprehensive income	(792)	(2,273)	(4,140)	(4,393)	(11,598)
Dividends recognised during the year	(3,004)	(814)	–	(33)	(3,851)
Carrying amount of interest in investee at end of the year	12,617	23,088	12,903	35,324	83,932

9 Other investments

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current				
Mandatorily at FVTPL:				
- Equity securities	6,518	5,760	–	–
- Investment funds	1,110	926	–	–
- Venture capital funds	43,432	45,526	–	–
- Other unquoted investment	660	247	–	–
Designated at FVOCI:				
- Equity securities	4,570	5,385	4,570	5,197
	56,290	57,844	4,570	5,197
Current				
Mandatorily at FVTPL:				
- Equity securities	4,475	3,972	–	–
- Debt securities	9,246	2,988	8,984	2,461
- Investment funds	1,861	1,602	–	–
	15,582	8,562	8,984	2,461
	71,872	66,406	13,554	7,658

Debt securities at FVTPL have stated coupon interest rates of 3.4% to 4.25% (2022: 3.4% to 4.9%).

Equity investments designated at FVOCI

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

	Group		Company	
	Fair value at 31 December	Dividend income recognised during the year	Fair value at 31 December	Dividend income recognised during the year
	$'000	$'000	$'000	$'000
2023				
Investment in Ho Bee Cove Pte. Ltd.	4,570	600	4,570	600
2022				
Investment in Ho Bee Cove Pte. Ltd.	5,197	6,550	5,197	6,550
Investment in Green Koncepts Pte. Ltd.	188	–	–	–
	5,385	6,550	5,197	6,550

There were no disposals of equity investments designated as at FVOCI during the year, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in note 27.

10 Other assets

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Club memberships, at cost	219	219	219	219
Less: Accumulated impairment losses	(141)	(141)	(141)	(141)
	78	78	78	78

11 Lease receivables

Finance lease

During 2023, the Company sub-leased a portion of land that has been presented as part of a right-of-use asset – property, plant and equipment. Interest income on lease receivables of $13,000 (2022: Nil) was recognised.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Company	
	2023	2022
	$'000	$'000
Less than one year	56	–
One to two years	56	–
Two to three years	56	–
Three to four years	56	–
Four to five years	56	–
More than five years	109	–
Total discounted lease receivable	389	–
Unearned finance income	(45)	–
Net investment in the lease	344	–

12 Inventories

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At cost				
Raw materials	2,582	1,985	–	–
Consumables	277	195	–	–
Work-in-progress	–	884	–	–
Finished goods	6,482	7,049	3,329	5,207
	9,341	10,113	3,329	5,207

13 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	36,442	29,726	16,393	14,094
- Subsidiaries	–	–	4,690	636
- Joint venture	2,354	3,641	–	–
	38,796	33,367	21,083	14,730
Less: Allowance for doubtful receivables	(2,571)	(3,948)	(1,003)	(1,024)
	36,225	29,419	20,080	13,706
Non-trade receivables:				
- Subsidiaries	–	–	17,281	17,754
- Joint ventures	792	1,261	22	38
	792	1,261	17,303	17,792
Less: Allowance for doubtful receivables	–	(494)	(3,431)	(839)
	792	767	13,872	16,953
Deposits	877	421	61	51
Other receivables	507	1,442	384	455
Dividends receivable from associates and joint ventures	5,126	2,195	–	–
Prepayments	3,930	683	3,241	478
	47,457	34,927	37,638	31,643

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

The Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 27.

14 Loan to a subsidiary

The loan to a subsidiary is unsecured, interest-free and is repayable in 2024. There is no impairment loss recognised in respect of the loan to a subsidiary as the ECL is not material.

15 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Short-term deposits	37,753	36,072	34,374	30,975
Bank balances	35,725	30,651	17,333	16,485
	73,478	66,723	51,707	47,460

16 Capital and reserves

Share capital

	Ordinary shares			
	2023		2022	
	No. of shares '000	$'000	No. of shares '000	$'000
Company				
In issue at 1 January and 31 December	118,703	85,270	118,703	85,270

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

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

Ordinary shares

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

Reserves

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Foreign currency translation reserve	(16,094)	(11,262)	–	–
Fair value reserve	(13,352)	(12,540)	(12,562)	(11,935)
Capital reserve	(55)	(55)	(55)	(55)
Accumulated profits	207,679	216,984	135,048	135,761
	178,178	193,127	122,431	123,771

Foreign currency translation reserve

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

Fair value reserve

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

Capital reserve

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

16 Capital and reserves (cont'd)

Dividends

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

For the year ended 31 December

	Group and Company	
	2023	**2022**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Final 2.5 cents (2022: 2.5 cents) per ordinary share	2,968	2,968
Special Nil cents (2022: 4.0 cents) per ordinary share	–	4,748
	2,968	7,716

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

	Group and Company	
	2023	**2022**
	$'000	**$'000**
Final 3.0 cents (2022: 2.5 cents) per qualifying ordinary share	3,561	2,968
Special 2.0 cents (2022: nil) per qualifying ordinary share	2,374	–
	5,935	2,968

17 Loans and borrowings

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Bank loan	1,394	2,654	1,394	2,654
Hire purchase	2,021	122	91	119
	3,415	2,776	1,485	2,773
Current				
Loans from subsidiaries	–	–	3,170	4,067
Bank loan	1,260	1,235	1,260	1,235
Hire purchase	597	50	30	31
Loan from a non-controlling interest	1,024	1,071	–	–
	2,881	2,356	4,460	5,333
	6,296	5,132	5,945	8,106

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

Information about the Group's and the Company's exposures to interest rate, foreign currency and liquidity risks is disclosed in note 27.

17 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

				Group		Company	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
2023							
Loans from subsidiaries	SGD	–	2024	–	–	3,170	3,170
Bank loan	SGD	2.00%	2026	2,712	2,654	2,712	2,654
Hire purchase	SGD	1.80% - 2.99%	2024 - 2028	2,838	2,618	130	121
Loan from a non-controlling interest	RMB	–	2024	1,024	1,024	–	–
				6,574	6,296	6,012	5,945
2022							
Loans from subsidiaries	SGD	–	2023	–	–	4,067	4,067
Bank loan	SGD	2.00%	2026	4,013	3,889	4,013	3,889
Hire purchase	SGD/MYR	1.80% - 3.00%	2023 - 2027	187	172	163	150
Loan from a non-controlling interest	RMB	–	2023	1,071	1,071	–	–
				5,271	5,132	8,243	8,106

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

	Bank loan $'000	Hire purchase $'000	Loan from a non-controlling interest $'000	Total $'000
As at 1 January 2022	5,000	157	1,167	6,324
Changes from financing cash flows				
Interest paid	(92)	(2)	–	(94)
Repayment	(1,111)	(150)	–	(1,261)
Total changes from financing cash flows	(1,203)	(152)	–	(1,355)
Effect of movements in exchange rates	–	(4)	(96)	(100)
Other changes				
Liability-related				
New hire purchase	–	169	–	169
Interest expense	92	2	–	94
Total other changes	92	171	–	263
As at 31 December 2022	3,889	172	1,071	5,132
As at 1 January 2023	3,889	172	1,071	5,132
Changes from financing cash flows				
Interest paid	(66)	(101)	–	(167)
Repayment	(1,235)	(511)	–	(1,746)
Total changes from financing cash flows	(1,301)	(612)	–	(1,913)
Effect of movements in exchange rates	–	–	(47)	(47)
Other changes				
Liability-related				
New hire purchase	–	2,957	–	2,957
Interest expense	66	101	–	167
Total other changes	66	3,058	–	3,124
As at 31 December 2023	2,654	2,618	1,024	6,296

