COMPACT METAL INDUSTRIES LTD

ANNUAL REPORT 2018

CONTENTS

CORPORATE PROFILE

COMPACT METAL INDUSTRIES LTD

The core businesses of Compact Metal Industries Ltd are:

CEMENT

International Manufacturing Company Chzhungtsai Mohir Cement LLC has a total annual production capacity of 1.2 million metric tonnes of cement and is one of the major cement producers in Tajikistan, with a leading market position in the Khatlon Region. We are investing in additional facilities in Tajikistan which will be completed in FY2019 and is expected to bring cost savings to our cement business in Tajikistan.

We are constructing a cement plant with an annual production capacity of 1.2 million metric tonnes of cement in Kazakhstan which is expected to be completed in FY2019.

ALUMINIUM

Compact Metal Industries Ltd is an established industry player in manufacturing and marketing of aluminium windows and doors for residential properties and sale of aluminium extrusions and related products.

CHAIRMAN'S STATEMENT

INCREASED PROFIT TO

$26.7M

REVENUE FROM CEMENT

$94.8M

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Compact Metal Industries Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2018 ("FY2018").

OVERVIEW

For many years, the Group's principal business has been in the manufacturing and marketing of aluminium windows and doors for residential properties and sale of aluminium extrusions and related products. The Group has been facing strong competition in its aluminium business in recent years as a result from falling gross margins of our projects and increases in the prices of raw materials.

With a view of diversifying the Group's business, the Company held an Extraordinary General Meeting in March 2015 and obtained Shareholders' approval to expand into the cement business to broaden its revenue stream and improve its growth prospects.

In November 2017, the Group successfully completed the acquisition of 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC, a limited liability company ("IMCCMC") incorporated in the Republic of Tajikistan. This strategic acquisition allowed us to achieve an immediate business and operational presence in the cement market in Central Asia, aligned with the Group's focus of tapping on business opportunities in the production, distribution and sale of cement in emerging markets.

FINANCIAL YEAR IN REVIEW

The Group's revenue increased by 178% from $41.1 million in FY2017 to $114.1 million in FY2018 and profit before tax increased by $30.8 million from $0.3 million in FY2017 to $31.1 million in FY2018. The increase was due to revenue contribution from IMCCMC, offset by a decrease from the aluminium segment due to a decline in sales from projects and sale of aluminium related products.

Raw materials and consumables used increased by 90% from $17.2 million in FY2017 to $32.6 million in FY2018 mainly due to contribution from IMCCMC.

Depreciation of property, plant and equipment increased by $3.5 million from $1.9 million in FY2017 to $5.4 million in FY2018 mainly due to depreciation from IMCCMC.

Amortisation of intangible assets of $0.7 million and $3.1 million in FY2017 and FY2018 respectively arose from amortisation of subsoil rights relating to licenses for the extraction of limestone, clay, siltstone and subsoil use contracts from IMCCMC.

Reversal of impairment loss on trade and other receivables

CHAIRMAN'S STATEMENT

and contract assets amounting to $1.5 million in FY2018 mainly arose from improvement in collection of aged receivables, resulting in lower expected credit losses.

Other expenses increased by $21.5 million from $11.9 million in FY2017 to $33.4 million in FY2018 is in line with higher cement sales from IMCCMC.

INTERNAL RESTRUCTURING EXERCISE

The Group undertook a scheme of arrangement pursuant to Section 210 of the Companies Act in which the Company transferred its listing status to International Cement Group Ltd.. The internal restructuring exercise allowed the Group to ringfence direct operating risks, segregate business segments and geographical areas of operations. The exercise also allows the group to achieve ease and flexibility to acquire new businesses as well as expand or divest existing business segments as and when opportunities arise.

LOOKING FORWARD

In FY2019, the Group will continue our focus on completing the construction of a new cement plant in Almaty, Kazakhstan. Almaty is the biggest city in Kazakhstan and also the Central Asia Region and the Almaty Cement Plant will cover the cement market demand of Almaty city, Almaty Region and Hurgos port near the border to China. We are confident to be able to begin commercial operations of the plant within FY2019 and update shareholders progressively.

The Group is also investing in additional facilities for IMCCMC which will be completed in FY2019 and is expected to bring cost savings to the Group.

On 11 March 2019, the Group announced its intention to acquire a 69.83% interest in a cement plant in Namibia, Africa with an annual production capacity of 1,000,000 metric tonnes. This marks the Group's first foray into Africa and is aligned with the Group's strategy to diversify into the African cement market. The Group will update shareholders progressively.

ACKNOWLEDGEMENTS

As we look forward to continuing our momentum to deliver value to you, I would like to express our heartfelt appreciation to our valued shareholders, customers, business associates and advisors for their support. I also sincerely thank our management team and staff for their dedication and commitment. We look forward to your continued support and confidence.

Yours sincerely
MA ZHAOYANG
Chairman

主席致词

尊敬的各位股东：

本人谨代表董事会，欣然为您呈现坚固金属工业有限公司（以下简称“公司”）及其附属子公司（以下合称“集团”）截至2018年12月31日（“2018财年”）的年度财政报告。

概述

多年来，集团主营业务一直专注于住宅用铝合金门窗的制造和销售以及铝型材和相关产品的销售。近年来由于产品毛利润下降及金属原材料价格上涨，集团在铝合金行业面临巨大竞争。

为了实现集团业务多元化，公司于2015年3月召开了特别股东大会。会上股东批准将公司业务拓展至水泥行业，以扩大收入来源、改善增长前景。

2017年11月，集团成功完成了对中材国际莫伊尔水泥有限公司（以下简称“莫伊尔水泥”），一家成立于塔吉克斯坦共和国的有限责任公司，65%的股权收购。此次战略收购使我们能够迅速在中亚水泥市场展现实力，符合集团致力在新兴市场开发水泥生产和销售业务的整体战略。

财政年度回顾

集团年度收入从2017财年的4,110万新元增至2018财年的11,410万新元，增幅178%；税前利润从2017财年的30万新元增至2018财年的3,110万新元，增长了3,080万新元。这一增长归功于莫伊尔水泥的收入贡献，而且抵消了由于铝合金项目和铝制品销售萎缩造成的利润下滑。

原材料和耗材使用增长90%，从2017财年的1,720万新元增长到2018财年的3,260万新元，这也主要是因为受莫伊尔水泥影响。

物业、厂房及设备折旧增加350万新元，由2017财年的190万新元增至2018财年的540万新元，其中主要是莫伊尔水泥的折旧。

2017财年和2018财年的无形资产摊销分别为70万新元和310万新元，主要是由于莫伊尔水泥与石灰石、粘土、砂岩开采相关的地下资源许可证和地下资源使用合同的摊销。

2018财年贸易及其他应收款项及合同资产减值损失转回达150万新元，主要是因为应收款情况改善使预期信用损失降低。

其他支出从2017财年的1,190万新元增加到2018财年的3,340万新元，增幅为2,150万新元，这与莫伊尔水泥较好的水泥销售情况相吻合。

2019年3月11日，集团公告有意收购一家位于非洲纳米比亚的水泥厂69.83%的股权，该纳米比亚水泥厂年产能为100万吨。这标志着集团首次进军非洲，也符合集团开拓非洲水泥市场的战略要求。集团将积极向各位股东汇报相关进展情况。

内部重组

集团根据《公司法》第210条实施了架构重组，公司将其上市地位转让给国际水泥集团有限公司。内部重组使集团能够阻隔直接经营风险，将业务板块和业务地理区域进行隔离。这一举措也使集团能够轻松灵活地收购新业务，并在机会出现时扩大或剥离现有业务。

展望未来

在未来的2019财年，集团的重点工作仍然是完成位于哈萨克斯坦阿拉木图州的新建水泥厂项目建设。阿拉木图是哈萨克斯坦，也是中亚地区最大的城市，阿拉木图水泥厂将覆盖阿拉木图市、阿拉木图州和靠近中国边境的霍尔果斯口岸的水泥市场需求。我们有信心该厂能在2019财年投产运营，并会积极向各位股东汇报相关进展情况。

集团也在继续向莫伊尔水泥投资，用于增加配套设施以期为集团进一步节约成本，该等建设将于2019财年完工。

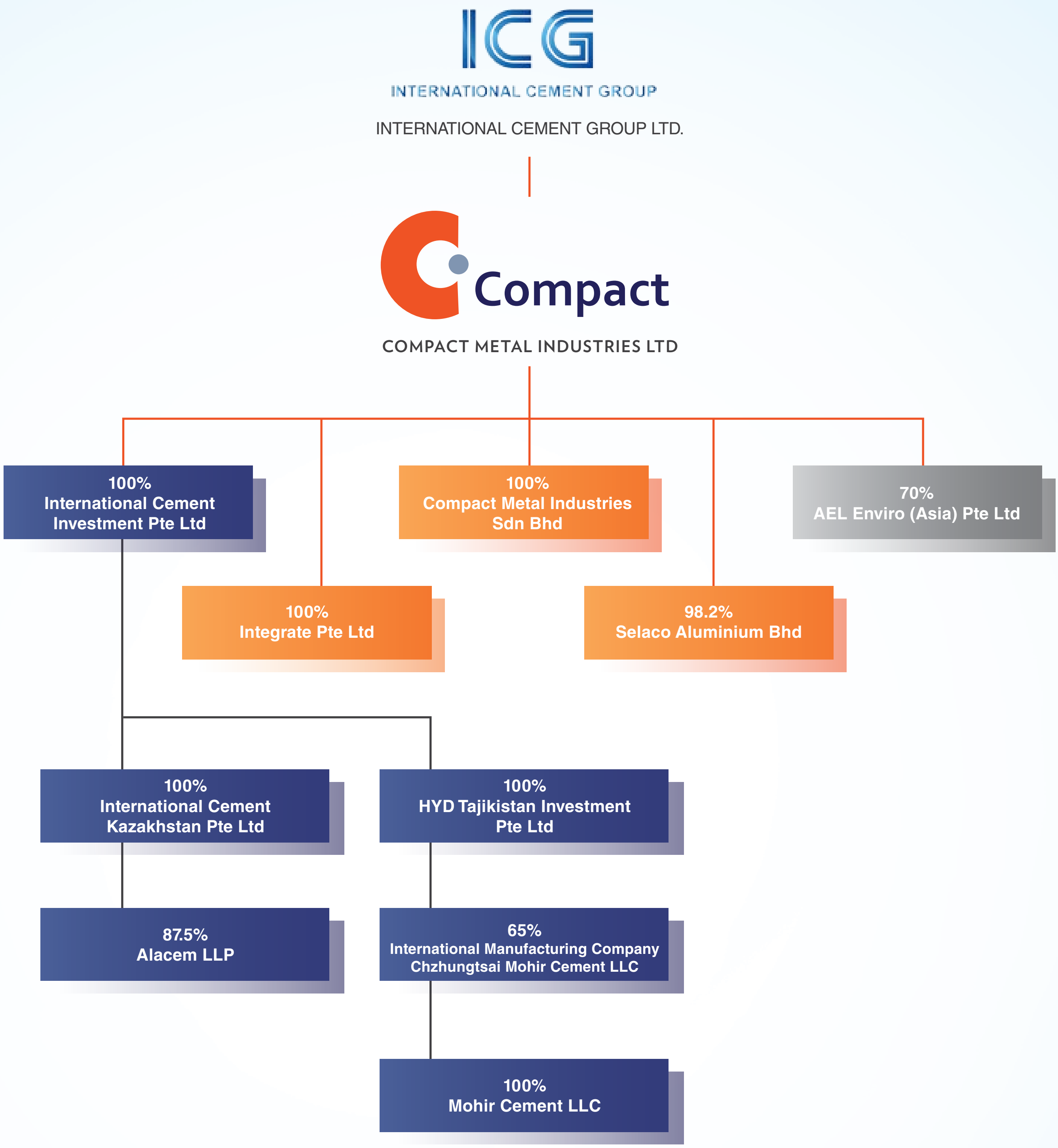
2019年3月11日，集团公告有意收购一家位于非洲纳米比亚的水泥厂69.83%的股权，该纳米比亚水泥厂年产能为100万吨。这标志着集团首次进军非洲，也符合集团开拓非洲水泥市场的战略要求。集团将积极向各位股东汇报相关进展情况。

致谢

新的一年，我们期待继续我们的发展势头并为各位股东带来收益，同时，我衷心感谢各位股东、客户、业务伙伴和顾问对我们的支持，也衷心感谢我们的管理团队和员工的敬业和奉献。希望各位能一如既往地支持和信任我们。

马朝阳
董事会主席

CORPORATE STRUCTURE



- Cement
- Aluminum
- Energy related products and services

Note: The Group Structure illustrated is post-completion of an internal restructuring exercise by way of a scheme of arrangement and transfer of listing status. Please refer to page 3 of this Annual Report.

BOARD OF DIRECTORS

MR MA ZHAOYANG

Chairman and Executive Director

Mr Ma Zhaoyang, age 51 is the Chairman and Executive Director of International Cement Group Ltd. (the "Company" or "ICG"). He was appointed as a Director of ICG on 05 November 2015. His appointment as a Director of Compact Metal Industries Ltd. ("CMIL"), a wholly-owned subsidiary of the Company was on 13 November 2014 and he was last re-elected as a Director of CMIL on 28 April 2017. Mr Ma is currently a non-executive director of West China Cement Limited ("WCC"), a company listed on the Hong Kong Stock Exchange since 2010. WCC specialises in producing and distributing cement products and is one of the leading cement producers in Shaanxi province.

Mr Ma received a Master's degree in Management in May 1998 and a Doctorate degree in Management in April 2009 from the Northwestern Polytechnic University (Shaanxi, China). He was also an Associate Professor of Management in the University from 1996 until February 2019.

MR ZHANG ZENGTAO

Non-Independent Non-Executive Director

Mr Zhang Zengtao, age 36 was the Executive Director, Managing Director and Chief Executive Officer of CMIL. He was appointed as a Director of CMIL on 13 November 2014 and last re-elected on 27 April 2018. Mr Zhang was appointed as a Director of ICG on 05 November 2015 and currently holds the position of Non-Independent Non-Executive Director. He has direct and relevant experience, and management expertise in the cement business gained through his years as an employee of the WCC group of companies.

Mr Zhang has taken on different roles in Yaobai Special Cement Group Co., Ltd (Yaobai), WCC's wholly-owned subsidiary from 2007 to 2014, where he has achieved extensive experience in the management of the cement business.

Mr Zhang graduated in October 2011 from Xi'an Jiaotong University with a Master of Business Administration.

MR CHNG BENG HUA

Executive Director

Mr Chng Beng Hua, age 54 was appointed to the Board of the Company on 30 May 2018 and currently holds the position of Executive Director. He was the Executive Director cum Chief Executive Officer ("CEO") of until his resignation as the CEO of CMIL on 31 December 2018. He was appointed as the Director of CMIL on 16 February 2007 and was last re-elected on on 27 April 2018. He holds a Degree in Business Administration (Finance) from the University of Texas, Austin, U.S.A.. Mr Chng has many years of experience in the area of finance and in the real estate development business. Mr Chng is also an Independent Director of Hong Leong Finance Limited.

BOARD OF DIRECTORS

MR KAN AH CHYE

Lead Independent Director

Mr Kan Ah Chye, age 74 was appointed as an Independent Director of CMIL on 5 May 2008 and was last re-elected on 28 April 2017. He was appointed as a Director of ICG on 30 May 2018 and currently holds the positions of Lead Independent Director, Chairman of the Audit and Remuneration Committee and member of Nominating Committee. He holds an Honours Degree in Economics and Accounting from the University of Malaya. Mr Kan was a corporate banker for over 25 years before his retirement. He also possesses experience in investment banking as well as property development. Mr Kan is also an Independent Director of DISA Ltd.

MS LISA SAM HUI MIN

Independent Director

Ms Lisa Sam Hui Min, age 46 was appointed as an Independent Director of CMIL on 31 October 2011 and was last re-elected on 26 April 2016. She was appointed as a Director of ICG on 30 May 2018 and currently holds the position of Independent Director, Chairman of the Nominating Committee and member of Audit Committee and Remuneration Committee. Ms Sam is the Managing Partner of Lisa Sam & Company and has a whole range of experience and practice on litigation and advisory matters. Lisa had previously practiced in both large and medium-sized law firms in Singapore and had undertaken cases involving diverse areas of law such as agency law, constructive trusts, negotiable instruments, property law and company law, and building and construction disputes. Lisa was admitted as an advocate and solicitor of the Supreme Court in 1997 and is a barrister-at-law of England and Wales. She is a member of the Law Society of Singapore and an Associate Mediator with the Singapore Mediation Centre.

MR SIN EE WUEN

Independent Director

Mr Sin Ee Wuen, age 41 was appointed as a Director of ICG on 30 May 2018 and currently holds the position of Independent Director, member of the Audit Committee and Remuneration Committee. He was appointed to the Board of CMIL on 01 May 2015 and was last re-elected on 26 April 2016. He is also the Executive Director and Deputy Chief Executive Officer of Sysma Holdings Ltd, a company listed on the Singapore Exchange Securities Trading Limited. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999.

KEY EXECUTIVES

MR CAO JIANSHUN

is the Deputy Chief Executive Officer of the Group. He concurrently holds the position of Chief Executive Officer in International Manufacturing Company Chzhungtsai Mohir Cement LLC and Alacem LLP, subsidiaries of the Group. He oversees the cement operations of the Group. Mr Cao has more than 20 years of experience in the cement industry and has immense knowledge in all aspects of operation and management of a cement plant, including production, sales, finance and maintenance.

Mr Cao graduated from Shaanxi Provincial Committee Party School specialising in economic management in 2005.

MS LEE ZHEN JESICA

is the Chief Financial Officer of the Group. She is responsible for the Group's finance, accounting and regulatory compliance functions including tax, corporate, internal controls and sustainability reporting, and is involved in the Group's merger and acquisition activities. She has over 10 years of audit experience in both Singapore and the United Kingdom, covering multi-national and local companies in diversified industries ranging in both the public and private sectors and government-linked companies.

She holds a Bachelor of Accountancy degree from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

MR LEI SHUQING

is the Chief Technical Officer of the Group. He oversees the technology on engineering, construction and production in cement projects of the Group. Mr Lei was previously senior engineer and chief engineering designer of Tianjin Cement Industry Design & Research Institute Co., Ltd. (SINOMA Tianjin), the leading international cement engineering company. He has more than 10 years of experience in the engineering design of cement plants and also possesses 7 years of experience in construction, technical upgrade and operations of cement plants.

Mr Lei holds a Bachelor's degree in Silicate Engineering and a Bachelor's degree in Economics from Wuhan University of Technology.

KEY EXECUTIVES

MS ZHAO YUANYUAN

is the General Counsel of the Group. She has extensive experience in advising on overseas investments, mergers and acquisitions, and initial public offerings. She passed the bar exam in 2005 and worked as a lawyer for 7 years in the People's Republic of China. She oversees the legal function of the Group and provides the Board of Directors with effective advice on company strategies. She was instrumental in the Group's successful acquisition of a cement plant in Tajikistan in 2017.

Ms Zhao holds a Master's degree in Law from Renmin University of China and a Bachelor's degree in Law from Northwest University of Political Science and Law.

MR CHNG TZE SIAN MILTON

is the Assistant General Manager (Corporate Affairs) of the Group. He has the responsibility to oversee the corporate affairs of the Group. He was previously Business Development Manager (Special Projects) of the Group and was responsible for the acquisition of the cement plant in Tajikistan completed by the Group in 2017.

He holds a Bachelor degree in Commerce from the University of New South Wales.

Note: The Key Executives were appointed to International Cement Group Ltd. on 8 March 2019 following the completion of an internal restructuring exercise.

CEMENT DIVISION

TAJIKISTAN

International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC") has an annual production capacity of 1.2 million metric tonnes of cement and is one of the largest cement plant in Khatlon Region and in Tajikistan.

Our plant employs state-of-the-art technologies in the cement production process which include the new suspension preheater ("NSP") dry process, which requires less energy to produce cement, is more fuel-efficient and more environmentally friendly than non-NSP technologies.

The major characteristic of NSP technology is the pre-heating of raw materials which ensures that they are substantially decomposed prior to their mixing and feeding into the rotary kiln. This pre-heating process greatly enhances the efficiency of calcination and formation of clinker in the rotary kiln and reduces the energy consumption in the production of clinker.

Aerial Overview of IMCCMC

Central Control Room of IMCCMC

Preheater and Kiln of IMCCMC

CEMENT DIVISION

Our plant was designed to provide for a comprehensive corporate governance framework to ensure efficient environmental protection in its processes which includes comprehensive pollution mitigation measures.

Our sales consist of domestic sales and export sales. Currently, our export sales are only to Afghanistan and Uzbekistan. We sell our products to constructions firms, retail customers and distributors who then resell our cement to other end users.

IMCCMC contributed S$94.8 million of the Group's revenue in FY2018.

CEMENT DIVISION

KAZAKHSTAN

On 7 July 2015, the Company announced that International Cement Kazakhstan Pte. Ltd., an indirect wholly-owned subsidiary of the Company, had entered into a joint-venture agreement with Mr Nurzhan Shakirov for the construction of a cement plant in Almaty, Kazakhstan and thereafter, for the production and sales of cement. Almaty is the biggest city in Kazakhstan and also the Central Asia Region. This Almaty Cement Plant will cover the cement market demand of Almaty city, Almaty Region and Hurgos port near the border to China.

Taking into account Kazakhstan's positive governmental support for the domestic construction materials sector and the anticipated increase in infrastructure investments flowing from the push for development, the Company identified Kazakhstan as an important strategic location for the development of our cement business.

In FY2019, the Group will continue to focus on completing the construction of our new cement plant in Almaty, Kazakhstan. We are confident to be able to begin commercial operations of the plant in FY2019.

Construction Progress Photos of Alacem LLP

Artist Impression of the Proposed New Cement Plant in Almaty, Kazakhstan

ALUMINIUM DIVISION

PROJECT

The demand for aluminium windows and doors for the public housing projects remains highly competitive with pricing being the deciding factor in the award by Main-Contractors.

