

ANNUAL
REPORT
- 2020 -

EXPANDING FOOTPRINT

INTERNATIONAL
CEMENT GROUP

CONTENTS

Expanding Footprint

Despite the global pandemic, the Group has maintained steady growth during the year, particularly in our cement segment. Looking ahead, we will continue to prudently and cautiously pursue expansion within Central Asia, where demand for cement remains strong. With our track record of sustained growth, as well as planned acquisitions in the pipeline, we are well-positioned to expand our footprint in the region.

AT A GLANCE

Existing Plant	Location	Annual Production Capacity
TAJIKISTAN (MOHIR)		
1 Cement Plant	Yovon District, Khatlon Region	1.2 mil MT
1 Grinding Station	Kolkhozabad, Khatlon Province	0.6 mil MT
Upcoming development		
1 Drywall (Gypsum Plasterboard) Plant	Yovon District, Khatlon Region	30 mil M^2
KAZAKHSTAN (ALACEM)		
Cement Plant	Sary-Ozek, Almaty Region	1.2 mil MT

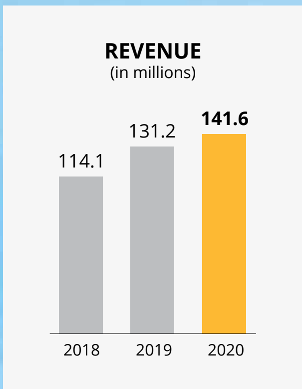
About International Cement Group

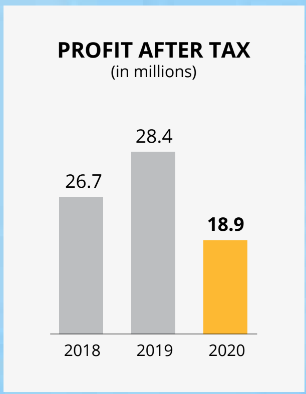
International Cement Group Ltd. (the "Company", and together with its subsidiaries, the "Group") is a cement producer with operations in the Central Asia region. The Group owns and operates the largest cement plant in the Khatlon Region in Tajikistan in Central Asia, with an annual production capacity of 1.2 million metric tonnes. The Group also owns and operates a grinding station in Kolkhozabad, Tajikistan, with an annual production capacity of 0.6 million metric tonnes.

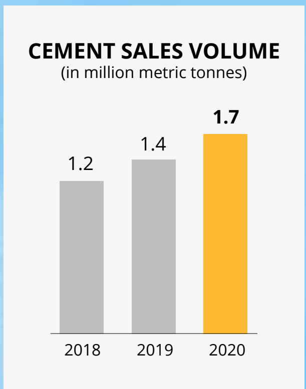
In addition to its Tajikistan operations, the Group also owns and operates a cement plant in the Almaty region of Kazakhstan. The plant, which has an annual production capacity of 1.2 million metric tonnes, commenced commercial production in April 2020.

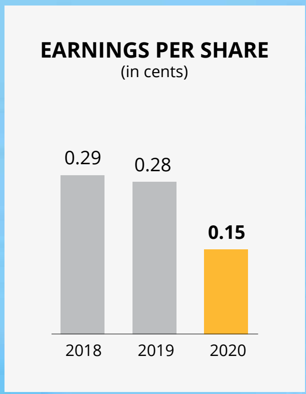
The Group also has an established business in manufacturing and marketing aluminum extrusions used for the construction industry in Singapore.

FINANCIAL HIGHLIGHTS





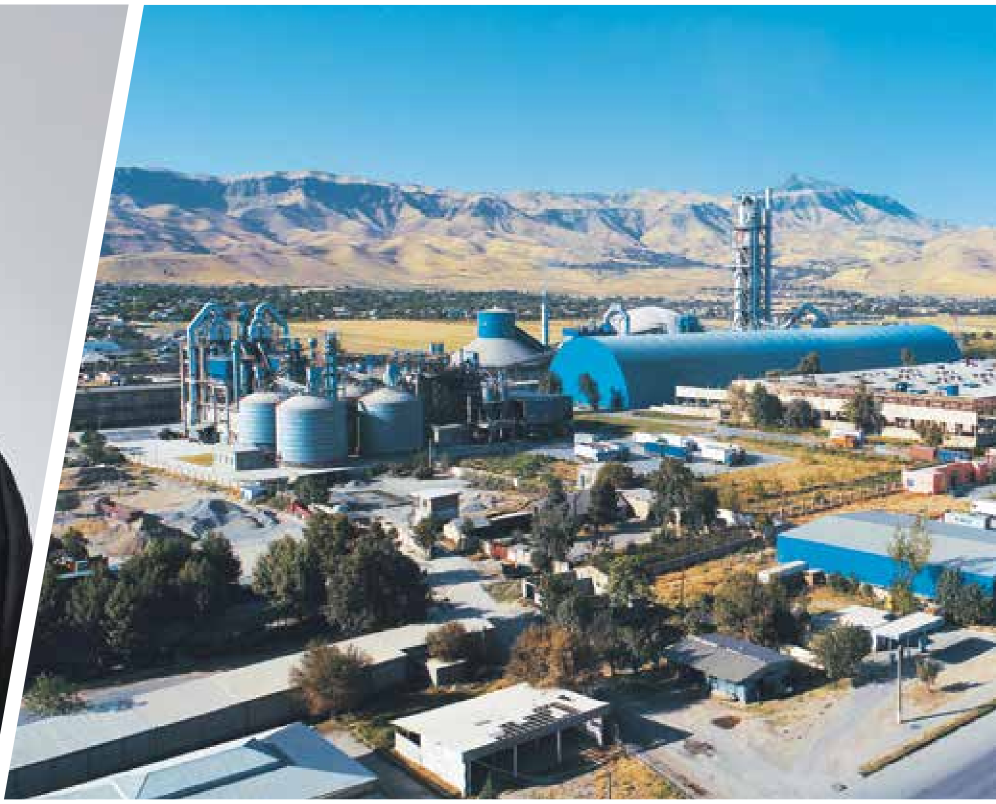




S$'000 (unless otherwise stated)	**2018**	**2019**	**2020**
Cement sales volume (million metric tonnes)	1.2	1.4	1.7
Revenue	114,107	131,229	141,626
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	39,717	42,880	43,625*
Profit before tax	31,083	33,405	26,229*
Profit after tax	26,658	28,381	18,894*
Profit attributable to owners of the Company	16,388	15,730	8,788
EBITDA margin (%)	34.8	32.7	30.8
Net profit margin (%)	23.4	21.6	13.3
Basic and diluted earnings per share (Singapore cents)	0.29	0.28	0.15
Total assets	292,747	368,475	337,423
Total liabilities	41,851	104,543	98,194
Total equity	250,896	263,932	239,229
Equity attributable to owners of the Company	194,860	205,077	192,744
Net asset value per share (Singapore cents)	3.44	3.58	3.36
Net cash from operating activities	33,525	50,271	49,905
Net cash used in investing activities	(37,098)	(55,114)	(26,118)
Net cash from/(used in) financing activities	(11,741)	4,273	(25,763)
Cash and cash equivalents	13,027	12,345	10,047

** This includes foreign exchange losses of S$10.8 million*

CHAIRMAN'S MESSAGE



Dear Shareholders,

This year has been marked by numerous disruptive events, the most noteworthy being the COVID-19 pandemic. Nonetheless, we delivered a steady performance overall and achieved new milestones for our cement business.

In FY2020, despite the adverse effect of the COVID-19 pandemic, the Group's revenue rose by 7.9% to S$141.6 million. This was due to higher revenue contribution from the cement segment, boosted by the strong demand for cement in Tajikistan, as well as the commencement of sales in the third quarter of 2020 at the new cement plant in Kazakhstan. However, the overall increase was partially offset by a decline in revenue from the aluminium segment mainly due to the suspension of construction activities as a result of the pandemic and its related countermeasures, as well as the cessation of the aluminium extrusion business in Malaysia since the end of 2019.

Despite strong sales, the Group's performance was affected by significant foreign exchange losses of S$10.8 million caused by the depreciation of Kazakhstani Tenge ("KZT") against the United States dollar ("USD") and Chinese Yuan ("CNY"), as well as the depreciation of Tajikistan Somoni ("TJS") against the USD. Kazakhstan's economy, being highly dependent on the export of oil, was greatly affected by the steep and prolonged decline in oil prices this year due to the COVID-19 pandemic. This resulted in the KZT's significant depreciation against the USD and CNY since March 2020, which it has yet to fully recover from. The Group's Kazakhstan operations is particularly vulnerable to such foreign exchange movements due to payables to inter-companies as well as transactions for its engineering, procurement and construction activities. Additionally, due to a reduction in remittances caused by the pandemic, the National Bank of Tajikistan made a correction to harmonise official and black-market exchange rates in November 2020, causing a 10% depreciation of the TJS against the USD. This development also led to significant foreign exchange losses for the Group, as the Group has significant foreign currency exposures due to its inter-company balances.

Consequently, the Group recorded a decline in net profit of 33.4% to S$18.9 million in FY2020. Excluding the foreign exchange losses, the Group would have registered a net profit of S$29.7 million in FY2020 compared to a net profit of S$28.4 million a year ago.

Our Tajikistan operations, which sells cement to the local Tajikistan market as well as its primary export market of Afghanistan under the Mohir brand name, experienced a decline in sales from mid-March 2020 to end May 2020, due to tighter border control measures and a slowdown in construction activities in both countries as a result of the COVID-19 pandemic. However, sales resumed to pre-COVID-19 levels from June 2020, driven largely by strong domestic demand for quality construction materials as a result of a construction boom in the country due in part to the Tajikistan government's continued focus on developing the country's infrastructure. Moreover, with the Mohir brand name gaining prominence and market share over the past few years, we have been well-positioned to capitalise on this spike in construction activities.

Our main Kazakhstan plant, which completed construction in 2019 and produces cement under the Alacem brand name, also experienced some disruption to its operations as a result of the pandemic. While the plant was able to commence production in April 2020, there was a delay in the commencement of sales, largely due to the implementation of lockdown measures in the main Kazakh cities of Nur-Sultan and Almaty, from mid-March 2020 to May 2020, and then again from early July 2020 to mid-August 2020. As such, while we were able to commence production earlier in the year, we could only commence sales in August 2020. Nonetheless, from August 2020, demand for our cement in Kazakhstan was strong, and sales have been gaining momentum.

As with many other businesses in Singapore, our aluminium business had to contend with operational disruptions due to the implementation of Circuit Breaker lockdown measures from April 2020 to June 2020. During this period, we were unable to carry out work as most construction activities were suspended, and manpower was disrupted due to movement restrictions at foreign worker dormitories. With the easing of lockdown measures, construction activities have since restarted, and all of our workers have been able to resume work on our projects. Some of the contracts completed during the year include the supply of aluminium windows at local public sector housing projects, as well as the supply of aluminium for railings along roads. As at 31 December 2020, the Group's order book stood at approximately S$14.7 million, including variation orders, and these projects are expected to be completed progressively over the next 3 years.

OUTLOOK & FUTURE PLANS

Despite the COVID-19 pandemic, we are optimistic that with long-term construction and development in mind, the demand within Central Asia for quality building materials such as cement will remain strong overall. To that end, we will continue to focus on cautiously expanding our footprint in the Central Asia region and building up our production capacity so as to be well-positioned to cater to this demand. In particular, we intend to expand our operations through both new constructions and acquisitions of existing plants, as we believe that this will enable us to capture the growing demand in the Central Asia region.

In addition to growing our cement operations, we also intend to expand our product offerings within the Central Asia region by constructing a drywall (gypsum plasterboard) production line at our main Tajikistan plant in the Yovon District, at which we have access and mining rights to the necessary raw materials. We had initially intended to construct the production line in FY2020 but had to delay our plans due to the disruptions brought on by the pandemic. We are optimistic that we will be able to commence construction in the coming year and commence commercial production in the following year. We intend to tap into our existing distribution network in Tajikistan to market our drywall products thereafter.

In the year ahead, we will also continue to review the aluminium business' internal processes and cost structures wherever possible. In addition, we intend to pursue projects which will provide us with higher margins. We believe that managing our costs and selectively choosing projects which are more profitable will allow us to improve our financial performance overall.

In addition, we will continue to closely monitor the prolonged COVID-19 pandemic and ensure that the necessary health and safety measures are enforced across all our operations for both the cement and aluminium segments. We are hopeful that by implementing the necessary precautions, we will be able to mitigate the pandemic's continued effects.

APPRECIATION

This year, despite challenging global conditions, I am pleased that the Group remained profitable. I believe that this is due in no small part to the strength of our management and staff. In that vein, I would like to express my appreciation to our management team, for their tenacity and continued dedication to ICG. I would also like to thank our employees across both our cement and aluminium segments, for their hard work and resilience amidst a challenging year. Additionally, I extend my gratitude to my fellow members of the Board for their invaluable advice and guidance throughout the year.

On behalf of the Board, I would also like to thank Mr Kan Ah Chye and Ms Lisa Sam Hui Min, who will be retiring as Lead Independent Director and Independent Director respectively during the upcoming Annual General Meeting in April 2021, after serving close to 13 years and 10 years on the Board respectively. During their tenures, both of them contributed greatly to the Group's growth, and we extend our deepest appreciation for their strategic counsel and support all these years.

Finally, thank you to our shareholders, for your continued confidence in ICG. We are encouraged by your support and will continue working towards expanding our footprint and achieving sustainable growth in the year ahead.

MA ZHAOYANG
Chairman

主席致词

尊敬的各位股东，

今年诚为多事之秋，新冠肺炎疫情首当其冲。尽管如此，我们的水泥业务总体表现稳定，并取得了新的里程碑式发展。

尽管新冠肺炎疫情对2020财年产生了不利影响，但本集团的收入增长了7.9%，达到1.416亿新元。这得益于塔吉克斯坦对水泥的强劲需求，同时，2020年第三季度开始销售的哈萨克斯坦新水泥厂也对水泥业务的收入作出了贡献。然而，铝业收入的下降部分抵消了整体增长，主要原因是疫情及相关防疫措施导致建筑活动暂停，以及自2019年底以来马来西亚铝制品加工业务停工。

尽管销售量大增，但由于哈萨克斯坦坚戈对美元和人民币贬值，以及塔吉克斯坦索莫尼对美元贬值，导致1080万新元的重大账面外汇损失，从而影响了集团业绩。哈萨克斯坦经济高度依赖石油出口，由于今年的新冠肺炎疫情，导致油价大幅且持续下跌，影响该国经济。这导致坚戈自2020年3月以来对美元和人民币大幅贬值，至今尚未完全恢复。由于集团内部各公司间应付款项以及设计、采购和施工活动交易相关的应付款项，本集团在哈萨克斯坦的业务尤其容易受到此类外汇变动的影响。此外，由于疫情导致汇款减少，塔吉克斯坦国家银行于2020年11月进行了调整，以统一官方和黑市汇率，导致索莫尼对美元贬值10%。这一事态发展也导致本集团出现重大外汇损失，因为本集团因公司间结余而在塔吉克斯坦拥有大量外汇敞口。

因此，集团在2020财年的净利润下降33.4%至1890万新元。若不考虑外汇损失，本集团在2020财年本应实现净利润2970万新元，而一年前净利润为2840万新元。

我们的塔吉克斯坦业务以莫伊尔（Mohir）品牌向塔吉克斯坦当地市场和主要出口市场阿富汗销售水泥，由于两国加强边境管制措施和新冠肺炎疫情影响，导致两国的建筑活动都有所放缓，从2020年3月中旬到2020年5月底销售额出现了下降。然而，从2020年6月起，由于塔吉克斯坦政府持续注重发展该国的基础设施，建筑业繁荣导致国内对优质建筑材料的需求大量增加，销售量已恢复到新冠肺炎疫情前的水平。此外，莫伊尔品牌在过去几年中展现的卓越表现和市场份额，也让我们充分抓住了建设活动高峰期开展销售业务。

我们在哈萨克斯坦的工厂主体于2019年竣工，生产的水泥品牌为阿拉西姆（Alacem），但由于疫情的影响，工厂的运营也受到影响。虽然该工厂能够在2020年4月开始生产，但销售却出现了延迟，这主要是由于从2020年3月中旬到2020年5月，以及从2020年7月初到2020年8月中旬，在哈萨克斯坦主要城市努尔苏丹和阿拉木图采取了封锁措施。因此，虽然我们能够在今年早些时候开始生产，但我们只能在2020年8月开始销售。尽管如此，从2020年8月起，哈萨克斯坦对我们水泥的需求大量增加，销售势头越来越盛。