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2023 $'000	2022 $'000 Restated *	2023 $'000	2022 $'000 Restated *
Property, plant and equipment	–	–	112	147
Right-of-use assets	–	–	39	52
Trade receivables	(1)	(58)	–	–
Provisions	(28)	(19)	–	–
Lease liabilities	(41)	(55)	–	–
Withholding tax on share of profits of associates and joint ventures	–	–	1,234	1,128
Unabsorbed capital allowance	–	(215)	–	–
Deferred tax (assets) liabilities	(70)	(347)	1,385	1,327
Set off of tax	70	178	(70)	(178)
Net deferred tax (assets) liabilities	–	(169)	1,315	1,149

Movement in deferred tax balances

	At 1 January $'000 Restated *	Recognised in profit or loss (Note 23) $'000	Withholding tax paid $'000	Foreign exchange $'000	At 31 December $'000
Group					
31 December 2023					
Property, plant and equipment	147	(28)	–	(7)	112
Right-of-use assets	52	(11)	–	(2)	39
Trade receivables	(58)	55	–	2	(1)
Provisions	(19)	(10)	–	1	(28)
Lease liabilities	(55)	11	–	3	(41)
Withholding tax on share of profits of associates and joint ventures	1,128	145	(39)	–	1,234
Unabsorbed capital allowance	(215)	208	–	7	–
	980	370	(39)	4	1,315

* See note 2.5.

18 Deferred tax assets and liabilities (cont'd)

Movement in deferred tax balances (cont'd)

	At 1 January $'000 Restated *	Recognised in profit or loss (Note 23) $'000	Withholding tax paid $'000	Foreign exchange $'000	At 31 December $'000 Restated *
Group					
31 December 2022					
Property, plant and equipment	134	22	–	(9)	147
Right-of-use assets	55	(1)	–	(2)	52
Trade receivables	(589)	511	–	20	(58)
Provisions	(20)	–	–	1	(19)
Lease liabilities	(59)	–	–	4	(55)
Withholding tax on share of profits of associates and joint ventures	1,143	176	(191)	–	1,128
Unabsorbed capital allowance	(260)	30	–	15	(215)
	404	738	(191)	29	980

* See note 2.5.

Unrecognised deferred tax assets

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

	Group 2023 $'000	Group 2022 $'000
Tax losses	17,752	23,956
Unabsorbed wear and tear allowances	916	2,191
Unutilised donations	2,034	1,677
Temporary difference on property, plant and equipment, intangible assets and leases	22,705	20,795
	43,407	48,619

The tax losses and unabsorbed wear and tear allowances of Singapore incorporated subsidiaries at 31 December 2023 are available for carry forward and set off against future taxable income subject to agreement with the Comptroller of Income Tax and compliance with Section 37 of the Income Tax Act 1947. Foreign subsidiaries' unabsorbed tax losses are subject to agreement by the local tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate in. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in accordance with the Group's accounting policy as set out in note 3.12.

19 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade payables:				
- Third parties	14,544	8,394	6,824	1,547
- Joint venture	1,032	144	–	–
Accrued expenses	5,977	4,154	3,306	2,197
Advances received from third parties	521	–	463	–
Other payables	1,175	1,363	401	378
Forward exchange contracts	54	202	54	202
	23,303	14,257	11,048	4,324

Trade amounts due to a joint venture are unsecured.

The Group's and the Company's exposures to currency and to liquidity risks related to trade and other payables are disclosed in note 27.

20 Provision for reinstatement costs

	Group	Company
	$'000	$'000
At January 2022	336	140
Provisions made during the year	770	410
At 31 December 2022	1,106	550
Provisions made during the year	54	–
At 31 December 2023	1,160	550

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

21 Revenue

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

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

Cement and building materials segment

Nature of goods or services	Manufacture and sale of cement, ready-mix concrete and other building materials.
When revenue is recognised	Revenue from sales of goods is recognised when the Group satisfies the PO at a point in time, which is when the control of the promised goods has been transferred to the customer, according to the contractual terms, and the customer has accepted the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.
Significant payment terms	30 to 60 days from invoice date.

Specialty polymer segment

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

Food and beverage segment

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

22 Finance income and finance costs

	Group	
	2023	**2022**
	$'000	**$'000**
Interest income under the effective interest method on:		
- Cash and cash equivalents	1,435	635
- Debt securities measured at FVTPL	199	129
Total interest income arising from financial assets at measured amortised cost or FVTPL	1,634	764
Dividend income	917	6,716
Other investment income	956	334
Finance income	3,507	7,814
Financial liabilities measured at amortised cost:		
- Interest expense from lease liabilities	(628)	(473)
- Interest expense from loans and borrowings	(167)	(94)
Net change in fair value of financial assets:		
- Mandatorily measured at FVTPL – held-for-trading	(11)	(170)
- Mandatorily measured at FVTPL – others	(3,102)	(11,418)
Net foreign exchange loss	(1,074)	(1,165)
Finance costs	(4,982)	(13,320)
Net finance costs recognised in profit or loss	(1,475)	(5,506)

23 Tax expense

	Group 2023 $'000	Group 2022 $'000
Current tax expense		
Current year	900	14
Foreign withholding tax	3	–
Under provided in prior years	135	16
	1,038	30
Deferred tax expense		
Origination and reversal of temporary differences	332	648
Under provided in prior years	38	90
	370	738
Tax expense	1,408	768
Reconciliation of effective tax rate		
Loss before tax	(4,220)	(54)
Add: Share of losses of associates and joint ventures (net of tax)	4,661	3,086
	441	3,032
Tax using the Singapore tax rate of 17% (2022: 17%)	75	515
Effect of tax rates in foreign jurisdictions	(9)	176
Non-deductible expenses	2,465	2,460
Tax exempt income	(651)	(2,578)
Utilisation of deferred tax benefits previously not recognised	(1,148)	(474)
Unrecognised deferred tax assets	262	387
Tax on unremitted profits	241	176
Under provided in prior years	173	106
	1,408	768

24 Loss for the year

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

	Group 2023 $'000	Group 2022 $'000
Government grants	(41)	(149)
Impairment losses on investment in associates and joint ventures	3,837	–
Loss/(Gain) on disposal of property, plant and equipment	335	(9)
Loss on divestment of an associate	643	–
Contributions to defined contribution plans, included in staff costs	926	917
Audit fees paid to:		
- auditors of the Company and other firms affiliated with KPMG International Limited	312	312
- other auditors	25	27
Non-audit fees paid to:		
- other auditors	3	5

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the loss attributable to ordinary shareholders of $6,337,000 (2022: $1,614,000), and weighted-average number of ordinary shares outstanding of 118,703,000 (2022: 118,703,000), as follows:

Weighted-average number of ordinary shares

	Group	
	2023 No. of shares '000	2022 No. of shares '000
Issued ordinary shares at 1 January	118,703	118,703
Weighted average number of ordinary shares during the year	118,703	118,703

Diluted earnings per share

The calculation of diluted earnings per share has been based on the loss attributable to ordinary shareholders of $6,337,000 (2022: $1,614,000), and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 118,703,000 (2022: 118,703,000), calculated as follows:

Weighted-average number of ordinary shares (diluted)

	Group	
	2023	2022
Weighted average number of ordinary shares (basic) ('000)	118,703	118,703
Weighted-average number of ordinary shares (diluted) during the year ('000)	118,703	118,703

26 Operating segments

The Group has the following four reportable segments, which are its strategic business units. These strategic business units offer different products or services, and are managed separately. The Group's Chief Executive Officer ("CEO") (the chief operating decision maker) reviews internal management reports of each strategic business unit at least monthly. The following summary describes the operations in each of the Group's reportable segments:

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

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

- Investments: Trading of quoted & unquoted equity securities, debt securities and holding of investments in venture capital and investment funds and other unquoted investment.

