ENGRO
BUILDING SUSTAINABILITY

ENGRO CORPORATION LTD
(Registration No: 197302229H)

Appendix 1

Annual General Meeting

Questions & Answers

No.	Questions from Shareholders	Response
1	**Comment.** I have a suggestion on the Annual Report. In totality, the "Financial Review" on page 4 of the Annual Report 2023 ("**AR2023**") does not have enough information on financial review. Other than the small paragraph that comment on the revenue and net losses, there is not much financial review. We have to read through the financial statements to get an idea of what is going on. I would like to suggest that the Chairman and the Board re-look at the drafting of the AR and spend more time on the "Financial Review". Although the information are sufficient for the reader to understand, it would be helpful to include a write up on how the respective segments have performed. The Chairman statement should contain information on business review including the financial results of the respective segments.	**Chairman:** We noted your comments and your suggestion would be taken into consideration.
2	In FY2023, the Specialty Cement operations in China and the Investments segment did not perform well as compared to the other 2 segments. We want to understand the challenges faced in the Specialty Cement joint venture operations in China. In FY2023, one joint venture was liquidated, and the Group is in the process of disposing the Qingdao Evergreen Materials and Technologies Co Ltd ("**Qingdao**") which we will discuss later after this AGM. The Group has a few joint ventures in China and how are the partners in these joint ventures responding to the challenges? Is this segment your core business? Have you decided to exit from these joint ventures?	**Chairman:** On the Specialty Cement operations in China, we presumed that you are aware of the geo-political situation and the real estate outlook in China. We took up the opportunity to invest in China GGBS business more than 20 years ago. That was the time when China was enjoying growth until 2020. As shareholders, you have witnessed the benefits and profits made over the years. Our last 20 over years' results speaks for itself on how we have managed our joint ventures in China. This is a long-term business which is subject to cyclical movement. Currently, China is encountering headwinds which would take time to correct. As of now, we are confident of the prospects in China and will stay in China continuously. As to whether Specialty Cement is our core business, Chairman clarified that this should not be mixed with the matter on Qingdao exit to be discussed after the AGM. Chairman amplified that Specialty Cement is our core business and also an extension of our core business. Our China GGBS remains our core business because we have the core competency in the production process.

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3	The investments segment is also not doing well too. On Note 22 – Finance income and finance costs shown on page 106 of the AR2023, please explain why "the net change in fair value of financial assets" is classified under finance costs. Is this appropriate? Other companies classify this as other income. Putting under finance cost would mean interest expense. Besides the fair value loss of approximately S$3 million, there is a drastic drop in dividend income to S$917,000 in 2023 (2022: S$6.7 million). Despite the lesser fair value loss as compared to previous year, the cash flow statement relating to purchase of other investments (on page 65 of the AR2023) was S$17.5 million (2022: S$10.2 million). The Company has invested more into VC investments. Who is managing the VC investments? Is investment in VC funds your core business and why is the Group investing more into this segment despite the fair value loss? I'd like to understand the rationale of doing that.	**Group Financial Controller:** On the classification of net change in fair value of financial assets, under the Singapore Financial Reporting Standards ("**SFRS**"), there is no compulsory requirement to classify it as a separate line item. The classification itself is acceptable under the SFRS. It is classified under finance costs due to its investment nature. To enhance the comprehension of shareholders, we could change the classification going forward. On the drastic drop in dividend income as compared to the previous year, the S$6.5 million in 2022 was derived from our investments in properties in the Ho Bee Cove Turquoise project. Out of the S$917,000 in 2023, approximately S$600,000 was derived from the Ho Bee Cove Turquoise project too. **Chairman:** The Venture Capital ("**VC**") investments is different from the normal operations. We have to commit the capital in advance and the drawdown is over a period of 3 to 5 years. Good times or bad times, there is a need to support the portfolio companies in the fund that we have invested on. If the portfolio is moving according to plan, there would be additional capital invested into the portfolio companies managed by the fund manager. We are the Limited Partner (LP) of the Fund and the Fund is run by the General Partner (GP). The decision of investments is in the hands of the GP. We only select GP with good track record to invest. So far, the value of the size that we have invested is above water despite the market conditions. Please refer to Page 23 of the AR2023 for the promising investments made by the GP of the Fund that we have invested in.

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4	On page 94 of the AR2023, the Company incurred a loss of S$10.6 million in Jinan Luxin Materials Co Ltd ("**Luxin**") with impairment loss of S$3.8 million and the VC marked-to market losses of about S$3.1 million. For these two, will there be further impairment going forward?	**Chairman:** The biggest setback for Luxin is lack of raw slags to produce GGBS. To operate GGBS, they must have their own raw slags. We invested into Luxin initially with their capability to produce from their blast furnace. Over the years, they have to shut down their main plant in Jinan and diversified into Quanzhou and Rizhao. In the case of Luxin, they operate all these operations without their own slags. Without raw slags, the inventory management would become critical. The management failed to manage the inventory properly resulting in the write down of some of the inventories. Jinan is an exceptional case. As a result of these factors, we have resorted to impairment. The bleeding has been plugged. We are currently adjusting it with the market conditions. The market remains depressed at that moment in the whole of China. On the VC, if you traced back the last 3 years, the public tech market went through a major correction. That would have an impact on the private tech market. We are optimistic that the fair value has reached a very reasonable level. Moving forward, should there be any impairment, it would be minimal. **Group Financial Controller:** Out of the EnGro group's loss of S$5.6 million, S$3.3 million was due to the revaluation of Luxin's inventory to its net realizable value while another S$3.8 million was due to impairment of EnGro's cost of investment in Luxin to the estimated recoverable amount. Excluding these two impairments, EnGro group would have reported a net profit of S$1.5 million. Also, these impairments are non-cash items. They are not expected to cause any negative impact on the Group's cash flow.
5	The food and beverage business incurred losses of about S$1.2 million. Will you review this business?	**Chairman:** The food and beverage ("**F&B**") business is based in Beijing. We are left with this only outlet. In general, the consumer market in China has slowed down and impacted the business of F&B. Business remains depressed based on the current situation and we do not see any plans to invest further because this is not our core business.

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6	Why do you enter into this F&B business?	**Chairman:** Diversification is one of the strategies. Unfortunately, it did not turn out well.
7	The Company has a Share Buyback mandate. Why is the Company not buying back its shares?	**Chairman:** The Company's shares are thinly traded on the Stock Exchange. The Company is watching very closely. The cash is reserved for certain use in the future. With the Share Buyback mandate in place, the Company will review and use it at the appropriate time.
8	The Company's shares have been thinly traded on the Stock Exchange for a long time. Does the Board have any idea how to increase the trading activity of its shares so that the share price can adequately reflect the value of the shares. The share price is undervalued. Are there any grounds for the Board to do a thorough overview to unlock the value of the Company's share?	**Chairman:** This question is in the mind of the Directors as well. The share price is market driven. We are watching and taking appropriate action if required to increase the value of the Company's share.