同新加坡的许多其他企业一样，我们的铝业业务必须应对2020年4月至2020年6月因实施封锁措施而导致的运营中断。在此期间，由于大部分建筑活动暂停，外籍员工宿舍限制人员流动，导致人力中断，无法开展工作。随着封锁措施的放松，建筑活动重新复工，各项目上的工人也都恢复了工作。年内已完成当地公共部门住房项目的铝窗供货和铝制道路栏杆供货等部分合同。截至2020年12月31日，本集团的订单总额约为1470万新元（包括变更订单），预计这些项目将在未来3年内逐步完工。

展望及未来计划

尽管发生了新冠肺炎疫情，但我们乐观地认为，考虑到长期的建设和发展，中亚地区对水泥等优质建筑材料的需求总体上仍将保持上升势头。为此，我们将继续致力于并谨慎扩大我们在中亚地区的业务，并提高生产能力，以更好地满足这一需求。特别是，我们打算通过新建和收购现有工厂来扩大业务，因为我们认为这将使我们能够满足中亚地区日益增长的需求。

除了扩大我们的水泥业务，我们还计划在位于亚湾区的塔吉克斯坦工厂主厂区建造一条石膏板生产线，以扩大我们在中亚地区的产品供应，我们可以在亚湾区获得必要的原材料使用权和采矿权。我们最初打算在2020财年建造这条生产线，但由于疫情影响，我们不得不推迟该计划。我们有信心能在明年开工建设，并在明年开始商业运营。之后，我们将会借助我们在塔吉克斯坦现有的分销网络销售我们的石膏板产品。

在未来一年，我们还将继续尽可能优化铝业业务的内部流程和成本结构。此外，我们还打算继续拓展利润率更高的项目。我们相信，做好成本管理并且选择利润更高的项目将使我们能够提高整体经营业绩。

此外，我们将继续密切关注新冠肺炎疫情的持续发展，并确保在我们所有的水泥和铝业部门中实施必要的健康和安全保障措施。我们希望，通过采取必要的预防措施，将能减轻疫情对我们的持续影响。

致谢

今年，尽管全球形势严峻，但我高兴地看到，集团仍然保持盈利。我认为，这在很大程度上归功于我们的管理层和员工的努力。因此，我谨向我们的管理团队表示感谢，感谢他们的坚韧和对国际水泥集团的持续奉献。同时，我还要感谢我们水泥和铝业的员工，感谢他们在充满挑战的一年中的辛勤工作和修复能力。此外，感谢董事会的同仁们全年提供的宝贵意见和指导。

我谨代表董事会感谢簡亞仔先生和岑慧敏女士，他们在董事会分别任职首席独立董事近13年和独立董事10年后，将于2021年4月年度股东大会举行之日退休。在他们任职期间，他们都为集团的发展做出了巨大贡献，我们对他们多年来的战略建议和支持表示最深切的感谢。

最后，还要感谢我们的股东，感谢你们一直以来对国际水泥集团的信任。你们的支持使我们感到振奋，我们将继续努力扩大我们的业务领域，在未来一年实现可持续增长。

马朝阳
董事会主席

BOARD OF DIRECTORS

MR MA ZHAOYANG
Chairman and Executive Director

Mr Ma Zhaoyang was appointed as a Director of International Cement Group Ltd. ("ICG") on 5 November 2015 and was last re-elected on 19 June 2020. Following the completion of the Scheme of Arrangement of Compact Metal Industries Pte. Ltd. (formerly known as Compact Metal Industries Ltd), ("CMIL"), he continues to hold the position of Executive Chairman and member of Nominating Committee in ICG.

Mr Ma served as Chairman of Sino Vanadium Inc., a vanadium mining company, from 2009 to 2018. He was also a Non-Executive Director of Taihua PLC from 2006 to 2018, and an Independent Non-Executive Director of Xian Kaiyuan Holding Group Co Limited from 2006 to 2012.

He 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 China's Shaanxi province.

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

MR ZHANG ZENGTAO
Non-Independent Non-Executive Director

Mr Zhang Zengtao was appointed as a Director of ICG on 5 November 2015 and was last re-elected on 19 June 2020. He was the Executive Director, Managing Director and Chief Executive Officer of CMIL. Following the completion of the Scheme of Arrangement of CMIL, he was re-designated as the Non-Independent Non-Executive Director of ICG on 8 March 2019.

He has extensive management expertise in the cement business gained through his years as an employee of the WCC group of companies. From 2007 to 2014, Mr Zhang held different roles in Yaobai Special Cement Group Co., Ltd, WCC's wholly-owned subsidiary.

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

MR CHNG BENG HUA
Executive Director

Mr Chng Beng Hua was appointed as a Director of ICG on 30 May 2018. Following the completion of the Scheme of Arrangement of CMIL, he continues to hold the position of Executive Director.

He has extensive experience in finance and real estate development. He is also an Independent Director of Hong Leong Finance Limited.

Mr Chng holds a Bachelor's degree in Business Administration (Finance) from the University of Texas, Austin.

Mr Chng is seeking for re-election as a Director at the Company's forthcoming Annual General Meeting to be held on 26 April 2021.

MR KAN AH CHYE
Lead Independent Director

Mr Kan Ah Chye was appointed as a Director of ICG on 30 May 2018. Following the completion of the Scheme of Arrangement of CMIL, he continues to hold the position of Lead Independent Director. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Kan was a corporate banker for over 25 years before his retirement. He possesses experience in investment banking as well as property development.

Mr Kan graduated from the University of Malaya in 1969 with an Honours Degree in Economics and Accounting.

Mr Kan will retire as the Lead Independent Director at the forthcoming Annual General Meeting to be held on 26 April 2021.

MS LISA SAM HUI MIN
Independent Director

Ms Lisa Sam Hui Min was appointed as a Director of ICG on 30 May 2018. Following the completion of the Scheme of Arrangement of CMIL, she continues to hold the position of Independent Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Ms Sam is the Managing Partner of Lisa Sam & Company and has a range of experience and practice in litigation and advisory matters. She also previously practised in both large and medium- sized law firms in Singapore and has undertaken cases in diverse areas of law such as agency law, constructive trusts, negotiable instruments, property law, company law, and building and construction disputes.

Ms Sam graduated from University of Kent with a Bachelor's degree in Law. She 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.

Ms Sam will retire as Independent Director at the forthcoming Annual General Meeting to be held on 26 April 2021.

MR GUOK CHIN HUAT SAMUEL
Independent Director

Mr Guok Chin Huat Samuel was appointed as an Independent Director of ICG on 31 December 2019 and was last re-elected on 19 June 2020. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Guok has been the Chief Executive Officer of StarHealth Pte Ltd, a Singapore-based importer and distributor of health and medical products, since 1995 and has over 20 years of experience in investment banking, venture capital, and private equity businesses. In addition, he serves as an Independent Director of Global Palm Resources Holding Ltd, Redwood Group Limited and RE&S Holdings Limited.

Mr Guok holds a Bachelor of Science degree in Business Administration from Boston University, with majors in Finance and International Economics, and a minor in Chemistry.

MR WONG LOKE TAN
Independent Director

Mr Wong Loke Tan was appointed as an Independent Director of ICG on 31 December 2019 and was last re-elected on 19 June 2020. He is also a member of the Audit and Remuneration Committees. He has over 30 years of experience in banking, last holding a Senior Vice President position at Maybank Singapore in 2016. His expertise includes syndicated loans, project financing, structured trade financing, and mergers and acquisitions. Mr Wong is particularly known in the business community for his extensive network and strong rapport with Singapore SMEs. Mr Wong remains active in the SME and Corporate business circle.

Mr Wong is an Independent Director of Union Steel Holdings Limited, Adventus Holdings Limited and K2 F&B Holdings Limited. He also serves as the Non-Executive Independent Chairman of Koyo International Limited.

Mr Wong holds a Master of Business Administration from Brunel University, and an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors.

KEY EXECUTIVES

MR CAO JIANSHUN
Deputy Chief Executive Officer

Mr Cao Jianshun is the Deputy Chief Executive Officer of the Group. He oversees the cement operations 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.

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
Chief Financial Officer

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 activities on mergers and acquisitions.

Ms Lee has over 10 years of audit experience in both Singapore and the United Kingdom, covering multi-national and local companies in diversified industries in both the public and private sectors, as well as 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.

MS ZHAO YUANYUAN
General Counsel

Ms Zhao Yuanyuan is the General Counsel of the Group. She oversees the legal function of the Group and provides the Board of Directors with advice on company strategies.

Ms Zhao 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.

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
Assistant General Manager (Corporate Affairs)

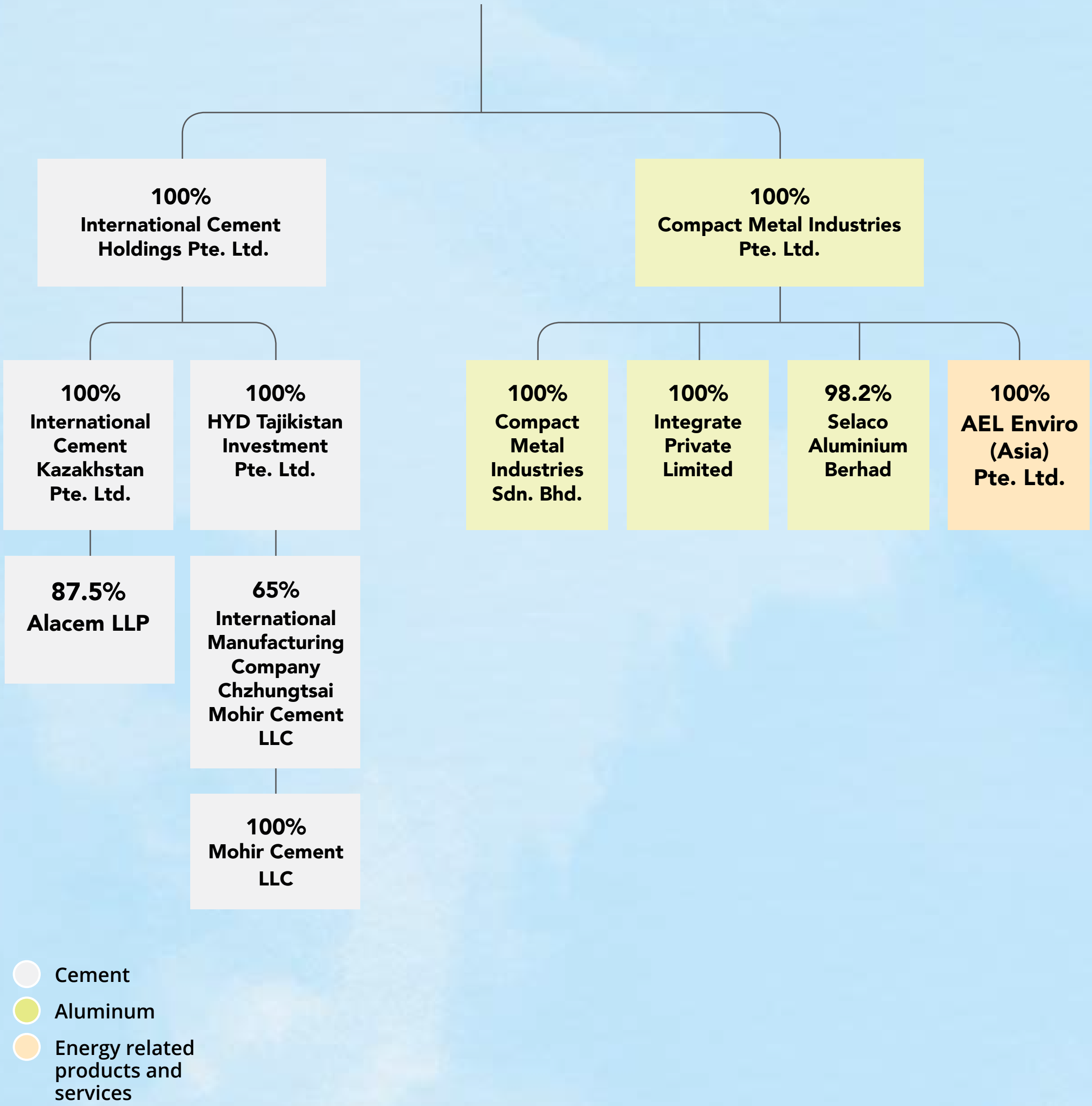
Mr Chng Tze Sian Milton is the Assistant General Manager (Corporate Affairs) of the Group. He oversees the corporate affairs of the Group.

He was previously the Business Development Manager (Special Projects) of the Group.

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

CORPORATE STRUCTURE

INTERNATIONAL CEMENT GROUP



OPERATIONS AND FINANCIAL REVIEW

Cement Division

During the financial year ended 31 December 2020 ("FY2020"), operations at our cement plants in Tajikistan and Kazakhstan were partially disrupted due to the COVID-19 pandemic and its related effects. In order to mitigate the effects of the pandemic, as well as ensure that the health and safety of our workers were taken care of, the Group implemented comprehensive health and precautionary measures across our cement operations in Central Asia. These included the restriction of all overseas travel, as well as the implementation of safe distancing measures, split team arrangements, and the daily provision and mandating the use of face masks in the workplace and during public transit to and from work.

Despite the pandemic, demand for cement in the Central Asia region remained relatively strong throughout the year, thanks to the commitment of local governments towards infrastructure and housing construction and redevelopment.

We expect this demand for cement to remain buoyant in the year ahead. With two cement plants and one grinding station, and a combined annual cement production capacity of 3.0 million metric tonnes, we are well-positioned to meet this continued demand. Moreover, we also plan to further strengthen our production capacity through both new constructions and acquisitions of available cement plants in the Central Asia region. We will remain prudent in our pursuit of opportunities to increase our production capacity in the region so as to achieve growth which is sustainable and viable in the long-term.

TAJIKISTAN

Our operations in Tajikistan are located in the Khatlon Region, consisting of a cement plant located in the Yovon District which has an annual production capacity of 1.2 million metric tonnes, and a grinding station in Kolkhozabad which has an annual production capacity of 0.6 million metric tonnes. Our Tajikistan operations produce cement under the Mohir brand name, which is then sold domestically and to the primary export market of Afghanistan.

From mid-March 2020 to end May 2020, sales at our Tajikistan operations decreased due to COVID-19 countermeasures and effects in Tajikistan and Afghanistan such as border closures and a slowdown in construction activities.

However, from June 2020, sales resumed to pre-COVID-19 levels, largely due to the easing of countermeasures and the ramping up of construction activities in Tajikistan in particular, where the government has committed towards the continued construction and redevelopment of local infrastructure. This led to an accelerated increase in demand for cement once construction activities resumed at full force, which in turn resulted in an increase in our sales in the domestic market.

In line with the strong demand for construction materials within Tajikistan, the Group plans to invest US$15.0 million (S$19.8 million) to build a drywall (gypsum plasterboard) production line within our main Tajikistan cement plant, with an anticipated annual production capacity of 30 million square metres of drywall. Construction for the production line was delayed due to the pandemic and is slated to commence in 2021. We believe our drywall production line is well-positioned to meet local demand for building materials, and we intend to bring our new product offering to the domestic market by tapping into our existing distribution network in Tajikistan.

OPERATIONS AND FINANCIAL REVIEW (cont'd)

KAZAKHSTAN

Our operations in Kazakhstan currently consist of a cement plant, located in Sary-Ozek in the Almaty region, which commenced commercial production this year and has an annual production capacity of 1.2 million metric tonnes. The plant produces cement under the Alacem brand and supplies cement to the domestic market, specifically the Almaty and Taldykorgan areas, as well as the Horgos port near the Kazakh-Chinese border. It is owned and operated through a joint venture with our local partner, Mr Nurzhan Shakirov, and is the Group's largest investment in Central Asia to date, with a construction cost of approximately US$130.0 million (S$172.0 million), including other ancillary facilities.

While commercial production at the plant commenced in April 2020, sales were only able to begin in August 2020 due to COVID-19 lockdown measures implemented in two of Kazakhstan's main cities, Nur-Sultan and Almaty, which disrupted the sales pipeline. Following the easing of lockdown measures in Almaty, which consequently allowed for the commencement of sales in the second half of FY2020, operations at the plant have been steadily picking up.