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss), as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

26 Operating segments (cont'd)

Information about reportable segments

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food and beverage $'000	Total $'000
Revenue and expenses					
31 December 2023					
External revenues, representing consolidated revenue	147,928	10,881	–	1,547	160,356
Reportable segment profit/(loss)	11,414	2,900	(3,411)	(1,219)	9,684
Share of (losses)/profits of associates and joint ventures	(9,231)	634	99	–	(8,498)
	2,183	3,534	(3,312)	(1,219)	1,186
Headquarter expenses					(5,442)
Support expenses of associates and joint ventures					(803)
Interest expense					(795)
Interest income					1,634
Loss before tax					(4,220)
Less: Tax expense					(1,408)
Loss for the year					(5,628)
Timing of revenue recognition:					
- Products transferred at a point in time	147,928	10,881	–	1,547	160,356
31 December 2022					
External revenues, representing consolidated revenue	116,437	15,057	–	1,491	132,985
Reportable segment profit/(loss)	10,629	3,274	(6,239)	(407)	7,257
Share of (losses)/profits of associates and joint ventures	(3,533)	228	219	–	(3,086)
	7,096	3,502	(6,020)	(407)	4,171
Headquarter expenses					(3,476)
Support expenses of associates and joint ventures					(946)
Interest expense					(567)
Interest income					764
Loss before tax					(54)
Less: Tax expense					(768)
Loss for the year					(822)
Timing of revenue recognition:					
- Products transferred at a point in time	116,437	15,057	–	1,491	132,985

26 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Cement and building materials $'000	Specialty polymer $'000	Investments $'000	Food and beverage $'000	Total $'000
Assets and liabilities					
31 December 2023					
Total assets for reportable segments	95,089	16,523	80,715	337	192,664
Investments in associates and joint ventures					79,157
Other unallocated amounts					45,089
Consolidated total assets					316,910
Total liabilities for reportable segments	39,410	4,130	67	1,008	44,615
Other unallocated amounts					5,229
Consolidated total liabilities					49,844
31 December 2022					
Total assets for reportable segments	84,244	14,122	75,036	353	173,755
Investments in associates and joint ventures					109,919
Other unallocated amounts					36,897
Consolidated total assets					320,571
Total liabilities for reportable segments	30,474	2,170	67	1,113	33,824
Other unallocated amounts					6,108
Consolidated total liabilities					39,932
Other segment information					
31 December 2023					
Capital expenditure	6,142	773	–	529	7,444
Depreciation and amortisation	3,435	305	–	275	4,015
Reversal of impairment on financial assets	(184)	(469)	–	–	(653)
31 December 2022					
Capital expenditure	7,461	36	–	1	7,498
Depreciation and amortisation	2,080	193	–	6	2,279
Reversal of impairment on financial assets	(2,375)	(1,079)	–	–	(3,454)

26 Operating segments (cont'd)

Geographical segments

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

	Singapore $'000	Malaysia $'000	People's Republic of China $'000	Others $'000	Elimination $'000	Total $'000
31 December 2023						
External customers						
- Cement and building materials	118,720	25,697	2,609	902	–	147,928
- Specialty polymer	10,881	–	–	–	–	10,881
- Food and beverage	–	–	1,547	–	–	1,547
Inter-segment revenue	15,518	(329)	–	–	(15,189)	–
Total revenue	145,119	25,368	4,156	902	(15,189)	160,356
Total non-current assets for reportable segments*	31,772	3,527	78	–	–	35,377
Total assets for reportable segments	177,794	20,052	1,847	–	–	199,693
Investments in associates and joint ventures	10,228	–	62,686	6,243	–	79,157
Other unallocated amounts						38,060
Consolidated total assets						316,910
31 December 2022						
External customers						
- Cement and building materials	95,947	13,448	8	7,034	–	116,437
- Specialty polymer	10,417	125	141	4,374	–	15,057
- Food and beverage	–	–	1,491	–	–	1,491
Inter-segment revenue	7,380	21	–	–	(7,401)	–
Total revenue	113,744	13,594	1,640	11,408	(7,401)	132,985
Total non-current assets for reportable segments*	27,540	4,179	108	–	–	31,827
Total assets for reportable segments	154,282	14,956	4,517	–	–	173,755
Investments in associates and joint ventures	16,974	–	87,083	5,862	–	109,919
Other unallocated amounts						36,897
Consolidated total assets						320,571

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

Major customer

For the year ended 31 December 2023, revenue from one customer of the cement and building materials segment represented approximately $30,833,000 (2022: $21,451,000) of the Group's total revenue.

27 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

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

Credit risk

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

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

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

	Group	
	2023	**2022**
	$'000	**$'000**
(Reversal of impairment losses)/Impairment loss on		
- Trade receivables	(1,332)	(3,454)
- Non-trade amount due from joint ventures	209	–
- Other receivables	470	–
	(653)	(3,454)

27 Financial instruments (cont'd)

Trade receivables

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

Exposure to credit risk

At 31 December 2023, the Group's exposure to credit risk primarily comprises $25,683,000 (2022: $19,709,000), $2,358,000 (2022: $27,000) and $7,605,000 (2022: $4,219,000) due from customers in Singapore, the People's Republic of China and Malaysia respectively.

At 31 December 2023, the Group's exposure to credit risk primarily comprises $31,962,000 (2022: $23,264,000) due from construction companies. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment losses is inherent in the Group's trade receivables.

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

The carrying amounts of financial assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

Expected credit loss assessment for third party customers

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

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

	Expected loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
31 December 2023				
Not past due	0.01	16,560	(2)	No
Past due 1 – 30 days	0.03	11,513	(3)	No
Past due 31 – 90 days	0.18	5,568	(10)	No
Past due more than 90 days	49.58	5,155	(2,556)	Yes
		38,796	(2,571)	
31 December 2022				
Not past due	0.43	12,625	(54)	No
Past due 1 – 30 days	0.58	8,160	(47)	No
Past due 31 – 90 days	1.58	4,126	(65)	No
Past due more than 90 days	44.73	8,456	(3,782)	Yes
		33,367	(3,948)	

27 Financial instruments (cont'd)

Trade receivables (cont'd)

Expected credit loss assessment for third party customers (cont'd)

	Expected loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Company				
31 December 2023				
Not past due	–	9,740	–	No
Past due 1 – 30 days	–	6,228	–	No
Past due 31 – 90 days	–	4,089	–	No
Past due more than 90 days	97.76	1,026	(1,003)	Yes
		21,083	(1,003)	
31 December 2022				
Not past due	0.05	7,276	(4)	No
Past due 1 – 30 days	0.14	4,324	(6)	No
Past due 31 – 90 days	0.15	2,032	(3)	No
Past due more than 90 days	92.08	1,098	(1,011)	Yes
		14,730	(1,024)	

Movements in allowance for impairment in respect of trade receivables

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Balance at 1 January	3,948	7,548	1,024	1,070
Impairment loss recognised	40	236	–	–
Amounts reversed	(1,372)	(3,690)	(21)	(46)
Amounts written off	–	(26)	–	–
Foreign exchange movement	(45)	(120)	–	–
Balance at 31 December	2,571	3,948	1,003	1,024

Source of estimation uncertainty

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

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

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

27 Financial instruments (cont'd)

Guarantees

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

The Company provides intra-group financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and the performance obligation under a license agreement entered into with Building and Construction Authority by a subsidiary. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. As such, the fair value of these intra-group financial guarantee is negligible.

