



ENGro CORPORATION LTD
(Registration no: 197302229H)

AREA DEVELOPMENT AGREEMENT SIGNED WITH BROTZEIT

INTRODUCTION

The Board of Directors of EnGro Corporation Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce that its wholly-owned subsidiary, EnGro Global Resources Pte Ltd ("EGR"), has on 26 June 2014 entered into an Area Development Agreement (the "Agreement") with Brotzeit International Pte Ltd ("Brotzeit").

Brotzeit is the proprietor of the "Brotzeit" trademark associated with the franchise business focusing on German concept of casual dining which offers authentic German cuisine accompanied by German beers in chic and contemporary settings (the "Business").

SALIENT TERMS

Pursuant to the Agreement, Brotzeit has granted to EGR the right to develop the Business in the territory of North China, with each restaurant to be established and operated through a separate franchise agreement, the final terms of which shall be agreed between the parties taking into account the circumstances and conditions then of specific markets.

In consideration of the grant of the development rights under the Agreement, the Company shall pay the following development fee:

- a) US\$240,000 upon signing of the Agreement;
- b) an additional development fee of US\$240,000 provided EGR proceeds with the establishment of more than five restaurants; and
- c) a final development fee of US\$210,000 provided EGR proceeds with the establishment of more than ten restaurants.

The development fees were negotiated amongst EGR and Brotzeit on a commercial basis taking into account, *inter alia*, normal business and operational considerations. The Company intends to fund the payment of development fees through internal cash resources.

RATIONALE

The Agreement is the result of active and constant exploration of business expansion initiatives aimed at enabling the Group to better position itself to achieve long-term value for its shareholders and providing additional earning streams for the Group.

Leveraging on the Group's business growth track record in China, the Agreement provides an opportunity for the Company to develop, own and manage food and beverage ("F&B") businesses in China in order to derive recurrent income while complementing its existing business. The Group will however tread cautiously, the Agreement representing its preliminary foray into the F&B scene.

The core business of the Group remains to be anchored on the manufacture and sale of speciality cement and sustainable construction materials, with continued focus on green label certified green cement and green concrete.

FINANCIAL EFFECTS

The execution of the Agreement is not expected to have any material impact upon the consolidated net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 December 2014.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Agreement.

For and on behalf of
EnGro Corporation Limited
27 June 2014