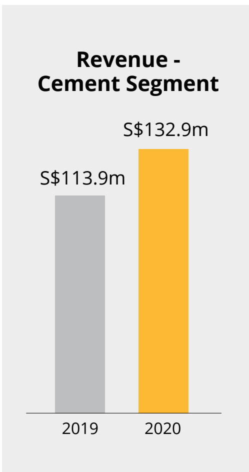
Looking ahead, the Group intends to expand our Kazakhstan operations and increase production capacity through both new constructions and acquisitions of existing plants.

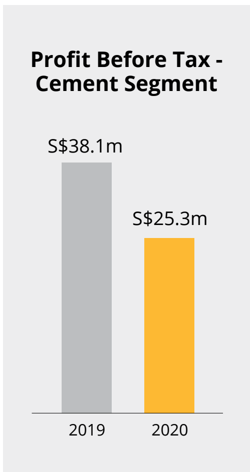
Review of Operations

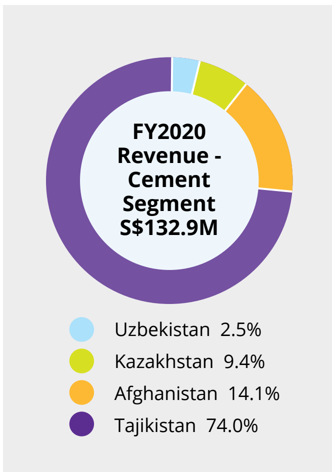
The cement division accounted for 93.9% of revenue in FY2020 as compared to 86.8% in FY2019.

Revenue from the cement division increased by 16.7% to S$132.9 million in FY2020 driven by the strong demand for cement in Tajikistan, as well as the commencement of sales in the third quarter of 2020 at our new cement plant in Kazakhstan. Despite the higher revenue, the division's profit before tax fell by 33.6% to S$25.3 million in FY2020 mainly due to the significant foreign exchange losses of S$10.8 million caused by the depreciation of Kazakhstani tenge ("KZT") against the United States dollar ("USD") and Chinese yuan ("CNY"), as well as the depreciation of Tajikistan Somoni ("TJS") against the USD.

Kazakhstan's economy, being highly dependent on the export of oil, was greatly affected by the steep and prolonged decline in oil prices in FY2020 due to the COVID-19 pandemic. This resulted in the KZT's significant depreciation against the USD and CNY since March 2020, which it has yet to fully recover from. The Group's Kazakhstan operations is particularly vulnerable to such foreign exchange movements due to payables to inter-companies as well as transactions for its engineering, procurement and construction activities. Additionally, due to a reduction in remittances caused by the COVID-19 pandemic, the National Bank of Tajikistan made a correction to harmonise official and black-market exchange rates in November 2020, causing a 10% depreciation of the TJS against the USD. This development also led to significant foreign exchange losses for the Group, as the Group has significant foreign currency exposures due to its inter-company balances.







OPERATIONS AND FINANCIAL REVIEW (cont'd)

Aluminium Division

In 2020, the Group continued to secure public-sector residential projects within Singapore, which are expected to be completed progressively over the next 3 years. As at 31 December 2020, the Group had an order book of approximately S$14.7 million, including variation orders.

In the second quarter of 2020, our aluminium division's operations were disrupted due to the implementation of Circuit Breaker lockdown measures in Singapore, as well as further restrictions on manpower due to movement restrictions on foreign workers. However, with the easing of lockdown measures and gradual resumption of construction activities from June 2020 onwards, we have since fully resumed our operations. We were thus able to complete numerous projects this year, including the supply of aluminium windows for local public sector housing projects such as Clementi Crest at Clementi Avenue 3 and Northshore Straitsview at Punggol North. Additionally, we also completed work on overseas projects such as the supply of aluminium for 'curtain wall' features at Sovereign Resort and Macquarie University Arts Precinct in Australia.

During the year, the Group had activated business continuity measures for its aluminium business. These measures include work-from-home and split team arrangements for key roles. In order to mitigate the financial impact of the pandemic on the Group's aluminium business, we tapped on various government budgetary support schemes.

The Group also continued to undertake internal reviews throughout the year, with a view to manage costs which allowed it to narrow its losses in FY2020. The Group is optimistic that these efforts will allow for improvements in the aluminium segment's performance in the future. However, given the challenging operating environment which includes keen competition and increasing business costs, the Group retains an overall cautious outlook on its aluminium business.

Review of Operations

The aluminium division accounted for 6.1% of revenue in FY2020 as compared to 13.2% in FY2019.

Revenue from the aluminium segment fell by 49.7% to S$8.7 million in FY2020 mainly due to the suspension of construction activities as a result of the COVID-19 pandemic and its related countermeasures, as well as the cessation of the extrusion business in Malaysia since end of 2019. Despite the decline in revenue, loss before tax narrowed to S$1.3 million from S$3.8 million the year before, as a result of better cost management during the year.

Financial Performance

International Cement Group Ltd. and its subsidiaries (collectively the "Group") recorded revenue of S$141.6 million in the financial year ended 31 December 2020 ("FY2020"), up 7.9% from S$131.2 million in the year-ago period. This was due to an increase in revenue from the cement segment of S$19.0 million, or 16.7%, driven by the strong demand for cement in Tajikistan and the commencement of sales in the third quarter of 2020 at the new cement plant in Kazakhstan. However, the increase was partially offset by a decline in revenue from the aluminium segment of S$8.6 million, or 49.7%, as a result of the suspension of construction activities in response to the COVID-19 pandemic and its related countermeasures, as well as the cessation of the aluminium extrusion business in Malaysia since the end of 2019.

Gross profit rose by 12.4% to S$56.6 million in FY2020, and gross profit margin improved slightly by 1.6 percentage points year-on-year to 40.0%.

Other income of S$4.1 million comprised (i) government relief grants - Jobs Support Scheme and property tax rebate of S$0.8 million, (ii) refund of land premium from JTC in March 2020 for the return of land in end 2019 amounting to S$2.6 million; and (iii) rental income and recharges of S$0.3 million.

Administrative expenses remained relatively unchanged at S$15.4 million in FY2020 while selling and distribution expenses increased by 75.4% to S$2.7 million largely due to marketing costs to create brand awareness for the new cement plant in Kazakhstan, as well as additional marketing costs to boost sales for the Tajikistan cement plant amid the challenging environment resulting from the pandemic.

The Group posted a reversal of loss allowance on trade and other receivables, and contract assets of S$0.2 million, compared to S$0.5 million a year earlier, thanks to an improvement in the collection and aging of the trade and other receivables during the year.

Other expenses widened to S$12.7 million, from S$1.4 million a year ago. This mainly comprised foreign exchange losses of S$10.8 million as a result of: (i) revaluation of amounts owing to the Engineering, Procurement and Construction ("EPC") contractor and intercompany loans denominated in US Dollar ("USD") and Chinese Yuan ("CNY") of S$5.4 million arising from a 10% depreciation of the Kazakhstani Tenge ("KZT") against the USD and CNY during the year; and (ii) revaluation of dividend receivables from the cement plant in Tajikistan and intercompany loans denominated in Tajikistan Somoni ("TJS") of S$3.4 million arising from a 15% depreciation of the TJS against the Singapore Dollar ("SGD") during the year.

OPERATIONS AND FINANCIAL REVIEW (cont'd)

Finance cost rose to S$3.9 million from S$0.6 million a year ago. This consist of: (i) interest expense of S$2.5 million on the outstanding payables to the EPC contractor for the construction of the cement plant in Kazakhstan which are interest-bearing at 8.4% per annum. This interest expense was capitalised under 'construction costs' in 'property, plant and equipment' in FY2019 as the plant was still under construction; and (ii) unwinding of discount on present value of the interest-free loans from non-controlling interest and major shareholder amounting to S$1.3 million. These interest-free loans are from Dastoni Mohir LLC, the non-controlling interest of the Group's subsidiaries in Tajikistan, for the construction of the grinding station in Tajikistan, and Victory Gate Ventures Limited, a major shareholder of ICG, for the construction of the cement plant in Kazakhstan.

Tax expense of S$7.3 million relates to provision for withholding tax on unremitted profits from overseas subsidiaries of S$4.2 million, as well as deferred tax liabilities recognised of S$3.1 million, primarily on the temporary differences on property, plant and equipment, and provisions for the cement operations in Tajikistan.

As a result, the Group recorded a net profit of S$18.9 million in FY2020. Excluding the foreign exchange losses, the Group would have registered a net profit of S$29.7 million in FY2020, compared to S$28.4 million a year ago.

Financial Position

The Group's net asset value as at 31 December 2020 was S$192.7 million, which translates into a net asset value per share of 3.36 Singapore cents.

Non-current assets

Non-current assets fell by 11.2% to S$279.1 million mainly due a decline in property, plant and equipment, as well as intangible and goodwill.

Property, plant and equipment decreased by 9.0% to S$238.7 million mainly due: (i) currency translation loss of S$36.9 million arising from the devaluation in TJS and KZT against SGD by 15% and 10% respectively; (ii) depreciation of S$11.3 million; and (iii) disposal and write off of property, plant and equipment of S$0.8 million. This decline was partially offset by additions of property, plant and equipment of S$25.5 million.

Intangible assets and goodwill comprised subsoil rights, and goodwill arising from the acquisition of the cement plant in Tajikistan in 2017. The decline in intangible assets and goodwill of 20.5% to S$38.9 million was largely due to amortisation of $2.8 million, and currency translation loss of S$7.3 million as a result of a 15% depreciation of the TJS against SGD.

Current assets

Current assets up by 7.7% to S$58.3 million largely due to an increase in inventories, as well as trade and other receivables.

Inventories rose by 6.2% to S$21.1 million due to procurement of spares and consumables in preparation for overhaul, and repairs and maintenance during the first quarter of 2021.

Current trade and other receivables mainly comprised: (i) trade receivables of S$2.1 million, (ii) tax-related receivables of S$17.4 million, and (iii) deposits and prepayments of S$3.5 million. The rise in current trade and other receivables of 31.1% to S$25.5 million was mainly due an increase of in tax-related receivables of S$6.9 million, partly offset by a decrease in trade receivables of S$2.4 million as a result of improvement in collection of trade receivables, which was consistent with the reversal of loss allowance on trade receivables.

Assets held for sale of S$0.4 million relates to certain property, plant and equipment in the aluminium segment located in Malaysia, which the Group plans to dispose within the next 12 months. The Group signed the sale and purchase agreement to dispose the certain properties in Malaysia in 2020, and the sale is currently pending approval from the Johor State Authority.

Equity attributable to owners of the Company

Equity attributable to owners of the Company decreased by 6.0% to S$192.7 million. This is largely due to losses in the currency translation reserve widened to S$37.0 million from S$14.9 million a year ago as a result of the devaluation in TJS and KZT against SGD by 15% and 10% respectively.

Non-current liabilities

Non-current liabilities rose by 13.6% to S$52.4 million mainly due to an increase in long-term other payables and deferred tax liabilities, which was partially offset by a decrease in long-term loans and borrowings.

Long-term other payables of S$28.2 million mainly comprised amounts owing to EPC contractor for the construction of the cement plant in Kazakhstan under a deferred payment arrangement which are due between 2021 to 2023.

Deferred tax liabilities increased by 13.5% to S$10.1 million due to recognition of deferred tax liabilities, primarily on the temporary differences on property, plant and equipment, and provisions from the cement operations in Tajikistan, amounting to S$1.0 million.

Long-term loans and borrowings of S$14.0 million comprised: (i) interest-free loans of S$12.8 million from Victory Gate Ventures Limited, a major shareholder of ICG, for the construction of the cement plant in Kazakhstan; and (ii) interest free loan of S$1.2 million from Dastoni Mohir LLC, the non-controlling interest of the Group's subsidiaries in Tajikistan, for the construction of the grinding station in Tajikistan. Both loans from the major shareholder and non-controlling interest are due in 2023.

Current liabilities

Current liabilities dropped 21.6% to S$45.8 million mainly due to a decline in trade and other payables, which was partially offset by an increase in contract liabilities.

Short-term trade and other payables decreased by 27.3% to S$42.4 million mainly attributable to repayment of amounts owing to EPC contractor for the construction of the cement plant in Kazakhstan amounting to S$14.0 million during the year.

Contract liabilities of S$3.4 million comprised advances received from customers.

Cash Flow

The Group's cash and cash equivalents declined from S$12.3 million as at 31 December 2019 to S$10.0 million as at 31 December 2020, mainly due to: (i) acquisition of property, plant and equipment of S$26.1 million; (ii) dividends paid to Dastoni Mohir LLC, the non-controlling interest of the Group's subsidiaries in Tajikistan, of S$16.1 million; (iii) repayment of loans from Dastoni Mohir LLC, a non-controlling interest, of S$3.4 million; (iv) interest paid to the EPC contractor for the deferred payment arrangement for the construction of the cement plant on Kazakhstan of S$1.7 million; and (v) withholding tax paid on dividends declared by the Tajikistan subsidiary of S$4.2 million. These were partially offset by cash flows from operating activities of S$49.9 million.

CORPORATE SOCIAL RESPONSIBILITY

As we continue to build our presence in Tajikistan and Kazakhstan, we remain committed towards giving back to the communities around us through corporate social responsibility ("CSR") initiatives.

In Tajikistan, we donated a collective total of 3 million Tajikistan Somoni ("TJS") (S$406,000) and 1,500 metric tonnes of cement. Of the TJS 3 million donated, TJS 1.5 million (S$203,000) was donated to the Tajikistan government to be used in the country's COVID-19 counterefforts. The remaining TJS 1.5 million (S$203,000) went towards local education initiatives, including donations to 73 students which alleviated the financial burden of their educational expenses. The donated cement was used for various projects within Tajikistan that aim to improve and enhance the lives of local residents. These include infrastructure development efforts such as road construction.

We also continued to strengthen our relationship with the Kurgan Nursing Home, donating TJS 10,000 (S$1,000) to the home this year. In addition to our monetary contribution, we also donated supplies worth TJS 16,000 (S$2,000) to the home. We are hopeful that our donations have played a part in improving the lives of the elderly in the home.

In Kazakhstan, where we completed construction on our first plant in FY2019, we continued to build relationships with the local community during the year through a range of CSR initiatives. These efforts include both monetary and social initiatives such as a donation of 2 million Kazakhstani Tenge (S$7,000) to a local hospital for the purchase of supplies and medical equipment to be used in COVID-19 counterefforts, as well as a festive visit to local disabled children during Christmas.

In the year ahead, we will continue to give back to local communities by carrying out more CSR initiatives. We believe that such efforts are instrumental in allowing us to build lasting ties with the communities around us.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ma Zhaoyang
Chairman

Zhang Zengtao
Non-Independent Non-Executive Director

Chng Beng Hua
Executive Director

Kan Ah Chye @ Kan Poh Thong
Lead Independent Director

Lisa Sam Hui Min
Independent Director

Guok Chin Huat Samuel
Independent Director

Wong Loke Tan
Independent Director

AUDIT COMMITTEE

Kan Ah Chye @ Kan Poh Thong
Chairman

Lisa Sam Hui Min

Guok Chin Huat Samuel

Wong Loke Tan

NOMINATING COMMITTEE

Lisa Sam Hui Min
Chairman

Kan Ah Chye @ Kan Poh Thong

Ma Zhaoyang

Guok Chin Huat Samuel

REMUNERATION COMMITTEE

Guok Chin Huat Samuel
Chairman

Kan Ah Chye @ Kan Poh Thong

Lisa Sam Hui Min

Wong Loke Tan

COMPANY SECRETARIES

Ang Siew Koon

Lee Zhen Jesica

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Fax: (65) 6486 7851

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112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
Singapore

(Partner In-Charge:
Ms Tan Yek Lee Doreen,
with effect from financial year ended 31 December 2019)

16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

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CORPORATE GOVERNANCE REPORT

The Board of Directors (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 Corporate Governance Report ("Report") describes the Company's corporate governance practices and sets out the manner in which the Company has applied the principles and the extent of compliance with the guidelines as set out in the revised Code of Corporate Governance 2018 (the "Code"), and where applicable, the Listing Manual of the SGX-ST (the "Listing Manual"). In the opinion of the Board, the Company has generally complied with the guidelines as set out in the Code during the financial year ended 31 December 2020 ("FY2020"). Where there are any deviations from the Code, appropriate explanations have been provided in this Report.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The Board oversees the Group's overall policies, strategies, key operational initiatives, performance and measurement, internal control and risk management. Each Director acts in good faith and in the best interest of the Company. They contribute their own expertise, skills, knowledge and experience to the Board for the benefit of the shareholders.

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;
- 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' fees, re-election of Directors, appointment and re-appointment of external auditors, payment of final dividend;
- Material announcements; and
- Corporate governance practices.