Derivatives

Forward contracts are entered into with banks which are regulated.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $73,478,000 and $51,707,000 respectively at 31 December 2023 (2022: $66,723,000 and $47,460,000 respectively). The cash and cash equivalents are held with banks and financial institutions which are regulated.

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

Liquidity risk

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

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

Exposure to liquidity risk

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

		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					
31 December 2023					
Non-derivative financial liabilities					
Bank loan	2,654	(2,712)	(1,302)	(1,410)	–
Loan from a non-controlling interest	1,024	(1,024)	(1,024)	–	–
Hire Purchase	2,618	(2,838)	(690)	(2,148)	–
Lease liabilities	17,533	(22,024)	(2,674)	(7,842)	(11,508)
Trade and other payables*	22,728	(22,728)	(22,728)	–	–
	46,557	(51,326)	(28,418)	(11,400)	(11,508)

* *excludes advances received and forward exchange contracts*

27 Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

		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					
31 December 2023					
Derivative financial instruments					
Forward exchange contracts (gross-settled)	54	–	–	–	–
- Outflow	–	(18,927)	(18,927)	–	–
- Inflow	–	18,873	18,873	–	–
	54	(54)	(54)	–	–
	46,611	(51,380)	(28,472)	(11,400)	(11,508)
31 December 2022					
Non-derivative financial liabilities					
Bank loan	3,889	(4,013)	(1,302)	(2,711)	–
Loan from a non-controlling interest	1,071	(1,071)	(1,071)	–	–
Lease liabilities	18,460	(21,638)	(2,336)	(6,624)	(12,678)
Trade and other payables*	14,055	(14,055)	(14,055)	–	–
	37,475	(40,777)	(18,764)	(9,335)	(12,678)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	202	–	–	–	–
- Outflow	–	(14,937)	(14,937)	–	–
- Inflow	–	14,735	14,735	–	–
	202	(202)	(202)	–	–
	37,677	(40,979)	(18,966)	(9,335)	(12,678)
Company					
31 December 2023					
Non-derivative financial liabilities					
Trade and other payables*	10,531	(10,531)	(10,531)	–	–
Lease liabilities	4,603	(5,282)	(875)	(2,240)	(2,167)
Bank loan	2,654	(2,712)	(1,302)	(1,410)	–
Hire Purchase	121	(130)	(34)	(96)	–
Loans from subsidiaries	3,170	(3,170)	(3,170)	–	–
	21,079	(21,825)	(15,912)	(3,746)	(2,167)

* *excludes advances received and forward exchange contracts*

27 Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 2 to 5 years $'000	More than 5 years $'000
Company					
31 December 2023					
Derivative financial instruments					
Forward exchange contracts (gross-settled)	54	–	–	–	–
- Outflow	–	(18,927)	(18,927)	–	–
- Inflow	–	18,873	18,873	–	–
	54	(54)	(54)	–	–
	21,133	(21,879)	(15,966)	(3,746)	(2,167)
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables*	4,122	(4,122)	(4,122)	–	–
Lease liabilities	5,441	(6,267)	(1,018)	(2,620)	(2,629)
Bank loan	3,889	(4,013)	(1,302)	(2,711)	–
Loans from subsidiaries	4,067	(4,067)	(4,067)	–	–
	17,519	(18,469)	(10,509)	(5,331)	(2,629)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	202	–	–	–	–
- Outflow	–	(14,937)	(14,937)	–	–
- Inflow	–	14,735	14,735	–	–
	202	(202)	(202)	–	–
	17,721	(18,671)	(10,711)	(5,331)	(2,629)

* *excludes forward exchange contracts*

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The disclosure shows gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts.

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

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.

27 Financial instruments (cont'd)

Currency risk

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

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

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

	Singapore dollar $'000	US dollar $'000	China renminbi $'000
Group			
31 December 2023			
Trade and other receivables	685	51	5,230
Cash and cash equivalents	247	10,270	18,745
Other investments	1,046	2,765	–
Loan from a non-controlling interest of a subsidiary	–	–	(1,024)
Trade and other payables	(48)	(3,962)	(45)
	1,930	9,124	22,906
31 December 2022			
Trade and other receivables	165	1,894	2,195
Cash and cash equivalents	163	12,426	12,527
Other investments	1,525	2,060	–
Loan from a non-controlling interest of a subsidiary	–	–	(1,071)
Trade and other payables	(279)	(308)	(301)
	1,574	16,072	13,350

	US dollar $'000	China renminbi $'000
Company		
31 December 2023		
Trade and other receivables	4,514	566
Cash and cash equivalents	8,309	18,745
Loans to subsidiaries	23,441	4,420
Trade and other payables	(3,962)	(37)
	32,302	23,694
31 December 2022		
Trade and other receivables	6,383	1,813
Cash and cash equivalents	10,645	12,525
Loans to subsidiaries	23,970	4,620
Trade and other payables	(308)	(36)
	40,690	18,922

27 Financial instruments (cont'd)

***Currency risk* (cont'd)**

Sensitivity analysis

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

	Profit or loss	
	Group	Company
	$'000	$'000
31 December 2023		
Singapore dollar	193	–
US dollar	912	3,230
China renminbi	2,291	2,369
31 December 2022		
Singapore dollar	157	–
US dollar	1,607	4,069
China renminbi	1,335	1,892

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

Equity price risk

Sensitivity analysis

A 10% increase in the equity prices of quoted equity securities at the reporting date would have increased equity by $453,000 (2022: $404,000). The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% decrease in equity prices would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of debt, comprising bank loan, loan from a non-controlling interest and lease liabilities, and equity, comprising share capital, distributable reserves and accumulated profits of the Group. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

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

The Group is required to comply with covenants under a loan with a bank and the covenants include maximum gearing ratio and minimum liquidity ratio requirements. The Group performs regular reviews to ensure the covenants are complied with. The Group is in compliance with externally imposed capital requirements for the financial year ended 31 December 2023. In the prior year, neither the Company nor any of its subsidiaries were subject to externally imposed capital requirements.