The private sector's developers are likely to adopt a cautious stance in terms of new construction investment considering the slower domestic growth and the continued global economic uncertainties. The Project Division will continue to focus on its core business of aluminium windows and doors for residential projects in both the public and private sectors. The order book as at 31 December 2018 was S$26.5 million with most of the secured projects from HDB public housing projects.

Extrusion Plant at Pasir Gudang, Johor Bahru

The Pasir Gudang Plant has been strategised to be a formidable force in the production of aluminium extruded sections serving both the local and overseas markets. The Plant also provides anodising process surface finishes on aluminium extruded sections.

Fabrication Plant at Sedenak, Johor Bahru

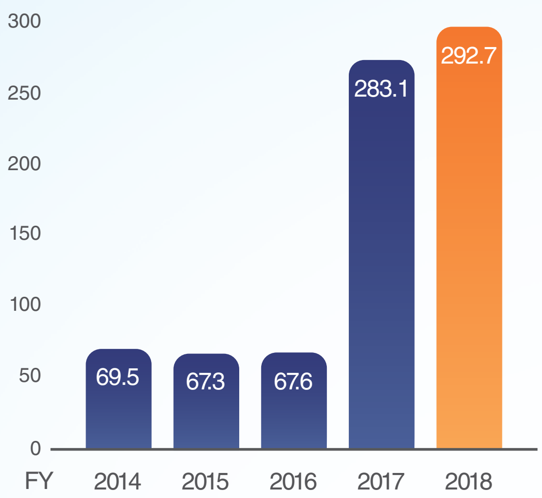
The Sedenak Plant undertakes the intra-companies value-added fabrication works for the Compact Metal Group of companies. The plant is actively engaged and extending supports in the fabrication of aluminium windows, doors, curtain walls, cladding and roofing panels.

Trading Hub at Singapore

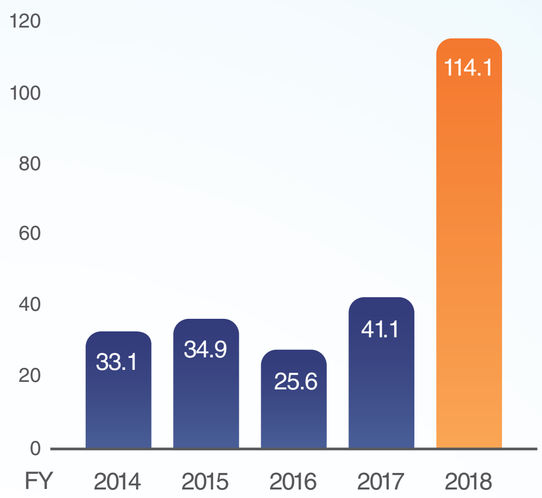
The trading arm engages in the sales of aluminium extrusions, aluminium panels and associated architectural aluminium feature products for the residential and commercial development projects, pedestrian safety railing for Land Transport Authority projects as well as for the export market of aluminium extruded sections in fabricated and assembled curtain wall frame-work system complete with glazing panel for overseas projects.

FINANCIAL HIGHLIGHTS

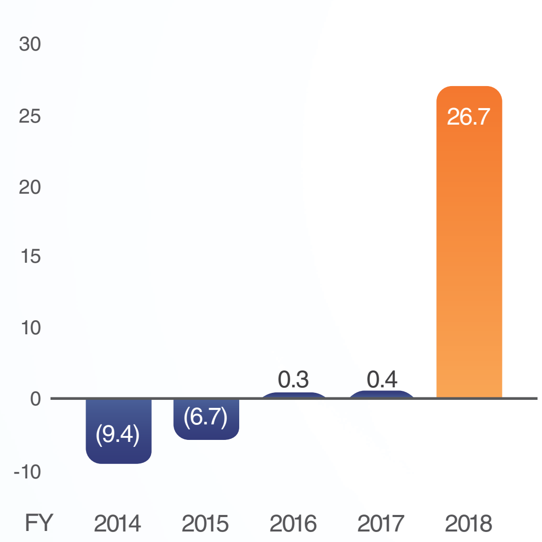
TOTAL ASSETS
(in millions)



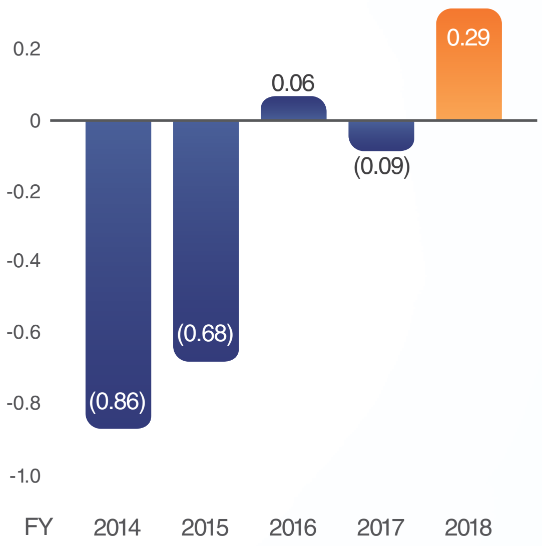
TOTAL REVENUE
(in millions)



PROFIT AFTER TAX
(in millions)



EARNINGS PER SHARE
(in cents)



CORPORATE DATA

BOARD OF DIRECTORS

Ma Zhaoyang
Chairman

Chng Beng Hua
Executive Director

Zhang Zengtao
Non-Independent Non-Executive Director

Kan Ah Chye @ Kan Poh Thong
Lead Independent Director

Lisa Sam Hui Min
Independent Director

Sin Ee Wuen
Independent Director

AUDIT COMMITTEE

Kan Ah Chye @ Kan Poh Thong
Chairman

Lisa Sam Hui Min

Sin Ee Wuen

NOMINATING COMMITTEE

Lisa Sam Hui Min
Chairman

Kan Ah Chye @ Kan Poh Thong

Ma Zhaoyang

REMUNERATION COMMITTEE

Kan Ah Chye @ Kan Poh Thong,
Chairman

Lisa Sam Hui Min

Sin Ee Wuen

COMPANY SECRETARIES

Ang Siew Koon

Lee Zhen Jesica

REGISTERED OFFICE

290 Orchard Road,
#14-07 Paragon
Singapore 238859
Tel : (65) 64867858

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Chartered Accountants
Singapore
(Partner In-Charge : Ms Ling Su Min, with effect from financial year ended 31 December 2017)
16 Raffles Quay #22-00
Hong Leong Building,
Singapore 048581

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CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") of International Cement Group Ltd. (the "Company" or "ICG") refers to the scheme document dated 06 July 2018 despatched by its wholly-owned subsidiary, Compact Metal Industries Ltd. ("CMIL") to the shareholders of CMIL in relation to, inter alia, the proposed internal restructuring of CMIL by way of a scheme of arrangement in accordance with Section 210 of the Companies Act, Cap. 50.

Following the completion of the scheme of arrangement on 06 March 2019, CMIL became a wholly-owned subsidiary of the Company. The shares of the Company were listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 08 March 2019.

The Directors on the Board of the Company were the same set of Directors on the board of CMIL. Likewise, the composition of the Board Committees of the Company follows that of CMIL.

The Board of the Company believes that good corporate governance is essential to the long term sustainability of the Company's business and performance. The Company is committed to maintaining a high standard of corporate governance within the Group to ensure transparency, accountability and protection of shareholders' interest.

This report describes the Company's corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the revised Code of Corporate Governance 2012 (the "Code"), and where applicable, the Listing Manual of the SGX-ST. In the opinion of the Board, CMIL (being the listed entity prior to 08 March 2019) has generally complied with the guidelines as set out in the Code during the financial year ended 31 December 2018 ("FY2018"). Where there are any deviations from the Code, appropriate explanations are provided.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the Group's overall policies, strategies, key operational initiatives, performance and measurement, internal control and risk management. The Board has a list of reserved matters that requires the approval of the Board. The reserved matters include the following:-

- The Group's annual budget;
- Change in capital structure;
- Major funding;
- Acquisitions and disposal of assets;
- Mergers and joint ventures;
- Quarterly and full year results announcement;
- Interested person transactions of a material nature;
- Appointment of directors and key executives;
- Remuneration of the executive directors and key executives;
- Payment of interim dividend;
- Recommendation to the shareholders on the payment of non-executive directors' fee, re-election of directors, appointment and re-appointment of external auditors, payment of final dividend;
- Material announcements; and
- Corporate governance practices.

The Board meets on a regular basis, at least 4 times a year and such scheduled meetings coincide with the announcement of the Group's quarterly results. In addition to the scheduled meetings, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. There is a provision under Article 114 of the Company's Constitution for the Directors to convene meetings by way of tele-conference, video conference or other similar means. When a meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board.

CORPORATE GOVERNANCE REPORT

To assist in the execution of its responsibilities and in the discharge of its oversight functions, the Board is supported by three Board Committees namely, the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). Each committee has its own set of written Terms of Reference which clearly spells out the objectives, duties, powers, responsibilities as well as qualifications for committee membership.

The attendance of each Board member at the meetings of the Board, and Board Committees and the Shareholders' meetings of CMIL in respect of FY2018 are as follows:-

Name of Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee	AGM
Ma Zhaoyang	1/4	–	0/1	–	1/1
Zhang Zengtao	4/4	–	–	–	1/1
Chng Beng Hua	4/4	–	–	–	1/1
Kan Ah Chye @ Kan Poh Thong	4/4	4/4	1/1	1/1	1/1
Lisa Sam Hui Min (Lisa Cen Huimin)	3/4	3/4	1/1	1/1	1/1
Sin Ee Wuen (Xian Yiwen)	2/4	2/4	–	0/1	1/1

No new Director was appointed during FY2018. If there is any new appointment, a formal letter will be given to each of the new Director upon his/her appointment, setting out the Director's duties and obligations. If the new Director has not served on any public listed company, he/she will be encouraged to attend the basic course for new Directors conducted by the Singapore Institute of Directors. The newly appointed Director will receive appropriate induction that includes briefings on the Group's structure, strategic objectives, business operations and policies and governance practices and orientations on the business activities of the Group. All Directors are also given opportunities to visit the Group's operational facilities and get to know the members of the Management team.

The Directors are encouraged to attend trainings and participate in seminars to continuously upgrade themselves, at the cost of the Company. If there is any change in the existing rules of the Listing Manual, Companies Act, the Code, the Directors will be updated by the secretary at the quarterly Board meeting. The Directors, who are members of the Audit Committee, will also be updated on any change in the financial reporting standards by the external auditors at the quarterly Audit Committee meeting.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six Directors, three of whom are independent:-

Ma Zhaoyang – Executive Director and Chairman
Zhang Zengtao(1) – Non-independent Non-executive Director (he was the Executive Director, Chief Executive Officer and Managing Director of CMIL until 08 March 2019)
Chng Beng Hua(2) – Executive Director
Kan Ah Chye @ Kan Poh Thong – Lead Independent Director
Lisa Sam Hui Min (Lisa Cen Huimin) - Independent Director
Sin Ee Wuen (Xian Yiwen) – Independent Director

(1) Mr Zhang Zengtao was appointed as Chief Executive Officer ("CEO") of CMIL on 31 December 2018 and ceased to be the CEO on 08 March 2019.

(2) Mr Chng Beng Hua resigned as CEO of CMIL on 31 December 2018.

The criterion of independence is based on the guidelines provided by the Code. The independence of each Independent Director is assessed at least annually by the Nominating Committee. All the Independent Directors are required to declare and confirm his/her independence via the Form on Declaration of Independence. Based on the declaration, the NC will deliberate and determine whether a director is independent, taking into consideration other factors including whether that Director is able to exercise independent judgement and whether he/she has any relationships which are likely to affect his/her independent judgement and character. The NC is also of the view that no individual or small groups of individuals dominate the Board's decision-making processes.

The existence of any of the following relationships or circumstances will also deem the director not independent:-

(a) the Director has been employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) the Director has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;

(c) the Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;

(d) the Director:

 (i) who, in the current or immediate past financial year, is or was; or

 (ii) whose immediate family member, in the current or immediate past financial year, is or was,

 a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;

(e) the Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or

(f) the Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

In FY2018, none of the Independent Directors who are considered independent had any of the above relationships or circumstances.

The Board's composition, size and balance are also reviewed annually by the Nominating Committee to ensure that the Board has the core competencies for effective decision-making. The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge.

Mr Kan has served on the Board of CMIL for more than nine years from the date of his appointment on 05 May 2008. The NC (save for Mr Kan who abstained from deliberation in this matter) had performed a rigorous review to assess his independence and was satisfied that Mr Kan had maintained an appropriate degree of independence when fulfilling his role as an independent director. The Board had concurred with the NC's view in that Mr Kan has maintained his independence and is capable of making independent judgment.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Ma Zhaoyang was the Executive Chairman of the Board of CMIL in FY2018 and continues to hold the Executive Chairman position on the Board of ICG from 08 March 2019. Mr Chng Beng Hua was the Chief Executive Officer ("CEO") of the Company in FY2018 and ceased to hold this position on 31 December 2018. Mr Zhang Zengtao assumed the position of CEO of CMIL from 31 December 2018 to 08 March 2019. The position of CEO is vacant as at the date of this report. Mr Cao Jianshun was appointed as the Deputy CEO on 08 March 2019. Mr Cao has no family relationship with the Executive Chairman. The roles of the Chairman and CEO are separate and their responsibilities are clearly defined to ensure a check and balance of power and authority.

The Chairman will, amongst other responsibilities, lead the Board, ensure effective communication with shareholders, encourage constructive relationship between the Board and the Management, as well as between the Board members, and promote high standards of corporate governance. The CEO and his deputy manage the business of the Company and implement the Board's decisions.

As the Board Chairman is not an Independent Director, the Board has appointed Mr Kan Ah Chye @ Kan Poh Thong as the Lead Independent Director. Shareholders with concerns may contact the Lead Independent Director directly, when contact through the normal channel via the Chairman has failed to provide a satisfactory resolution or when such contact is inappropriate.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board

The Nominating Committee ("NC"), regulated by a set of written terms of reference endorsed by the Board, comprises a majority of independent directors including its Chairman:

Lisa Sam Hui Min (Lisa Cen Huimin) – Chairman, Independent Director
Kan Ah Chye @ Kan Poh Thong – Member, Independent Director
Ma Zhaoyang – Member, Non-Independent, Executive Director

The functions of the NC include, amongst others:

(a) Reviewing and recommending the (i) Board succession plans of the Directors, in particular the Chairman and CEO, (including Independent Directors) taking into consideration each Director's contribution and performance; (ii) the development of a process for evaluation of the performance of the Board of Directors, the board committees and Directors; (iii) the review of training and professional development programmes for the Board of Directors; (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

(b) Reviewing annually the composition of the Board to ensure that our Board has an appropriate balance of expertise, skills, attributes and abilities;

(c) Determining annually whether or not a Director is independent in accordance with the Code and any other salient factors;

(d) Reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(e) Reviewing and approving of any new employment of related persons and the proposed terms of their employment; and

(f) Evaluating the performance and effectiveness of the Board as a whole.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of his or her re-election as Director.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. Based on the profile submitted, the NC will meet with the candidate for a chat to have a better understanding of the candidate. The NC will consider amongst others, the qualification, experience and qualities of the candidate and the requirement of the Board at that point in time. This is to ensure that the Board comprises members with different expertise and perspectives having come from different background, for a more balanced Board.

Pursuant to Article 100 of the Constitution of CMIL, Messrs Lisa Sam Huimin (Lisa Cen Huimin) and Sin Ee Wuen (Xian Yiwen) shall retire at the forthcoming Annual General Meeting by rotation. Every Director is required to retire from office once every three years. The Constitution of CMIL provides that one-third of the Directors who have served the longest since their most recent election (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office at the Annual General Meeting ("AGM"). The retiring Directors are eligible to offer themselves for re-election. The Constitution of ICG had also made provisions for one-third of the Directors to retire at each AGM and for every Director to retire from office once every three years.

Pursuant to Article 106 of the Constitution of ICG, the Directors who were newly appointed since the last AGM will have to retire at the forthcoming AGM. The retiring Directors, being eligible, may offer themselves for re-election.

The following Directors were appointed on 30 May 2018 subsequent to the Company's last AGM held on 21 May 2018. Pursuant to Article 106 of the Constitution of ICG, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they have offered themselves for re-election:-

(i) Chng Beng Hua;

(ii) Kan Ah Chye @ Kan Poh Thong;

(iii) Lisa Sam Huimin (Lisa Cen Huimin) and

(iv) Sin Ee Wuen (Xian Yiwen).

The NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election. The Board has concurred with the NC's recommendation.

Each member of the NC had abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of his or her re-election as Director.

The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. All the Directors have complied with this guideline.

The Board would generally avoid approving the appointment of alternate directors unless in exceptional cases of medical emergency. There is no alternate director on the Board in FY2018.

The profile of the Directors, detailing their qualifications, directorships in other listed companies, their appointment to the Board of the company and the date of their last re-election can be found on pages 131 to 140 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board

The Board acknowledges the importance of a formal assessment of Board performance. It has adopted a formal system of evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board and Board Committees and the contribution by each Director. All Directors are required to complete the evaluation questionnaire annually. The company secretary compiles the Directors' responses to the evaluation forms into a consolidated report. The report is reviewed at the NC meeting and then reported to the Board.

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties and know-how and interaction with fellow directors. The Board Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. And finally, the evaluation of the Board covers the Board contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc.

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The performance evaluation for FY2018 for the Board of CMIL was conducted in February 2019 and the results were presented to the NC for discussion. The NC was satisfied that the Board had been effective as a whole and that each and every Director had contributed to the effective functioning of the Board and the Board Committees. In addition, the NC was also satisfied that sufficient time and attention had been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members are provided with complete, adequate and timely information on Board affairs and issues that require the Board's attention and decision. All Directors have independent access to the Group's senior management and the company secretary. All Directors are provided with adequate information prior to Board Meetings and on an ongoing basis. The information provided includes, amongst others, background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements.

As a general rule, board papers are sent to Directors one week in advance in order for Directors to be adequately prepared for the meeting. As and when there are important matters that require the Directors' attention, the information will be furnished to the Directors as soon as practicable.

The company secretary and her assistant provide secretarial support to the Board which includes attendance at Board and Board Committee meetings, ensuring that meeting procedures are followed and that the relevant rules and regulations of the Companies Act and the Listing Manual of the SGX-ST ("Listing Manual") which are applicable to the Company are adhered to.

Pursuant to the Company's Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

If the Directors need independent professional advice to fulfill their duties, such advice will be obtained from the professional entity approved by the Board and the cost of such professional advice will be borne by the Company.

B. Remuneration Matters

Principle 7 : Procedures for developing remuneration policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC"), regulated by a set of written terms of reference endorsed by the Board, comprises a majority of independent directors including its Chairman:

Kan Ah Chye @ Kan Poh Thong – Chairman, Independent Director
Lisa Sam Hui Min (Lisa Cen Huimin) – Member, Independent Director
Sin Ee Wuen (Xian Yiwen) – Member, Independent Director

The RC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the RC include:

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board, a remuneration policy framework and guidelines for remuneration of the Board and the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company ("key management personnel"). The RC's recommendations should be submitted for endorsement by the Board;

(b) determining specific remuneration packages for each of the Directors and key management personnel covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind, and submitting such determination to the Board for approval. In so doing, the RC should take into consideration the following:

    (i) a significant and appropriate proportion of executive Directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance;

    (ii) such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company. It should also take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks;

    (iii) remuneration of non-executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of such directors; and

    (iv) non-executive Directors should not be over-compensated to the extent that their independence may be compromised;

(c) seeking expert advice inside and/or outside the Company on remuneration of all Directors, if necessary, and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

(d) reviewing the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, and aim to be fair and avoid rewarding poor performance;

(e) recommending targets and measures for assessing the performance of each of the executive Directors and key management personnel, for endorsement by our Board of Directors;

(f) where long-term incentives schemes have been implemented by the Company, reviewing whether executive Directors and key management personnel should be eligible for benefits under the long-term incentives schemes;

(g) periodically considering and reviewing remuneration packages in order to maintain their attractiveness, so as to retain and motivate the Directors and key management personnel; and

(h) considering the implementation of schemes to encourage non-executive Directors to hold shares in the Company so as to better align the interests of such non-executive Directors with the interests of shareholders.

Principle 8 : Level and mix of remuneration

The level and structure of remuneration should be aligned with the long term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The role of the RC is to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration for the Directors and key executives of the Group, and to determine specific remuneration packages for each executive director. The RC's objective is to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives.

The RC had recommended an amount of S$185,000 as Directors' fees to be paid to the Independent Directors and the Non-independent Non-executive Director for the financial year ending 31 December 2019. The Board had concurred with the RC's recommendation and this resolution has been tabled for shareholders' approval at the Company's forthcoming AGM. Each of the RC members had abstained from deliberating and voting on his or her own remuneration.

Principle 9 : Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Due to competitive reason, the Board has decided against disclosing the remuneration figures of the Executive Directors to the nearest one thousand as prescribed in the Code.

A breakdown showing the level and mix of each individual Director's remuneration (in bands of S$250,000) for the year ended 31 December 2018 is disclosed in the table below:

Name of Director	Remuneration Band	Salary %	Bonus %	Directors' Fees	Total %
Ma Zhaoyang	S$500,000 – S$749,999	87	13	NIL	100
Zhang Zengtao	S$250,000 – S$499,999	100	–	NIL	100
Chng Beng Hua		93	7	NIL	100
Kan Ah Chye @ Kan Poh Thong	S$0 – S$249,999	–	–	40,000	100
Lisa Sam Hui Min (Lisa Cen Huimin)		–	–	36,000	100
Sin Ee Wuen (Xian Yiwen)		–	–	36,000	100

Remuneration Bands of top five key executives (who are not directors)

Name of Executive	Remuneration Band	Salary %	Bonus %	Total
Heng Fook Chang(1)	S$0 – S$249,999	100	–	100
Lee Zhen Jesica(2)		87	13	100
Cao Jianshun		100	–	100
Por Choon Seng		100	–	100
Zhao Yuanyuan		64	36	100
Chng Tze Sian Milton		67	33	100

(1) Mr Heng Fook Chang resigned as the Chief Financial Officer on 03 September 2018.