The Company has also established a delegation authority matrix for operations, capital expenditure, procurement of goods and entering into agreements/contracts and transactions which are not in the ordinary course of business.

All Board members are expected to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where there are circumstances in which a Director has a conflict of interest or it appears that the Director might have a conflict of interest in relation to any matter, the Director concerned will recuse himself from participating in the discussion and decision of the matter. Such compliance will be recorded in the minutes of meeting or the Board resolutions.

Following the amendment to Rule 705 of the Listing Manual which took effect from 7 February 2020, the Board had, after due deliberation, and having considered the compliance efforts and costs in connection with quarterly reporting, decided to cease quarterly reporting of the Company's and the Group's financial statements. For FY2020, the Board met at least (2) times a year on a half–yearly basis, to deliberate and approve the financial results and announcements for the half and full financial year, and other matters requiring the Board's approval.

In addition to the scheduled meetings to review the half-yearly financial statements, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. There is a provision under Regulation 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.

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.

CORPORATE GOVERNANCE REPORT (Cont'd)

The attendance of each Board member at the meetings of the Board, Board Committees and the Shareholders' meetings of ICG in FY2020 is as follows:

Name of Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee	AGM
Ma Zhaoyang	1/2	-	1/1	-	1/1
Zhang Zengtao	2/2	-	-	-	1/1
Chng Beng Hua	2/2	-	-	-	1/1
Kan Ah Chye @ Kan Poh Thong	2/2	2/2	1/1	2/2	1/1
Lisa Sam Hui Min (Lisa Cen Huimin)	2/2	2/2	1/1	2/2	1/1
Guok Chin Huat Samuel	2/2	2/2	1/1	2/2	1/1
Wong Loke Tan	2/2	2/2	-	2/2	1/1

All Directors are required to declare their board appointments. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding multiple board appointments for some of the Directors, all the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Directors of the Company. Please refer to Principle 4 below for further disclosure in relation to multiple board representations.

Rule 210(5) of the Listing Manual of the SGX-ST ("Listing Rule") requires any director who has no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director. No new Director was appointed to the Board in FY2020. If there is any new appointment, a formal appointment 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 have to attend the basic course for new Directors conducted by the Singapore Institute of Directors. They will also receive appropriate induction that includes briefings on the Group's structure, strategic objectives, business operations, policies and governance practices, and orientation on the business activities of the Group. All Directors are also given opportunities to visit the Group's local and overseas operational facilities to have an understanding of the operations and to get to know the members of the local and overseas management team.

The Directors are encouraged to attend trainings and to participate in seminars to continuously upgrade themselves, at the cost of the Company. For FY2020, the Independent Directors attended the ACRA-SGX-SID Audit Committee Seminar 2020 organised by the Singapore Institute of Directors. If there is any change in the existing rules of the Listing Manual, Companies Act or the Code, the Directors will be updated by the Company Secretary at the half-yearly Board meetings and/or via email in a timely manner. The Directors who are members of the AC, will also be updated on any change in the financial reporting standards by the external auditors at the half-yearly AC meetings.

Management endeavors to provide the Board with complete, adequate and timely information on Board affairs and issues that require Board's attention and decision prior to the Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. 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.

All Directors have independent access to the Group's senior management and the Company Secretary. Information requested by the Directors will be provided in a timely manner, and queries attended to promptly.

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 which are applicable to the Company are adhered to. The Company Secretary assists the Chairman of the Board, the Chairman of Board Committees in the development of the meeting agendas for the various Board and Board Committee meetings. The Company Secretary and/or her assistant attended all Board and Board Committee meetings in FY2020.

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.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Board comprises seven Directors, four of whom are independent. The Board has a strong level of independence and diversity of thought as Independent Directors make up a majority of the Board.

Ma Zhaoyang
– Executive Director and Board Chairman
Zhang Zengtao
– Non-Executive Non-Independent Director
Chng Beng Hua
– Executive Director
Kan Ah Chye @ Kan Poh Thong
– Lead Independent Director
Lisa Sam Hui Min (Lisa Cen Huimin)
– Independent Director
Guok Chin Huat Samuel
– Independent Director
Wong Loke Tan
– Independent Director

The independence of each Independent Director is assessed at least annually by the NC. All the Independent Directors are required to declare and confirm his/her independence via the Form on Declaration of Independence. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interest of the Company. 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. All matters put forth to the Board for decision will require approval from majority of the Directors.

The existence of any of the following relationships or circumstances will deem the Director as not independent:

(a) the Director who is and 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 who 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 who has been a Director on the Board for an aggregate period of more than nine years (whether before or after listing) and whose continue appointment as an Independent Director has not been sought and approved in separate resolutions by:

  (i) all shareholders; or
  (ii) all shareholders excluding shareholders who also serve as the Directors or Chief Executive Officer and associates of such Directors and Chief Executive Officers ("CEOs");

(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 5% shareholder of, or a partner in (with 5% 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 5% shareholder or an immediate family member of a 5% shareholder of the Company; or

(f) the Director who is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year.

In FY2020, the NC is of the view that none of the Independent Directors who are considered independent had any of the above relationships or circumstances. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The Company recognises the importance and benefits of having a diverse Board to enhance the quality of its performance. The Company does not have a board diversity policy and does not have any specific policy on gender, age and ethnicity for candidates to be appointed to the Board. Each Director will be assessed based on the individual's strength of qualification, skill set and competencies. The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge

CORPORATE GOVERNANCE REPORT (Cont'd)

ranging from legal, accounting and finance expertise to individuals with the industry knowledge relevant to the Group's business. For the board composition in FY2020, the NC reviewed and was satisfied that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge, skills and/or business, financial, accounting and management experience. The Directors were able to engage in constructive debates, very vocal in expressing their opinions on the subjects under discussion at the meetings and there was no groupthink. Profiles of the Directors are set out in the "Board of Directors" section in this Annual Report.

The NC considered Mr Kan Ah Chye @ Kan Poh Thong ("Mr Kan") and Ms Lisa Sam Hui Min (Lisa Cen Huimin) ("Ms Sam") as having served on the Board for more than nine years as they were the Independent Directors of Compact Metal Industries Pte. Ltd. (formerly known as Compact Metal Industries Ltd) ("CMIL") since 05 May 2008 and 31 October 2011 respectively. Following the completion of the Scheme of Arrangement on 06 March 2019 where International Cement Group Ltd. ("ICG") became the listed entity, they continue to serve as Independent Directors on the Board of ICG. The NC (save for Mr Kan and Ms Sam who abstained from deliberation on this matter) had performed a rigorous review to assess their independence and were satisfied that Mr Kan and Ms Sam had maintained an appropriate degree of independence when fulfilling their role as Independent Directors. The NC had also considered the fact that there was a change in controlling shareholder and the management team in August 2014. The Board had concurred with the NC's view in that Mr Kan and Ms Sam had maintained their independence and were capable of making independent judgment during the financial year under review.

The Non-Executive Directors meet regularly without the presence of Management, albeit informally. Any issues raised at such informal meetings would be brought to the Board for discussion as appropriate.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the Management and no one individual has unfettered powers of decision making.

Mr Ma Zhaoyang is the Executive Chairman of the Board. Mr Ma is responsible to lead the Board and ensuring the effective functioning of the Board. The Chairman provides leadership role by promoting an open environment of openness and debate, and ensures that sufficient time and resources is allocated to the Board members for discussion.

The position of CEO is vacant as at the date of this report. Mr Cao Jianshun ("Mr Cao") was appointed as the Deputy CEO on 8 March 2019 and has no family relationship with the Executive Chairman. Mr Cao is responsible for the Group's cement operations. The roles of the Chairman and CEO and/or Deputy CEO are separate and their responsibilities are clearly defined to ensure a check and balance of power and authority.

The Chairman is also responsible to ensure effective communication with shareholders, encourage constructive relationship between the Board and Management, as well as between the Board members, and promote high standards of corporate governance.

The Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board. As the Board Chairman is not an Independent Director, the Board has appointed Mr Kan 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

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

The 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

Guok Chin Huat Samuel
– Member, Independent Director

Ma Zhaoyang
– Member, Non-Independent, Executive Director

The functions of the NC include, amongst others:

(a) reviewing and recommending:

(i) the 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; and

(iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

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

(c) determining annually whether a Director is independent in accordance with the Code and any other salient factors;

(d) reviewing and deciding whether 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 backgrounds, for a more balanced Board.

The NC meets at least once a year. One third of the Board is to retire by rotation and subject themselves to re-election. The Constitution of ICG 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 AGM. The retiring Directors are eligible to offer themselves for re-election at the AGM.

Pursuant to Regulation 103 of the Constitution of ICG, Mr Chng Beng Hua ("Mr Chng"), Mr Kan and Ms Sam are due to retire at the forthcoming AGM. Mr Chng, being eligible, has offered himself for re-election. Mr Kan and Ms Sam, both of whom had served on the Board of the Company for more than 9 years, have expressed their wish to retire at the forthcoming AGM to pave way for board renewal.

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

As part of the board renewal process, the NC has recommended, and the Board has approved to put forth a resolution for shareholders' approval at the forthcoming AGM on the appointment of Mr Wong Chee Meng Lawrence ("Mr Wong") as an Independent Director of the Company. Mr Wong is currently a Managing Counsel at Bird & Bird ATMD LLP, an international law firm. Mr Wong will bring with him his experience as an established corporate law practitioner. His areas of practice include corporate and security laws, capital markets, mergers and acquisitions, regulatory compliance and corporate governance advisory. Further information on Mr Wong can be found in the section entitled "Disclosure of Information of Directors seeking re-election and appointment". If the proposed appointment of Mr Wong as an Independent Director is approved by the shareholders at the forthcoming AGM, he will also be appointed as a member of the AC, NC and RC.

The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. The NC noted that, all the Directors have complied with this guideline in FY2020.

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 FY2020.

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 8 to 9 of this Annual Report.

Principle 5: Board Performance

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

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, efficiency and functioning 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. Finally, the evaluation of the Board covers the Board

CORPORATE GOVERNANCE REPORT (Cont'd)

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 FY2020 for the Board of ICG was conducted in February 2021 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.

B. REMUNERATION MATTERS

Principle 6 : Procedures for developing remuneration policies

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

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

Guok Chin Huat Samuel
– Chairman, Independent Director

Kan Ah Chye @ Kan Poh Thong
– Member, Independent Director

Lisa Sam Hui Min (Lisa Cen Huimin)
– Member, Independent Director

Wong Loke Tan
– 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 the 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 the 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.

The RC reviews and recommends the remuneration of Executive Directors ("EDs") and key management personnel ("KMP"). The remuneration policy adopted comprises a fixed and variable component. The fixed component is in the form of base salary while the variable component is in the form of performance bonus which is determined based on performance of the Group and the individual.

The RC, where necessary, may seek advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2020.

Each member of the RC or any Director abstains from voting on any resolution or participating in any deliberation in respect of his/her remuneration package and matters in which he/she has an interest.

Principle 7 : Level and mix of remuneration

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

Principle 8 : Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationships between remuneration, performance and value creation.

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 Independent Directors receive directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent and responsibilities of the directors.

The remuneration for EDs and KMP comprises salaries and discretionary bonuses. Salaries are reviewed annually by the RC and adjustments are made to reflect performance, contribution, changes in responsibilities (if any) and/or by reference to market/sector trends. In addition to salary, EDs and KMP are eligible to receive discretionary bonuses which are determined based on individual performance; the Group's performance for each financial year against key performance indicators on revenue and profit targets; and other factors such as market conditions. The amount of discretionary bonuses is reviewed and approved by the RC. The Company does not have any long-term incentive scheme(s) including employee share schemes such as employee share option schemes or performance share plans in place.

Non-Executive Directors (including Independent Non-Executive Directors) and members of the Board committees (other than Executive Director(s)) are entitled to annual fees that are approved by Shareholders at the annual general meeting prior to payment. Such annual fees are determined based on the level of skills, responsibilities and commitments required of each Non-Executive Director. The Company is aware of the need for transparency. However, taking into consideration the competitive business environment in which it operates and the sensitivity and confidentiality nature of such disclosure, the Board is of the opinion that full disclosure of the Directors' remuneration may have a negative impact on the Company.

A breakdown showing the level and mix of each individual Director's remuneration (in bands of S$250,000) for FY2020 is disclosed in the table below:

Name of Director	Remuneration Band	Salary %	Bonus %	Directors' Fees S$	Total %
Ma Zhaoyang	S$500,000 – S$749,999	93	7	NIL	100
Chng Beng Hua	S$250,000 – S$499,999	92	8	NIL	100
Zhang Zengtao	S$0 – S$249,999	-	-	45,000	100
Kan Ah Chye @ Kan Poh Thong		-	-	50,000	100
Lisa Sam Hui Min (Lisa Cen Huimin)		-	-	45,000	100
Guok Chin Huat Samuel		-	-	45,000	100
Wong Loke Tan		-	-	45,000	100

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The remuneration of each individual director is disclosed, on a named basis, in bands of S$250,000 with a breakdown in percentage term of the remuneration earned through base/fixed salary, variable or performance-related bonuses/ allowances. There were no stock option, share based incentive and other long-term incentives.

The RC had recommended an amount of S$230,000 as Directors' fees to be paid to the Independent Directors and the Non-Executive Non-Independent Director for the financial year ending 31 December 2021. 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.

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

Name of Key Executive	Remuneration Band	Salary %	Bonus %	Total
Cao Jianshun	S$250,000 – S$499,999	90	10	100
Lee Zhen Jesica		85	15	100
Lei Shuqing (1)	S$0 – S$249,999	100	-	100
Zhao Yuanyuan		84	16	100
Chng Tze Sian Milton		92	8	100

(1) Resigned on 28 February 2020

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 the FY2020, the aggregate total remuneration paid to the top five key management personnel amounted to S$855,000.

For FY2020, there were no termination, retirement and post-employment benefits granted to Directors and the top five key management personnel (who are not Directors or the CEO).

Remuneration of employees who are immediate family member of a director or CEO

The table below shows the remuneration of the executives who are immediate family members of the Directors or the CEO, whose remuneration exceeds S$100,000 for the financial year ended 31 December 2020:

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

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interest of the Company and its shareholders.

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 AC. The AC assists the Board in providing oversight of risk management in the Company. The AC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and IT controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

The Company had engaged an external consultant to assist Management in the setting up of the Enterprise Risk Management ("ERM") system and framework. The ERM framework helps with the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The ERM is reviewed annually by the AC, and Management reports to the Board the key risks indicators and how the risks are addressed.

The ERM system and framework established is embedded in the internal control systems 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:

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems are effective in addressing key financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by 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, information technology controls and risk management systems were adequate and effective as at 31 December 2020. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

Principle 10: Audit Committee ("AC")

The Board has an Audit Committee which discharges its duties objectively.

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

Guok Chin Huat Samuel
– Member, Independent Director

Lisa Sam Hui Min (Lisa Cen Huimin)
– Member, Independent Director

Wong Loke Tan
– 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 and internal auditors the audit plan, their evaluation of the system of internal accounting controls, their audit report and findings, and their letter to management and management's response;

(b) obtaining assurance from the CEO and CFO that the financial records have been properly maintained and give a true and fair view of the Group's operations and finances;

(c) reviewing the financial statements of the Company including quarterly and full year results before submission to the 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 Listing Manual and any other relevant statutory or regulatory requirements;

(d) 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 provide 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;

(e) reviewing the internal control procedures and ensure co-ordination between the external auditors and our Management, and review the assistance given by 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;

(f) 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 the Group's operating results or financial position, and Management's response;

(g) overseeing the Group Whistle Blowing Policy and ensuring that the Group publicly discloses and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns and report such significant matters to the Board;

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

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

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(j) approving the internal control procedures for interested person transactions to ensure that they are carried out on arm's length basis and on normal commercial terms, and reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

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

(l) 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;

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

(n) assessing the adequacy and effectiveness of the internal controls addressing the financial, operational, compliance, information technology and risk management;

(o) procuring the external auditors to review and provide recommendations on the Group's cash management procedures, including reviews relating to anti-money laundering controls on the Company's sources of financing of acquisitions and the Group's customers and suppliers, on an annual basis;

(p) on an on-going basis, monitoring, reviewing and ensuring the implementation of the external and internal auditors' recommendations on internal controls of the Group, including anti-money laundering;

(q) commissioning the external auditors to carry out a pre-deal anti-money laundering due diligence on the source of funds for any transactions classified under Rules 1014 and 1015 of the Listing Manual;

(r) ensuring 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; and

(s) reviewing the effectiveness of the risk management systems of the Group, overseeing the Group's risk exposure and risk appetite, formulating and executing the Group's risk assessment and mitigation strategies.