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

27 Financial instruments (cont'd)

Accounting classifications and fair values

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

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2023										
Financial assets measured at fair value										
Financial assets at fair value through profit or loss:										
- Equity securities	9	10,993	–	–	–	10,993	4,531	–	6,462	10,993
- Venture capital funds	9	43,432	–	–	–	43,432	–	–	43,432	43,432
- Debt securities	9	9,246	–	–	–	9,246	–	9,246	–	9,246
- Investment funds	9	2,971	–	–	–	2,971	–	2,971	–	2,971
- Other unquoted investment	9	660	–	–	–	660	–	–	660	660
Financial assets at fair value through other comprehensive income:										
- Equity securities	9	–	4,570	–	–	4,570	–	–	4,570	4,570
		67,302	4,570	–	–	71,872				
Financial assets not measured at fair value										
Loan to an associate	8	–	–	428	–	428				
Trade and other receivables*	13	–	–	43,527	–	43,527				
Cash and cash equivalents	15	–	–	73,478	–	73,478				
		–	–	117,433	–	117,433				

* excludes prepayment

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2023										
Financial liabilities measured at fair value										
Forward exchange contracts	19	(54)	–	–	–	(54)	–	(54)	–	(54)
Financial liabilities not measured at fair value										
Loan from a non-controlling interest	17	–	–	–	(1,024)	(1,024)				
Bank loan	17	–	–	–	(2,654)	(2,654)				
Hire purchase	17	–	–	–	(2,618)	(2,618)				
Trade and other payables #	19	–	–	–	(22,728)	(22,728)				
		–	–	–	(29,024)	(29,024)				

\# excludes advances received and forward exchange contracts

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount					Fair value			
		FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2022										
Financial assets measured at fair value										
Financial assets at fair value through profit or loss:										
- Equity securities	9	9,732	–	–	–	9,732	4,042	–	5,690	9,732
- Venture capital funds	9	45,526	–	–	–	45,526	–	–	45,526	45,526
- Debt securities	9	2,988	–	–	–	2,988	–	2,988	–	2,988
- Investment funds	9	2,528	–	–	–	2,528	–	2,528	–	2,528
- Other unquoted investment	9	247	–	–	–	247	–	–	247	247
Financial assets at fair value through other comprehensive income:										
- Equity securities	9	–	5,385	–	–	5,385	–	–	5,385	5,385
		61,021	5,385	–	–	66,406				
Financial assets not measured at fair value										
Loan to an associate	8	–	–	6,919	–	6,919				
Trade and other receivables*	13	–	–	34,244	–	34,244				
Cash and cash equivalents	15	–	–	66,723	–	66,723				
		–	–	107,886	–	107,886				

* excludes prepayment

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount					Fair value			
		FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2022										
Financial liabilities measured at fair value										
Forward exchange contracts	19	(202)	–	–	–	(202)	–	(202)	–	(202)
Financial liabilities not measured at fair value										
Loan from a non-controlling interest	17	–	–	–	(1,071)	(1,071)				
Bank loan	17	–	–	–	(3,889)	(3,889)				
Hire purchase	17	–	–	–	(172)	(172)				
Trade and other payables #	19	–	–	–	(14,055)	(14,055)				
		–	–	–	(19,187)	(19,187)				

\# excludes forward exchange contracts

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2023										
Financial assets measured at fair value										
Financial assets measured at fair value through profit or loss										
- Debt securities	9	8,984	–	–	–	8,984	–	8,984	–	8,984
Financial assets measured at fair value through other comprehensive income										
- Equity security	9	–	4,570	–	–	4,570	–	–	4,570	4,570
		8,984	4,570	–	–	13,554				
Financial assets not measured at fair value										
Loans to subsidiaries	5	–	–	28,607	–	28,607				
Loan to an associate	8	–	–	428	–	428				
Trade and other receivables*	13	–	–	34,397	–	34,397				
Loan to a subsidiary	14	–	–	4,944	–	4,944				
Cash and cash equivalents	15	–	–	51,707	–	51,707				
		–	–	120,083	–	120,083				

* excludes prepayment

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2023										
Financial liabilities measured at fair value										
Forward exchange contracts	19	(54)	–	–	–	(54)	–	(54)	–	(54)
Financial liabilities not measured at fair value										
Loans from subsidiaries	17	–	–	–	(3,170)	(3,170)				
Bank loan	17	–	–	–	(2,654)	(2,654)				
Hire purchase	17	–	–	–	(121)	(121)				
Trade and other payables #	19	–	–	–	(10,531)	(10,531)				
		–	–	–	(16,476)	(16,476)				

\# excludes advances received and forward exchange contracts

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	FVTPL $'000	FVOCI – equity instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2022										
Financial assets measured at fair value										
Financial assets measured at fair value through profit or loss										
- Debt securities	9	2,461	–	–	–	2,461	–	2,461	–	2,461
Financial assets measured at fair value through other comprehensive income										
- Equity security	9	–	5,197	–	–	5,197	–	–	5,197	5,197
		2,461	5,197	–	–	7,658				
Financial assets not measured at fair value										
Loans to subsidiaries	5	–	–	31,576	–	31,576				
Loan to an associate	8	–	–	6,919	–	6,919				
Trade and other receivables*	13	–	–	31,165	–	31,165				
Loan to a subsidiary	14	–	–	5,144	–	5,144				
Cash and cash equivalents	15	–	–	47,460	–	47,460				
		–	–	122,264	–	122,264				

* excludes prepayment

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount					Fair value			
		FVTPL	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company										
31 December 2022										
Financial liabilities measured at fair value										
Forward exchange contracts	19	(202)	–	–	–	(202)	–	(202)	–	(202)
Financial liabilities not measured at fair value										
Loans from subsidiaries	17	–	–	–	(4,067)	(4,067)				
Bank loan	17	–	–	–	(3,889)	(3,889)				
Hire purchase	17	–	–	–	(150)	(150)				
Trade and other payables #	19	–	–	–	(4,122)	(4,122)				
		–	–	–	(12,228)	(12,228)				

excludes forward exchange contracts

27 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

There were no transfers of financial assets between Levels 1 and 2 during the years ended 31 December 2023 and 31 December 2022.

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

Level 3 fair values

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

	FVTPL – Venture capital funds $'000	FVTPL – Equity securities $'000	FVOCI – Equity securities $'000	FVTPL – Other unquoted investment $'000
Group				
At 1 January 2022	49,580	8,192	12,552	–
Total unrealised losses recognised in profit or loss:				
- Finance costs	(7,681)	(3,580)	–	–
Total unrealised losses recognised in other comprehensive income:				
- Net change in fair value of equity investments at FVOCI	–	–	(7,163)	–
Purchases	4,732	1,216	–	287
Settlements	(839)	–	–	–
Exchange movement	(266)	(138)	(4)	(40)
At 31 December 2022	45,526	5,690	5,385	247
At 1 January 2023	45,526	5,690	5,385	247
Total unrealised (losses)/gains recognised in profit or loss:				
- Finance (costs)/income	(3,865)	888	–	(244)
Total unrealised losses recognised in other comprehensive income:				
- Net change in fair value of equity investments at FVOCI	–	–	(812)	
Purchases	2,987	–	–	685
Settlements	(600)	–	–	–
Exchange movement	(616)	(116)	(3)	(28)
At 31 December 2023	43,432	6,462	4,570	660

27 Financial instruments (cont'd)

Level 3 fair values (cont'd)

	FVOCI – Equity security $'000
Company	
At 1 January 2022	12,143
Total unrealised losses recognised in other comprehensive income:	
- Net change in fair value of equity investments at FVOCI	(6,946)
At 31 December 2022	5,197
At 1 January 2023	5,197
Total unrealised losses recognised in other comprehensive income:	
- Net change in fair value of equity investments at FVOCI	(627)
At 31 December 2023	4,570

At 31 December 2023 and 31 December 2022, the Group did not have any liabilities classified in Level 3 of the fair value hierarchy.