(2) Mrs Lee Zhen Jesica was appointed as the Chief Financial Officer on 17 August 2018.

The details of the employee's remuneration who is an immediate family member of the director and CEO have been disclosed in the Remuneration Band of top five executives.

For financial year ended 2018, the aggregate total remuneration paid to the top 5 key management personnel amounts to S$938,000.

The table below shows the remuneration of the executives who are immediate family members of the Directors or the CEO, whose remuneration exceeds $50,000 for the financial year ended 31 December 2018:-

Name	Relationship	Position	Remuneration Band
Chng Tze Sian Milton	Son of Mr Chng Beng Hua	Assistant General Manager (Corporate Affairs)	S$100,000 to $150,000

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In the discharge of its duties to the shareholders, the Board seeks to provide shareholders with an analysis, explanation and assessment of the Group's performance, financial position and prospects when reporting quarterly and full year financial results.

All the Directors are provided with management accounts and such explanation and information on a quarterly basis. Invitations have also been extended to all the Directors to attend the discussion of the monthly results.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management

The Board had assessed and decided not to establish a separate Board Risk Committee to carry out its responsibility of helping the Board in the overseeing of the Group's risk management framework and policies. Instead, this responsibility is assumed by the Audit Committee.

The Company had engaged an external consultant to assist the Management in the setting up of the Enterprise Risk Management ("ERM") system and framework. The ERM system and framework established is embedded in the internal control system of the Group.

Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' interest and investments and the Group's assets. The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has internal control systems and processes which it considers to be sufficient having regard to the size of the Group and the complexity of its operations. The Board has also received assurance from the CEO and the Chief Financial Officer ("CFO") confirming that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by the Management, various Board Committees and the Board, and the assurance from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls addressing key financial, operational, compliance, and risk management systems were adequate and effective as at 31 December 2018. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

Principle 12: Audit Committee ("AC")

The Board should establish an Audit Committee with written terms of reference which clearly set out its authorities and duties.

The AC comprises the following Directors, all of whom are non-executive and the majority of whom, including the Chairman of the AC are independent:

Kan Ah Chye @ Kan Poh Thong – Chairman, Independent Director
Lisa Sam Hui Min (Lisa Cen Huimin) – Member, Independent Director
Sin Ee Wuen (Xian Yiwen) – Member, Independent Director

The AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

(a) reviewing with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) reviewing the financial statements of the Company including quarterly and full year results before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(c) reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC would keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(d) reviewing the internal control procedures and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss in the absence of our management at least annually;

(e) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(f) reviewing the independence and objectivity of the external auditors annually;

(g) considering the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

(h) reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(i) reviewing potential conflicts of interest, if any;

(j) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(k) generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time;

(l) procure the external auditors to review and provide recommendations on the Group's cash management procedures on an annual basis;

(m) on an on-going basis, monitor, review and ensure the implementation of the auditors' and internal auditors' recommendations on internal controls of the Group; and

(n) ensure that upon completion of the internal controls audit, appropriate disclosure will be made via the SGXNET on any material, price sensitive internal control weakness and any follow up to be taken by the Board.

The AC met 4 times during the financial year. The meetings were attended by the CEO, Chief Financial Officer and the external auditors on the invitation of the AC. During these meetings the consolidated quarterly and full year financial statements of the Group, including announcements to the SGX-ST were reviewed by the AC prior to submission to the Board for adoption. The AC met once with the external auditors during the financial year without the presence of the Management. The AC has full access to and the co-operation of the Management. The external auditors have unrestricted access to the AC.

The AC had reviewed the non-audit services performed by the external auditors for FY2018 and was of the opinion that the provision of such services had not affected the independence of the external auditors. The external auditors had affirmed their independence in this respect.

The aggregate amount of fees paid / payable by the Group to the Company's external auditors are as follows:-

	Financial Year Ended 31 December 2018 S$'000
Audit Services	423
Non-audit Services	23
	446

The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2019 for shareholders' approval at the forthcoming AGM of the Company.

The Company has appointed KPMG LLP Singapore as the auditors of all significant incorporated subsidiaries except the following Singapore incorporated subsidiaries and other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries:-

- Compact Metal Ind. Pte Ltd
- Aluform Marketing Pte Ltd
- FacadeMaster Pte Ltd
- Integrate Marketing Pte Ltd
- AEL Enviro (Asia) Pte Ltd.

Both the AC and Board had reviewed the appointment of different auditors for the subsidiaries and were satisfied that the appointment of different auditors had not compromised the standard and effectiveness of the audit of the Company and the Group.

The Company also confirmed that foreign-incorporated subsidiaries which were audited by auditors other than KPMG LLP were not significant subsidiaries as defined in the SGX-ST Listing Manual.

The Company has complied with Rule 712 and Rule 715 or 716 in relation to its auditors.

In addition, the AC reviewed interested person transactions in accordance with Chapter 9 of the SGX-ST's Listing Manual to satisfy itself that the terms of the transactions are on an arms' length basis.

The Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board where employees of the Group are aware of and can access the appropriate person to raise concerns about possible improprieties in matters of financial management and reporting or other matters.

The AC meets with the external auditors at least once a year. The last private session with the external auditors was held in February 2019.

Significant financial reporting issues considered by the Audit Committee

The AC considered, in conjunction with management and the eternal auditor, the significant areas of estimation and judgment in preparing the financial statements and disclosures, discussed how these were addressed and approved the conclusions of this work. The principal areas of focus in this regard were:

Impairment assessment of goodwill and other intangible assets

The Group's assets include significant amounts of goodwill and other intangible assets, which are allocated to the cash generating unit ("CGU") of International Manufacturing Company Chzhungtsai Mohir Cement LLC. These intangible assets are tested for impairment annually by estimating the recoverable amounts of the CGU. The estimation of recoverable amounts involves significant estimation uncertainties in relation to the estimated future cash flows derived and the underlying assumptions to be applied, which are subject to market and regulatory developments. The cash flows are sensitive to key assumptions relating to forecasted revenue growth rates, forecasted profit margins, terminal growth rates and discount rates which have been disclosed in Note 5 to the Group's financial statements.

Having reviewed the key assumptions in estimating the recoverable amounts, the AC was satisfied with the impairment assessment of goodwill and other intangible assets.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function of the Group for FY2018 was carried out by BDO LLP, an independent firm, whom the AC opined that it was adequately resourced, including having the appropriate personnel with relevant experience and qualification to perform the assignment for the Company. The internal auditor reports directly to the AC on all the internal audit matters. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all Company's documents, records, properties and personnel, including access to the AC. The internal audit plan for FY2018 was reviewed and approved by the AC. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it.

The AC meets with the internal auditors at least once a year. The last private session with the internal auditors was held in February 2019.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to provide shareholders with adequate, timely and sufficient information relating to changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company will ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders will be informed of rules, including voting procedures that govern general meetings of shareholders.

Principle 15 : Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company values transparent and timely communication with the shareholders. To ensure that shareholders are kept informed of the Group's development and performance, timely and adequate disclosure is made to the public via the SGXNET in compliance with SGX-ST guidelines.

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Participation of shareholders is encouraged at the Company's general meetings. Shareholders are given the opportunity to participate in the question and answer session. The Board of Directors (including the Chairman of the respective Board committees), the Management, as well as the external auditors will attend the Company's AGM to address any questions that the shareholders may have.

The Company will generally avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company allows all individual and corporate shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. For corporations which provide nominee and custodial services and the CPF Board, they are allowed to appoint more than two proxies to attend the general meetings.

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes available to shareholdersby posting the minutes on the Company's website.

All the resolutions put to the vote at the forthcoming AGM will be voted on by poll and the detailed results of the poll will be announced via SGXNET. Polling may be conducted in manual or electronic form. In determining which polling mode to take, the Company will take into consideration the turnout at general meetings and the relevant costs involved for each polling mode.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

E. DEALING IN SECURITIES

The Company has adopted an internal compliance code that meets the requirement of Rule 1207(19) of the SGX-ST's Listing Manual with respect to dealings in securities by Directors and key executives of the Group. Directors and key executives who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before quarterly announcement and one month before the full year announcement, as the case may be, and ending on the date of announcement of such financial results.

The Directors and key executives of the Group are also required to observe insider trading laws at all times even when dealing in securities within permitted trading period. In addition, the Directors and key executives of the Group are discouraged from dealing in the Company's securities on short term considerations.

F. INTERESTED PERSON TRANSACTIONS

The AC and Board reviewed all interested party transactions for the financial year ended 31 December 2018 and was satisfied that the aggregate value of the transactions is below the threshold level as set out in the SGX-ST's Listing Manual and do not require announcement or shareholders' approval.

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transaction less than $100,000)
Dastoni[(1)] - provision of transportation services to a subsidiary	$668,000	Not applicable
- sale of goods from a subsidiary	$144,000	

Note:

(1) Dastoni: Dastoni Mohir LLC, a corporation established in Tajikistan and holds 35% participation interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC, is subject to the rules of Interested Person Transactions of SGX-ST Listing Manual.

G. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Board or controlling shareholders during the financial year that is required to be disclosed under Rule 1207(8) of the SGX-ST Listing Manual.

USE OF PROCEEDS

The Company has utilised the proceeds to-date as shown below:-

	S$'000
Net proceeds from Right Issue	18,323
Net proceeds from Private Placement of 160,000,000 shares of $0.05 each	7,970
Less: Use of proceeds	
Construction cost (including cost of material for construction and construction services) and equipment and machinery for the new cement plant and business	(6,666)
Additional construction cost (including cost of material for construction and construction services) and equipment and machinery for the new cement plant in Kazakhstan, Almaty	(19,627)
Balance of net proceeds	–

The proceeds from the rights issue and private placement had been fully utilised as at 31 December 2018.

PROPERTIES

Held by the Group as at 31 December 2018

Owned by	Location & description of property	Tenure	Land Area (sq. metres)	Built-up (sq. metres)
Compact Bricks Sdn Bhd	Lands, bricks and aluminium factories located at PTD 32680, HSD 64234, Mukim of Bukit Batu, Kulai, Johor, Malaysia.	21 years till 30/10/2021		
	– PTD 7924 HSD 64234 – Aluminium factory		–	17,030
	– PTD 7924 HSD 64234 – Land		40,464	–
Compact Bricks Sdn Bhd	Land held under PTD 6956 HSM 1336, Mukim of Bukit Batu, Kulai, Johor, Malaysia.	99 years till 11/04/2085	8,094	–
Compact Metal Industries Sdn Bhd	3 room walk up apartment at Parcel No M1/3/45 under Master Lot 977, Master Title PN 10674 Mukim of Bertam, District of Melaka Tengah, Melaka, Malaysia.	99 years till 27/09/2092	–	80
Selaco Aluminium Bhd	Industrial land and building at PLO 280, Jalan Timah Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, Lot 51675, PN 72171, Mukim of Plentong, Johor, Malaysia.	60 years till 23/03/2040	8,177	5,538
Selaco Aluminium Bhd	Industrial land & building at PLO 248, Jalan Timah Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, PTD 84902, HS (D) 153369, Mukim of Plentong, Johor, Malaysia.	60 years till 16/01/2049	4,046	2,530
Selaco Aluminium Bhd	One unit single storey intermediate terrace house at No. 3 Jalan 10/3, Perjiranan 10, Taman Air Biru, 81700 Pasir Gudang, Johor, PTD 64640, FS (D) 69535, Mukim of Plentong, Johor, Malaysia.	99 years till 06/05/2082	143	92
Selaco Aluminium Bhd	8 units of terrace house at Taman Mawar, Lot PTD 110688 to 110695, Mukim of Plentong, District of Johor Bahru, Johor, Malaysia.	99 years till 03/02/2092	1 Unit of 306 M^2 & 7 Units of 143 M2 per unit	85.65 M2 per unit
Selaco Aluminium Bhd	Shop department at Unit No. F-1-46B, First Floor, Block F, Jalan PJU 10/10F, Saujana Damasara, PJU 10, 47830 Petaling Jaya, Selangor, Malaysia.	99 years till 16/08/2100	–	62
Selaco Aluminium Bhd	Condo Unit No. 1-02, Sinaran Ukay Condominium, Jalan BU 1/1, Taman Bukit Utama, Taman Bukit Antarabangsa, 68000 Ampang, Selangor, Malaysia.	99 years till 03/08/2098	–	106
Ratus Projek Sdn Bhd	MLO 9009, HS (D) 15955, Mukim of Plentong, District of Johor Bahru, Johor, Malaysia.	Freehold	2,841	–

DIRECTORS' STATEMENT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 40 to 128 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 2018 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 Singapore Companies Act, Chapter 50 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:

Ma Zhaoyang
Zhang Zengtao
Chng Beng Hua
Kan Ah Chye @ Kan Poh Thong
Lisa Sam Hui Min (Lisa Cen Huimin)
Sin Ee Wuen (Xian Yiwen)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (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, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) 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
The Company		
Ma Zhaoyang		
Ordinary shares		
- deemed interests	4,617,500,000	4,617,500,000
Zhang Zengtao		
Ordinary shares		
- interests held	217,500,000	217,500,000
- deemed interests	4,500,000,000	4,500,000,000
Chng Beng Hua		
Ordinary shares		
- interests held	12,000,000	12,000,000
- deemed interests	5,000,000	5,000,000

DIRECTORS' STATEMENT

By virtue of Section 7 of the Act, Ma Zhaoyang and Zhang Zengtao are deemed to have interests in the subsidiaries of Compact Metal Industries Ltd at the beginning and at the end of the financial year.

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 or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

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

Kan Ah Chye @ Kan Poh Thong	(Chairman), Independent, Non-Executive Director
Lisa Sam Hui Min (Lisa Cen Huimin)	Independent, Non-Executive Director
Sin Ee Wuen (Xian Yiwen)	Independent*, Non-Executive Director

** Sin Ee Wuen was re-designated to Independent Non-Executive Director on 8 March 2018.*

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 reviewed the assistance provided by the Company's officers to the internal and external auditors. The quarterly financial information and annual financial statements of the Group and the Company were reviewed by the Audit Committee prior to submission to the directors of the Company for adoption. The Audit Committee also reviewed the 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 and subsidiaries, 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

Ma Zhaoyang
Director

Zhang Zengtao
Director

29 March 2019

INDEPENDENT AUDITORS' REPORT

To the members of Compact Metal Industries Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Compact Metal Industries Ltd (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 2018, 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 a summary of significant accounting policies, as set out on pages 40 to 128.

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, Chapter 50 (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 2018 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 *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.

THE KEY AUDIT MATTER	HOW WAS THE MATTER ADDRESSED IN OUR AUDIT
Impairment assessment of goodwill and other intangible assets	
(Refer to Note 5 to the financial statements)	
The Group's assets include significant amounts of goodwill and other intangible assets, which are allocated to the cash generating unit ("CGU") of International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC"). These intangible assets are tested for impairment annually by estimating the recoverable amounts of the CGU. The estimation of recoverable amounts involves significant estimation uncertainties in relation to the estimated future cash flows derived and the underlying assumptions to be applied, which are subject to market and regulatory developments. The cash flows are sensitive to key assumptions relating to forecasted revenue growth rates, forecasted profit margins, terminal growth rates and discount rates.	Our key procedures include the below, amongst others: ● Discussed with management and evaluated their determination of CGU. ● Reviewed the key assumptions relating to the estimated future cash flows, by considering discussions with management and considering historical performance against budgets. We also compared the terminal growth rate and discount rates to available industry data. ● Considered the disclosures in describing the inherent degree of estimation uncertainty and key assumptions applied.

THE KEY AUDIT MATTER	HOW WAS THE MATTER ADDRESSED IN OUR AUDIT

Acquisition of HYD Tajikistan Investment Pte. Ltd. ("HYD")

(Refer to Note 26 to the financial statements)

On 14 October 2017, the Group acquired 65% equity interest in IMCCMC through the acquisition of 100% shareholding in an investment holding company, HYD. An independent valuer was engaged to undertake a purchase price allocation, which was finalised during the financial year.

There is inherent estimation uncertainty involved in the allocation of the overall purchase price to the different assets and liabilities that make up the acquisition.

Our key procedures include the below, amongst others:

- Examined the legal and contractual documents to determine the classification of the acquisition as a subsidiary and the date control was obtained by the Group.
- Evaluated the competence, capability and objectivity of the independent external valuer.
- Assessed the reasonableness of the purchase price allocation prepared by the independent external valuers. We also compared the methodologies and key assumptions used in deriving the fair values of the components of the purchase price to generally accepted market practices.

Accounting for construction contracts

(Refer to Notes 3.12 and 20 to the financial statements)

Revenue relating to the Group's construction contracts are recognised over time. The progress of completion is measured by reference to the survey of work performed and represents cumulative revenue recognised to-date as a percentage of the total contract sum.

The significant management judgment and estimation involved include:

- estimation of the physical proportion of the contract work completed for the contracts; and
- estimation of contingencies that could arise from variations to original contract terms, as well as any provision for liquidated damages and onerous contracts relating to the construction contracts.

Our key procedures include the below, amongst others:

- Understood management's process and controls over revenue recognition for construction contracts.
- Selected samples of contracts for testing and performed the following audit procedures:
    - Assessed management's identification of contract and performance obligations;
    - Sighted certificates of work done issued by customers of each project;
    - Discussed with project managers regarding the progress of the projects and any potential delays or cost overruns that may require revisions in budgeted contract costs or provisions for liquidated damages and/or onerous contracts;
    - Recomputed the revenue recognised for the current financial year based on the respective percentage-of-completion arising from the survey of works performed; and
    - Vouched costs incurred on a sample basis.

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 the Directors' statement, Chairman's Statement and Financial Highlights prior to the date of this auditors' report. The remaining information, namely; Corporate Profile, Corporate Structure, Board of Directors, Key Executives, Cement Division, Aluminium Division, Corporate Data, Corporate Governance Report, Properties Held by the Group, Shareholdings Statistics and Notice of Annual General Meeting ("Reports") are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 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 Ling Su Min.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Non-current assets							
Property, plant and equipment	4	160,765	135,672	7,725	377	537	372
Intangible assets and goodwill	5	53,697	59,521	–	–	–	–
Investment properties	6	612	119	100	–	–	–
Subsidiaries	7	–	–	–	151,126	151,066	2,431
Trade and other receivables	8	23,599	13,715	6,243	–	–	594
Contract assets	20	1,634	1,569	1,466	1,568	1,441	1,215
		240,307	210,596	15,534	153,071	153,044	4,612
Current assets							
Inventories	9	19,439	17,872	9,801	567	655	616
Trade and other receivables	8	19,234	24,950	8,426	20,008	16,859	22,355
Contract assets	20	682	1,097	1,450	682	1,097	1,445
Other investments	10	1	2	2	#	1	1
Cash and cash equivalents	11	13,084	28,609	32,435	2,937	12,972	27,426
		52,440	72,530	52,114	24,194	31,584	51,843
Total assets		292,747	283,126	67,648	177,265	184,628	56,455
Equity attributable to owners of the Company							
Share capital	12	273,633	273,633	143,133	273,633	273,633	143,133
Capital reserve	13	404	404	404	–	–	–
Revaluation reserve	13	2,668	2,651	2,453	–	–	–
Currency translation reserve	13	(10,438)	(1,866)	–	–	–	–
Accumulated losses	13	(71,407)	(85,267)	(83,861)	(137,521)	(129,586)	(126,856)
		194,860	189,555	62,129	136,112	144,047	16,277
Non-controlling interests	14	56,036	56,097	(3,697)	–	–	–
Total equity		250,896	245,652	58,432	136,112	144,047	16,277
Non-current liabilities							
Loans and borrowings	15	107	136	–	107	136	–
Long-term other payables	16	3,096	716	846	540	670	812
Deferred tax liabilities	17	8,899	8,632	120	–	–	–
		12,102	9,484	966	647	806	812
Current liabilities							
Trade and other payables	18	27,185	20,534	3,480	38,143	35,387	35,341
Contract liabilities	20	151	71	317	–	–	–
Provisions	19	615	635	829	565	610	699
Loans and borrowings	15	1,746	6,691	3,491	1,746	3,723	3,209
Current tax payable		52	59	133	52	55	117
		29,749	27,990	8,250	40,506	39,775	39,366
Total liabilities		41,851	37,474	9,216	41,153	40,581	40,178
Total equity and liabilities		292,747	283,126	67,648	177,265	184,628	56,455