None of the AC members were former partners or directors of the Company's external auditors or hold any financial interest in the external auditors.

The AC provides oversight and assists the Board in discharging its statutory and other responsibilities relating to the financial reporting risk and the adequacy and effectiveness of the Group's internal control, risk management and compliance systems. The AC reports to the Board on the results of the audits undertaken by the internal and external auditors, the adequacy and effectiveness of the internal control and risk management.

The AC met two times during the financial year. The meetings were attended by the CFO and the external auditors on the invitation of the AC. During these meetings, the half-yearly 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 has full access to and the co-operation of Management. The external auditors have unrestricted access to the AC. The external auditors provided updates to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements which could have a direct impact on the financial statements of the Group, if any.

The Company has appointed a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit. KMPG LLP was appointed as the Company's external auditors. Ms Tan Yek Lee Doreen is the audit engagement partner in-charge of the audit of the Company from the financial reporting year ended 31 December 2019.

The AC had reviewed the non-audit services performed by the external auditors for FY2020 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:

	FY2020 S$'000
Audit Services	559
Non-Audit Services	25
	584

The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2021 for shareholders' approval at the forthcoming AGM of the Company.

The Company has appointed KPMG LLP Singapore as the auditors of all the subsidiaries in Singapore except for the following subsidiaries which are considered not significant:

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

Other member firms of KPMG International are appointed as auditors of significant foreign-incorporated subsidiaries.

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 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 Listing Manual to satisfy itself that the terms of the transactions are on an arm's length basis.

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 objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Whistle-Blowing Policy has been circulated to all employees. There were no whistle-blowing reports received during FY2020.

The AC meets with the external auditors at least once a year, without the presence of Management to review the adequacy of audit arrangements on the scope and quality of the audit and the independence, objectivity and observations of the auditors. The last private session with the external auditors was held in February 2021.

Internal Audit

The internal audit function of the Group for FY2020 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 outsourced internal audit team is headed by Mr Koh Chin Beng, who is the head of BDO Risk Advisory and has more than 20 years of experience in audit and advisory services. Mr Koh holds Bachelor of Accountancy Degree (Honours) from Nanyang Technological University, Singapore, and is a Chartered Accountant of Institute of Singapore Chartered Accountants ("ISCA") and Certified Internal Auditor of the Institute of Internal Auditors ("IIA"). The Audit Committee is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals and adheres to the International Professional Practices Framework established by the IIA.

The internal auditors report directly to the AC on all internal audit matters. The AC will review the internal audit plan to ensure that the scope is adequate and all internal audit findings and recommendations are submitted to the AC for deliberation. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The auditors have unfettered access to all Company's documents, records, properties and personnel, including access to the AC. The internal audit plan for FY2020 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 2021.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Engagement

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

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. 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), 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 Central Provident Fund ("CPF") Board, they are allowed to appoint more than two proxies to attend the general meetings.

CORPORATE GOVERNANCE REPORT (Cont'd)

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 shareholders by 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.

For FY2020, due to the COVID-19 pandemic, the AGM was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The notice of AGM and proxy form were published on SGXNet and Company's website within the stipulated timeline. Registration procedures to attend the AGM and submission of proxy forms were explained in the notice of AGM and proxy forms. Shareholders who wish to vote appointed the Chairman of the meeting as their proxy to vote on their behalf. Shareholders were also given the opportunity to submit queries pertaining to the Annual Reports, and in particular, the Audited Financial Statements in advance of the AGM. The response to the queries raised were published on the SGXNet one day before the AGM.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared will take into consideration the Group's profit growth, cash position, cash flows generated from operations, projected capital requirements for business growth and other factors as the Board deems appropriate. The Board does not recommend and payment of dividends for FY2020 as the Board deems it appropriate to conserve cash for reinvesting its earnings for new projects in the cement business.

Principle 12 : Engagement with Shareholders

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

The Directors regard general meetings of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation. Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's plan.

The Board ensure that shareholders are informed of all major developments that impact the Group. The Company ensures timely and adequate disclosure of information on material matters required by the Listing Manual through announcements via the SGXNet. The Company does not practice selective disclosure of material information. The Company currently does not have a formalised written investor relations policy but has in place designated investor relations personnel to advice on the appropriate disclosure requirements and regularly conveys pertinent information to shareholders to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Information is communicated to shareholders on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. All materials on the financial results, annual reports, minutes of general meetings and press releases are available on the Company's website. The Company also provides Company's email address on the corporate website through which shareholders may contact the Company with their questions.

Principle 13 : Managing Stakeholders Relationships

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

The Company values transparent and timely communication with the stakeholders. To ensure that stakeholders are kept informed of the Group's developments and performance, timely and adequate disclosures are made to the public via the SGXNET in compliance with SGX-ST guidelines. Shareholders and investors can contact the Company or access information on the Company at its website at https://internationalcementgroup.com/ which provides the information on the Company, Board of Directors, management team, corporate structure, announcements, stock information, press release and financial results as released by the Company on SGXNet.

SUSTAINABILITY REPORTING

The Company considers relevant environmental, social, and governance ("ESG") risks and opportunities to strengthen business sustainability. The Company will publish its Sustainability Report ("Sustainability Report") before 31 May 2021 and will be publicly accessible through the Company's website as well as on SGXNet. It should be read in conjunction with the Annual Report presented here.

ADDITIONAL INFORMATION

E. DEALING IN SECURITIES

The Company has adopted an internal compliance code that meets the requirement of Rule 1207(19) of the Listing Manual with respect to dealings in securities by Directors and key executives of the Group. In FY2020, 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 one month before the half-yearly and 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 FY2020 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 S$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 S$100,000)
Dastoni[(1)]		
- provision of transportation services to subsidiaries	S$4,489,000	NA
- sale of property, plant and equipment to a subsidiary	S$120,000	
- sale of goods from a subsidiary	S$714,000	

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 the 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 Listing Manual.

PROPERTIES HELD BY THE GROUP

As at 31 December 2020

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 – PTD 7924 HSD 64234 – Aluminium factory – PTD 7924 HSD 64234 – Land	21 years till 30/10/2042	– 40,464	17,030 –
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 Berhad	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 Berhad	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 m^2 per unit	85.65 m^2 per unit
Selaco Aluminium Berhad	No. 073-1B, First Floor, Building No. 73, Jalan PJU 10/10F, Saujana Damansara, PJU 10, 47830, Petaling Jaya, Selangor Darul Ehsan, Malaysia	99 years till 16/08/2100	–	62
Selaco Aluminium Berhad	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 are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 43 to 114 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 2020 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)
Guok Chin Huat Samuel
Wong Loke Tan

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 the 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 financial year	Holdings at end of the financial 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	14,500,000
- deemed interests	5,000,000	5,000,000

By virtue of Section 7 of the Act, Ma Zhaoyang and Zhang Zengtao were deemed to have interests in the subsidiaries of the Company at the beginning and at the end of the financial year.

DIRECTORS' STATEMENT (Cont'd)

Directors' interests (Cont'd)

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 2021.

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
Guok Chin Huat Samuel	Independent, Non-Executive Director
Wong Loke Tan	Independent, Non-Executive Director

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 two 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 half-yearly 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 its 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

Chng Beng Hua
Director

Kan Ah Chye @ Kan Poh Thong
Director

23 March 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company
International Cement Group Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of International Cement Group 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 2020, 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 43 to 114.

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 2020 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 Notes 3.9(ii) and 5 to the financial statements)

THE KEY AUDIT MATTER

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 and its subsidiaries.

These intangible assets are tested for impairment annually by estimating the recoverable amount of the CGU.

The estimation of recoverable amount involves significant assumptions in relation to the estimated future cash flows derived 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.

HOW WAS THE MATTER ADDRESSED IN OUR AUDIT

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.

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 Financial Highlights, Chairman's Message, Board of Directors, Key Executives, Operations and Financial Review, Corporate Structure, Corporate Information, Properties Held by the Group and Directors' Statement prior to the date of this auditors' report. The remaining information, namely: Corporate Social Responsibility, Corporate Governance Report and Shareholdings Statistics ("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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- 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 Tan Yek Lee Doreen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	4	238,746	262,488	796	396
Intangible assets and goodwill	5	38,851	48,849	–	–
Investment properties	6	125	145	–	–
Subsidiaries	7	–	–	185,453	185,453
Trade and other receivables	8	–	1,564	38,313	34,873
Contract assets	20	1,348	1,296	–	–
Deferred tax assets	18	38	–	–	–
		279,108	314,342	224,562	220,722
Current assets					
Inventories	9	21,082	19,853	–	–
Trade and other receivables	8	25,536	19,474	98	37
Contract assets	20	1,230	1,978	–	–
Other investments	10	1	1	–	–
Cash and cash equivalents	11	10,105	12,402	142	23
		57,954	53,708	240	60
Assets held for sale	12	361	425	–	–
		58,315	54,133	240	60
Total assets		337,423	368,475	224,802	220,782
Equity attributable to owners of the Company					
Share capital	13	276,824	276,824	198,647	198,647
Capital reserve	14	2,517	1,437	2,113	1,033
Revaluation reserve	14	156	357	–	–
Currency translation reserve	14	(37,036)	(14,855)	–	–
Accumulated losses	14	(49,717)	(58,686)	(18,820)	(16,171)
		192,744	205,077	181,940	183,509
Non-controlling interests	15	46,485	58,855	–	–
Total equity		239,229	263,932	181,940	183,509
Non-current liabilities					
Loans and borrowings	16	14,001	15,357	35,629	33,186
Trade and other payables	17	28,203	21,763	513	252
Provisions	19	112	106	14	5
Deferred tax liabilities	18	10,089	8,887	–	–
		52,405	46,113	36,156	33,443
Current liabilities					
Trade and other payables	17	42,366	58,239	6,706	3,830
Contract liabilities	20	3,390	152	–	–
Provisions	19	33	34	–	–
Current tax payable		–	5	–	–
		45,789	58,430	6,706	3,830
Total liabilities		98,194	104,543	42,862	37,273
Total equity and liabilities		337,423	368,475	224,802	220,782

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000 (restated*)
Revenue	20	141,626	131,229
Cost of sales		(85,026)	(80,852)
Gross profit		56,600	50,377
Other income		4,085	1,177
Selling and distribution expenses		(2,682)	(1,529)
Administrative expenses		(15,395)	(15,438)
Reversal of loss allowance on trade and other receivables and contract assets		187	540
Other expenses		(12,731)	(1,369)
Results from operating activities		30,064	33,758
Finance income	21	43	244
Finance costs	21	(3,878)	(597)
Net finance costs		(3,835)	(353)
Profit before tax	22	26,229	33,405
Tax expense	23	(7,335)	(5,024)
Profit for the year		18,894	28,381
Profit attributable to:			
Owners of the Company		8,788	15,730
Non-controlling interests		10,106	12,651
Profit for the year		18,894	28,381
Earnings per share (cents)			
Basic earnings per share	24	0.15	0.28
Diluted earnings per share	24	0.15	0.28

* *During the year, the Group modified the classification of expenses based on nature to function. Comparative information has been re-presented accordingly (see Notes 2.5 and 32).*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Profit for the year		18,894	28,381
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Deficit on revaluation of property, plant and equipment	4, 12	(26)	(2,457)
Tax on deficit on revaluation of property, plant and equipment		6	588
		(20)	(1,869)
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		(1,257)	(106)
Foreign currency translation differences – foreign operations		(30,431)	(4,973)
		(31,688)	(5,079)
Other comprehensive income for the year, net of tax		(31,708)	(6,948)
Total comprehensive income for the year		(12,814)	21,433
Total comprehensive income attributable to:			
Owners of the Company		(13,413)	9,484
Non-controlling interests		599	11,949
Total comprehensive income for the year		(12,814)	21,433

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	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 2019		273,633	404	2,668	(10,438)	(71,410)	194,857	56,036	250,893
Total comprehensive income for the year									
Profit for the year		–	–	–	–	15,730	15,730	12,651	28,381
Other comprehensive income									
Deficit on revaluation on property, plant and equipment	4, 12	–	–	(2,405)	–	–	(2,405)	(52)	(2,457)
Tax on deficit on revaluation on property, plant and equipment		–	–	576	–	–	576	12	588
Realisation of revaluation reserve upon disposal of property, plant and equipment	12	–	–	(482)	–	482	–	–	–
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(93)	–	(93)	(13)	(106)
Foreign currency translation differences – foreign operations		–	–	–	(4,324)	–	(4,324)	(649)	(4,973)
Total other comprehensive income		–	–	(2,311)	(4,417)	482	(6,246)	(702)	(6,948)
Total comprehensive income for the year		–	–	(2,311)	(4,417)	16,212	9,484	11,949	21,433

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

	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
Transactions with owners, recognised directly in equity									
Contribution by and distributions to owners									
Issue of ordinary shares	13	3,191	–	–	–	–	3,191	–	3,191
Dividends declared to non-controlling interest	14	–	–	–	–	–	–	(12,618)	(12,618)
Fair value adjustments on loans from major shareholder	16	–	1,033	–	–	–	1,033	–	1,033
		3,191	1,033	–	–	–	4,224	(12,618)	(8,394)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interest without a change in control	26	–	–	–	–	(3,488)	(3,488)	3,488	#
Total transactions with owners		3,191	1,033	–	–	(3,488)	736	(9,130)	(8,394)
At 31 December 2019		276,824	1,437	357	(14,855)	(58,686)	205,077	58,855	263,932

Less than $1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2020

	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 2020		276,824	1,437	357	(14,855)	(58,686)	205,077	58,855	263,932
Total comprehensive income for the year									
Profit for the year		–	–	–	–	8,788	8,788	10,106	18,894
Other comprehensive income									
Deficit on revaluation on property, plant and equipment	4	–	–	(26)	–	–	(26)	–	(26)
Tax on deficit on revaluation on property, plant and equipment		–	–	6	–	–	6	–	6
Realisation of revaluation reserve		–	–	(181)	–	181	–	–	–
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(1,100)	–	(1,100)	(157)	(1,257)
Foreign currency translation differences – foreign operations		–	–	–	(21,081)	–	(21,081)	(9,350)	(30,431)
Total other comprehensive income		–	–	(201)	(22,181)	181	(22,201)	(9,507)	(31,708)
Total comprehensive income for the year		–	–	(201)	(22,181)	8,969	(13,413)	599	(12,814)

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

	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
Transactions with owners, recognised directly in equity									
Contribution by and distributions to owners									
Dividends declared to non-controlling interest	14	–	–	–	–	–	–	(11,546)	(11,546)
Fair value adjustments on loans from major shareholder	16	–	1,080	–	–	–	1,080	–	1,080
Fair value adjustments on loans from non-controlling interest	16	–	–	–	–	–	–	(1,423)	(1,423)
Total transactions with owners		–	1,080	–	–	–	1,080	(12,969)	(11,889)
At 31 December 2020		276,824	2,517	156	(37,036)	(49,717)	192,744	46,485	239,229

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit for the year		18,894	28,381
Adjustments for:			
Amortisation of intangible assets	22	2,821	2,984
Bad debts recovered		(4)	(5)
Change in fair value of investment properties	22	64	394
Depreciation of property, plant and equipment	22	10,740	6,138
Finance costs	21	3,878	597
Finance income	21	(43)	(244)
Gain on disposal of property, plant and equipment	22	(80)	(39)
Impairment loss on property, plant and equipment	22	247	1,218
(Reversal of provision)/provision for inventories obsolescence	22	(64)	100
Reversal of loss allowance on trade and other receivables and contract assets		(187)	(540)
Reversal of provision for warranties	22	(11)	(353)
Unrealised exchange loss		9,830	–
Write down of inventories to net realisable value	22	25	248
Write off of property, plant and equipment	22	578	5
Tax expense		7,335	5,024
		54,023	43,908
Changes in:			
- inventories		(3,838)	(301)
- contract assets		697	(912)
- trade and other receivables		81	866
- contract liabilities		2,682	1
- trade and other payables		(3,692)	6,731
Cash generated from operations		49,953	50,293
Tax paid		(48)	(22)
Net cash from operating activities		49,905	50,271
Cash flows from investing activities			
Acquisition of non-controlling interest	26	–	#
Acquisition of property, plant and equipment		(26,101)	(57,498)
Acquisition of intangible assets		(135)	(145)
Interest received		27	28
Proceeds from disposal of property, plant and equipment		91	2,501
Net cash used in investing activities		(26,118)	(55,114)

Less than $1,000

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

	Note	2020 $'000	2019 $'000
Cash flows from financing activities			
Dividends paid to non-controlling interest		(16,136)	(6,474)
Withholding tax paid on dividends declared by a subsidiary		(4,180)	(3,706)
Proceeds from issuance of ordinary shares	13	–	3,191
Interest paid	16	(1,665)	(93)
Payment of lease liabilities	16	(407)	(495)
Proceeds from loans from major shareholder	16	–	13,573
Proceeds from trust receipts	16	–	287
Repayment of trust receipts	16	–	(2,010)
Repayment of loan from non-controlling interest	16	(3,375)	–
Net cash (used in)/from financing activities		(25,763)	4,273
Net decrease in cash and cash equivalents		(1,976)	(570)
Cash and cash equivalents at beginning of the year		12,345	13,027
Effect of exchange rate fluctuations on cash held		(322)	(112)
Cash and cash equivalents at end of the year	11	10,047	12,345

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2021.