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

Fair value of investments in unquoted equity securities are determined by (1) estimating the fair value of the investee's net assets, adjusted for the effect of the non-marketability of the equity investments, where relevant; or (2) in cases where there is insufficient more recent information available to measure the fair value and there are no indicators that cost might not be representative of fair value, cost is deemed to be the appropriate estimate of fair value of the investments.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Net asset value ("NAV")	Value of the underlying net assets	The estimated fair value would increase/decrease if NAV was higher/lower
A discount is applied to take into consideration the non-marketable nature of the investments, where applicable.	Discount rate: 2023: 29% - 34% 2022: 34% - 39%	The estimated fair value would increase/decrease if the discount rate was lower/higher

For the fair value of financial assets classified in Level 3 of the fair value hierarchy, increasing the significant unobservable inputs by 10% at the reporting date would have increased profit or loss by $5,055,000 (2022: $5,146,000) and equity by $457,000 (2022: $539,000) for the Group and $457,000 (2022: $520,000) for the Company. A 10% decrease in the significant unobservable inputs would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

27 Financial instruments (cont'd)

Level 3 fair values (cont'd)

Sources of estimation uncertainty

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

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

28 Measurement of fair values

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

Equity and debt securities, structured deposits and investment funds

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

Forward exchange contracts

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

Other financial assets and liabilities

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

Investment properties

The fair value of investment properties is determined based on the direct comparison method. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

29 Lease liabilities

Leases as lessee

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

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

Amounts recognised in profit or loss

	Group	
	2023	**2022**
	$'000	**$'000**
Interest on lease liabilities	628	473

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

	Lease liabilities $'000
Balance at 1 January 2022	18,343
Changes from financing cash flows	
Interest paid	(473)
Payment of lease liabilities	(1,368)
Total changes from financing cash flows	(1,841)
Effect of movements in exchange rates	(112)
Other changes	
Liability-related	
New leases	1,817
Modification	(197)
Termination of lease	(195)
Interest expense	473
Total other changes	1,898
Balance at 31 December 2022	18,288
Balance at 1 January 2023	18,288
Changes from financing cash flows	
Interest paid	(628)
Payment of lease liabilities	(1,798)
Total changes from financing cash flows	(2,426)
Effect of movements in exchange rates	(92)
Other changes	
Liability-related	
New leases	3,986
Modification	(1,591)
Termination of lease	(1,260)
Interest expense	628
Total other changes	1,763
Balance at 31 December 2023	17,533

30 Right-of-use assets

	Industrial land $'000	Office, retail and warehouse space $'000	Total $'000
Group			
At 1 January 2022	15,888	1,003	16,891
Additions	2,290	65	2,355
Modification	(197)	–	(197)
Depreciation	(1,164)	(333)	(1,497)
De-recognition of right-of-use assets	(163)	–	(163)
Effect of movements in exchange rates	(14)	(1)	(15)
At 31 December 2022	16,640	734	17,374
At 1 January 2023	16,640	734	17,374
Additions	2,580	1,406	3,986
Modification	(1,591)	–	(1,591)
Depreciation	(1,543)	(504)	(2,047)
De-recognition of right-of-use assets	–	(1,195)	(1,195)
Effect of movements in exchange rates	(27)	(28)	(55)
At 31 December 2023	16,059	413	16,472
Company			
At 1 January 2022	3,593	977	4,570
Additions	2,067	–	2,067
Modification	–	26	26
Depreciation	(319)	(329)	(648)
At 31 December 2022	5,341	674	6,015
At 1 January 2023	5,341	674	6,015
Modification	150	–	150
Depreciation	(565)	(286)	(851)
Transfer	(383)	–	(383)
At 31 December 2023	4,543	388	4,931

31 Capital commitments

As at year end, the Group is committed to incur $17,442,000 (2022: $16,942,000) in respect of additional investments in venture capital funds, $1,576,000 (2022: $1,752,000) in respect of additional investments in investment funds, $8,170,000 (2022: $1,924,000) in respect of purchases of plant and equipment and $2,261,000 (2022: Nil) in respect of right-of-use assets and lease liabilities.

32 Significant related party transactions

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

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term employee benefits:		
- directors	1,344	1,421
- other management personnel	1,211	1,247
	2,555	2,668

Other related party transactions

During the year, the Group received dividends amounting to $600,000 (2022: $6,550,000) from Ho Bee Cove Pte Ltd, a company in which a substantial shareholder of the Company has interest in.

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

	Group	
	2023	**2022**
	$'000	**$'000**
Joint venture		
Purchases of goods	(13,047)	(136)

33 Contingencies

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2023, the net current liabilities and net liabilities of these subsidiaries amounted to approximately $3,292,000 and $18,759,000 (2022: $8,224,000 and $19,510,000) respectively.

The Company entered into an indemnity agreement to counter indemnify Ho Bee Land Limited, an entity which a substantial shareholder of the Company has interest in, with respect to a loan obtained by a subsidiary of an associate of the Group and Company, HB Investments (China) Pte. Ltd. Under the terms of the indemnity agreement, the Company provided counter indemnity amount of approximately $12,100,000 (2022: $12,100,000), which is proportionate to the Group and Company's shareholdings in HB Investments (China) Pte. Ltd.

34 Non-controlling interests

R&P Technologies Pte. Ltd. has a non-controlling interest that is material to the Group as at 31 December 2023:

Name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interest 2023 %	2022 %
R&P Technologies Pte. Ltd.	Singapore	Specialty polymer	40	40

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

	R&P Technologies Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2023				
Revenue	10,271			
Profit	1,094			
Other comprehensive income	(80)			
Total comprehensive income	1,014			
Attributable to non-controlling interest:				
- Profit	438	271	–	709
- Other comprehensive income	(32)	(110)	–	(142)
- **Total comprehensive income**	406	161	–	567
Non-current assets	2,492			
Current assets	6,780			
Non-current liabilities	(21)			
Current liabilities	(3,085)			
Net assets	6,166			
Net assets attributable to non-controlling interest	2,466	1,152	–	3,618
Cash flows from operating activities	545			
Cash flows used in investing activities	(2,089)			
Cash flows used in financing activities	1,743			
Net increase in cash and cash equivalents	199			

34 Non-controlling interests (cont'd)

	R&P Technologies Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2022				
Revenue	12,704			
Profit	945			
Other comprehensive income	(55)			
Total comprehensive income	890			
Attributable to non-controlling interest:				
- Profit	378	414	–	792
- Other comprehensive income	(22)	(192)	–	(214)
- **Total comprehensive income**	356	222	–	578
Non-current assets	749			
Current assets	5,592			
Non-current liabilities	(21)			
Current liabilities	(3,229)			
Net assets	3,091			
Net assets attributable to non-controlling interest	1,236	1,006	–	2,242
Cash flows from operating activities	1,400			
Cash flows used in investing activities	(31)			
Cash flows used in financing activities	(593)			
Net increase in cash and cash equivalents	776			

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	
	2023	2022
$750,001 to $1,000,000	1	1
$500,001 to $750,000	1	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 13 March 2024

SHARE CAPITAL

Issued and fully paid-up Share Capital	:	S$85,270,272
Class of Shares	:	Ordinary Shares
Voting Rights	:	one vote for every ordinary share (excluding treasury share)
Number of issued shares excluding treasury shares	:	118,702,500
Number of treasury shares	:	Nil
Percentage of treasury shares	:	NA

The Company has no *subsidiary holdings.