 # Less than $1,000

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	20	114,107	41,114
Other income		1,295	536
Changes in inventories of work-in-progress and finished goods		(1,020)	844
Raw materials and consumables used		(32,633)	(17,187)
Staff and related costs		(9,566)	(9,500)
Depreciation of property, plant and equipment	4	(5,412)	(1,879)
Impairment loss on property, plant and equipment	4	–	(55)
Amortisation of intangible assets	5	(3,072)	(668)
Reversal of/(loss allowance) on trade and other receivables and contract assets		1,502	(388)
Operating lease expenses		(538)	(547)
Other expenses		(33,430)	(11,944)
		31,233	326
Finance income	21	257	145
Finance costs	21	(407)	(182)
Net finance costs		(150)	(37)
Profit before tax	22	31,083	289
Tax (expense)/credit	23	(4,425)	72
Profit for the year		26,658	361
Profit/(loss) attributable to:			
Owners of the Company		16,388	(1,507)
Non-controlling interests		10,270	1,868
Profit for the year		26,658	361
Earnings per share (cents)			
Basic earnings per share	24	0.29	(0.09)
Diluted earnings per share	24	0.29	(0.09)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Profit for the year		26,658	361
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of property, plant and equipment	4	22	394
Tax on surplus on revaluation of property, plant and equipment		(5)	(95)
		17	299
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		(3,422)	179
Foreign currency translation differences – foreign operations		(6,746)	(2,199)
		(10,168)	(2,020)
Other comprehensive income for the year, net of tax		(10,151)	(1,721)
Total comprehensive income for the year		16,507	(1,360)
Total comprehensive income attributable to:			
Owners of the Company		7,817	(3,074)
Non-controlling interests		8,690	1,714
Total comprehensive income for the year		16,507	(1,360)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017		143,133	404	2,453	–	(83,861)	62,129	(3,697)	58,432
Total comprehensive income for the year									
(Loss)/profit for the year		–	–	–	–	(1,507)	(1,507)	1,868	361
Other comprehensive income									
Surplus on revaluation on property, plant and equipment	4	–	–	394	–	–	394	–	394
Tax on surplus on revaluation on property, plant and equipment		–	–	(95)	–	–	(95)	–	(95)
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	179	–	179	–	179
Foreign currency translation differences – foreign operations		–	–	–	(2,045)	–	(2,045)	(154)	(2,199)
Realisation of revaluation reserve		–	–	(101)	–	101	–	–	–
Total other comprehensive income		–	–	198	(1,866)	101	(1,567)	(154)	(1,721)
Total comprehensive income for the year		–	–	198	(1,866)	(1,406)	(3,074)	1,714	(1,360)
Transactions with owners, recognised directly in equity									
Contribution by owners									
Issue of ordinary shares related to business combination	26	130,500	–	–	–	–	130,500	–	130,500
Changes in ownership interests in subsidiaries									
Acquisition of subsidiaries with non-controlling interests	26	–	–	–	–	–	–	58,080	58,080
Total transactions with owners		130,500	–	–	–	–	130,500	58,080	188,580
At 31 December 2017		273,633	404	2,651	(1,866)	(85,267)	189,555	56,097	245,652

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018		273,633	404	2,651	(1,866)	(85,267)	189,555	56,097	245,652
Adjustment on initial application of SFRS(I) 9 (net of tax)	32	–	–	–	–	(2,133)	(2,133)	(707)	(2,840)
Adjusted balance at 1 January 2018		273,633	404	2,651	(1,866)	(87,400)	187,422	55,390	242,812
Total comprehensive income for the year									
Profit for the year		–	–	–	–	16,388	16,388	10,270	26,658
Other comprehensive income									
Surplus on revaluation on property, plant and equipment	4	–	–	22	–	–	22	–	22
Tax on surplus on revaluation on property, plant and equipment		–	–	(5)	–	–	(5)	–	(5)
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(2,994)	–	(2,994)	(428)	(3,422)
Foreign currency translation differences – foreign operations		–	–	–	(5,594)	–	(5,594)	(1,152)	(6,746)
Total other comprehensive income		–	–	17	(8,588)	–	(8,571)	(1,580)	(10,151)
Total comprehensive income for the year		–	–	17	(8,588)	16,388	7,817	8,690	16,507
Transactions with owners, recognised directly in equity									
Contribution by owners									
Dividends declared	13	–	–	–	–	–	–	(12,059)	(12,059)
Fair value adjustments on loans from non-controlling interests		–	–	–	–	–	–	3,637	3,637
		–	–	–	–	–	–	(8,422)	(8,422)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	26	–	–	–	16	(395)	(379)	378	(1)
Total transactions with owners		–	–	–	16	(395)	(379)	(8,044)	(8,423)
At 31 December 2018		273,633	404	2,668	(10,438)	(71,407)	194,860	56,036	250,896

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit for the year		26,658	361
Adjustments for:			
Amortisation of intangible assets	5	3,072	668
Change in fair value of investment properties	22	541	(17)
Depreciation of property, plant and equipment	4	5,412	1,879
Finance costs	21	407	182
Finance income	21	(257)	(145)
Impairment loss on property, plant and equipment	4	–	55
Loss on disposal of property, plant and equipment	22	46	75
(Reversal of)/loss allowance on trade and other receivables and contract assets		(1,502)	388
Reversal of inventories obsolescence	22	(189)	(150)
Reversal of provision for warranties	22	(210)	(194)
Write down of inventories to net realisable value	22	466	–
Write off of property, plant and equipment	22	12	–
Tax expense/(credit)		4,425	(72)
		38,881	3,030
Changes in:			
- inventories		(1,650)	(1,407)
- trade and other receivables		1,603	6,820
- trade and other payables		(5,354)	(5,441)
Cash generated from operations		33,480	3,002
Tax paid		45	(108)
Net cash from operating activities		33,525	2,894
Cash flows from investing activities			
Acquisition of non-controlling interests	26	(1)	–
Acquisition of property, plant and equipment		(38,069)	(9,326)
Acquisition of subsidiaries, net of cash acquired	26	–	3,566
Deposits pledged		(18)	(1)
Interest received		231	145
Proceeds from disposal of property, plant and equipment		759	11
Net cash used in investing activities		(37,098)	(5,605)
Cash flows from financing activities			
Dividends paid		(3,069)	–
Interest paid		(111)	(182)
Payment of finance lease liabilities		(23)	(136)
Proceeds from trust receipts		4,908	7,288
Repayment of short-term loans		(2,888)	(1,135)
Repayment of trust receipts		(6,885)	(6,790)
Withholding tax paid on dividends declared by a subsidiary		(3,673)	–
Net cash used in financing activities		(11,741)	(955)
Net decrease in cash and cash equivalents		(15,314)	(3,666)
Cash and cash equivalents at beginning of the year		28,570	32,397
Effect of exchange rate fluctuations on cash held		(229)	(161)
Cash and cash equivalents at end of the year	11	13,027	28,570

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2019.

1 Domicile and activities

Compact Metal Industries Ltd (the "Company") is a company incorporated in Singapore. The address of the Company's registered office was 120 Pioneer Road, Singapore 639597. Subsequent to the year end, the address of the Company's registered office was changed to 290 Orchard Road, Paragon, #14-07, Singapore 238859.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in the undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture and sale of aluminium windows and doors, production and sale of cement and investment holding.

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)s"). These are the Group's first financial statements prepared in accordance with SFRS(I)s and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I)s and application of SFRS(I) 15 and SFRS(I) 9 have affected the reported financial position, financial performance and cash flows is provided in Note 32.

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)s 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 in the period in which the estimates are revised and in any future periods affected.

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes 4 and 5 – Impairment of non-financial assets

The Group determines whether there are any indicators of impairment for all non-financial assets, except goodwill, at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

This requires an estimation of the fair value or value in use of the Group's individual assets or cash-generating units. Estimating the fair value requires the Group to estimate the amount for which the asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each asset or cash-generating unit and also to determine a suitable discount rate in order to derive the present value of those cash flows. The expected cash flows in an emerging market environment can be inherently judgemental and subject to political and regulatory risk.

Notes 8 and 27 – Allowance for doubtful receivables and contract assets

The Group maintains an allowance for doubtful receivables and contract assets when the borrower is unlikely to pay its credit obligations to the Group in full. Judgement is involved in determining whether credit risk of a financial asset has increased significantly since initial recognition and estimations are involved when determining expected credit losses. Management specifically analyses accounts receivables and contract assets and its historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms to evaluate the adequacy of the allowance for doubtful debts. When estimating expected credit losses, the Group uses historical experience and informed credit assessment, and also takes into consideration forward-looking information.

The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for doubtful receivables and contract assets would increase the Group's recorded other expenses and decrease assets.

Note 9 – Allowance for inventory obsolescence

A review is made periodically on inventory for excess inventory, obsolescence and net realisable value below cost and an allowance is recorded against the inventory balance for any such decline in value. These reviews require management to estimate future demand for the Group's products. Possible changes in these estimates could result in revisions to the valuation of inventory. An increase in the Group's allowance for inventory obsolescence would increase the Group's recorded other expenses and decrease current assets.

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Notes 4 and 5 – Impairment assessment of property, plant and equipment and intangible assets with finite useful lives

The carrying value of property, plant and equipment and intangible assets with finite useful lives is tested for impairment whenever there is any objective evidence or indication that the property, plant and equipment or intangible assets with finite useful lives may be impaired. This determination and derivation of the relevant inputs requires significant judgement. This impairment takes into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the assets and changes to the expected usage to the assets.

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Critical accounting judgements in applying the Group's accounting policies (Cont'd)

Note 26 – Acquisition of subsidiaries

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Significant judgement is required in applying the valuation techniques used for measuring the fair value of identifiable assets acquired and liabilities assumed. Please refer to Note 26 for further information in relation to valuation techniques used.

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.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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 within 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 the following notes:

- Note 4 – property, plant and equipment;
- Note 6 – investment properties;
- Note 26 – acquisition of subsidiaries; and
- Note 27 – financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purpose of the transition to SFRS(I)s unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration 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,

over the net recognised amount (generally 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.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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 on a transaction-by-transaction basis.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, 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 transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(i) Business combinations (Cont'd)

Acquisitions before 1 January 2017

As part of transition to SFRS(I)s, the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I)s, i.e. 1 January 2017.

(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 have been 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) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Subsidiaries in the separate financial statements

Investments in subsidiaries 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 recognised in profit or loss.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (Cont'd)

3.2 Foreign currency (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and 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. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2017, the Group's date of transition to SFRS(I)s, such differences have been recognised in the currency translation reserve in equity. However, if the foreign 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 is lost, the cumulative amount in the 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 non-controlling interests.

When the settlement of that monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 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, for an item not at fair value through profit or loss, 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 – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; or fair value through profit or loss ("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.

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

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

Non-derivative financial assets – Policy applicable from 1 January 2018 (Cont'd)

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.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("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 – Policy applicable from 1 January 2018

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.

3 Significant 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 – Policy applicable from 1 January 2018

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.

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 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 – Policy applicable from 1 January 2018

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.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classified non-derivative financial assets into the following categories: financial assets at FVTPL and loans and receivables.

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Financial assets at FVTPL

A financial asset was classified at FVTPL if it was classified as held for trading or was designated as such upon initial recognition. Financial assets were designated at FVTPL if the Group managed such investments and made purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Financial assets designated at FVTPL comprised equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding deposits and prepayments).

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

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. These financial liabilities comprise loans and borrowings, long-term other payables and trade and other payables (excluding value-added/goods and services tax payable).

(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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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. In these cases, the transferred assets are not derecognised.

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

(iii) Derecognition (Cont'd)

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, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

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 except for leasehold properties, which are measured at revalued amounts.

The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the reporting date.

When property, plant and equipment are revalued, the Group has elected to eliminate any accumulated depreciation at the date of the revaluation against the cost of the property, plant and equipment so that the revised cost of the property, plant and equipment at the date of revaluation equals the relevant revalued amount.

Any increase in the revaluation amount is credited to other comprehensive income and presented within equity, in revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the profit or loss. A decrease in value is recognised in the profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred to accumulated losses.

3 Significant accounting policies (Cont'd)

3.4 Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When 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.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) 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 the 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, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Construction-in-progress is not depreciated until it is ready for its intended use.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

• Leasehold properties	over the lease term
• Freehold building	40 years
• Plant and machinery	5 to 23 years
• Furniture and fittings	2 to 10 years (2017: 3 to 10 years)
• Motor vehicles	5 to 20 years
• Computers	2 to 10 years (2017: 3 years)

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

3 Significant accounting policies (Cont'd)

3.4 Property, plant and equipment (Cont'd)

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Computer software and subsoil rights are accounted for as intangible assets and are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

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

- Computer software 2 to 10 years (2017: 10 years)
- Subsoil rights 5 to 12 years (2017: 12 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 property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3 Significant accounting policies (Cont'd)

3.6 Investment properties (Cont'd)

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in revaluation reserve is transferred to accumulated losses.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula, 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 and work-in-progress, 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 and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs; and
- contract assets (as defined in SFRS(I) 15).

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 or contract asset.

Simplified approach

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

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

(i) Non-derivative financial assets and contract assets (Cont'd)

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 instrument 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 considers a financial asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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.

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

- significant financial difficulty of the borrower or issuer;
- 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 borrower 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 and contract assets are deducted from the gross carrying amount of these assets.

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

(i) Non-derivative financial assets and contract assets (Cont'd)

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.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor would enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

Loans and receivables and contract assets

The Group considered evidence of impairment for loans and receivables and contract assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment was reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, contract assets 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. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (Cont'd)

3.11 Provisions (Cont'd)

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restoration costs

Restoration costs relate to the cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements. The Group expects to incur the liability upon termination of the leases.

3.12 Revenue

(i) Goods and services sold

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.

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.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as other income.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3 Significant accounting policies (Cont'd)

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs mainly comprise interest expense on trust receipts and finance lease liabilities and are recognised in profit or loss using the effective interest method.

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.

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.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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;
- temporary differences relating to investments in subsidiaries 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3 Significant accounting policies (Cont'd)

3.15 Tax (Cont'd)

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 income 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 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 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. 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 the effects of all dilutive potential ordinary shares.

3.17 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 chief operating decision maker ("CODM") 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 CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and deferred tax liabilities.

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

3.18 New standards and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 33.

4 Property, plant and equipment

	Leasehold properties $'000 Valuation	Leasehold properties $'000 Cost	Freehold building $'000 Cost	Plant and machinery $'000 Cost	Furniture and fittings $'000 Cost	Motor vehicles $'000 Cost	Computers $'000 Cost	Construction-in-progress $'000 Cost	Total $'000 Cost
Group									
At 1 January 2017	4,336	–	–	20,818	1,650	1,710	759	8,007	37,280
Additions	–	–	–	532	13	625	5	1,364	2,539
Acquisition through business combination (see Note 26)	–	–	79,695	45,493	104	1,069	202	1,687	128,250
Disposals/write-offs	–	–	(71)	(33)	–	(138)	–	–	(242)
Surplus on revaluation	394	–	–	–	–	–	–	–	394
Elimination of accumulated depreciation against gross carrying amount at date of revaluation	(347)	–	–	–	–	–	–	–	(347)
Reclassification	–	–	97	83	41	97	26	(344)	–
Translation differences on consolidation	80	–	(817)	(225)	7	(5)	(5)	13	(952)
At 31 December 2017 and 1 January 2018	4,463	–	78,904	66,668	1,815	3,358	987	10,727	166,922
Additions	–	212	137	2,275	62	806	71	36,974	40,537
Disposals/write-offs	–	–	–	(254)	–	(253)	(1)	(731)	(1,239)
Surplus on revaluation	22	–	–	–	–	–	–	–	22
Elimination of accumulated depreciation against gross carrying amount at date of revaluation	(124)	–	–	–	–	–	–	–	(124)
Reclassification	–	–	769	2,818	42	427	27	(4,083)	–
Transfer to investment properties (Note 6)	–	–	(1,129)	–	–	–	–	–	(1,129)
Translation differences on consolidation	8	–	(3,763)	(2,314)	(12)	(99)	(15)	(1,891)	(8,086)
At 31 December 2018	4,369	212	74,918	69,193	1,907	4,239	1,069	40,996	196,903

4 Property, plant and equipment (Cont'd)

	Leasehold properties $'000 Valuation	Leasehold properties $'000 Cost	Freehold building $'000 Cost	Plant and machinery $'000 Cost	Furniture and fittings $'000 Cost	Motor vehicles $'000 Cost	Computers $'000 Cost	Construction-in-progress $'000 Cost	Total $'000 Cost
Accumulated depreciation and impairment losses									
At 1 January 2017	–	–	–	20,717	1,554	1,407	692	5,185	29,555
Depreciation for the year	347	–	421	850	28	193	40	–	1,879
Impairment loss for the year	–	–	–	–	–	–	–	55	55
Disposals/write-offs	–	–	(4)	(14)	–	(138)	–	–	(156)
Elimination of accumulated depreciation against gross carrying amount at date of revaluation	(347)	–	–	–	–	–	–	–	(347)
Translation differences on consolidation	–	–	(6)	230	8	5	(3)	30	264
At 31 December 2017 and 1 January 2018	–	–	411	21,783	1,590	1,467	729	5,270	31,250
Depreciation for the year	124	200	2,006	2,830	50	340	74	–	5,624
Disposals/write-offs	–	–	–	(226)	–	(196)	–	–	(422)
Elimination of accumulated depreciation against gross carrying amount at date of revaluation	(124)	–	–	–	–	–	–	–	(124)
Transfer to investment properties (Note 6)	–	–	(85)	–	–	–	–	–	(85)
Translation differences on consolidation	–	–	(31)	(68)	–	(7)	(3)	4	(105)
At 31 December 2018	–	200	2,301	24,319	1,640	1,604	800	5,274	36,138
Carrying amounts									
At 1 January 2017	4,336	–	–	101	96	303	67	2,822	7,725
At 31 December 2017	4,463	–	78,493	44,885	225	1,891	258	5,457	135,672
At 31 December 2018	4,369	12	72,617	44,874	267	2,635	269	35,722	160,765

4 Property, plant and equipment (Cont'd)

	Leasehold properties $'000	Plant and machinery $'000	Furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Total $'000
Company						
Cost						
At 1 January 2017	–	161	116	893	334	1,504
Additions	–	–	–	325	–	325
Disposals/write-offs	–	–	–	(138)	–	(138)
At 31 December 2017 and 1 January 2018	–	161	116	1,080	334	1,691
Additions	200	–	–	–	9	209
Disposals/write-offs	–	–	–	(89)	–	(89)
At 31 December 2018	200	161	116	991	343	1,811
Accumulated depreciation and impairment losses						
At 1 January 2017	–	140	63	630	299	1,132
Depreciation for the year	–	7	6	123	24	160
Disposals/write-offs	–	–	–	(138)	–	(138)
At 31 December 2017 and 1 January 2018	–	147	69	615	323	1,154
Depreciation for the year	200	7	14	135	13	369
Disposals/write-offs	–	–	–	(89)	–	(89)
At 31 December 2018	200	154	83	661	336	1,434
Carrying amounts						
At 1 January 2017	–	21	53	263	35	372
At 31 December 2017	–	14	47	465	11	537
At 31 December 2018	–	7	33	330	7	377

Leasehold properties of the Group at fair value were revalued by VPC Alliance (JB) Sdn. Bhd., a firm of independent professional valuers based on market comparison approach, replacement cost method and investment method to derive the market values (under Level 3 of the fair value hierarchy) in December 2018. The revaluation surplus (net of tax) of $17,000 (2017: $299,000) was recognised in the Group's revaluation reserve during the year ended 31 December 2018.

As at 31 December 2018, the carrying amount of leasehold properties of the Group would have been $1,555,000 (31 December 2017: $1,645,000; 1 January 2017: $1,705,000) had the leasehold properties been carried at cost less accumulated depreciation and impairment losses.

The Group's and Company's leasehold properties include provision for restoration costs of $200,000 (31 December 2017: $nil; 1 January 2017: $nil).

4 Property, plant and equipment (Cont'd)

Depreciation charge

The depreciation charge for the year included in the financial statements was as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Charged to profit or loss	5,412	1,879	368	160
Capitalised to construction-in-progress	212	–	–	–
	5,624	1,879	368	160

Leased plant and equipment

The Group and the Company lease certain plant and equipment under a number of finance leases. The leased plant and equipment secure lease obligations. As at 31 December 2018, the net carrying amounts of the leased plant and equipment were as follows:

		Group			Company	
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Plant and machinery	–	14	20	–	–	–
Motor vehicles	201	258	9	201	258	9
	201	272	29	201	258	9

During the year ended 31 December 2017, the Group and the Company acquired motor vehicles with a carrying amount of $288,000 under finance leases.

Impairment loss

Construction-in-progress

Construction-in-progress relates to: (i) a freehold land used for a construction project that had been shelved by the Group indefinitely and its related construction costs; (ii) construction of a cement plant in Kazakhstan; and (iii) construction of additional facilities for a cement plant in Tajikistan.

As there are impairment indicators of the freehold land used for a construction project, the Group performed an impairment assessment to determine the recoverable amount of this freehold land and its related construction costs. The recoverable amount has been determined based on fair value less costs to sell derived using market comparison approach. The fair value (under Level 3 of the fair value hierarchy) was determined by VPC Alliance (JB) Sdn. Bhd., a firm of independent professional valuers with recognised qualifications.

As at 31 December 2018, the recoverable amount of the freehold land and its related construction costs was determined to be higher than that of its carrying amount. As such, no impairment loss was recorded. As at 31 December 2017, the carrying amount of this freehold land and its related construction costs was determined to be higher than its recoverable amount of $2,188,000 (1 January 2017: $2,243,000). Accordingly, an impairment loss of $55,000 was recognised in the Group's statement of profit or loss for the year ended 31 December 2017.

5 Intangible assets and goodwill

	Computer software $'000	Subsoil rights# $'000	Goodwill^ $'000	Total $'000
Group				
Cost				
At 1 January 2017	–	–	–	–
Acquisition through business combination^	110	38,026	22,646	60,782
Translation differences on consolidation	(1)	(390)	(212)	(603)
At 31 December 2017 and 1 January 2018	109	37,636	22,434	60,179
Additions	2	–	–	2
Translation differences on consolidation	(4)	(1,773)	(1,073)	(2,850)
At 31 December 2018	107	35,863	21,361	57,331
Accumulated amortisation				
At 1 January 2017	–	–	–	–
Amortisation for the year	2	666	–	668
Translation differences on consolidation	–	(10)	–	(10)
At 31 December 2017 and 1 January 2018	2	656	–	658
Amortisation for the year	9	3,063	–	3,072
Translation differences on consolidation	–	(96)	–	(96)
At 31 December 2018	11	3,623	–	3,634
Carrying amounts				
At 1 January 2017	–	–	–	–
At 31 December 2017	107	36,980	22,434	59,521
At 31 December 2018	96	32,240	21,361	53,697

Subsoil rights relate to the Group's subsoil use contracts and licences with the relevant authorities in Tajikistan to extract limestone, clay and siltstone.