1 Domicile and activities

International Cement Group Ltd. (the "Company") is incorporated in Singapore. The address of the Company's registered office was 290 Orchard Road, #14-07 The Paragon, Singapore 238859. During the year, the address of the Company's registered office was changed to 100 Tras Street, #18-01 100 AM, Singapore 079027.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in: (i) the production and/or sale of cement and related products; (ii) the undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture and sale of aluminium windows and doors; and (iii) 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"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)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.

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.

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Notes 4 and 5 – Impairment of non-financial assets (Cont'd)

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 risks and economic impact of the COVID-19 pandemic.

Note 7 – Impairment of subsidiaries

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 and foreign exchange rates.

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 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 cost of sales and decrease current assets.

Note 19 – Provision for liquidated damages and foreseeable losses

Provision for liquidated damages and foreseeable losses on uncompleted construction contracts is dependent on estimating the total outcome of the construction contract. In making these estimates, management has relied on the expertise of quantity surveyors to determine the progress of the construction and also on past experience of completed projects. The provisions recognised, if any, represents management's best estimate of the expected future costs required. Those estimates and assumptions deal with uncertainties such as: variations to the original contract terms, and changes to timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time.

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, there were no specific significant judgements made by management.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

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 observable market 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 12 – assets held for sale; and
- Note 27 – financial instruments.

2.5 Changes in accounting policies

(i) New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations to SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)*
- *Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2 Basis of preparation (Cont'd)

2.5 Changes in accounting policies (Cont'd)

***(i) New standards and amendments* (Cont'd)**

The Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 3.1(i).

(ii) Presentation of items of consolidated statement of profit or loss

During the year, the Group modified the classification of expenses based on nature to function. Comparative information has been re-presented accordingly. This modification had no impact on the statements of financial position, comprehensive income and cash flows of the Group. The details of the change in presentation of the comparative information are set out in Note 32.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

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

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

***(i) Business combinations* (Cont'd)**

When share-based payment awards (replacement awards) are required to be 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 pre-combination service.

NCI 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 NCI's 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 NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary, and are recorded as part of 'accumulated losses' in equity.

(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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Acquisitions from entities under common control

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Where the Company is a newly formed entity that becomes the new parent of another entity in the Group and:

- the Company issues equity instruments as consideration in the restructuring;
- there is no change in the Group's assets or liabilities as a result of the restructuring; and
- there is no change in the interest of the shareholders, either absolute or relative, as a result of the restructuring.

The Company has elected to measure the investment in the subsidiary at cost which is determined as its share of total equity shown in the separate financial statements at the date of the restructuring.

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(v) 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. Foreign currency gains and losses are recorded in 'other income' and 'other expenses' respectively, in profit or loss.

(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.

Foreign currency differences are recognised in other comprehensive income ("OCI"). However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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 NCI.

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 OCI, and are presented in the currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

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 ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

For interest-free loans with related parties, the difference between the fair value and face value of the loans represents transactions with owners in the Group's financial statements.

The difference between the fair value and face value of the loans to/from subsidiaries represents a contribution from the Company/a return of investment to the Company, and is recognised as additional investment/against the cost of investment in the subsidiaries in the Company's separate financial statements.

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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 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.

The difference between the new and old fair value of loan from non-controlling interest arising from significant modifications to the cash outflows, i.e. modification gain/loss will be accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements.

(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.

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

Modifications to interest-free loans to subsidiaries resulting in derecognition of financial assets are accounted for as adjustments to deemed return of investment in the subsidiaries in the Company's separate financial statements.

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.

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

***(iii) Derecognition* (Cont'd)**

***Financial liabilities* (Cont'd)**

Modifications to interest-free loans from related parties resulting in derecognition of financial liabilities are accounted for as adjustments to transactions with owners representing a return of investment in the Company in the Group's financial statements.

(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. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses except for certain 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 OCI 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are those borrowing costs that would have been avoided if the expenditure on the asset had not been made. When the Group borrows funds specifically for the purpose of obtaining a particular asset, the borrowing costs that directly relate to that asset can be readily identified, including foreign exchange gains or losses. Foreign exchange losses of borrowings which are not in the respective Group entities' functional currency can be capitalised in the asset to the extent that they are regarded as an adjustment to interest costs, i.e. the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred for foreign currency borrowings. The Group determines the amount of foreign exchange differences based on either interest rates on similar borrowings in the Group entity's functional currency, or forward currency rates at the inception of the loan. The amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expense that would have been incurred had the Group entity borrowed in its functional currency.

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

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

(ii) Subsequent costs

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

3 Significant accounting policies (Cont'd)

3.4 Property, plant and equipment (Cont'd)

***(iii) Depreciation* (Cont'd)**

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

• Leasehold properties	over the lease term
• Freehold building	10 to 50 years (2019: 40 years)
• Plant and machinery	4 to 23 years (2019: 5 to 23 years)
• Furniture and fittings	2 to 10 years
• Motor vehicles	5 to 20 years
• Computers	2 to 10 years

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

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
• Subsoil rights	5 to 12 years

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

3.6 Investment properties

Investment property is property held either to earn rental income or for 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.

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 Leases

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

(i) As a lessee

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

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

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

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

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

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

3 Significant accounting policies (Cont'd)

3.7 Leases (Cont'd)

***(i) As a lessee* (Cont'd)**

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks or rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

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

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

- financial assets measured at amortised costs; and
- contract assets.

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.

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.

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

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 debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the 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.

Write-off

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

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 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Investment properties and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3.11 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 Significant accounting policies (Cont'd)

3.12 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.

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 lease agreements. The Group expects to incur the liability upon termination of the leases.

3.13 Revenue

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.

3.14 Government grants

Government grants are recognised initially as grant receivables and deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other income" on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.15 Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents and other interest income. 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 lease liabilities, payables to the Engineering, Procurement and Construction ("EPC") contractor, unwinding of discount in relation to the present value of loans from related parties and other interest expense, and are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3 Significant accounting policies (Cont'd)

3.15 Finance income and finance costs (Cont'd)

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.

3.16 Income 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 OCI.

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 date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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

3 Significant accounting policies (Cont'd)

3.16 Income tax (Cont'd)

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.

3.17 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.

3.18 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.

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

3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application 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 and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position:

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to SFRS(I) 1-37)*
- *Annual Improvements to SFRS(I)s 2018 – 2020*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4 Property, plant and equipment

	Note	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										
Cost/valuation										
At 1 January 2019		4,369	759	74,918	69,237	1,907	4,239	1,069	40,996	197,494
Additions		–	885	252	7,600	49	110	53	111,968	120,917
Disposals/write-offs		–	(200)	(1)	(1,955)	(353)	(1,038)	(214)	(3,839)	(7,600)
Surplus on revaluation		238	–	–	–	–	–	–	–	238
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(360)	–	–	–	–	–	–	–	(360)
Reclassification		–	–	36,815	99,094	6	316	83	(136,314)	–
Transfer to assets held for sale	12	(3,703)	–	–	(14,171)	(551)	–	–	–	(18,425)
Translation differences on consolidation		(8)	(4)	(4,104)	(3,345)	(8)	(104)	(16)	(121)	(7,710)
At 31 December 2019		536	1,440	107,880	156,460	1,050	3,523	975	12,690	284,554
At 1 January 2020		536	1,440	107,880	156,460	1,050	3,523	975	12,690	284,554
Additions		–	718	171	4,476	112	383	53	19,605	25,518
Disposals/write-offs		–	(258)	–	(824)	(46)	(372)	(42)	(5)	(1,547)
Deficit on revaluation		(26)	–	–	–	–	–	–	–	(26)
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(282)	–	–	–	–	–	–	–	(282)
Reclassification		(226)	229	8,573	11,972	16	67	31	(20,662)	–
Translation differences on consolidation		(2)	(23)	(18,372)	(20,221)	(40)	(430)	(77)	(1,253)	(40,418)
At 31 December 2020		–	2,106	98,252	151,863	1,092	3,171	940	10,375	267,799

4 Property, plant and equipment (Cont'd)

	Note	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 2019		–	224	2,301	24,337	1,640	1,604	800	5,274	36,180
Depreciation for the year		360	336	2,474	3,209	47	340	81	–	6,847
Disposals/write-offs		–	(200)	(1)	(1,914)	(314)	(634)	(214)	(3,656)	(6,933)
Impairment losses		–	519	–	50	–	–	–	649	1,218
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(360)	–	–	–	–	–	–	–	(360)
Transfer to assets held for sale	12	–	–	–	(13,729)	(543)	–	–	–	(14,272)
Translation differences on consolidation		–	–	(221)	(364)	(3)	(19)	(5)	(2)	(614)
At 31 December 2019		–	879	4,553	11,589	827	1,291	662	2,265	22,066
At 1 January 2020		–	879	4,553	11,589	827	1,291	662	2,265	22,066
Depreciation for the year		282	256	2,848	7,419	51	318	94	–	11,268
Disposals/write-offs		–	(2)	–	(251)	(43)	(361)	(42)	–	(699)
Impairment losses		–	16	–	–	–	–	–	231	247
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(282)	–	–	–	–	–	–	–	(282)
Reclassification		–	–	2	17	–	(19)	–	–	–
Translation differences on consolidation		–	(8)	(1,397)	(1,967)	(14)	(129)	(34)	2	(3,547)
At 31 December 2020		–	1,141	6,006	16,807	821	1,100	680	2,498	29,053
Carrying amounts										
At 1 January 2019		4,369	535	72,617	44,900	267	2,635	269	35,722	161,314
At 31 December 2019		536	561	103,327	144,871	223	2,232	313	10,425	262,488
At 31 December 2020		–	965	92,246	135,056	271	2,071	260	7,877	238,746

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4 Property, plant and equipment (Cont'd)

	Leasehold property $'000	Furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Total $'000
Company					
Cost					
At 1 January 2019	537	13	–	–	550
Additions	–	2	–	6	8
At 31 December 2019	537	15	–	6	558
At 1 January 2020	537	15	–	6	558
Additions	576	94	199	–	869
Disposals/write-offs	(253)	(2)	–	–	(255)
At 31 December 2020	860	107	199	6	1,172
Accumulated depreciation and impairment losses					
At 1 January 2019	23	1	–	–	24
Depreciation for the year	134	3	–	1	138
At 31 December 2019	157	4	–	1	162
At 1 January 2020	157	4	–	1	162
Depreciation for the year	165	8	40	2	215
Disposals/write-offs	–	(1)	–	–	(1)
At 31 December 2020	322	11	40	3	376
Carrying amounts					
At 1 January 2019	514	12	–	–	526
At 31 December 2019	380	11	–	5	396
At 31 December 2020	538	96	159	3	796

As at 31 December 2020, property, plant and equipment includes right-of-use assets amounting to: (i) $917,000 and $538,000 (2019: $519,000 and $380,000) relating to leasehold properties of the Group and Company respectively; and (ii) $159,000 (2019: $nil) relating to motor vehicles of the Group and Company.

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 to derive the market values (under Level 2 of the fair value hierarchy). During the year, the revaluation surplus (net of tax) of $20,000 (2019: $181,000) was recognised in the Group's revaluation reserve.

As at 31 December 2019, the carrying amount of leasehold properties of the Group would have been $624,000 had the leasehold properties at fair value been carried at cost less accumulated depreciation and impairment losses.

The Group's and Company's leasehold properties include provision for restoration costs of $95,000 (2019: $79,000) and $14,000 (2019: $5,000) respectively.

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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Charged to profit or loss	10,740	6,138	215	138
Capitalised to construction-in-progress	528	709	–	–
	11,268	6,847	215	138

Property, plant and equipment under construction

Construction-in-progress mainly relates to: (i) a freehold land used for a construction project that had been shelved by the Group indefinitely and its related construction costs; and (ii) construction of additional facilities in a cement plant in Kazakhstan (2019: construction of a cement plant in Kazakhstan).

Included under construction-in-progress are capitalised borrowing costs required to fund the construction of a cement plant and additional facilities in Kazakhstan amounting to $5,772,000 (2019: $5,147,000), calculated using a capitalisation rate of 13.6% (2019: 8.4%).

Security

As at 31 December 2020, property, plant and equipment of the Group with a net carrying amount of $101,170,000 (2019: $101,859,000) was pledged to the EPC contractor to secure a deferred payment arrangement for the construction of a cement plant (see Note 17).

Impairment loss

Leasehold properties and plant and machinery

As impairment indicators were identified for the right-of-use assets in the loss-making aluminium segment as at 31 December 2019, the Group performed an impairment assessment to determine the recoverable amount of these leasehold properties and plant and machinery. The recoverable amount was estimated using discounted cash flows, i.e. value in use of the aluminium segment. Key assumptions are based on current order book and contracts tendered with high probability of winning, and current costs adjusted for inflation. As the value in use was lower than the carrying amount of the CGU, an impairment loss of $569,000 was recognised in 2019.

Construction-in-progress

As there were impairment indicators of the freehold land used for a construction project classified under 'construction-in-progress', 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 2 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 2020, the recoverable amount of the freehold land and its related construction costs was determined to be lower than that of its carrying amount. As such, an impairment loss amounting to $231,000 (2019: $649,000) was recorded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5 Intangible assets and goodwill

	Computer software $'000	Subsoil rights* $'000	Goodwill^ $'000	Total $'000
Group				
Cost				
At 1 January 2019	107	35,863	21,361	57,331
Additions	145	–	–	145
Translation differences on consolidation	(29)	(1,348)	(834)	(2,211)
At 31 December 2019	223	34,515	20,527	55,265
At 1 January 2020	223	34,515	20,527	55,265
Additions	2	133	–	135
Translation differences on consolidation	(35)	(5,437)	(3,222)	(8,694)
At 31 December 2020	190	29,211	17,305	46,706
Accumulated amortisation				
At 1 January 2019	11	3,623	–	3,634
Amortisation for the year	11	2,973	–	2,984
Translation differences on consolidation	2	(204)	–	(202)
At 31 December 2019	24	6,392	–	6,416
At 1 January 2020	24	6,392	–	6,416
Amortisation for the year	18	2,803	–	2,821
Translation differences on consolidation	(6)	(1,376)	–	(1,382)
At 31 December 2020	36	7,819	–	7,855
Carrying amounts				
At 1 January 2019	96	32,240	21,361	53,697
At 31 December 2019	199	28,123	20,527	48,849
At 31 December 2020	154	21,392	17,305	38,851

* *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., in 2017.*

Impairment testing for CGUs containing goodwill

For purposes of impairment testing, goodwill has been allocated to the Group's CGU of International Manufacturing Company Chzhungtsai Mohir Cement LLC and its subsidiaries which have 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.

	2020 %	2019 %
Forecasted revenue growth rate	1.2	3.3
Forecasted gross profit margin	44.8	45.5
Pre-tax discount rate	28.7	25.6
Terminal growth rate	5.7	6.8

5 Intangible assets and goodwill (Cont'd)

Impairment testing for CGUs containing goodwill **(Cont'd)**

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 and economic impact of the COVID-19 pandemic.

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 2020 and 2019. As such, no impairment loss on goodwill was recognised.

6 Investment properties

		Group	
	Note	**2020** **$'000**	**2019** **$'000**
At 1 January		145	612
Transfer to assets held for sale	12	–	(108)
Change in fair value		–	(350)
Translation differences on consolidation		(20)	(9)
At 31 December		125	145

Investment properties comprise residential and industrial properties (2019: industrial property) that are leased to external customers and/or held for capital appreciation. In 2020, rental income arising from an industrial property amounted to $165,000 (2019: $117,000).