*subsidiary holdings – as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 13 MARCH 2024

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	39	2.53	846	0.00
100 - 1,000	263	17.08	175,600	0.15
1,001 - 10,000	884	57.40	3,712,282	3.13
10,001 - 1,000,000	343	22.27	22,558,669	19.00
1,000,001 and above	11	0.72	92,255,103	77.72
TOTAL	**1,540**	**100.00**	**118,702,500**	**100.00**

20 LARGEST SHAREHOLDERS AS AT 13 MARCH 2024

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	AFRO-ASIA INTERNATIONAL ENTERPRISES (SINGAPORE) PTE. LTD.	44,463,000	37.46
2	AFRO-ASIA SHIPPING COMPANY (PRIVATE) LTD	14,270,500	12.02
3	UOB KAY HIAN PRIVATE LIMITED	13,122,000	11.05
4	CHUA WEE KENG OR CHUA HOONG TAT FRANZ	9,157,400	7.71
5	DBS NOMINEES (PRIVATE) LIMITED*	3,318,212	2.80
6	MORPH INVESTMENTS LTD	1,620,000	1.36
7	PERFORMANCE INVESTMENT PTE. LTD.	1,404,000	1.18
8	CHUA HOONG TAT FRANZ	1,300,000	1.10
9	ONE HILL PROPERTIES PTE. LTD.	1,282,500	1.08
10	LIM CHER KHIANG	1,268,491	1.07
11	KOR BENG SHIEN	1,049,000	0.88
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	991,950	0.84
13	NEW TOWN DEVELOPMENT (PRIVATE) LIMITED.	940,900	0.79
14	TAN CHENG GAY	884,450	0.75
15	SON FONG MENG	756,000	0.64
16	KWOK HAE MENG	689,650	0.58
17	LEW WING KIT	620,600	0.52
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	611,100	0.51
19	NG SOO GIAP OR CHEW SOOI GUAT	588,300	0.50
20	PHILLIP SECURITIES PTE LTD	583,894	0.49
	TOTAL	**98,921,947**	**83.33**

** Including the 86,800 shares held by Tan Cheng Gay*

STATISTICS OF SHAREHOLDINGS

As at 13 March 2024

SUBSTANTIAL SHAREHOLDERS as at 13 March 2024

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	971,250	16,615,400 (1)	17,586,650	14.82
Tan Yok Koon	366,000	15,674,500 (2)	16,040,500	13.52
Tan Chin Hoon	30,000	16,615,400 (3)	16,645,400	14.03
Chua Thian Poh	165,000	45,745,500 (4)	45,910,500	38.68
Ho Bee Holdings (Pte) Ltd	–	44,463,000 (5)	44,463,000	37.46
Afro-Asia International Enterprises Pte. Limited	44,463,000	–	44,463,000	37.46
Afro-Asia Shipping Co (Pte) Ltd	14,270,500	1,404,000 (6)	15,674,500	13.20
Chua Wee Keng or Chua Hoong Tat Franz	9,157,400	–	9,157,400	7.71

Notes:

(1) This represents Tan Cheng Gay's deemed interest of 16,615,400 shares held in the name of the following:-

- (a) 14,270,500 shares held by Afro-Asia Shipping Co (Pte) Ltd;
- (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
- (c) 940,900 shares held by New Town Development Pte Ltd

(2) This represents Tan Yok Koon's deemed interest of 15,674,500 shares held in the name of the following:-

- (a) 14,270,500 shares held by Afro-Asia Shipping Co (Pte) Ltd; and
- (b) 1,404,000 shares held by Performance Investment Pte Ltd

(3) This represents Tan Chin Hoon's deemed interest of 16,615,400 shares held in the name of the following:-

- (a) 14,270,500 shares held by Afro-Asia Shipping Co (Pte) Ltd;
- (b) 1,404,000 shares held by Performance Investment Pte Ltd; and
- (c) 940,900 shares held by New Town Development Pte Ltd

(4) This represents Mr. Chua Thian Poh's deemed interest of 45,745,500 shares held in the name of the following:-

- (a) 44,463,000 shares held by Afro-Asia International Enterprises Pte. Limited through Ho Bee Holdings (Pte) Ltd; and
- (b) 1,282,500 shares held by One Hill Properties Pte. Ltd. through One Hill Holdings Pte. Ltd (a company which Mr. Chua Thian Poh has a substantial financial interest).

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

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

Public Shareholdings

Based of the information provided to the Company as at 13 March 2024, approximately 38.13% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of EnGro Corporation Limited (the "**Company**") will be held on Monday, 29 April 2024 at 10.00 a.m. at 25 International Business Park, German Centre, Munich Room, 5th Floor, East Wing, Singapore 609916 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023, together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt (one-tier) dividend of 3.0 cents per ordinary share and a special tax exempt (one-tier) dividend of 2.0 cents per ordinary share for the financial year ended 31 December 2023. **(Resolution 2)**

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

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

[See Explanatory Notes]

3(b) To re-elect Mr Leow Foon Lee who retires in accordance with Regulation 87 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 4)**

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

[See Explanatory Notes]

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$270,000 for the financial year ended 31 December 2023 (2022: S$270,000). **(Resolution 6)**

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

6.1 Authority to allot and issue shares pursuant to the Share Issue Mandate

"That pursuant to Section 161 of the Companies Act 1967 of Singapore and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:-

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

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

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

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

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

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

(i) new shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time this Resolution is passed;

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

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

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

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

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **(Resolution 7)**

6.2 Proposed Renewal of the Share Purchase Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the "**Shares**"), not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-

(i) on-market purchases (each a "**Market Purchase**") effected on SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act, and 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 Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding 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 during the relevant 5 Market Days and the day on which the Market Purchase was made; and

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

(Resolution 8)

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

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 24 May 2024 for the preparation of dividend warrants for the proposed first and final tax-exempt (one-tier) dividend of 3.0 cents per ordinary share and a special tax exempt (one-tier) dividend of 2.0 cents per ordinary share for the financial year ended 31 December 2023. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 23 May 2024 will be registered to determine shareholders' entitlement to the proposed dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 May 2024 will be entitled to the proposed dividends. The proposed dividends, if approved by shareholders at the forthcoming AGM, will be paid on 31 May 2024.

By Order of the Board

Joanna Lim
Company Secretary

12 April 2024

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES

In relation to Ordinary Resolutions 3 and 4 proposed in items 3(a) and 3(b) above, the detailed information on Mr Steven Ong Kay Eng and Mr Leow Foon Lee are set out in the section entitled "Board of Directors", Table 3 in the Corporate Governance Report and "Additional Information on Directors Seeking Re-election" of the Company's 2023 Annual Report.

STATEMENT PURSUANT TO REGULATION 57(3) OF THE COMPANY'S CONSTITUTION

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

Ordinary Resolution 6

Resolution 6 is to approve the payment of Directors' fees for the financial year ended 31 December 2023.