^ Goodwill arose from the Group's acquisition of 100% interest in a subsidiary, HYD Tajikistan Investment Pte. Ltd., on 14 October 2017. Upon completion of the purchase price allocation during the year ended 31 December 2018, the Group adjusted the carrying amount of goodwill as disclosed in Note 26.

5 Intangible assets and goodwill (Cont'd)

Impairment testing for CGUs containing goodwill

For purposes of impairment testing, goodwill has been allocated to the Group's operations in Tajikistan.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the cement industry and have been based on historical data from internal sources.

	2018
	%
Forecasted revenue growth rate	2.8
Forecasted gross profit margin	51.5
Pre-tax discount rate	18.6
Terminal growth rate	7.2

In estimating the forecasted revenue growth rate, management took into account the estimated sales volume and price growth for the next 5 years, as well as the production capacity of the cement plant in Tajikistan.

Forecasted gross profit margin was based on historical information.

The forecasted revenue growth and forecasted gross profit are inherently judgemental and subject to political and regulatory risks in an emerging market environment.

The discount rate was estimated based on the historical industry average weighted-average cost of capital. The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter. A long-term growth rate into perpetuity has been determined as the long-term inflation rate of the country in which the CGU operates, consistent with the assumptions that a market participant would make.

The estimated recoverable amount of the CGU exceeded its carrying amount as at 31 December 2018. As such, no impairment loss on goodwill was recognised for the year ended 31 December 2018. Management has identified that the forecasted revenue growth rate would need to change by 0.71% for the estimated recoverable amount to be equal to the carrying amount.

6 Investment properties

	Note	Group 2018 $'000	Group 2017 $'000
At 1 January		119	100
Reclassification from property, plant and equipment	4	1,044	–
Change in fair value	22	(541)	17
Translation differences on consolidation		(10)	2
At 31 December		612	119

Investment properties comprise residential and industrial properties that are leased to external customers and/or held for capital appreciation. During the year ended 31 December 2018, rental income arising from a residential property and industrial property amounted to $21,000 (2017: $3,000). Changes in fair value are recognised as gains in profit or loss and included in 'other expenses'. All gains are unrealised.

During the year ended 31 December 2018, the Group changed its use of intention of an industrial property from owner-occupation to rental and reclassified $1,044,000 from property, plant and equipment to investment properties (2017: $nil).

The fair values of the residential properties that are held to earn rental and/or for capital appreciation are determined by VPC Alliance (JB) Sdn. Bhd. and VPC Alliance (KL) Sdn. Bhd., firms of independent professional valuers, having recognised professional qualifications. The properties were valued based on the market comparison approach (under Level 3 of the fair value hierarchy).

The fair value of the industrial property that is held to earn rental income is measured using discounted cash flows from expected rental income based on a signed lease agreement and discounted to present value using the weighted-average cost of capital.

7 Subsidiaries

	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Unquoted equity shares, at cost	20,763	20,763	20,763
Allowance for impairment loss	(18,575)	(18,446)	(18,332)
	2,188	2,317	2,431
Loans to subsidiaries, at cost	200,266	200,077	51,328
Allowance for impairment loss	(51,328)	(51,328)	(51,328)
	148,938	148,749	–
	151,126	151,066	2,431

7 Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Group effective ownership interest		
		31 Dec 2018	31 Dec 2017	1 Jan 2017
		%	%	%
Held by the Company				
Integrate Private Limited [(1)]	Singapore	100	100	100
International Cement Investment Pte. Ltd. [(1)]	Singapore	100	100	100
FacadeMaster Sdn. Bhd.	Malaysia	100	100	100
Compact Metal Ind. Pte. Ltd.	Singapore	100	100	100
Aluform Marketing Pte Ltd	Singapore	100	100	100
Compact Metal Industries Sdn. Bhd. [(2)]	Malaysia	100	100	100
Held by the Company				
Selaco Aluminium Berhad [(2)]	Malaysia	98.2	98.2	98.2
FacadeMaster Pte Ltd	Singapore	100	100	100
Ratus Projek Sdn Bhd	Malaysia	100	100	100
AEL Enviro (Asia) Pte. Ltd.	Singapore	70	70	70
Held by subsidiaries				
Held by Compact Metal Industries Sdn. Bhd.				
Compact Bricks Sdn. Bhd.	Malaysia	100	100	100
Held by Integrate Private Limited				
Integrate Marketing Pte Ltd	Singapore	100	100	100
Held by FacadeMaster Pte Ltd	Philippines	100	100	100
FacadeMaster Philippines Inc.				
Held by International Cement Investment Pte. Ltd.				
International Cement Kazakhstan Pte. Ltd. [(1)]	Singapore	100	100	100
HYD Tajikistan Investment Pte. Ltd. [(1)] [(3)]	Singapore	100	100	–
Cement Manufacturing International (Mauritius)	Mauritius	90	–	–
Held by International Cement Kazakhstan Pte. Ltd.				
Alacem LLP [(2)]	Kazakhstan	87.5	60	60
Held by HYD Tajikistan Investment Pte. Ltd.				
International Manufacturing Company Chzhungtsai Mohir Cement LLC [(2)] [(3)]	Tajikistan	65	65	–
Held by International Manufacturing Company Chzhungtsai Mohir Cement LLC				
Khujand Mohir Cement LLC	Tajikistan	51	51	–
Mohir Cement LLC [(2)]	Tajikistan	65	–	–

(1) Audited by KPMG LLP, Singapore.

(2) Audited by other member firms of KPMG International for consolidation purposes.

(3) On 14 October 2017, the Group acquired 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC through an acquisition of 100% shareholding in HYD Tajikistan Investment Pte. Ltd. (see Note 26).

7 Subsidiaries (Cont'd)

Loans to subsidiaries are unsecured and interest-free. The settlement of these loans to subsidiaries is entirely at the discretion of the subsidiaries. As the loans to subsidiaries are, in substance, capital contribution by the Company, they are classified as non-current and stated at cost less accumulated impairment losses.

Impairment loss

The movement in the allowance for impairment loss in respect of investments in subsidiaries during the year was as follows:

	Company	
	2018	2017
	$'000	$'000
At 1 January	69,774	69,660
Impairment loss recognised	129	114
At 31 December	69,903	69,774

The Company assesses at each balance sheet date whether there is any objective evidence that the Company's investments in subsidiaries are impaired. This assessment takes into account the operating performance of the subsidiaries, changes in the technological, market, economic or legal environment in which the subsidiaries operate and changes to the market interest rates. Due to continued losses incurred by certain subsidiaries, management performed an assessment as at the end of each financial year to determine the recoverable value of the investments in the subsidiaries. Based on this assessment, the Company's investments in subsidiaries was impaired to its fair value less costs to sell based on the fair value of each of the subsidiaries' net assets (Level 3 of the fair value hierarchy) at the reporting date, and an impairment loss of $129,000 (2017: $114,000) was recognised in the Company's statement of profit or loss during the year ended 31 December 2018.

8 Trade and other receivables

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Trade receivables	9,001	15,090	11,683	1,794	1,823	4,469
Accrued receivables	153	840	450	153	95	85
Allowance for doubtful receivables	(4,840)	(3,595)	(4,900)	(730)	(231)	(1,579)
	4,314	12,335	7,233	1,217	1,687	2,975
Other receivables	13,300	10,677	776	89	97	55
Amounts due from subsidiaries (non-trade)	–	–	–	55,937	48,135	52,169
Loan due from a subsidiary	–	–	–	–	50	623
Allowance for doubtful receivables	–	–	–	(37,332)	(33,157)	(32,910)
	–	–	–	18,605	15,028	19,882
	17,614	23,012	8,009	19,911	16,812	22,912
Deposits	21,821	13,318	6,243	37	–	–
Prepayments	3,398	2,335	417	60	47	37
	42,833	38,665	14,669	20,008	16,859	22,949
Non-current	23,599	13,715	6,243	–	–	594
Current	19,234	24,950	8,426	20,008	16,859	22,355
	42,833	38,665	14,669	20,008	16,859	22,949

Accrued receivables represent value of goods delivered or installed at customers' premises for which invoices have yet to be raised.

Amounts due from subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

As at 1 January 2017, the loan due from a subsidiary was unsecured, interest-free and repayable by 11 August 2021. During the year ended 31 December 2017, this loan was capitalised as part of the Company's investment in subsidiary as a result of changes in terms of the loan.

As at 31 December 2018 and 31 December 2017, the Group's deposits were mainly placed for a contract to construct a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan. The capital commitment arising from the construction is disclosed in Note 29.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in Note 27.

9 Inventories

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Raw materials and consumables	15,299	10,913	7,036	248	240	1,099
Work-in-progress	1,073	3,861	865	–	–	–
Finished goods	2,897	3,198	3,014	731	910	87
Spares	1,035	864	–	–	–	–
	20,304	18,836	10,915	979	1,150	1,186
Allowance for inventories obsolescence	(865)	(964)	(1,114)	(412)	(495)	(570)
	19,439	17,872	9,801	567	655	616

Inventories have been reduced by $466,000 (2017: $nil) as a result of the write down to net realisable value. The write downs are included in "Raw materials and consumables used" in profit or loss.

The Group recognises allowance on obsolete inventories when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items and is established when these inventory items are no longer marketable. Obsolete inventory items, when identified, are written off to profit or loss. In addition to an allowance for specifically identified obsolete inventory, allowance is also estimated based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence as at each reporting date. The Group reviews the condition of its inventories on a regular basis.

10 Other investments

The Group designates quoted equity securities as financial assets at fair value through profit and loss.

11 Cash and cash equivalents

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	12,288	20,497	9,638	2,198	4,899	4,667
Fixed deposits	796	8,112	22,797	739	8,073	22,759
Cash and cash equivalents in the statements of financial position	13,084	28,609	32,435	2,937	12,972	27,426
Deposits pledged	(57)	(39)	(38)			
Cash and cash equivalents in the consolidated statement of cash flows	13,027	28,570	32,397			

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date for the Group and Company is 1.60% and 1.47% (31 December 2017: 0.98% and 0.98%; 1 January 2017: 0.86% and 0.86%) respectively.

The Group's fixed deposits of $57,000 (31 December 2017: $39,000; 1 January 2017: $38,000) are pledged with financial institutions as securities for banker guarantees.

12 Share capital

	Company No. of shares	
	2018	2017
	'000	'000
Fully paid ordinary shares, with no par value		
In issue at 1 January	5,663,816	1,163,816
Issued in business combination	–	4,500,000
In issue at 31 December	5,663,816	5,663,816

On 27 November 2017, 4,500,000,000 ordinary shares were issued as consideration for the acquisition of HYD Tajikistan Investment Pte. Ltd. (see Note 26).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Reserves

Capital reserve

The capital reserve comprises the Group's share of accumulated profits of its subsidiaries capitalised in a bonus issue of shares.

Revaluation reserve

The revaluation reserve relates to the revaluation of leasehold properties (see Note 4).

Currency translation reserve

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and foreign currency differences on monetary items which form part of the Group's net investment in foreign operations.

Accumulated losses

As at 31 December 2018, included in the Group's accumulated losses is an amount of $1,087,000 (31 December 2017: $398,000; 1 January 2017: $nil) relating to statutory reserve. According to the relevant Tajikistan's regulation, the subsidiary in Tajikistan is required to make an annual allocation of a minimum amount of 5% of its net profit to the statutory reserve until the reserve balance reaches 15% of the entity's charter capital. The transfer to this reserve must be made before the distribution of dividends to its equity owners.

Dividends

The following dividends were declared by the Group:

For the year ended 31 December	Group	
	2018	2017
	$'000	$'000
Paid by a subsidiary to non-controlling interests	12,059	–

14 Non-controlling interests

On 14 October 2017, the Group acquired 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC") through an acquisition of 100% shareholding in HYD Tajikistan Investment Pte. Ltd. (see Note 26). Accordingly, the information for the financial year ended 31 December 2017 relating to IMCCMC is only for the period from 15 October 2017 to 31 December 2017.

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group.

Name of subsidiaries	Principal place of business/Country of incorporation	Operating segment	Effective ownership interest held by NCI		
			31 Dec 2018	31 Dec 2017	1 Jan 2017
			%	%	
AEL Enviro (Asia) Pte. Ltd. ("AEL")	Singapore	Others	30	30	30
IMCCMC	Tajikistan	Cement	35	35	–
Held by IMCCMC					
Mohir Cement LLC	Tajikistan	Cement	35	–	–

The following summarised financial information for the above subsidiaries is prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	AEL $'000	IMCCMC $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2018					
Revenue	–	94,796			
(Loss)/profit for the year	(114)	31,746			
Other comprehensive income	–	(7,593)			
Total comprehensive income	(114)	24,153			
Attributable to NCI:					
(Loss)/profit for the year	(34)	11,111	(807)	–	10,270
Other comprehensive income	–	(2,658)	1,078	–	(1,580)
Total comprehensive income	(34)	8,453	271	–	8,690
Non-current assets	–	183,456			
Current assets	39	27,738			
Non-current liabilities	(10,819)	(26,052)			
Current liabilities	(642)	(14,781)			
Net (liabilities)/assets	(11,422)	170,361			
Net (liabilities)/assets attributable to NCI	(3,426)	59,626	(164)	–	56,036
Cash flows from operating activities	(316)	46,052			
Cash flows from investing activities	–	(34,361)			
Cash flows from financing activities (dividends to NCI: $3,069,000)	–	(9,215)			
Net (decrease)/increase in cash and cash equivalents	(316)	2,476			

14 Non-controlling interests (Cont'd)

	AEL $'000	IMCCMC $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2017					
Revenue	–	15,405			
(Loss)/profit for the year	(232)	6,198			
Other comprehensive income	–	(2,040)			
Total comprehensive income	(232)	4,158			
Attributable to NCI:					
(Loss)/profit for the year	(70)	2,170	(232)	–	1,868
Other comprehensive income	–	(714)	560	–	(154)
Total comprehensive income	(70)	1,456	328	–	1,714
Non-current assets^	–	164,985			
Current assets	40	33,150			
Non-current liabilities^	(10,724)	(8,579)			
Current liabilities	(624)	(19,454)			
Net (liabilities)/assets	(11,308)	170,102			
Net (liabilities)/assets attributable to NCI	(3,392)	59,536	(47)	–	56,097
Cash flows from operating activities	(52)	6,096			
Cash flows from investing activities	–	(1,286)			
Cash flows from financing activities (dividends to NCI: $nil)	27	(949)			
Net (decrease)/increase in cash and cash equivalents	(25)	3,861			

^ The Group acquired IMCCMC on 14 October 2017. Upon completion of the purchase price allocation during the year ended 31 December 2018, the Group adjusted the carrying amount of certain assets and liabilities as disclosed in Note 26.

	AEL $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
1 January 2017				
Non-current assets	–			
Current assets	64			
Non-current liabilities	(10,503)			
Current liabilities	(637)			
Net liabilities	(11,076)			
Net liabilities attributable to NCI	(3,323)	(374)	–	(3,697)

15 Loans and borrowings

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current liabilities						
Finance lease liabilities	107	136	–	107	136	–
Current liabilities						
Unsecured trust receipts	1,723	3,700	3,202	1,723	3,700	3,202
Loan from a company controlled by a key management personnel	–	–	282	–	–	–
Loan from a company controlled by a close member of the family of a key management personnel	–	2,968	–	–	–	–
Finance lease liabilities	23	23	7	23	23	7
	1,746	6,691	3,491	1,746	3,723	3,209
Total loans and borrowings	1,853	6,827	3,491	1,853	3,859	3,209

As at 1 January 2017, the loan from a company controlled by a key management personnel was unsecured, interest-free and payable within one year. The loan was fully repaid during the year ended 31 December 2017.

As at 31 December 2017, the loan from a company controlled by a close member of the family of a key management personnel was unsecured, interest-free and payable within one year. The loan was fully repaid during the year ended 31 December 2018.

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 27.

15 Loans and borrowings (Cont'd)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	31 Dec 2018 Face value $'000	31 Dec 2018 Carrying amount $'000	31 Dec 2017 Face value $'000	31 Dec 2017 Carrying amount $'000	1 Jan 2017 Face value $'000	1 Jan 2017 Carrying amount $'000
Group									
Unsecured trust receipts	SGD	3.75% – 3.92%	2019	1,723	1,723	3,700	3,700	3,202	3,202
Loan from a company controlled by a key management personnel	USD	–	2017	–	–	–	–	282	282
Loan from a company controlled by a close member of the family of a key management personnel	USD	–	2018	–	–	2,968	2,968	–	–
Finance lease liabilities	SGD	2.68%	2019 – 2022	155	130	190	159	8	7
				1,878	1,853	6,858	6,827	3,492	3,491
Company									
Unsecured trust receipts	SGD	3.75% – 3.92%	2019	1,723	1,723	3,700	3,700	3,202	3,202
Finance lease liabilities	SGD	2.68%	2019 – 2022	155	130	190	159	8	7
				1,878	1,853	3,890	3,859	3,210	3,209

Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 Dec 2018 Present value of minimum lease payments $'000	31 Dec 2018 Interest $'000	31 Dec 2018 Future minimum lease payments $'000	31 Dec 2017 Present value of minimum lease payments $'000	31 Dec 2017 Interest $'000	31 Dec 2017 Future minimum lease payments $'000	1 Jan 2017 Present value of minimum lease payments $'000	1 Jan 2017 Interest $'000	1 Jan 2017 Future minimum lease payments $'000
Group and Company									
Within one year	23	5	28	23	5	28	7	1	8
Between one and five years	107	20	127	136	26	162	–	–	–
	130	25	155	159	31	190	7	1	8

15 Loans and borrowings (Cont'd)

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

	Liabilities				
	Trust receipts $'000	**Loan from a company controlled by a key management personnel $'000**	**Loan from a company controlled by a close member of the family of a key management personnel $'000**	**Finance lease liabilities $'000**	**Total $'000**
Group					
Balance at 1 January 2017	3,202	282	–	7	3,491
Changes from financing cash flows					
Interest paid	(101)	–	–	(2)	(103)
Payment of finance lease liabilities	–	–	–	(136)	(136)
Proceeds from trust receipts	7,288	–	–	–	7,288
Repayment of short-term loans	–	(282)	(853)	–	(1,135)
Repayment of trust receipts	(6,790)	–	–	–	(6,790)
Total changes from financing cash flows	397	(282)	(853)	(138)	(876)
Acquisition through business combination (Note 26)	–	–	3,821	–	3,821
Other changes					
Liability-related					
Interest expense	101	–	–	2	103
New finance leases (Note 4)	–	–	–	288	288
	101	–	–	290	391
Balance at 31 December 2017	3,700	–	2,968	159	6,827
Changes from financing cash flows					
Interest paid	(105)	–	–	(6)	(111)
Payment of finance lease liabilities	–	–	–	(23)	(23)
Proceeds from trust receipts	4,908	–	–	–	4,908
Repayment of short-term loans	–	–	(2,888)	–	(2,888)
Repayment of trust receipts	(6,885)	–	–	–	(6,885)
Total changes from financing cash flows	(2,082)	–	(2,888)	(29)	(4,999)
Other changes					
Liability-related					
Interest expense	105	–	–	6	111
Adjustments	–	–	–	(6)	(6)
	105	–	–	–	105
Effect from foreign currency translation differences on foreign operations	–	–	(80)	–	(80)
Balance at 31 December 2018	1,723	–	–	130	1,853

16 Long-term other payables

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Retention monies	615	716	846	540	670	812
Loan from non-controlling interests	2,481	–	–	–	–	–
	3,096	716	846	540	670	812

Retention monies relate to amounts withheld by the Group and the Company until the successful completion of the project works. These amounts are only payable upon completion of the construction contracts and after the defects liability period.

Loan from non-controlling interests is interest-free, unsecured and due in 2023.

17 Deferred tax

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	Balance as at 1 January 2017	Recognised in profit or loss (Note 23)	Recognised in other comprehensive income	Acquired in business combination^	Translation differences on consolidation	Balance as at 31 December 2017	Recognised in profit or loss (Note 23)	Recognised in other comprehensive income	Translation differences on consolidation	Balance as at 31 December 2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Deferred tax liabilities										
Property, plant and equipment	794	(15)	95	749	(8)	1,615	1,244	5	(363)	2,501
Intangible assets	–	–	–	4,909	(50)	4,859	(385)	–	(216)	4,258
Undistributed profits of subsidiaries	–	–	–	2,921	–	2,921	1,640	–	(94)	4,467
Other items	5	165	–	–	–	170	(170)	–	–	–
	799	150	95	8,579	(58)	9,565	2,329	5	(673)	11,226
Deferred tax assets										
Trade receivables	(92)	–	–	–	–	(92)	2	–	–	(90)
Property, plant and equipment	(587)	(254)	–	–	–	(841)	(13)	–	–	(854)
Tax losses carried forward	–	–	–	–	–	–	(994)	–	96	(898)
Other items	–	–	–	–	–	–	(519)	–	34	(485)
	(679)	(254)	–	–	–	(933)	(1,524)	–	130	(2,327)
Net deferred tax liabilities	120	(104)	95	8,579	(58)	8,632	805	5	(543)	8,899

^ *The Group acquired 100% interest in a subsidiary, HYD Tajikistan Investment Pte. Ltd., on 14 October 2017. Upon completion of the purchase price allocation during the year ended 31 December 2018, the Group adjusted the carrying amount of deferred tax liabilities as disclosed in Note 26.*

17 Deferred tax (Cont'd)

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group	
	2018	2017
	$'000	$'000
Deductible temporary differences	204	1,461
Unutilised capital allowances	2,333	1,446
Unutilised tax losses	31,081	36,749
	33,618	39,656

The unutilised tax losses and capital allowances are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses do not expire under current tax legislation.

18 Trade and other payables

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	6,044	893	429	205	501	165
Accrued operating expenses	3,026	5,317	1,399	1,221	742	1,311
Payables for purchase of property, plant and equipment	8,069	4,277	–	–	–	–
Other payables	2,842	2,514	1,413	196	249	162
Amounts due to subsidiaries:						
- trade	–	–	–	16,139	14,093	15,175
- non-trade	–	–	–	20,348	19,745	18,361
Other financial liabilities	19,981	13,001	3,241	38,109	35,330	35,174
Value-added/Goods and Services tax payable	7,204	7,533	239	34	57	167
	27,185	20,534	3,480	38,143	35,387	35,341

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to currency risk and liquidity risk related to trade and other payables are disclosed in Note 27.