Changes in fair value are recognised as losses and included in 'Other expenses' in the Group's profit or loss.

In 2019, the Group decided to dispose of a subsidiary's residential properties amounting to $108,000 and reclassified these properties from 'investment properties' to 'assets held for sale' (see Note 12).

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 2 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 (under Level 3 of the fair value hierarchy).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7 Subsidiaries

	Note	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares, at cost		195,456	195,456
Deemed investment	(i)	5,173	5,055
Deemed return of investment	(ii)	(3,005)	(2,887)
Impairment losses		(12,171)	(12,171)
		185,453	185,453

(i) Deemed investment relates to the difference between the fair value and face value of the loans to an indirect subsidiary at initial recognition (Note 8).

(ii) Deemed return of investment relates to the difference between the fair value and face value of the loans from a subsidiary at initial recognition (Note 16).

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Group effective ownership interest 2020 %	Group effective ownership interest 2019 %
Held by the Company			
International Cement Holdings Pte. Ltd. (1)	Singapore	100	100
Compact Metal Industries Pte. Ltd. (1)	Singapore	100	100
Held by subsidiaries			
Held by International Cement Holdings Pte. Ltd.			
International Cement Kazakhstan Pte. Ltd. (1)	Singapore	100	100
HYD Tajikistan Investment Pte. Ltd. (1)	Singapore	100	100
International Cement Korday Pte. Ltd. (1)	Singapore	100	–
International Cement Tatarstan Pte. Ltd. (1)	Singapore	100	–
Cement Manufacturing International (Mauritius)	Mauritius	90	90
International Cement Namibia Ltd. (3)	Mauritius	100	100
Held by International Cement Kazakhstan Pte. Ltd.			
Alacem LLP (2)	Kazakhstan	87.5	87.5
Held by HYD Tajikistan Investment Pte. Ltd.			
International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC") (2)	Tajikistan	65	65
Held by International Manufacturing Company Chzhungtsai Mohir Cement LLC			
Mohir Cement LLC (2)	Tajikistan	65	65
Mohir Plus LLC	Tajikistan	65	–
Khujand Mohir Cement LLC (3)	Tajikistan	51	51

7 Subsidiaries (Cont'd)

Name of subsidiaries	Principal place of business/Country of incorporation	Group effective ownership interest 2020 %	2019 %
Held by Compact Metal Industries Pte. Ltd.			
AEL Enviro (Asia) Pte. Ltd.	Singapore	100	100
Aluform Marketing Pte Ltd	Singapore	100	100
Compact Metal Ind. Pte. Ltd.	Singapore	100	100
Compact Metal Industries Sdn. Bhd. [(2)]	Malaysia	100	100
FacadeMaster Pte Ltd	Singapore	100	100
FacadeMaster Sdn. Bhd. [(2)]	Malaysia	100	100
Integrate Private Limited [(1)]	Singapore	100	100
Ratus Projek Sdn Bhd	Malaysia	100	100
Selaco Aluminium Berhad [(2)]	Malaysia	98.2	98.2
Held by Compact Metal Industries Sdn. Bhd.			
Compact Bricks Sdn. Bhd.	Malaysia	100	100
Held by Integrate Private Limited			
Integrate Marketing Pte Ltd	Singapore	100	100
Held by FacadeMaster Pte Ltd			
FacadeMaster Philippines Inc.	Philippines	100	100

(1) Audited by KPMG LLP, Singapore.
(2) Audited by other member firms of KPMG International.
(3) In the process of striking off.

Impairment loss

As impairment indicators were identified for a subsidiary as at 31 December 2019, the recoverable amount of this subsidiary was estimated using fair value less costs to sell. As the recoverable amount was lower than the carrying amount of the CGU, an impairment loss of $12,171,000 was recognised in 2019.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8 Trade and other receivables

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	5,774	8,215	–	–
Accrued receivables	13	110	–	–
Allowance for doubtful receivables	(3,682)	(3,807)	–	–
	2,105	4,518	–	–
Tax-related receivables	17,355	10,488	–	–
Other receivables	2,723	3,184	4	–
Allowance for doubtful receivables	(125)	(238)	–	–
	19,953	13,434	4	–
Non-trade amounts due from indirect subsidiaries	–	–	114	–
Loans to an indirect subsidiary	–	–	38,225	34,873
	22,058	17,952	38,343	34,873
Deposits	292	516	58	35
Prepayments	3,186	2,570	10	2
	25,536	21,038	38,411	34,910
Non-current	–	1,564	38,313	34,873
Current	25,536	19,474	98	37
	25,536	21,038	38,411	34,910

Non-trade amounts due from indirect subsidiaries are unsecured, interest-free and repayable on demand. As at 31 December 2020, $84,000 (2019: $nil) was assessed to be collectible after 12 months from the reporting date, therefore this balance was classified as "non-current" in the statement of financial position.

Loans to an indirect subsidiary are unsecured, interest-free and due in 2022 and 2023 (2019: 2022), with face value of $41,671,000 (2019: $39,800,000). The difference between the fair value and face value of the loans at initial recognition is recognised as an additional investment in the subsidiary in the Company's separate financial statements (Note 7). During the year, the Company provided additional loans to an indirect subsidiary with face value of $1,322,000 (2019: $39,800,000), and the difference between the fair value and face value of the loans at initial recognition of $118,000 (2019: $5,055,000) was recognised as deemed investment in subsidiary in the Company's separate financial statements (Note 7).

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	
	2020 $'000	2019 $'000
Raw materials and consumables	10,623	12,863
Work-in-progress	3,210	1,900
Finished goods	1,717	2,735
Spares	6,337	3,309
	21,887	20,807
Allowance for inventories obsolescence	(805)	(954)
	21,082	19,853

9 Inventories (Cont'd)

Inventories have been reduced by $25,000 (2019: $248,000) as a result of the write down to net realisable value. The write downs are included in "Cost of sales" in the Group's 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 or loss.

11 Cash and cash equivalents

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at bank and in hand	10,047	12,345	142	23
Fixed deposits	58	57	–	–
Cash and cash equivalents in the statements of financial position	10,105	12,402	142	23
Deposits pledged	(58)	(57)		
Cash and cash equivalents in the consolidated statement of cash flows	10,047	12,345		

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date for the Group is 0.1% (2019: 0.3%).

The Group's fixed deposits of $58,000 (2019: $57,000) are pledged with financial institutions as securities for banker guarantees.

12 Assets held for sale

Disposal of property, plant and equipment of a manufacturing facility

In May 2019, the Group signed a sale and purchase agreement to dispose certain property, plant and equipment (leasehold properties at fair value and plant and machinery) of a manufacturing facility in Malaysia within the aluminium segment, and the sale was subject to regulatory approval. The sale was expected to be completed within the next 12 months from the date of signing of the sale and purchase agreement, therefore these property, plant and equipment with net book value of $3,619,000 were reclassified from 'property, plant and equipment' to 'assets held for sale'.

Upon reclassification, these assets were written down to fair value less costs to sell, i.e. sale price, and accordingly, $2,522,000 from the revaluation reserve (before tax) was reversed.

Regulatory approval was obtained in October 2019 and the sale was completed in December 2019. $482,000 was realised from the revaluation reserve and the loss on disposal of plant and machinery of $112,000 was recognised in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12 Assets held for sale (Cont'd)

Disposal of leasehold properties and investment properties

In December 2019, following the sale of property, plant and equipment of the manufacturing facility in Malaysia within the aluminium segment, management committed to a plan to dispose of the remaining assets of the subsidiary. Accordingly, the leasehold properties and investment properties of this subsidiary were presented as assets held for sale as at 31 December 2019. Efforts to enter into voluntary liquidation of these assets had commenced as at the reporting date and the voluntary liquidation was expected to be completed within the next 12 months. During the current year, sale and purchase agreements were signed for the sale of leasehold properties. As at the reporting date, the sale was pending regulatory approval by the authorities and is expected to be obtained in 2021.

These assets were stated at fair value less costs to sell and comprised the following:

	Group	
	2020	**2019**
	$'000	**$'000**
Assets held for sale		
Property, plant and equipment	361	361
Investment properties	–	64
	361	425

As at 31 December 2020, revaluation reserve of $156,000 (2019: $156,000) included in other comprehensive income relates to the 'property, plant and equipment' included in assets held for sale.

Measurement of fair values – Fair value hierarchy

Property, plant and equipment relates to leasehold properties held at fair value. As at 31 December 2019, these assets were written down to the agreed selling prices with vendors (under Level 3 of the fair value hierarchy) and $173,000 was reversed from the revaluation reserve (before tax) in 2019.

Investment properties relates to residential properties held at fair value. As at 31 December 2019, fair values of these assets were determined based on agreed selling prices with vendors (under Level 3 of the fair value hierarchy) and fair value loss of $44,000 was recognised and included in 'Other expenses' in the Group's profit or loss. During the year, the Group was unable to identify buyers for these properties. As such, fair value loss of $64,000 was recognised in the Group's profit or loss and these properties were reclassified from "assets held for sale" to "investment properties".

13 Share capital

	Company	
	No. of shares	
	2020	**2019**
Fully paid ordinary shares, with no par value		
In issue at 1 January	5,734,732,849	2
Issued in restructuring	–	5,663,816,417
Issued for cash	–	70,916,430
In issue at 31 December	5,734,732,849	5,734,732,849

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 Share capital (Cont'd)

Shares issued in restructuring

In 2018, the Company entered into an Implementation Agreement with a related party, Compact Industries Pte. Ltd. ("CMIL"), in relation to a proposed restructuring by way of scheme of arrangement under Section 210 of the Companies Act (Chapter 50) of Singapore. In 2019, 5,663,816,417 shares were allotted and issued by the Company on the basis of one share in the Company for every one share in CMIL held by each entitled shareholder. Upon completion of this restructuring exercise, CMIL was delisted from the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") and became a subsidiary of the Company. The Company has been listed on the Mainboard of the SGX-ST since 8 March 2019.

This restructuring exercise, which effected a change of the listed entity with the same shareholders, did not meet the definition of a business under SFRS(I) 3 *Business Combinations*. The Company had elected to account for the issued shares at cost, which was determined to be the Group's share of total equity of CMIL at the date of allotment and issuance of shares in the capital of the Company.

As there was no change in the Group's assets or liabilities as a result of the restructuring and there was no change in the interest of the shareholders of the Company, either absolute or relative, as a result of the restructuring, the share capital recorded at the Group level did not change as a result of the restructuring in 2019.

Shares issued for cash

On 3 June 2019, the Company issued and allotted 70,916,430 new ordinary shares in the capital of the Company under the confirmed tranche pursuant to a conditional placement agreement dated 9 May 2019 for an issue price for each placement share of $0.045 (the "Placement") amounting to $3,191,000. On 21 June 2019, the Company was informed by the SGX-ST that the SGX-ST was not satisfied that the source of funds for the Placement originating from the placee and that the placement was funded by undisclosed sources. The approval in-principle granted on 21 May 2019 by the SGX-ST for the listing and quotation of placement shares had lapsed and the SGX-ST would not allow the listing of the 70,916,430 Placement shares to proceed. Accordingly, these shares were not listed on the SGX-ST. The Company is still in discussions with the placee on the 70,916,430 Placement shares.

14 Reserves

Capital reserve

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group's share of accumulated profits of its subsidiaries capitalised in a bonus issue of shares		404	404	–	–
Fair value adjustment arising from loans from major shareholder	16	2,113	1,033	2,113	1,033
		2,517	1,437	2,113	1,033

Revaluation reserve

The revaluation reserve relates to the revaluation of leasehold properties (see Notes 4 and 12).

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14 Reserves (Cont'd)

Accumulated losses

As at 31 December 2020, included in the Group's accumulated losses is an amount of $1,271,000 (2019: $1,232,000) relating to statutory reserve. According to the relevant Tajikistan's regulation, subsidiaries in Tajikistan are required to make an annual allocation of a minimum amount of 5% of each entity's net profit to the statutory reserve until the reserve balance reaches 15% of each 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:

	Group	
	2020 $'000	2019 $'000
Declared by a subsidiary to non-controlling interest	11,546	12,618

15 Non-controlling interests

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	
			2020 %	2019 %
Alacem LLP ("Alacem")	Kazakhstan	Cement	12.5	12.5
IMCCMC	Tajikistan	Cement	35	35
Held by IMCCMC				
Mohir Cement LLC	Tajikistan	Cement	35	35

15 Non-controlling interests (Cont'd)

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.

	IMCCMC Group $'000	Alacem $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2020					
Revenue	120,375	12,548			
Profit/(loss) for the year	32,134	(9,080)			
Other comprehensive income	(26,753)	(1,142)			
Total comprehensive income	5,381	(10,222)			
Attributable to NCI:					
Profit/(loss) for the year	11,247	(1,135)	(6)	–	10,106
Other comprehensive income	(9,364)	(143)	–	–	(9,507)
Total comprehensive income	1,883	(1,278)	(6)	–	599
Non-current assets	156,819	101,218			
Current assets	36,681	10,537			
Non-current liabilities	(19,713)	(111,253)			
Current liabilities	(35,985)	(14,566)			
Net assets	137,802	(14,064)			
Net assets/(liabilities) attributable to NCI	48,231	(1,758)	12	–	46,485
Cash flows from/(used in) operating activities	48,479	(647)			
Cash flows used in investing activities	(7,387)	(18,506)			
Cash flows used in financing activities (dividends to NCI: $16,136,000)	(23,691)	(1,659)			
Net increase/(decrease) in cash and cash equivalents	17,401	(20,812)			

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15 Non-controlling interests (Cont'd)

	IMCCMC Group $'000	Alacem $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2019					
Revenue	113,935	–			
Profit/(loss) for the year	36,231	(478)			
Other comprehensive income	(2,137)	(104)			
Total comprehensive income	34,094	(582)			
Attributable to NCI:					
Profit/(loss) for the year	12,681	(60)	30	–	12,651
Other comprehensive income	(748)	(13)	59	–	(702)
Total comprehensive income	11,933	(73)	89	–	11,949
Non-current assets	186,618	103,532			
Current assets	34,072	5,735			
Non-current liabilities	(9,497)	(85,670)			
Current liabilities	(41,714)	(27,439)			
Net assets	169,479	(3,842)			
Net assets/(liabilities) attributable to NCI	59,317	(480)	18	–	58,855
Cash flows from operating activities	48,844	4,230			
Cash flows used in investing activities	(23,118)	(33,996)			
Cash flows used in financing activities (dividends to NCI: $6,474,000)	(10,180)	(89)			
Net increase/(decrease) in cash and cash equivalents	15,546	(29,855)			

16 Loans and borrowings

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current liabilities				
Loans from major shareholder	12,815	12,484	12,815	12,484
Loan from non-controlling interest	1,186	2,873	–	–
Loans from subsidiary	–	–	22,814	20,702
	14,001	15,357	35,629	33,186

Interest-free loans from major shareholder, Victory Gate Ventures Limited, were measured at fair value at initial recognition and the difference between the fair value and face value of the loans was recognised in 'capital reserves', representing a contribution from owners of the Company (Note 14). During the year, loans from major shareholder which were due in 2021, were extended by two years to 2023. The difference between the new and old fair value amount, amounting to $1,080,000 (2019: $nil), was recognised in 'capital reserves', representing a contribution from owners of the Company (Note 14).

16 Loans and borrowings (Cont'd)

Interest-free loan from non-controlling interest, was measured at fair value at initial recognition and the difference between the fair value and face value of the loan was accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements. During the year, the Group made early repayments amounting to $3,375,000 (2019: $nil). This significant modification to the cash outflows of the loan resulted in a modification loss of $1,423,000 (2019: $nil) accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements.

Interest-free loans from subsidiary were measured at fair value at initial recognition and the difference between the fair value and face value of the loans was recognised against the cost of investment in the subsidiary in the Company's separate financial statements (Note 7). During the year, the Company obtained additional loan from subsidiary with face value of $1,322,000 (2019: $23,589,000), and the difference between the fair value and face value of the loans at initial recognition of $118,000 (2019: $2,887,000) was recognised against the cost of investment in the subsidiary in the Company's separate financial statements (Note 7).