Ordinary Resolution 7

Resolution 7 proposed in item 6.1 above, if passed, will empower the Directors of the Company (unless varied or revoked by the Company in general meeting) from the date of this AGM until the date of the next AGM, or the date by which the next AGM is required by law to be held, whichever is the earlier, to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments. The number of shares (including shares to be issued in pursuance of instruments made or granted) that the Directors of the Company may issue under Resolution 7 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of Resolution 7, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to the shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Ordinary Resolution 8

Resolution 8 proposed in item 6.2 above, if passed, will empower the Directors of the Company to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) in capital of the Company at the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023 are set out in greater detail in the Addendum in relation to the proposed renewal of the Share Purchase Mandate.

Important Notes to Shareholders

Physical Meeting

(1) The Annual General Meeting of the Company (the "**AGM**") will be held in a purely physically manner with no option for shareholders to participate virtually.

(2) Printed copies of this Notice of AGM, Proxy Form and the Request Form (to request for printed copy of the Annual Report 2023) have been despatched to Shareholders and are also available on SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.engro-global.com/news-and-announcements. The Annual Report 2023 and Addendum dated 12 April 2024 have been published and is available for download for online viewing by the Shareholders on SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.engro-global.com/annual-report. Printed copies of the Annual Report 2023 will not be sent to the Shareholders unless requested by the Shareholders via the submission of the Request Form. Shareholders who wish to receive a printed copy of the Annual Report 2023 are required to complete the Request Form and return it to the Company by 19 April 2024 by post to the Company's Registered Office address at Company's registered office at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923; or electronically via email to ir@engro-global.com.

(3) Please bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell.

(4) Shareholders (including investors under the Central Provident Fund and the Supplementary Retirement Scheme ("**CPF and SRS Investors**")) may participate in the AGM by:

(a) attending the AGM in person;

(b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

(c) voting at the AGM

(i) themselves personally; or

(ii) through their duly appointed proxy(ies).

(5) Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including CPF and SRS Investors, who wish to participate in the AGM should approach their respective agents at least (7) seven working days before the AGM, so that the necessary arrangements can be made by the relevant agents for their participating in the AGM.

Voting

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than (2) two proxies to attend, speak and vote on his/her behalf at the meeting. Where such member appoints more than (1) one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a Member of the Company.

2. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

4. The instrument appointing a proxy or proxies, duly completed and signed, must be submitted to the Company in the following manner:

   (a) by email to ir@engro-global.com; or

   (b) by depositing a hard copy by post to the Company's registered office at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

   in either case, by no later than 10.00 a.m. on 26 April 2024 (being not less than seventy-two (72) hours before the time appointed for holding the AGM or at any adjournment thereof) and in default the proxy form for the AGM shall not be treated as valid.

5. A member who wishes to submit a proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. Investors who hold shares through relevant intermediaries as defined in Section 18 of the Companies Act, including CPF and SRS investors, who wish to appoint a proxy or proxies (including the Chairman), should approach their respective agents to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to vote on their behalf by 5.00 p.m. on 18 April 2024.

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

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967.

Submission of Questions in Advance

(1) Members may also submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM.

(2) All questions must be submitted by no later than 10.00 a.m. on 19 April 2024 through any of the following means:

   (a) by email to ir@engro-global.com; or

   (b) by post and lodging the same at the Company's registered office at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923,

   and provide the following particulars, for verification purpose:

   - full name as it appears on his/her/its CDP/SRS share records;
   - NRIC/Passport/UEN number;
   - contact number and email address; and
   - the manner in which you hold in the Company (e.g. via CDP/SRS).

   Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   Alternatively, Shareholders may also ask questions during the AGM

(3) The Company will endeavour to address all substantial and relevant questions received from shareholders by 24 April 2024, 10.00 a.m, being not less than forty eight (48) hours before the closing date and time for the lodgement of the proxy form, via SGX-ST's website. The Company will also address any subsequent clarifications sought or follow-up questions during the AGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the management of the Company shall thereafter be published on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements. The minutes of the AGM shall be published on the SGX-ST's website within one (1) month after the conclusion of the AGM. The minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the AGM.

PERSONAL DATA PRIVACY.

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM of the Company in accordance with this Notice, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions, (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ENGRO CORPORATION LIMITED
Company Registration Number: 197302229H
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Printed copies of this proxy form will be sent to shareholders of the Company via post. This proxy form has also been made available on the SGXNET at https://www.sgx.com/securities/company-announcements.
2. Relevant intermediaries (as defined in Section 181(6) of the Singapore Companies Act 1967) may appoint more than two (2) proxies to attend, speak and vote at the annual general meeting ("**AGM**").
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold the Company's shares through CPF agent banks or SRS operators. CPF/SRS investors should contact their respective CPF agent banks or SRS operators if they have any queries regarding appointment of their proxies.
4. CPF or SRS investors who wish to vote should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the AGM i.e. by 5.00 p.m. on 18 April 2024.

*I/We, ______________________ (Name) ______________ (NRIC/Passport No./ Co. Reg. No.)

of ____ (Address)
being a *member/members of EnGro Corporation Limited. ("**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company ("**AGM**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held on Monday, 29 April 2024 at 10.00 a.m. at the 25 International Business Park, German Centre, Munich Room, 5th Floor, East Wing, Singapore 609916 and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against, or to abstain from voting on all the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the AGM and/or at any adjournment thereof. The ordinary resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.

(Please indicate your votes "For", "Against" or to "Abstain" from voting, with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023 together with the Auditors' Report thereon.			
2.	To declare a first and final tax-exempt (one-tier) dividend of 3.0 cents per ordinary share and a special tax exempt (one-tier) dividend of 2.0 cents per ordinary share for the financial year ended 31 December 2023.			
3.	To re-elect Mr. Steven Ong Kay Eng as a Director (Retiring under Regulation 87).			
4.	To re-elect Mr. Leow Foon Lee as a Director (Retiring under Regulation 87).			
5.	To re-appoint Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
6.	To approve the payment of Directors' fees of S$270,000 for the financial year ended 31 December 2023 (2022: S$270,000).			
7.	To authorise the Directors to allot and issue shares pursuant to the Share Issue Mandate.			
8.	To approve the proposed renewal of the Share Purchase Mandate.			

Dated this ______ day of ______________ 2024

Total Number of Shares Held

____
Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

**Delete as appropriate*

Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing your proxies or proxies shall be deemed to relate to all the Shares held by you.
2. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
4. The completed proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:

   (a) by email to ir@engro-global.com; or

   (b) by depositing a hard copy by post to the Company's registered office at 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

   in either case, by no later than 10.00 a.m. on 26 April 2024 (being not less than seventy-two (72) hours before the time appointed for holding the AGM or at any adjournment thereof) and in default the proxy form for the AGM shall not be treated as valid.
5. A shareholder can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
6. The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.
7. A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder appoints two (2) proxies, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967
8. An investor who holds shares under the CPF or SRS may attend and cast his/her vote(s). For CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 18 April 2024).
9. Completion and submission of the Proxy Form by a member will not prevent him/her/it from attending, speaking, and voting at the AGM if he/she/it so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form(s) to the AGM.
10. 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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder being the appointor, is not shown to have shares entered against the depositor's name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) or the Chairman of the Meeting as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.

Fold along this line

Affix
Postage
Stamp
Here

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

Fold along this line

ENGRO CORPORATION LIMITED

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

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Tel: (65) 63278398