19 Provisions

	Note	Warranties		Restoration costs		Total	
		2018	2017	2018	2017	2018	2017
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 January		635	829	–	–	635	829
Provision reversed during the year, net	22	(210)	(194)	200	–	(10)	(194)
Utilisation		(10)	–	–	–	(10)	–
At 31 December		415	635	200	–	615	635
Current		415	635	200	–	615	635
Company							
At 1 January		610	699	–	–	610	699
Provision (reversed)/made during the year, net		(245)	(89)	200	–	(45)	(89)
At 31 December		365	610	200	–	565	610
Current		365	610	200	–	565	610

Provision for warranties is made only for those contracts for which warranty for defects is provided and when those contracts are completed. The provision for warranties is based on estimates made from historical warranty data associated with similar completed contracts.

Restoration costs relate to the cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements. The Group expects to incur the liability upon termination of the leases.

20 Revenue

	Group	
	2018	2017
	$'000	$'000
Sale of goods	102,133	27,820
Construction contracts	11,974	13,294
	114,107	41,114

20 Revenue (Cont'd)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Aluminium segment – Construction contracts

Nature of goods or services	The Group supplies and installs aluminium and glazing works for main contractors in the building construction industry. This integrated service is provided based on specifically negotiated contracts with customers.
When revenue is recognised	The Group has assessed that these construction contracts qualify for over time revenue recognition as the Group's performance in the agreements does not create an asset with an alternative use to the Group due to contractual restrictions and the Group has enforceable rights to payment for performance completed till date. The stage of completion is measured by reference to the survey of works performed.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the construction services rendered exceeds the survey of works performed, a contract asset is recognised. Progress payment claims are made monthly based on the actual value of work done on site. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.
Obligations for warranties	All contracts with customers come with assurance-type warranties of 1 to 10 years, under which customers are able to request for replacement or rectification of any defective products.

The Group accounts for contract modifications as continuation of the original contract and recognises as a cumulative adjustment to revenue at the date of modification as these contract modifications do not add distinct goods or services.

20 Revenue (Cont'd)

Aluminium segment – Sale of goods

Nature of goods or services	The Group manufactures and sells aluminium related building materials such as aluminium extrusions, aluminium panels and associated architectural aluminium feature products.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Payment is due within 30 to 90 days when goods are delivered to the customers. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

Cement segment – Sale of goods

Nature of goods or services	The Group manufactures and sells cement and cement related materials such as cement bricks.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. For sale of goods where there are no written contracts with the customers, revenue is only recognised when consideration is received.
Significant payment terms	Payment is due within 30 to 90 days when goods are delivered to the customers. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

20 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 25).

	Aluminium		Cement		Others		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Primary geographical markets								
Singapore	12,814	17,930	–	–	–	–	12,814	17,930
Malaysia	6,497	7,779	–	–	–	–	6,497	7,779
Tajikistan	–	–	64,689	10,406	–	–	64,689	10,406
Afghanistan	–	–	18,844	4,447	–	–	18,844	4,447
Uzbekistan	–	–	11,263	552	–	–	11,263	552
	19,311	25,709	94,796	15,405	–	–	114,107	41,114
Major products/service line								
Construction contracts	11,974	13,294	–	–	–	–	11,974	13,294
Sale of goods	7,337	12,415	94,796	15,405	–	–	102,133	27,820
	19,311	25,709	94,796	15,405	–	–	114,107	41,114
Timing of revenue recognition								
Products and services transferred over time	11,974	13,294	–	–	–	–	11,974	13,294
Products transferred at a point in time	7,337	12,415	94,796	15,405	–	–	102,133	27,820
	19,311	25,709	94,796	15,405	–	–	114,107	41,114

20 Revenue (Cont'd)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	4,161	12,335	7,233	1,064	1,687	2,975
Contract assets	2,316	2,666	2,916	2,250	2,538	2,660
Contract liabilities	(151)	(71)	(317)	–	–	–

Contract assets relate to retention sums which are withheld by main contractors from the Group until the successful completion of the project works and are only payable upon completion of the construction contracts and after the defects liability period. These are transferred to trade receivables when the rights become unconditional, which usually occurs when the Group invoices the customers after the defects liability period.

Contract liabilities relate to advance consideration received from customers for construction projects.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Group				
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	71	317
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(151)	(71)
Contract assets reclassified to trade receivables	(548)	(797)	–	–
Changes in measurement of progress	379	574	–	–
Impairment loss on contract assets	(15)	(27)	–	–

Transaction price allocated to the remaining performance obligations

No disclosures relating to transaction price allocated to the remaining performance obligations as the Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

21 Finance income and finance costs

	Group	
	2018	2017
	$'000	$'000
Finance income		
Interest income on cash and cash equivalents	257	145
Finance costs		
Interest expense on:		
- trust receipts	(105)	(101)
- finance lease liabilities	(6)	(2)
- others	(296)	(79)
	(407)	(182)
Net finance costs recognised in profit or loss	(150)	(37)

22 Profit before tax

The following items have been included in arriving at profit before tax:

		Group	
	Note	2018	2017
		$'000	$'000
Acquisition-related costs	26	–	1,792
Audit fees paid to:			
- auditors of the Company		423	627
- other auditors		35	52
Non-audit fees paid to:			
- auditors of the Company		23	41
- other auditors		161	46
Change in fair value of investment properties	6	541	(17)
Contributions to defined contribution plans, included in staff and related costs		215	171
Exchange gain		(488)	(188)
Loss on disposal of property, plant and equipment		46	75
Rental income		(21)	(153)
Reversal of inventories obsolescence		(189)	(150)
Reversal of provision for warranties	19	(210)	(194)
Write down of inventories to net realisable value		466	–
Write off of property, plant and equipment		12	–

23 Tax expense/(credit)

	Note	Group 2018 $'000	Group 2017 $'000
Current tax (credit)/expense			
Current year		(53)	44
Overprovision in respect of prior years		–	(12)
		(53)	32
Deferred tax expense/(credit)			
Origination and reversal of temporary differences		(111)	(104)
Underprovision in respect of prior years		916	–
	17	805	(104)
Withholding tax paid on dividends declared by subsidiaries		3,673	–
Tax expense/(credit)		4,425	(72)

	Note	Group 2018 $'000	Group 2017 $'000
Reconciliation of effective tax rate			
Profit before tax		31,083	289
Tax using Singapore tax rate of 17% (2017: 17%)		5,284	49
Effect of different tax rates in foreign jurisdictions		(1,734)	(102)
Tax exempt income		(452)	(211)
Non-deductible expenses		477	748
Current year benefits of deferred tax assets not recognised		527	261
Tax incentive#		(4,993)	(805)
Withholding tax paid on dividends declared by subsidiaries		3,673	–
Deferred tax liabilities recognised on undistributed profits of subsidiaries		727	–
Under/(over)provision in respect of prior years		916	(12)
		4,425	(72)

Pursuant to the Investment Agreement, a subsidiary in Tajikistan, International Manufacturing Company Chzhungtsai Mohir Cement LLC is under a five-year tax holiday from 16 December 2015.

24 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share at 31 December 2018 were based on the profit attributable to ordinary shareholders of $16,388,000 (2017: loss of $1,507,000), and a weighted average number of ordinary shares outstanding of 5,663,816,000 (2017: 1,595,323,000), calculated as follows:

Profit attributable to ordinary shareholders

	Group 2018 $'000	Group 2017 $'000
Profit/(loss) for the year, representing profit attributable to ordinary shareholders	16,388	(1,507)

24 Earnings per share (Cont'd)

Weighted average number of ordinary shares

	Note	Group 2018 '000	Group 2017 '000
Issued ordinary shares at 1 January	12	5,663,816	1,163,816
Effect of shares issued related to a business combination		–	431,507
Weighted average number of ordinary shares during the year		5,663,816	1,595,323

25 Operating segments

In 2018, the Group has two (2017: two) reportable segments, as described below, which are the Group's strategic business units. These strategic business units offer different products and services, and are managed separately because they require different expertise and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the Chief Operating Decision Maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments for 2018:

- Aluminium division: undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, and manufacturing of aluminium extrusions, and supply of all such related products.
- Cement division: production, sales and/or distribution of cement.

Other operations in 2018 mainly include:

- Investment holding division: investment in land and buildings for either development or capital appreciation purposes.
- Energy related products and services division: development of prototype equipment for generation of electricity through recycling of shredded tyres.

None of these segments under other operations meets any of the quantitative thresholds for determining reportable segments in 2018 or 2017.

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

25 Operating segments (Cont'd)

Information about reportable segments

	Aluminium		Cement		Others		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
External revenues	19,311	25,709	94,796	15,405	–	–	114,107	41,114
Finance income	35	145	222	–	–	–	257	145
Finance costs	(111)	(103)	(296)	(79)	–	–	(407)	(182)
Depreciation of property, plant and equipment	(767)	(671)	(4,645)	(1,011)	–	(197)	(5,412)	(1,879)
Amortisation of intangible assets	–	–	(3,072)	(668)	–	–	(3,072)	(668)
Reportable segment (loss)/profit before tax	(4,985)	(2,877)	36,184	5,233	(116)	(275)	31,083	2,081
Other material non-cash item:								
- Reversal of/(loss allowance) on trade and other receivables and contract assets	114	(388)	1,388	–	–	–	1,502	(388)
Reportable segment assets	70,974	42,098	219,541	237,702	2,232	3,326	292,747	283,126
Capital expenditure	493	755	40,042	1,784	–	–	40,535	2,539
Reportable segment liabilities	6,085	8,306	26,222	19,892	645	644	32,952	28,842

25 Operating segments (Cont'd)

Reconciliations of reportable segment profit or loss and liabilities to SFRS(I)s measures

	2018 $'000	2017 $'000
Profit or loss before tax		
Total profit or loss before tax for reportable segments	31,199	2,356
Profit or loss before tax for other segments	(116)	(275)
	31,083	2,081
Unallocated amounts:		
- Acquisition-related costs	–	(1,792)
Consolidated profit before tax	31,083	289
Liabilities		
Total liabilities for reportable segments	32,307	28,198
Liabilities for other segments	645	644
	32,952	28,842
Other unallocated amounts, comprising deferred tax liabilities	8,899	8,632
Consolidated total liabilities	41,851	37,474

There are no reconciling items to be presented for consolidated total revenue and assets of reportable segments and no adjustments to be presented for other material non-cash items to SFRS(I)s measures.

Geographical segments

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.

	2018		2017	
	Revenue $'000	Non-current assets# $'000	Revenue $'000	Non-current assets# $'000
Singapore	12,814	45,142	17,930	86
Malaysia	6,497	7,471	7,779	7,450
Kazakhstan	–	28,470	–	8,324
Tajikistan	64,689	157,536	10,406	193,167
Afghanistan	18,844	–	4,447	–
Uzbekistan	11,263	–	552	–
	114,107	238,619	41,114	209,027

\# *Non-current assets exclude financial instruments.*

Major customers

Revenue from two (2017: two) customers of the Group's cement segment represents approximately $36,255,000 (2017: $4,740,000) of the Group's total revenue.

26 Acquisition of subsidiaries

On 14 October 2017, the Group acquired 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC") through an acquisition of 100% shareholding in HYD Tajikistan Investment Pte. Ltd. from a company owned by two key management personnel/directors, Zhang Zengtao and Ma Zhaoyang in the proportion of 70% and 30% respectively. As a result, the Group obtained control of HYD Tajikistan Investment Pte. Ltd. and IMCCMC.

The acquisition provides the Group a platform to achieve an immediate business and operational early entry presence in the cement market in Central Asia, which is in line with the Group's overall strategy of diversifying into the cement business. The cement plant held by IMCCMC is currently one of two modern cement plants in the Khatlon Region.

For the period from 15 October 2017 to 31 December 2017, IMCCMC contributed revenue of $17,172,000 and profit for the year of $7,965,000 to the Group's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been $97,054,000, and consolidated profit for the year would have been $28,271,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

Consideration transferred

The following table summarises the acquisition date fair value of consideration transferred:

	Note	$'000
Equity instruments issued (4,500,000,000 ordinary shares)	12	130,500

The fair value of the ordinary shares issued was based on the listed share price of the Company as at 14 October 2017 of $0.029 per share.

Acquisition-related costs

The Group incurred acquisition-related costs of $1,792,000 on legal and due diligence costs. These costs have been included in other expenses.

26 Acquisition of subsidiaries (Cont'd)

Identifiable assets acquired and liabilities assumed

As at 31 December 2017, purchase price allocation for the acquisition of IMCCMC was not completed and the goodwill was accounted for on a provisional basis.

The Group completed the purchase price allocation review during the financial year and retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjusted fair values of the identifiable assets and liabilities of IMCCMC as at the date of acquisition are presented in the following table:

	Note	Provisional amounts as previously reported $'000	Adjustments $'000	Adjusted amounts $'000
Property, plant and equipment	4	128,250	–	128,250
Intangible assets				
- computer software	5	110	–	110
- subsoil rights	5	38,026	–	38,026
Inventories		6,546	–	6,546
Trade and other receivables		23,919	–	23,919
Cash and cash equivalents		3,566	–	3,566
Trade and other payables		(22,083)	–	(22,083)
Loans and borrowings		(3,821)	–	(3,821)
Deferred tax liabilities	17	(5,658)	(2,921)	(8,579)
Total identifiable net assets		168,855	(2,921)	165,934

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique or cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets: - subsoil rights	Multi-period excess earnings method: This valuation method considers the present value of the net cash flows related to contributory assets.

The trade and other receivables comprise gross contractual amounts due of $24,272,000, of which $353,000 was expected to be uncollectible at the date of acquisition.

The loans and borrowings and trade and other payables comprise contractual amounts due at the date of acquisition.

Deferred tax liabilities are determined based on Tajikistan's corporate tax rate of 13% on the fair value adjustments of property, plant and equipment, intangible assets and Tajikistan's withholding tax rate on undistributed profits recognised at HYD Group level.

26 Acquisition of subsidiaries (Cont'd)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	Provisional amounts as previously reported $'000	Adjustments	Adjusted amounts
Total consideration transferred		130,500	–	130,500
Non-controlling interests based on proportionate interest in the recognised amounts of the assets and liabilities of the acquiree		59,102	(1,022)	58,080
Fair value of identifiable net assets		(168,855)	2,921	(165,934)
Goodwill	5	20,747	1,899	22,646

The goodwill is allocated to the IMCCMC cash-generating unit. The goodwill is attributable mainly to the immediate business opportunities and early entry presence in the cement market in Central Asia. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition of non-controlling interests

In May 2018, the Group acquired an additional 27.5% interest in Alacem LLC, increasing its ownership from 60% to 87.5%. The carrying amount of Alacem LLC's net liabilities in the Group's consolidated financial statements on the date of acquisition was $1,375,000.

	$'000
Carrying amount of NCI acquired ($1,375,000 x 27.5%)	(378)
Consideration paid to NCI	(1)
Decrease in equity attributable to owners of the Company	(379)

The decrease in equity attributable to owners of the Company comprised:

- an increase in accumulated losses of $395,000; and
- an increase in currency translation reserve of $16,000.

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

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The 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 Group's operations and the risks faced by the Group.

Credit risk

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

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 hold any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2018 $'000	2017 $'000
(Reversal of)/loss allowance on trade and other receivables and contract assets	(1,502)	388

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 20.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. In monitoring credit risk, customers are grouped according to their credit characteristics, including their geographical location, industry, trade history with the Group, aging profile, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

Trade and other receivables and contract assets (Cont'd)

Exposure to credit risk

The exposure to credit risk for trade and other receivables and contract assets at the reporting date by segment was as follows:

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Aluminium division (mainly in construction industry)	5,937	8,166	10,149	3,314	4,225	5,635
Cement division	6,883	14,058	–	–	–	–
Subsidiaries	–	–	–	18,605	15,028	19,882
Others	7,110	3,454	776	242	97	55
	19,930	25,678	10,925	22,161	19,350	25,572

Concentration of credit risk relating to trade and other receivables and contract assets is limited due to the Group's and the Company's many varied customers. For aluminium business, the main customers are construction-related with Housing Development Board ("HDB") appointed main contractors engaged mainly in HDB projects and other private projects.

Comparative information under FRS 39

The ageing of trade and other receivables and contract assets that were not impaired at the reporting date was:

	Group		Company	
	31 Dec 2017	**1 Jan 2017**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**
Neither past due nor impaired	24,106	8,320	3,510	4,811
Past due 1 – 30 days	1,051	826	291	370
Past due 31 – 120 days	181	685	181	157
Past due more than 120 days	340	1,094	15,368	20,234
	25,678	10,925	19,350	25,572

The Group and the Company believe that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour.

Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the lifetime ECLs of trade and other receivables and contract assets. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on geographic region.

Loss rates are based on actual credit loss experience over the past three years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

Trade and other receivables and contract assets (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets for third party corporate counterparties as at 31 December 2018:

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
Current (not past due)	2%	18,724	(310)	Yes
Past due 1 – 30 days	12%	1,470	(179)	No
Past due 31 – 120 days	94%	2,154	(2,027)	Yes
Past due more than 120 days	97%	2,862	(2,764)	Yes
		25,210	(5,280)	
Company				
Current (not past due)	7%	3,401	(245)	Yes
Past due 1 – 30 days	6%	141	(9)	No
Past due 31 – 120 days	9%	245	(21)	No
Past due more than 120 days	95%	823	(779)	Yes
		4,610	(1,054)	

Movements in allowance for impairment in respect of trade and other receivables and contract assets (excluding non-trade amounts and loan due from subsidiaries)

The movement in the allowance for impairment in respect of trade and other receivables and contract assets (excluding non-trade amounts and loan due from subsidiaries) during the year was as follows:

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
At 1 January		3,622	5,220	258	1,881
Adjustment on initial application of SFRS(I) 9 (Refer to Note 32)		2,840	–	490	–
Adjusted balance at 1 January		6,462	5,220	748	1,881
Impairment loss (reversed)/recognised	22	(1,502)	388	306	(282)
Amounts written off		–	(1,997)	–	(1,341)
Translation differences on consolidation		320	11	–	–
At 31 December		5,280	3,622	1,054	258

During the current year, the reversal of loss allowance at the Group level was due to an improvement in collection from customers, i.e. an improvement in aging. The weighted average loss rate has not changed significantly on a year-on-year basis. At the Company level, there was an increase in credit-impaired balances of $499,000, resulting in an increase in impairment loss allowance of the same amount.

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

Trade and other receivables and contract assets (Cont'd)

Expected credit loss assessment for non-trade amounts and loan due from subsidiaries as at 1 January and 31 December 2018

The Company held non-trade receivables and loan from its subsidiaries of $55,937,000 (31 December 2017: $48,185,000; 1 January 2017: $52,792,000). These are amounts lent to subsidiaries to satisfy short term funding requirements. The Company has measured impairment on these balances based on the 12-month expected loss which reflects the credit risk of the exposures.

The Company measures credit risk of its subsidiaries by assessing the risk of default by each subsidiary during the exposure period. For subsidiaries where risk of default is deemed to be insignificant, impairment loss has not been recognised on these balances. For subsidiaries where there has been a significant increase in credit risk since initial grant of the balances, management has assessed the cash shortfalls which may be irrecoverable and have provided for these cash shortfalls in full.

Movements in allowance for impairment in respect of non-trade amounts and loan due from subsidiaries

The movement in the allowance for impairment in respect of non-trade amounts and loan due from subsidiaries during the year was as follows:

	Company	
	2018	2017
	$'000	$'000
At 1 January	33,157	32,910
Adjustment on initial application of SFRS(I) 9 (Refer to Note 32)	3,852	–
Adjusted balance at 1 January	37,009	32,910
Impairment loss recognised	323	247
At 31 December	37,332	33,157

Based on the Group's and the Company's monitoring of credit risk, the Group and the Company believe that, apart from the above, no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade and other receivables and contract assets.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $13,084,000 (31 December 2017: $28,609,000; 1 January 2017: $32,425,000) and $2,937,000 (31 December 2017: $12,972,000; 1 January 2017: $27,426,000) respectively at 31 December 2018, which represent their maximum credit exposures on these assets. The cash and fixed deposits are placed with banks and financial institutions which are regulated.

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 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.

27 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

In addition, the Group and the Company maintain the following lines of credit as at 31 December 2018:

- $nil million (31 December 2017: $1 million; 1 January 2017: $1 million) overdraft facility that is unsecured. Interest would be charged at the bank prime rate (currently at 5% per annum) prevailing from time to time and calculated on 365 day-year basis.

- $5 million (31 December 2017: $5 million; 1 January 2017: $5 million) common line for trust receipts, letters of credit and performance guarantees that are unsecured. The facility has a maturity of 180 days that can be drawn down upon repayment. Interest is charged at 2% per annum above the bank swap offer rate ("SOR") prevailing from time to time.

The Group has contractual commitments to construct a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan (see Note 29).

The Company is exposed to liquidity risk as the Company's current liabilities exceeded its current assets. Management has plans to fund requirements via advances from subsidiaries.

