



ENGRO CORPORATION LIMITED

(Registration no: 197302229H)

RESPONSE TO SGX QUERIES

Further to the announcement of EnGro Corporation Limited (“Company”) on the Full Yearly Results released on 26 February 2021, and in response to the queries by SGX in its electronic mail dated 5 March 2021, the Company wishes to respond to the queries as follow:

SGX Query 1:

On page 1 of the Company’s FY2020 results, the Company disclosed Staff costs increased from S\$13.5 million in FY2019 to S\$15.1 million in FY2020. Please disclose the reasons for the increase in staff costs.

Company’s response:

The increase in staff costs was due to higher provisions for incentive and bonus commensurate with Company’s overall improved performance in FY2020.

SGX Query 2:

On page 1 of the Company’s FY2020 results, the Company disclosed Other expenses decreased from S\$15.98 million in FY2019 to S\$12.06 million in FY2020. Please disclose the reasons for the decrease in other expenses.

Company’s response:

Other expenses include primarily direct overheads for production and delivery. The decrease in other expenses in FY2020 was in line with the lower production and sales volume.

SGX Query 3:

The Company disclosed that “Trade and other receivables decreased by \$6.9 million is in line with lower revenue in FY2020, impairment of trade receivables and dividend received from JVs.”

Please quantify the trade receivables that was impaired and explain:

- (i) the reasons for the impairment;
- (ii) how the impairment was determined; and
- (iii) the Board’s opinion on the reasonableness of the methodologies used to determine the value of the impairment.

Company’s response:

Impairment of Trade Receivables of \$1.58 million was attributed to a number of debtors of Integral Cement and Ready-Mix Concrete segment.

- (i) Construction industry has been hard hit by the COVID-19 pandemic. Indicators for impairment arose when these debtors failed to make full payment after long delays.
- (ii) The impairment allowance was measured based on expected credit losses for the above trade receivables in accordance with SFRS(I) 9, taking into consideration the financial health and payment trend of these debtors.
- (iii) The Board is of the view that the methodologies used to determine the value of the impairment are reasonable.

BY ORDER OF THE BOARD

Joanna Lim
Company Secretary
9 March 2021