Exposure to liquidity risk

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

		Cash flows		
	Carrying amounts	**Contractual cash flows**	**Within 1 year**	**Within 1 to 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Group				
31 December 2018				
Non-derivative financial liabilities				
Trust receipts	1,723	(1,742)	(1,742)	–
Finance lease liabilities	130	(155)	(28)	(127)
Long-term other payables	3,096	(3,096)	–	(3,096)
Trade and other payables	20,049	(20,049)	(20,049)	–
Contract liabilities	151	(151)	(151)	–
	25,149	(25,193)	(21,970)	(3,223)
31 December 2017				
Non-derivative financial liabilities				
Trust receipts	3,700	(3,801)	(3,801)	–
Loan from a company controlled by a close member of the family of a key management personnel	2,968	(2,968)	(2,968)	–
Finance lease liabilities	159	(190)	(28)	(162)
Long-term other payables	716	(716)	–	(716)
Trade and other payables	13,001	(13,001)	(13,001)	–
Contract liabilities	71	(71)	(71)	–
	20,615	(20,747)	(19,869)	(878)

27 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Carrying amounts	Cash flows: Contractual cash flows	Within 1 year	Within 1 to 5 years
	$'000	$'000	$'000	$'000
Group				
1 January 2017				
Non-derivative financial liabilities				
Trust receipts	3,202	(3,282)	(3,282)	–
Loan from a company controlled by a close member of the family of a key management personnel	282	(282)	(282)	–
Finance lease liabilities	7	(8)	(8)	–
Long-term other payables	846	(846)	–	(846)
Trade and other payables	3,241	(3,241)	(3,241)	–
Contract liabilities	317	(317)	(317)	–
	7,895	(7,976)	(7,130)	(846)
Company				
31 December 2018				
Non-derivative financial liabilities				
Trust receipts	1,723	(1,742)	(1,742)	–
Finance lease liabilities	130	(155)	(28)	(127)
Long-term other payables	540	(540)	–	(540)
Trade and other payables	38,109	(38,109)	(38,109)	–
	40,502	(40,546)	(39,879)	(667)
31 December 2017				
Non-derivative financial liabilities				
Trust receipts	3,700	(3,801)	(3,801)	–
Finance lease liabilities	159	(190)	(28)	(162)
Long-term other payables	670	(670)	–	(670)
Trade and other payables	35,330	(35,330)	(35,330)	–
	39,859	(39,991)	(39,159)	(832)
1 January 2017				
Non-derivative financial liabilities				
Trust receipts	3,202	(3,282)	(3,282)	–
Finance lease liabilities	7	(8)	(8)	–
Long-term other payables	812	(812)	–	(812)
Trade and other payables	35,174	(35,174)	(35,174)	–
	39,195	(39,276)	(38,464)	(812)

The maturity analysis shows the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27 Financial instruments (Cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily denominated in United States dollar ("USD").

The summary of quantitative data about the Group's exposure to USD as reported to the management of the Group is as follows:

	2018 $'000	2017 $'000
Group		
Trade and other receivables	751	305
Cash and cash equivalents	6,276	7,059
Trade and other payables	(7,835)	(1,955)
Loans and borrowings	(1,723)	(2,968)
Net statement of financial position exposure	(2,531)	2,441

The Company's exposure to foreign currency risk is not significant as at 31 December 2018 and 31 December 2017.

The Group's and the Company's exposure to foreign currency risk is not significant as at 1 January 2017.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the functional currencies of the Company and its subsidiaries against the USD at 31 December 2018 would have increased (decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2018 Profit before tax $'000	2017 Profit before tax $'000
USD (10% strengthening)	(253)	244
USD (10% weakening)	253	(244)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group does not use any derivative financial instruments to hedge its interest rate risk.

27 Financial instruments (Cont'd)

Market risk (Cont'd)

Interest rate risk (Cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and the Company's interest-earning/bearing financial instruments was as follows:

		Group			Company		
	Note	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
		$'000	$'000	$'000	$'000	$'000	$'000
Fixed rate instruments							
Fixed deposits	11	796	8,112	22,797	739	8,073	22,759
Finance lease liabilities	15	(130)	(159)	(7)	(130)	(159)	(7)
		666	7,953	22,790	609	7,914	22,752
Variable rate instruments							
Trust receipts	15	(1,723)	(3,700)	(3,202)	(1,723)	(3,700)	(3,202)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase in 100 basis points ("bp") (1%) in interest rates at the reporting date would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trust receipts, representing cash flow sensitivity	(17)	(37)	(17)	(37)

A decrease in 100 bp in interest rates would have the equal but opposite effect on the above interest-bearing instruments, on the basis that all other variables remain constant.

Capital management

The Group's capital management is to ensure its ability to continue as a going concern in order to provide an adequate return to its shareholders and economic benefits for its stakeholders. Capital consists of total equity.

The Group manages its capital structure and makes adjustments to it in consideration of many factors including changes in economic conditions, availability of comparatively advantageous financing strategies, cost of financing and impact of changes in the Group's liquidity and funding needs pertaining to its business activities.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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	Designated at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Group								
31 December 2018								
Financial assets measured at fair value								
Other investments	10	1	–	–	1	1	–	–
Financial assets not measured at fair value								
Trade and other receivables	8	–	17,614	–	17,614	–	17,614	17,614
Cash and cash equivalents	11	–	13,084	–	13,084			
			30,698	–	30,698			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(1,723)	(1,723)			
Finance lease liabilities	15	–	–	(130)	(130)	–	(127)	(127)
Long-term other payables	16	–	–	(3,096)	(3,096)	–	(3,076)	(3,076)
Trade and other payables	18	–	–	(19,981)	(19,981)			
Contract liabilities		–	–	(151)	(151)			
		–	–	(25,081)	(25,081)			

27 Financial instruments (Cont'd)

		Carrying amount				Fair value		
	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Group								
31 December 2017								
Financial assets measured at fair value								
Other investments	10	2	–	–	2	2	–	2
Financial assets not measured at fair value								
Trade and other receivables	8	–	23,012	–	23,012	–	23,012	23,012
Cash and cash equivalents	11	–	28,609	–	28,609			
		–	51,621	–	51,621			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(3,700)	(3,700)			
Loan from a company controlled by a close member of the family of a key management personnel	15	–	–	(2,968)	(2,968)			
Finance lease liabilities	15	–	–	(159)	(159)	–	(138)	(138)
Long-term other payables	16	–	–	(716)	(716)	–	(701)	(701)
Trade and other payables	18	–	–	(13,001)	(13,001)			
Contract liabilities		–	–	(71)	(71)			
		–	–	(20,615)	(20,615)			

27 Financial instruments (Cont'd)

	Note	Carrying amount				Fair value		
		Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Group								
1 January 2017								
Financial assets measured at fair value								
Other investments	10	2	–	–	2	2	–	2
Financial assets not measured at fair value								
Trade and other receivables	8	–	8,009	–	8,009	–	8,009	8,009
Cash and cash equivalents	11	–	32,435	–	32,435			
		–	40,444	–	40,444			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(3,202)	(3,202)			
Loan from a company controlled by a close member of the family of a key management personnel	15	–	–	(282)	(282)			
Finance lease liabilities	15	–	–	(7)	(7)	–	(7)	(7)
Long-term other payables	16	–	–	(846)	(846)	–	(835)	(835)
Trade and other payables	18	–	–	(3,241)	(3,241)			
Contract liabilities		–	–	(317)	(317)			
		–	–	(7,895)	(7,985)			

27 Financial instruments (Cont'd)

		Carrying amount				Fair value		
	Note	Designated at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Company								
31 December 2018								
Financial assets measured at fair value								
Other investments	10	#	–	–	#	#	–	#
Financial assets not measured at fair value								
Trade and other receivables	8	–	19,911	–	19,911	–	19,911	19,911
Cash and cash equivalents	11	–	2,937	–	2,937			
		–	22,848	–	22,848			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(1,723)	(1,723)			
Finance lease liabilities	15	–	–	(130)	(130)	–	(127)	(127)
Long-term other payables	16	–	–	(540)	(540)	–	(520)	(520)
Trade and other payables	18	–	–	(38,109)	(38,109)			
		–	–	(40,502)	(40,502)			

 # Less than $1,000

27 Financial instruments (Cont'd)

	Note	Carrying amount				Fair value		
		Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Company								
31 December 2017								
Financial assets measured at fair value								
Other investments	10	1	–	–	1	1	–	1
Financial assets not measured at fair value								
Trade and other receivables	8	–	16,812	–	16,812	–	16,812	16,812
Cash and cash equivalents	11	–	12,972	–	12,972			
		–	29,784	–	29,784			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(3,700)	(3,700)			
Finance lease liabilities	15	–	–	(159)	(159)	–	(138)	(138)
Long-term other payables	16	–	–	(670)	(670)	–	(655)	(655)
Trade and other payables	18	–	–	(35,330)	(35,330)			
		–	–	(39,859)	(39,859)			
1 January 2017								
Financial assets measured at fair value								
Other investments	10	1	–	–	1	1	–	1
Financial assets not measured at fair value								
Trade and other receivables	8	–	22,912	–	22,912	–	22,912	22,912
Cash and cash equivalents	11	–	27,426	–	27,426			
		–	50,338	–	50,338			
Financial liabilities not measured at fair value								
Unsecured trust receipts	15	–	–	(3,202)	(3,202)			
Finance lease liabilities	15	–	–	(7)	(7)	–	(7)	(7)
Long-term other payables	16	–	–	(812)	(812)	–	(802)	(802)
Trade and other payables	18	–	–	(35,174)	(35,174)			
		–	–	(39,195)	(39,195)			

27 Financial instruments (Cont'd)

Measurement of fair values

Type	Valuation technique
Non-current trade and other receivables, contract assets, long-term other payables and finance lease liabilities	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.
Other financial assets and liabilities	The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

28 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Within one year	127	504	333	127	504	333
Between one and five years	–	–	308	–	–	308
	127	504	641	127	504	641

The Group and the Company lease warehouses and offices under operating leases. The leases run for a period of 12 to 26 months (2017: 12 to 26 months) with an option to renew the leases after that date.

Leases as a lessor

Non-cancellable operating lease rentals are payable as follows:

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Within one year	108	–	–	–	–	–
Between one and five years	434	–	–	–	–	–
More than five years	524	–	–	–	–	–
	1,066	–	–	–	–	–

The Group leases out an industrial property classified as investment property (Note 6) under an operating lease. The lease runs for a period of 10 years (2017: nil).

29 Capital commitments

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Capital expenditure contracted to construct a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan (2017: a cement plant in Kazakhstan) as at reporting date but not recognised in the financial statements	65,471	84,119	91,564

30 Related parties

Transactions with key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling activities of the Group. The executive directors and members of the management team of the Group are considered to be key management personnel.

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employee benefits	2,179	1,655
Contributions to defined contribution plans	89	67
	2,268	1,722

Included in key management personnel compensation is remuneration of directors amounting to $1,287,000 (2017: $934,000). Directors' remuneration includes short-term employee benefits, contributions to defined contribution plans and allowances.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control over the financial or operating policies of these entities. A number of these entities transacted with the Group during the year.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control were as follows:

		Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	Note	**2018**	**2017**	**2018**	**2017**
		$'000	**$'000**	**$'000**	**$'000**
Group					
Loan	(i)	–	(282)	–	–
Loan	(ii)	–	(853)	–	2,968
Acquisition of subsidiaries	26	–	(130,500)	–	–

30 Related parties (Cont'd)

(i) In 2016, prior to the Group obtaining control of International Manufacturing Company Chzhungtsai Mohir Cement ("IMCCMC"), the Group obtained a loan of USD 500,000 from IMCCMC, which was unsecured, interest-free and repayable within one year. IMCCMC was then a subsidiary held by a company owned by two key management personnel/directors, Ma Zhaoyang and Zhang Zengtao in the proportion of 70% and 30% respectively. The loan was fully repaid during the year ended 31 December 2017.

(ii) As at 31 December 2017, loan from Shaanxi Hengyuda Building Materials Co., Ltd ("SHBM") was unsecured, interest-free and payable within one year. SHBM is controlled by a close member of the family of a key management personnel/director, Zhang Zengtao. The loan was fully repaid during the year ended 31 December 2018.

31 Contingent liabilities

Certain subsidiaries of the Group are involved in certain regulatory matters in Tajikistan and Kazakhstan as at 31 December 2018 and 2017. Due to the nature and status of these matters and also in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be determinable. Accordingly, no impairment, revision of useful life or provision for restoration cost, where applicable, has been recorded.

32 Explanation of transition to SFRS(I)s and adoption of new standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)s"). SFRS(I)s comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I)s with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I)s.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I).

Reconciliation of the Group's equity
Consolidated statement of financial position

		31 December 2017					1 January 2018	
	Note	FRS framework	SFRS(I) 1	SFRS(I)15	Adjustment upon completion of purchase price allocation (Note 26)	SFRS(I) framework	SFRS(I) 9	SFRS (I) framework
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets								
Property, plant and equipment		135,672	–	–	–	135,672	–	135,672
Intangible assets and goodwill		57,622	–	–	1,899	59,521	–	59,521
Investment properties		119	–	–	–	119	–	119
Trade and other receivables	B(iii)	16,381	–	(2,666)	–	13,715	–	13,715
Contract assets	B(iii), C(ii)	–	–	1,569	–	1,569	(100)	1,469
		209,794	–	(1,097)	1,899	210,596	(100)	210,496
Current assets								
Inventories	B(i)	19,957	–	(2,085)	–	17,872	–	17,872
Trade and other receivables	B(ii), C(ii)	26,691	–	(1,741)	–	24,950	(2,674)	22,276
Contract assets	B(iii)	–	–	1,097	–	1,097	(66)	1,031
Other investments		2	–	–	–	2	–	2
Cash and cash equivalents		28,609	–	–	–	28,609	–	28,609
		75,259	–	(2,729)	–	72,530	(2,740)	69,790
Total assets		285,053	–	(3,826)	1,899	283,126	(2,840)	280,286

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Group's equity (Cont'd)
Consolidated statement of financial position (Cont'd)

	Note	31 December 2017				1 January 2018		
		FRS framework	SFRS(I) 1	SFRS(I)15	Adjustment upon completion of purchase price allocation (Note 26)	SFRS(I) framework	SFRS(I) 9	SFRS (I) framework
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Equity attributable to owners of the Company								
Share capital		273,633	–	–	–	273,633	–	273,633
Capital reserve		404	–	–	–	404	–	404
Revaluation reserve		2,651	–	–	–	2,651	–	2,651
Currency translation reserve	A(i), B(ii)	(9,090)	7,207	17	–	(1,866)	–	(1,866)
Accumulated losses		(74,937)	(7,207)	(3,123)	–	(85,267)	(2,133)	(87,400)
		192,661	–	(3,106)	–	189,555	(2,133)	187,422
Non-controlling interests	B(ii), C(ii)	57,728	–	(609)	(1,022)	56,097	(707)	55,390
Total equity		250,389	–	(3,715)	(1,022)	245,652	(2,840)	242,812
Non-current liabilities								
Loans and borrowings		136	–	–	–	136	–	136
Long-term other payables		716	–	–	–	716	–	716
Deferred tax liabilities		5,711	–	–	2,921	8,632	–	8,632
		6,563	–	–	2,921	9,484	–	9,484
Current liabilities								
Trade and other payables	B(i), B(iii)	20,716	–	(182)	–	20,534	–	20,534
Contract liabilities	B(iii)	–	–	71	–	71	–	71
Provisions		635	–	–	–	635	–	635
Loans and borrowings		6,691	–	–	–	6,691	–	6,691
Current tax payable		59	–	–	–	59	–	59
		28,101	–	(111)	–	27,990	–	27,990
Total liabilities		34,664	–	(111)	2,921	37,474	–	37,474
Total equity and liabilities		285,053	–	(3,826)	1,899	283,126	(2,840)	280,286

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Group's equity
Consolidated statement of financial position

	Note	1 January 2017 FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets					
Property, plant and equipment		7,725	–	–	7,725
Investment properties		100	–	–	100
Trade and other receivables	B(iii)	9,159	–	(2,916)	6,243
Contract assets	B(iii)	–	–	1,466	1,466
		16,984	–	(1,450)	15,534
Current assets					
Inventories	B(i)	10,477	–	(676)	9,801
Trade and other receivables		8,426	–	–	8,426
Contract assets	B(iii)	–	–	1,450	1,450
Other investments		2	–	–	2
Cash and cash equivalents		32,435	–	–	32,435
		51,340	–	774	52,114
Total assets		68,324	–	(676)	67,648
Equity attributable to owners of the Company					
Share capital		143,133	–	–	143,133
Capital reserve		404	–	–	404
Revaluation reserve		2,453	–	–	2,453
Currency translation reserve	A(i)	(7,207)	7,207	–	–
Accumulated losses	B(i)	(76,011)	(7,207)	(643)	(83,861)
		62,772	–	(643)	62,129
Non-controlling interests		(3,697)	–	–	(3,697)
Total equity		59,075	–	(643)	58,432
Non-current liabilities					
Long-term other payables		846	–	–	846
Deferred tax liabilities		120	–	–	120
		966	–	–	966
Current liabilities					
Trade and other payables	B(i), B(iii)	3,830	–	(350)	3,480
Contract liabilities	B(iii)	–	–	317	317
Provisions		829	–	–	829
Loans and borrowings		3,491	–	–	3,491
Current tax payable		133	–	–	133
		8,283	–	(33)	8,250
Total liabilities		9,249	–	(33)	9,216
Total equity and liabilities		68,324	–	(676)	67,648

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Group's profit or loss
Consolidated statement of profit or loss

		Year ended 31 December 2017		
	Note	**FRS framework $'000**	**SFRS(I) 15 $'000**	**SFRS (I) framework $'000**
Revenue	B(ii)	42,881	(1,767)	41,114
Other income		536	–	536
Changes in inventories of work-in-progress and finished goods		844	–	844
Raw materials and consumables used	B(i)	(15,856)	(1,331)	(17,187)
Staff and related costs		(9,500)	–	(9,500)
Depreciation of property, plant and equipment		(1,879)	–	(1,879)
Impairment loss on property, plant and equipment		(55)	–	(55)
Amortisation of intangible assets		(668)	–	(668)
Impairment loss on trade and other receivables and contract assets	C(ii)	–	(388)	(388)
Operating lease expenses		(547)	–	(547)
Other expenses	C(ii)	(12,332)	388	(11,944)
		3,424	(3,098)	326
Finance income		145	–	145
Finance costs		(182)	–	(182)
Net finance costs		(37)	–	(37)
Profit before tax		3,387	(3,098)	289
Tax credit		72	–	72
Profit for the year		3,459	(3,098)	361
Profit/(loss) attributable to:				
Owners of the Company	B(i), B(ii)	973	(2,480)	(1,507)
Non-controlling interests	B(ii)	2,486	(618)	1,868
Profit for the year		3,459	(3,098)	361

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Group's total comprehensive income
Consolidated statement of comprehensive income

		Year ended 31 December 2017		
	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Profit for the year	B(i), B(ii)	3,459	(3,098)	361
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Surplus on revaluation of property, plant and equipment		394	–	394
Tax on surplus on revaluation of property, plant and equipment		(95)	–	(95)
		299	–	299
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		179	–	179
Foreign currency translation differences – foreign operations	B(ii)	(2,225)	26	(2,199)
		(2,046)	26	(2,020)
Other comprehensive income for the year, net of tax		(1,747)	26	(1,721)
Total comprehensive income for the year		1,712	(3,072)	(1,360)
Total comprehensive income attributable to:				
Owners of the Company	B(i), B(ii)	(611)	(2,463)	(3,074)
Non-controlling interests	B(ii)	2,323	(609)	1,714
Total comprehensive income for the year		1,712	(3,072)	(1,360)

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Company's equity
Statement of financial position for the Company

	Note	31 December 2017 FRS framework $'000	31 December 2017 SFRS(I) 15 $'000	31 December 2017 SFRS(I) framework $'000	1 January 2018 SFRS(I) 9 $'000	1 January 2018 SFRS(I) framework $'000
Non-current assets						
Property, plant and equipment		537	–	537	–	537
Subsidiaries		151,066	–	151,066	–	151,066
Trade and other receivables	B(iii)	2,538	(2,538)	–	–	–
Contract assets	B(iii), C(ii)	–	1,441	1,441	(87)	1,354
		154,141	(1,097)	153,044	(87)	152,957
Current assets						
Inventories	B(i)	2,714	(2,059)	655	–	655
Trade and other receivables	C(ii)	16,859	–	16,859	(4,189)	12,670
Contract assets	B(iii)	–	1,097	1,097	(66)	1,031
Other investments		1	–	1	–	1
Cash and cash equivalents		12,972	–	12,972	–	12,972
		32,546	(962)	31,584	(4,255)	27,329
Total assets		186,687	(2,059)	184,628	(4,342)	180,286
Equity attributable to owners of the Company						
Share capital		273,633	–	273,633	–	273,633
Accumulated losses	B(i), C(ii)	(127,610)	(1,976)	(129,586)	(4,342)	(133,928)
Total equity		146,023	(1,976)	144,047	(4,342)	139,705
Non-current liabilities						
Loans and borrowings		136	–	136	–	136
Long-term other payables		670	–	670	–	670
		806	–	806	–	806
Current liabilities						
Trade and other payables	B(i)	35,470	(83)	35,387	–	35,387
Provisions		610	–	610	–	610
Loans and borrowings		3,723	–	3,723	–	3,723
Current tax payable		55	–	55	–	55
		39,858	(83)	39,775	–	39,775
Total liabilities		40,664	(83)	40,581	–	40,581
Total equity and liabilities		186,687	(2,059)	184,628	(4,342)	180,286

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Reconciliation of the Company's equity (Cont'd)
Statement of financial position for the Company (Cont'd)

	Note	1 January 2017		
		FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets				
Property, plant and equipment		372	–	372
Subsidiaries		2,431	–	2,431
Trade and other receivables	B(iii)	3,254	(2,660)	594
Contract assets	B(iii)	–	1,215	1,215
		6,057	(1,445)	4,612
Current assets				
Inventories	B(i)	1,244	(628)	616
Trade and other receivables		22,355	–	22,355
Contract assets	B(iii)	–	1,445	1,445
Other investments		1	–	1
Cash and cash equivalents		27,426	–	27,426
		51,026	817	51,843
Total assets		57,083	(628)	56,455
Equity attributable to owners of the Company				
Share capital		143,133	–	143,133
Accumulated losses	B(i)	(126,228)	(628)	(126,856)
Total equity		16,905	(628)	16,277
Non-current liabilities				
Long-term other payables		812	–	812
Current liabilities				
Trade and other payables		35,341	–	35,341
Provisions		699	–	699
Loans and borrowings		3,209	–	3,209
Current tax payable		117	–	117
		39,366	–	39,366
Total liabilities		40,178	–	40,178
Total equity and liabilities		57,083	(628)	56,455

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

Notes to the reconciliations

A. SFRS(I) 1

In adopting SFRS(I)s in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I)s that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to $nil at the date of transition and reclassified the cumulative FCTR of $7,207,000 as at 1 January 2017 determined in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR increased by $7,207,000 and accumulated losses increased by the same amount as at 1 January 2017.

B. SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

In determining the impact as at 1 January 2017, the Group did not apply any practical expedient as allowed under SFRS(I) 1.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

(i) Aluminium segment – Contract costs

For construction contracts where the stage of completion is determined by reference to surveys of work done, contract costs were recognised as an expense in profit or loss using the percentage of completion method prior to the adoption of SFRS(I) 15.

Upon the adoption of SFRS(I) 15, the costs incurred to fulfil the performance obligation are recognised in profit or loss as incurred, given that the control of goods or services is transferred to the customer over time.

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

B. SFRS(I) 15 (Cont'd)

(i) Aluminium segment – Contract costs (Cont'd)

The impact to the financial statements is as follows:

	Group		Company	
	31 December 2017	1 January 2017	31 December 2017	1 January 2017
	$'000	$'000	$'000	$'000
Statement of financial position				
Decrease in inventories	(2,085)	(676)	(2,059)	(628)
Increase in accumulated losses	1,974	643	1,976	628
Decrease in trade and other payables	111	33	83	–
Statement of profit or loss				
Increase in raw materials and consumables used	(1,331)			
Decrease in profit for the year	(1,331)			
Decrease in profit attributable to owners of the Company	(1,331)			
Statement of comprehensive income				
Decrease in total comprehensive income attributable to owners of the Company	(1,331)			

(ii) Cement segment – Identification of contracts

Under SFRS(I) 15, a contract exists when it is legally enforceable; collection of consideration is probable; rights to goods or services and payment terms can be identified; it has commercial substance; and it is approved and the parties are committed to their obligations.

There are certain sales made where there are no written contracts with the customers. The enforceability of rights and obligations based on the relevant laws and regulations in which the entities reside, is uncertain. Accordingly, revenue is only recognised when consideration is received.

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

B. SFRS(I) 15 (Cont'd)

(ii) Cement segment – Identification of contracts (Cont'd)

The impact to the financial statements is as follows:

	Group		Company	
	31 December 2017	**1 January 2017**	**31 December 2017**	**1 January 2017**
	$'000	**$'000**	**$'000**	**$'000**
Statement of financial position				
Decrease in trade receivables	(1,741)	–	–	–
Increase in currency translation reserve	17	–	–	–
Increase in accumulated losses	1,149	–	–	–
Decrease in non-controlling interests	(609)	–	–	–
Statement of profit or loss				
Decrease in revenue	(1,767)			
Decrease in profit for the year	(1,767)			
Decrease in profit attributable to owners of the Company	(1,149)			
Decrease in profit attributable to non-controlling interests	(618)			
Statement of comprehensive income				
Increase in foreign currency translation differences – foreign operations	26			
Decrease in total comprehensive income attributable to owners of the Company	(1,132)			
Decrease in total comprehensive income attributable to non-controlling interests	(609)			

(iii) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

- Retention monies classified as "Long-term trade and other receivables" of $2,666,000 and $2,538,000 for the Group and Company as at 31 December 2017 respectively, and $2,916,000 and $2,660,000 for the Group and Company respectively as at 1 January 2017 were reclassified to "Contract assets".

- "Customer advances" classified as "Short-term trade and other payables" of $71,000 as at 31 December 2017 and $317,000 for the Group as at 1 January 2017 were reclassified to "Contract liabilities".

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

C. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, the Group's financial assets are classified in the following categories: measured at amortised cost and FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 category of loans and receivables.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.3(i).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompany notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

C. SFRS(I) 9 (Cont'd)

(i) Classification of financial assets and financial liabilities (Cont'd)

	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	New carrying amount under SFRS(I) 9 $'000
Group				
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	23,012	20,338
Cash and cash equivalents	Loans and receivables	Amortised cost	28,609	28,609
			51,621	48,947
Company				
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	16,812	12,623
Cash and cash equivalents	Loans and receivables	Amortised cost	12,972	12,972
			29,784	25,595

Trade and other receivables, and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There is no impact on the carrying amounts upon the change in classification.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, but not to equity investments.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss related to trade receivables separately in the statement of profit or loss. As a result, the Group reclassified impairment loss amounting to $388,000 recognised under FRS 39, from 'other expenses' to 'impairment loss on trade and other receivables' in the statement profit or loss for the year ended 31 December 2017.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	Group $'000	Company $'000
Loss allowance at 31 December 2017 under FRS 39	3,622	33,415
Additional impairment recognised at 1 January 2018 on:		
Trade and other receivables and contract assets as at 31 December 2017	2,840	4,342
Loss allowance at 1 January 2018 under SFRS(I) 9	6,462	37,757

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

32 Explanation of transition to SFRS(I)s and adoption of new standards (Cont'd)

C. SFRS(I) 9 (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 27.

Transition impact on equity

The following table summarises the impact, net of tax, of transition to SFRS(I) 9 on reserves, retained earnings and NCI at 1 January 2018.

	Impact of adopting SFRS(I) 9 at 1 January 2018	
	Group	**Company**
	$'000	**$'000**
Accumulated losses		
Closing balance under FRS 39 (31 December 2017)	(85,267)	(129,586)
Recognition of expected credit losses under SFRS(I) 9	(2,133)	(4,342)
Opening balance under SFRS(I) 9 (1 January 2018)	(87,400)	(133,928)
Non-controlling interests		
Closing balance under FRS 39 (31 December 2017)	56,097	–
Recognition of expected credit losses under SFRS(I) 9	(707)	–
Opening balance under SFRS(I) 9 (1 January 2018)	55,390	–

33 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier applications is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

33 New standards and interpretations not yet adopted (Cont'd)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases* – Incentives and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, with no restatement of comparative information. The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 28). The operating lease commitments on an undiscounted basis amount to approximately 0.04% of consolidated total assets and 0.30% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's and the Company's finance leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34 Subsequent events

Scheme of arrangement

On 16 March 2018, the Company entered into an Implementation Agreement with International Cement Group Ltd. ("ICG"), a company incorporated in Singapore, in relation to a proposed restructuring by way of a scheme of arrangement under Section 210 of the Companies Act (Chapter 50) of Singapore. Pursuant to the terms of the Implementation Agreement, ICG will acquire all the existing issued ordinary shares in the capital of the Company ("CMIL Share") held by shareholders of CMIL, in consideration for the allotment and issuance of new ordinary shares in the capital of ICG ("ICG Share") on the basis of one new ICG Share for every one CMIL Share.

Upon completion of this restructuring, CMIL was delisted from the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 8 March 2019 and became a subsidiary of ICG. ICG has been listed on the Mainboard of the SGX-ST since 8 March 2019.

There is no impact on the Group's financial statements for the year ended 31 December 2018.

The restructuring exercise, which effected a change of the listed entity with the same shareholders, does not meet the definition of a business under SFRS(I) 3 *Business Combinations.* Accordingly, ICG's consolidated financial statements for the year ending 31 December 2019 will be presented as a continuation of the amounts previously included in the consolidated financial statements of Compact Metal Industries Ltd.

Proposed acquisition of SCHWENK Namibia (Pty) Ltd

On 8 March 2019, International Cement Group Ltd. entered into a conditional sale and purchase agreement ("SPA") with SCHWENK Zement International GmbH & Co Kg (the "Vendor") for the acquisition of a 100% equity stake in SCHWENK Namibia (Pty) Ltd (the "Acquiree") which in turn has 69.83% and 100% equity stakes in Ohorongo Cement (Pty) Limited ("Ohorongo Cement") and Energy For Future (Pty) Ltd ("EFF") respectively. Ohorongo Cement owns and operates an operational cement plant in North Otavi, Namibia (the "Cement Plant") while EFF is principally engaged in the business of sourcing of alternative energy sources and any related business thereto.

This proposed acquisition provides the Group an attractive opportunity to expand and establish a foothold in Africa, which is in line with the Group's overall strategy and key focus on the cement business.

The purchase consideration of the equity shares in the Acquiree and the shareholders' loan from the Vendor to the Acquiree amounted to USD 19,342,000 and USD 85,069,000 respectively. All condition precedents in the SPA are to be obtained on or before 31 July 2019, i.e. the long-stop date.

No disclosures have been made on the initial accounting for this transaction as the acquisition has not been completed at the date of these financial statements.

SHAREHOLDINGS STATISTICS

As at 20 March 2019

Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share
No. of issued and paid-up shares	:	5,663,816,419

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	248	4.00	11,359	0.00
100 - 1,000	2,658	42.89	1,088,859	0.02
1,001 - 10,000	1,979	31.93	8,624,095	0.15
10,001 - 1,000,000	1,264	20.39	106,930,166	1.89
1,000,001 AND ABOVE	49	0.79	5,547,161,940	97.94
	6,198	100.00	5,663,816,419	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	4,521,556,100	79.83
2	ZHANG ZENGTAO	217,500,000	3.84
3	CITIBANK NOMINEES SINGAPORE PTE LTD	151,343,500	2.67
4	SL CAPITAL VENTURES PTE LTD	118,200,000	2.09
5	CHNG GIM HUAT	98,430,000	1.74
6	PHILLIP SECURITIES PTE LTD	80,831,455	1.43
7	BUCKLEY CAPITAL PTE LTD	78,800,000	1.39
8	RAFFLES NOMINEES (PTE) LIMITED	48,489,185	0.85
9	NG LAY KHIM	27,993,200	0.49
10	MAYBANK KIM ENG SECURITIES PTE LTD	25,367,928	0.45
11	SINN KIT FOOK	17,000,000	0.30
12	LEE HONG KHIM	14,450,000	0.25
13	CHNG BENG HUA	12,000,000	0.21
14	DBS NOMINEES PTE LTD	11,624,044	0.20
15	OCBC SECURITIES PRIVATE LTD	11,175,000	0.20
16	LOW SOE ENG OR LENG BOON THAI	10,084,605	0.18
17	NG KIAN GUAN	10,000,000	0.18
18	ONG BEE HOO	8,425,400	0.15
19	HSBC (SINGAPORE) NOMINEES PTE LTD	8,339,500	0.15
20	KOH CHING SHYANG	6,700,100	0.12
		5,478,310,017	96.72

SHAREHOLDINGS STATISTICS

As at 20 March 2019

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest No. of Shares	% of total issued shares (1)	Deemed Interest No. of Shares	% of total issued shares (1)
Victory Gate Ventures Limited (2)	–	–	4,500,000,000	79.45
Ma Zhaoyang (3), (4)	–	–	4,617,500,000	81.53
Zhang Zengtao (5)	217,500,000	3.84	4,500,000,000	79.45

Notes:

1. As a percentage of the issued share capital of the Company comprising 5,663,816,419 Shares.
2. Victory Gate Ventures Limited's ("VGVL") interest in 4,500,000,000 shares were held under the name of nominees UOB Kay Hian Pte Ltd
3. Ma Zhaoyang's interest in the 117,500,000 Shares were held under the name of nominees – Citibank Nominees Singapore Pte Ltd.
4. Ma Zhaoyang holds 30% shares in VGVL and is therefore deemed to be interested in the shares held by VGVL by virtue of Section 7(4) of the Act.
5. Zhang Zengtao holds 70% shares in VGVL and is therefore deemed to be interested in the shares held by VGVL by virtue of Section 7(4) of the Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 20 March 2019, 14.33% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chng Beng Hua, Ms Lisa Sam Hui Min (Lisa Cen Huimin), Mr Sin Ee Wuen (Xian Yiwen) and Mr Kan Ah Chye @ Kan Poh Thong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2019 ("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 CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
Date of Appointment as Director of Compact Metal Industries Ltd. ("CMIL")	16 February 2007	05 May 2008	31 October 2011	01 May 2015
Date of Appointment as Director of International Cement Group Ltd.	30 May 2018	30 May 2018	30 May 2018	30 May 2018
Date of last re-appointment as Director of CMIL	27 April 2018	28 April 2017	26 April 2016	26 April 2016
Age	54	74	46	41
Country of principal residence	Singapore	Singapore	Singapore	Singapore

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Chng Beng Hua has many years of experience in the area of finance and real estate development. He has been an Executive Director of Compact Metal Industries Ltd. ("CMIL") since 2007 and is very familiar with the business operations of the CMIL Group. The Board opined that Mr Chng has carried out his duties satisfactorily in FY2018 and that his expertise and knowledge are still required by the Group, and recommended his re-election.	Mr Kan Ah Chye was appointed to the Board of Compact Metal Industries Ltd. ("CMIL") on 05 May 2008 and had served as its Independent Director since then. Mr Kan has more than 25 years of experience as a corporate banker. As the Group is on its expansion path, Mr Kan's banking expertise will be required when the Company needs funding or banking facilities for any acquisition or corporate exercise. Although Mr Kan has served as Director for more than 10 years, the Board was satisfied that Mr Kan has been able to maintain his independent judgment in carrying out his duties as an Independent Director. The Board has also considered the fact that there was a change in controlling shareholder during the tenure of his service. The Board recommended his re-election.	Ms Lisa Sam Hui Min was trained as a lawyer and is currently running her own legal firm. She has many years of legal experience covering diverse areas of law. The Board was satisfied that Ms Sam has carried out her duties as an Independent Director in FY2018. She contributes to gender diversity and is able to provide the legal perspective on matters discussed at the Board. The Board recommended his re-election.	Mr Sin Ee Wuen is the Executive Director and Deputy Chief Executive Officer of a company listed on the Singapore Exchange Securities Trading Limited. The Board opined that Mr Sin is able to offer his views from the operational perspective of things. The Board was satisfied that he had contributed positively to the Board and recommended his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Lead Independent Director, Chairman of the Audit and Remuneration Committee and a member of the Nominating Committee.	Independent Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee.	Independent Director, member of the Audit and Remuneration Committee.

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
Academic Qualifications / Professional qualifications	Bachelor Degree in Business Administration	Bachelor Degree in Economics and Accounting (Honours)	Member of Law Society of Singapore	NIL
Working experience and occupation(s) during the past 10 years	2007 to present Executive Director, Compact Metal Industries Ltd.	NIL	1. Managing Partner of Lisa Sam & Company from May 2004 until to-date; 2. Allen & Gledhill from May 2000 to April 2004.	1. Oct 2017 to present - Deputy Chief Executive Officer of Sysma Holdings Ltd. 2. Oct 2015 to September 2017 - Property Development Director of Sysma Holdings Ltd. 3. May 2014 to September 2015 - Corporate Development Manager of Sysma Holdings Ltd. 5. 2000 to 2014 - Category A Pilot For Republic of Singapore Air Force
Shareholding interest in the listed issuer and its subsidiaries	12,000,000 ordinary shares held in his own name. Mr Chng Beng Hua is deemed interest in 4,000,000 shares held by his spouse and 1,000,000 shares held by the Central Provident Fund in his own account.	No	No	No
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	Chng Tze Sian Milton, Assistant General Manager (Corporate Affairs) Son of Mr Chng Beng Hua	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#				
Past (for the last 5 years)	1. AEL Enviro (Asia) Pte. Ltd. 2. International Cement Kazakhstan Pte. Ltd. 3. International Cement Investment Pte. Ltd.	NIL	NIL	1. SL Capital Ventures Pte. Ltd. 2. Coastline Pte. Ltd.
Present	1. Compact Bricks Sdn Bhd 2. Compact Metal Industries Sdn Bhd 3. Facademaster Sdn Bhd 4. Ratus Project Sdn Bhd 5. Selaco Aluminium Bhd 6. C.G.H. Development Pte. Ltd. 7. Orchid Café Pte. Ltd. 8. Chng Gim Huat Holdings Pte. Ltd. 9. Eastwood Park Pte. Ltd. 10. Hong Leong Finance Limited 11. NS Travel & Tours Pte. Ltd. 12. Orchard Grand Court Pte. Ltd. 13. Orchid Hotel Private Limited 14. Paya Ubi Industrial Park Pte. Ltd. 15. Compact Metal Industries Ltd.	1. DISA Ltd 2. Compact Metal Ind. Pte. Ltd. 3. Aluform Marketing Pte. Ltd. 4. Intergrate Pte. Ltd. 5. Facademaster Pte. Ltd. 6. Compact Metal Industries Sdn Bhd 7. Facademaster Sdn Bhd 8. Selaco Aluminium Berhad 9. Ratus Projek Sdn Bhd 10. Compact Metal Industries Ltd.	1. Managing Partner of Lisa Sam & Company 2. Compact Metal Industries Ltd.	1. Sysma Properties Pte Ltd 2. De Paradiso Development Pte Ltd 3. GCAP Properties Pte Ltd 4. Sysma Holdings Pte Ltd 5. Sysma Capital Pte Ltd 6. Sysma Capital One Pte Ltd 7. East Development Pte Ltd 8. Compact Metal Industries Ltd.

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
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	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	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
c) Whether there is any unsatisfied judgment against him?	No	No	No	No
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	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	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
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	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	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
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	No	No
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	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	No	No	No	No

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
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	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHNG BENG HUA	MR KAN AH CHYE @ KAN POH THONG	MS LISA SAM HUI MIN (LISA CEN HUIMIN)	MR SIN EE WUEN (XIAN YIWEN)
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	No	No
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	N/A	N/A

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of International Cement Group Ltd. (the "Company") will be held at Kent Ridge Guild House, Evans Room at 9 Kent Ridge Drive, Singapore 119241 on Monday, 29 April 2019 at 10.30am to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors' Statement and the Auditor's Report thereon. (Resolution 1)

2. To re-elect Mr Chng Beng Hua as Director pursuant to Article 106 of the Constitution of the Company. (Resolution 2)

3. To re-elect Mr Kan Ah Chye @ Kan Poh Thong as Director pursuant to Article 106 of the Constitution of the Company. (Resolution 3)

   Mr Kan Ah Chye @ Kan Poh Thong, if re-elected as Director of the Company, will remain as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. To re-elect Ms Lisa Sam Hui Min (Lisa Cen Huimin) as Director pursuant to Article 106 of the Constitution of the Company. (Resolution 4)

   Ms Lisa Sam Hui Min (Lisa Cen Huimin) if re-elected as Director of the Company, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. She is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

5. To re-elect Mr Sin Ee Wuen (Xian Yiwen) as Director pursuant to Article 106 of the Constitution of the Company. (Resolution 5)

   Mr Sin Ee Wuen (Xian Yiwen), if re-elected as Director of the Company, will remain as a member of the Audit Committee and Remuneration Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

6. To approve payment of Directors' fees of S$185,000 for the financial year ending 31 December 2019 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears. (2018:S$112,000) (Resolution 6)

7. To re-appoint KPMG LLP as auditor of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. (Resolution 7)

8. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

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

9. To receive and adopt the Audited Financial Statements of Compact Metal Industries Ltd. for the financial year ended 31 December 2018 and the Directors' Statement and the Auditor's Report thereon. (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

10. Authority to Issue Shares (Resolution 9)

"That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Manual of SGX-ST, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

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

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

provided always that

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 50% of the Company's total number of issued shares (excluding treasury shares), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) in the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares) shall be the Company's total number of issued shares (excluding treasury shares) at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 1)

BY ORDER OF THE BOARD

Lee Zhen Jesica
Ang Siew Koon
Company Secretaries

12 April 2019

Singapore

Explanatory Notes:

1. Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next AGM to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company 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 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

2. For the purpose of Resolution 9, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend and vote at the Meeting.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, 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 and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

6. The instrument appointing a proxy must be deposited at the registered office of the Company at 290 Orchard Road, Paragon, #14-07, Singapore 238859 not later than 48 hours before the time appointed for the AGM.

"**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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."

INTERNATIONAL CEMENT GROUP LTD.

(Company Registration No.: 201539771E)
(Incorporated in the Republic of Singapore)

PROXY FORM
FOR ANNUAL GENERAL MEETING

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

I/We ______________________________ (Name) ______________________________ (*NRIC/Passport No.) of

____ (Address)

being a member/members of **INTERNATIONAL CEMENT GROUP LTD.** (the "**Company**"), hereby appoint:–

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting (the "Meeting") as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Meeting of the Company to be held at Kent Ridge Guild House, Evans Room at 9 Kent Ridge Drive, Singapore 119241 on Monday, 29 April 2019 at 10.30am and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

Resolutions No.	Ordinary Resolutions	For	Against
Resolution 1	Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and Auditor's Report.		
Resolution 2	Re-election of Mr Chng Beng Hua.		
Resolution 3	Re-election of Mr Kan Ah Chye @ Kan Poh Thong.		
Resolution 4	Re-election of Ms Lisa Sam Hui Min (Lisa Cen Huimin).		
Resolution 5	Re-election of Mr Sin Ee Wuen (Xian Yiwen).		
Resolution 6	Approval of Directors' fees of S$185,000 for the financial year ending 31 December 2019 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears.		
Resolution 7	Re-appointment of KPMG LLP as Auditor.		
Resolution 8	Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and Auditor's Report of Compact Metal Industries Ltd.		
Resolution 9	Authority to issue new shares.		

(Please indicate your vote "**For**" or "**Against**" with a tick [√] within the box provided.)

Signed this ________ day of ______________ 2019.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or Common Seal

*Delete accordingly

IMPORTANT:–

Please read the notes overleaf:

Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. Pursuant to Section 181(1C) of the Companies Act, a member 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 and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 290 Orchard Road, Paragon, #14-07, Singapore 238859 not less than forty-eight (48) hours before the time set for the Annual General Meeting.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

"**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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."

Compact

Compact Metal Industries Ltd

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Kerbulak District,Kyzylzhar Village, Almaty Oblast,
Kazakhstan