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

Terms and debt repayment schedule

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

				2020		2019	
	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group							
Loans from major shareholder	CNY	–	2023 (2019: 2021)	14,168	12,815	13,517	12,484
Loan from non-controlling interest	TJS	–	2023	2,031	1,186	5,879	2,873
				16,199	14,001	19,396	15,357
Company							
Loans from major shareholder	CNY	–	2023 (2019: 2021)	14,168	12,815	13,517	12,484
Loans from subsidiary	CNY, USD	–	2022	24,859	22,814	23,589	20,702
				39,027	35,629	37,106	33,186

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Loans and borrowings (Cont'd)

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

	Liabilities				
	Loans from major shareholder $'000	**Loan from non-controlling interest $'000**	**Lease liabilities (Note 17) $'000**	**Trust receipts $'000**	**Total $'000**
Group					
At 1 January 2019	–	2,481	677	1,723	4,881
Changes from financing cash flows					
Interest paid	–	–	(74)	(19)	(93)
Payment of lease liabilities	–	–	(495)	–	(495)
Proceeds from loans from major shareholder	13,573	–	–	–	13,573
Proceeds from trust receipts	–	–	–	287	287
Repayment of trust receipts	–	–	–	(2,010)	(2,010)
Total changes from financing cash flows	13,573	–	(569)	(1,742)	11,262
Other changes					
Liability-related					
Interest expense	–	–	74	19	93
Fair value adjustments	(1,033)	504	–	–	(529)
New leases	–	–	852	–	852
Early termination of leases	–	–	(17)	–	(17)
	(1,033)	504	909	19	399
Effect of changes in foreign exchange rates	(56)	(112)	(1)	–	(169)
At 31 December 2019	12,484	2,873	1,016	–	16,373

	Liabilities			
	Loans from major shareholder $'000	**Loan from non-controlling interest $'000**	**Lease liabilities (Note 17) $'000**	**Total $'000**
Group				
At 1 January 2020	12,484	2,873	1,016	16,373
Changes from financing cash flows				
Interest paid*	–	–	(46)	(46)
Payment of lease liabilities	–	–	(407)	(407)
Repayment of loans from non-controlling interest	–	(3,375)	–	(3,375)
Total changes from financing cash flows	–	(3,375)	(453)	(3,828)
Other changes				
Liability-related				
Interest expense	793	526	37	1,356
Fair value adjustments	(1,080)	1,423	–	343
New leases	–	–	699	699
Early termination of leases	–	–	(283)	(283)
	(287)	1,949	453	2,115
Effect of changes in foreign exchange rates	618	(261)	4	361
At 31 December 2020	12,815	1,186	1,020	15,021

* *Interest paid in the consolidated statement of cash flows includes interest paid to EPC contractor under a deferred payment arrangement (Note 17) of $1,619,000.*

17 Trade and other payables

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables	12,749	10,216	–	–
Retention monies	385	496	–	–
Accrued operating expenses	1,688	3,324	339	658
Payables for purchase of property, plant and equipment	37,005	47,477	–	–
Non-trade amounts due to non-controlling interest	1,052	6,714	–	–
Non-trade amounts due to subsidiaries	–	–	6,199	3,036
Lease liabilities	1,020	1,016	644	388
Value-added/Goods and Services tax payable	14,188	7,723	–	–
Withholding tax payable on dividends	1,194	–	–	–
Other payables	1,288	3,036	37	–
	70,569	80,002	7,219	4,082
Non-current	28,203	21,763	513	252
Current	42,366	58,239	6,706	3,830
	70,569	80,002	7,219	4,082

Retention monies relate to amounts withheld by the Group 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. Retention monies of $95,000 (2019: $496,000) are classified as non-current liabilities.

As at the reporting date, payables for purchase of property, plant and equipment amounting to $33,937,000 (2019: $45,238,000) are interest-bearing at 8.4% (2019: 8.4%) per annum and due from 2021 to 2023 (2019: 2020 to 2023). They are secured by way of property, plant and equipment with a net carrying amount of $101,170,000 (2019: $101,859,000) (see Note 4) as part of a deferred payment arrangement with the EPC contractor for the construction of a cement plant. Payables for purchase of property, plant and equipment of $27,496,000 (2019: $20,955,000) are classified as non-current liabilities.

Non-trade amounts due to non-controlling interest relate to dividends payable.

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

As at the reporting date, the Group's and Company's lease liabilities have face value of $1,094,000 and $704,000 (2019: $1,077,000 and $415,000) respectively, at nominal interest rate of 2.7% to 5.2% and 2.8% to 2.9% (2019: 2.7% to 5.2% and 5.0%) respectively and mature between 2021 to 2025 and 2023 to 2025 (2019: 2020 to 2024 and 2022) respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group				
Property, plant and equipment	(79)	(79)	2,532	744
Intangible assets	–	–	2,828	3,711
Inventories	(1)	(24)	–	–
Trade receivables	(40)	–	–	–
Undistributed profits of subsidiaries	–	–	4,892	5,054
Other items	(108)	–	27	306
Tax losses carried forward	–	(825)	–	–
Deferred tax (assets)/liabilities	(228)	(928)	10,279	9,815
Set off of tax	190	928	(190)	(928)
Net deferred tax (assets)/liabilities	(38)	–	10,089	8,887

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

	At 1 January 2019 $'000	Recognised in profit or loss (Note 23) $'000	Recognised in other comprehen-sive income $'000	Translation differences on consolidation $'000	At 31 December 2019 $'000	Recognised in profit or loss (Note 23) $'000	Recognised in other comprehen-sive income $'000	Translation differences on consolidation $'000	At 31 December 2020 $'000
Group									
Property, plant and equipment	1,647	(39)	(588)	(355)	665	2,194	(6)	(400)	2,453
Intangible assets	4,258	(396)	–	(151)	3,711	(361)	–	(522)	2,828
Inventories	–	(24)	–	–	(24)	22	–	1	(1)
Trade receivables	(90)	90	–	–	–	(46)	–	6	(40)
Undistributed profits of subsidiaries	4,467	751	–	(164)	5,054	488	–	(650)	4,892
Other items	(485)	817	–	(26)	306	42	–	(429)	(81)
Tax losses carried forward	(898)	66	–	7	(825)	776	–	49	–
	8,899	1,265	(588)	(689)	8,887	3,115	(6)	(1,945)	10,051

18 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	
	2020	2019
	$'000	$'000
Deductible temporary differences	4,614	4,670
Unutilised capital allowances	6,846	6,818
Unutilised tax losses	47,771	46,004
	59,231	57,492

The comparatives have been changed to reflect the revised deductible temporary differences and unutilised tax losses after the tax authorities finalised the tax status of certain outstanding years of assessment.

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.

19 Provisions

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Provisions for:				
- warranties	50	61	–	–
- restoration costs	95	79	14	5
	145	140	14	5
Non-current	112	106	14	5
Current	33	34	–	–
	145	140	14	5

Provision for warranties is made only for those contracts for which warranty for defects is provided and when those contracts are completed. The provision 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 lease agreements. The Group and the Company expect to incur the liability upon termination of the leases.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Revenue

	Group 2020 $'000	2019 $'000
Construction contracts	6,385	10,130
Sale of goods	135,241	121,099
	141,626	131,229

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 15 to 90 days (2019: 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets								
Singapore	7,294	11,330	–	–	–	–	7,294	11,330
Malaysia	11	4,195	–	–	–	–	11	4,195
Australia	1,398	1,702	–	–	–	–	1,398	1,702
Afghanistan	–	–	18,748	22,339	–	–	18,748	22,339
Kazakhstan	–	–	12,548	–		–	12,548	–
Tajikistan	–	–	98,371	85,663	–	–	98,371	85,663
Uzbekistan	–	–	3,256	5,830	–	–	3,256	5,830
Others	–	67	–	103	–	–	–	170
	8,703	17,294	132,923	113,935	–	–	141,626	131,229
Major products/service line								
Construction contracts	6,385	10,130	–	–	–	–	6,385	10,130
Sale of goods	2,318	7,164	132,923	113,935	–	–	135,241	121,099
	8,703	17,294	132,923	113,935	–	–	141,626	131,229
Timing of revenue recognition								
Products and services transferred over time	6,385	10,130	–	–	–	–	6,385	10,130
Products transferred at a point in time	2,318	7,164	132,923	113,935	–	–	135,241	121,099
	8,703	17,294	132,923	113,935	–	–	141,626	131,229

20 Revenue (Cont'd)

Contract balances

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

	Group	
	2020	2019
	$'000	$'000
Trade receivables	2,092	4,408
Contract assets	2,578	3,274
Contract liabilities	(3,390)	(152)

Contract assets relate to: (i) 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; and (ii) the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date. These are transferred to trade receivables when the rights become unconditional, which usually occurs when the Group invoices the customers.

Contract liabilities relate to advance consideration received from customers.

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

	Contract assets		Contract liabilities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Group				
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	152	151
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(3,390)	(152)
Contract assets reclassified to trade receivables	(2,001)	(611)	–	–
Changes in measurement of progress	1,258	1,529	–	–
Reversal of impairment loss on contract assets	47	40	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21 Finance income and finance costs

	Group 2020 $'000	Group 2019 $'000
Finance income		
Interest income on cash and cash equivalents	27	28
Others	16	216
	43	244
Finance costs		
Interest expense on:		
- lease liabilities	(37)	(74)
- payables to EPC contractor (Note 17)	(2,521)	–
- trust receipts	–	(19)
Unwinding of discount in relation to the present value of loans from major shareholder	(793)	–
Unwinding of discount in relation to the present value of loans from non-controlling interest	(526)	(504)
Others	(1)	–
	(3,878)	(597)
Net finance costs recognised in profit or loss	(3,835)	(353)

22 Profit before tax

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

	Group 2020 $'000	Group 2019 $'000
Audit fees paid to:		
- auditors of the Company	256	256
- other member firms of KPMG International	303	261
- other auditors	21	21
Audit-related fees paid to:		
- auditors of the Company	–	195
- other member firms of KPMG International	–	76
- other auditors	2	2
Non-audit fees paid to:		
- auditors of the Company	21	45
- other member firms of KPMG International	4	43
- other auditors	6	6

22 Profit before tax (Cont'd)

	Note	Group 2020 $'000	Group 2019 $'000
Other income:			
- gain on disposal of property, plant and equipment		(80)	(39)
- government grant income		(756)	–
- refund of land premium from authorities		(2,649)	–
- rental income	6	(165)	(117)
Amortisation of intangible assets	5	2,821	2,984
Change in fair value of investment properties	6, 12	64	394
Contributions to defined contribution plans, included in staff and related costs		641	365
Depreciation of property, plant and equipment	4	10,740	6,138
Foreign exchange loss/(gain), included in 'other expenses'			
- unrealised		9,830	–
- realised		925	(300)
Impairment loss on property, plant and equipment	4	247	1,218
(Reversal of provision)/provision for inventories obsolescence		(64)	100
Reversal of provision for warranties		(11)	(353)
Staff and related costs		9,071	10,182
Write down of inventories to net realisable value	9	25	248
Write off of property, plant and equipment		578	5

23 Tax expense

	Note	Group 2020 $'000	Group 2019 $'000
Current tax expense			
Current year		41	48
(Over)/under provision in respect of prior years		(1)	5
		40	53
Deferred tax expense			
Origination and reversal of temporary differences		1,838	2,027
Under/(over) provision in respect of prior years		1,277	(762)
	18	3,115	1,265
Withholding tax paid on dividends declared by subsidiaries		4,180	3,706
Tax expense		7,335	5,024

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23 Tax expense (Cont'd)

	Group	
	2020	2019
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	26,229	33,405
Tax using Singapore tax rate of 17% (2019: 17%)	4,459	5,679
Effect of different tax rates in foreign jurisdictions	(2,291)	(1,965)
Tax exempt income	(587)	(678)
Non-deductible expenses	1,631	1,431
Current year benefits of deferred tax assets not recognised	329	1,307
Recognition of tax effect of previously unrecognised tax losses	(4)	(93)
Tax incentive*	(2,146)	(5,119)
Withholding tax paid on dividends declared by subsidiaries	4,180	3,706
Deferred tax liabilities recognised on undistributed profits of subsidiaries	488	1,513
Under/(over) provision in respect of prior years	1,276	(757)
	7,335	5,024

* *Pursuant to the investment agreements signed with authorities in Tajikistan and Kazakhstan, the Group's subsidiaries, Mohir Cement LLC and Alacem LLP, are under a five-year tax holiday and ten-year tax holiday ending on 24 June 2024 and 31 December 2029 respectively. The tax holiday for International Manufacturing Company Chzhungtsai Mohir Cement LLC ended on 16 December 2020.*

24 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share at 31 December 2020 were based on the profit attributable to ordinary shareholders of $8,788,000 (2019: $15,730,000), and a weighted average number of ordinary shares outstanding of 5,734,733,000 (2019: 5,704,812,000), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2020	2019
	$'000	$'000
Profit for the year, representing profit attributable to ordinary shareholders	8,788	15,730

Weighted average number of ordinary shares

		Group	
	Note	2020	2019
		'000	'000
Issued ordinary shares at 1 January	13	5,734,733	5,663,816
Effect of 70,916,430 Placement shares issued in June 2019		–	40,996
Weighted average number of ordinary shares during the year		5,734,733	5,704,812

25 Operating segments

In 2020, the Group has two (2019: 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 Executive Chairman (2019: Group's Executive Chairman) (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 2020:

- 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 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 2020 or 2019.

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 Executive Chairman. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25 Operating segments (Cont'd)

Information about reportable segments

	Aluminium		Cement		Others		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group								
External revenues	8,703	17,294	132,923	113,935	–	–	141,626	131,229
Finance income	3	4	40	240	–	–	43	244
Finance costs	(26)	(72)	(3,852)	(525)	–	–	(3,878)	(597)
Depreciation of property, plant and equipment	(377)	(514)	(10,363)	(5,624)	–	–	(10,740)	(6,138)
Amortisation of intangible assets	–	–	(2,821)	(2,984)	–	–	(2,821)	(2,984)
Reportable segment (loss)/profit before tax	(1,282)	(3,814)	25,263	38,058	2,248	(839)	26,229	33,405
Other material non-cash item:								
- Impairment loss on property, plant and equipment	(16)	(569)	–	–	(231)	(649)	(247)	(1,218)
- (Loss allowance)/reversal of loss allowance on trade and other receivables and contract assets	(45)	87	232	453	–	–	187	540
- Unrealised exchange loss	–	–	9,830	–	–	–	9,830	–
Reportable segment assets	12,337	15,886	323,761	351,014	1,325	1,575	337,423	368,475
Capital expenditure	149	916	25,504	120,146	–	–	25,653	121,062
Reportable segment liabilities	3,198	3,503	94,447	100,408	549	632	98,194	104,543

25 Operating segments (Cont'd)

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

There are no reconciling items to be presented for consolidated total revenue, profit or loss before tax, assets and revenue 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.

	2020		2019	
	Revenue $'000	Non-current assets* $'000	Revenue $'000	Non-current assets* $'000
Singapore	7,294	2,294	11,330	1,796
Malaysia	11	1,472	4,195	1,869
Australia	1,398	–	1,702	–
Kazakhstan	12,548	101,218	–	103,532
Tajikistan	98,371	174,124	85,663	207,145
Afghanistan	18,748	–	22,339	–
Uzbekistan	3,256	–	5,830	–
Others	–	–	170	–
	141,626	279,108	131,229	314,342

* *Non-current assets exclude financial instruments.*

Major customers

In 2020 and 2019, there were no major customers representing more than 10% of the Group's total revenue.

26 Acquisition of subsidiary

Acquisition of non-controlling interest

In March 2019, the Group acquired the remaining 30% interest in AEL Enviro (Asia) Pte. Ltd., increasing its ownership from 70% to 100%. The carrying amount of AEL Enviro (Asia) Pte. Ltd.'s net liabilities in the Group's consolidated interim financial statements on the date of acquisition was $11,628,000.

	$'000
Carrying amount of NCI acquired ($11,628,000 x 30%)	(3,488)
Consideration paid to NCI	#
Decrease in equity attributable to owners of the Company	(3,488)

\# *Less than $1,000*

The decrease in equity attributable to owners of the Company comprised an increase in accumulated losses of $3,488,000.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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:

	Group	
	2020	**2019**
	$'000	**$'000**
Reversal of loss allowance on trade and other receivables and contract assets	187	540

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 (excluding prepayments and deposits) and contract assets at the reporting date by segment was as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Aluminium	4,747	6,783	–	–
Cement	19,889	14,443	–	–
Subsidiaries	–	–	38,343	34,873
	24,636	21,226	38,343	34,873

Concentration of credit risk relating to trade and other receivables and contract assets is limited due to the Group's many varied customers and the Company's subsidiaries.

Expected credit loss assessment for customers (trade receivables and contract assets)

The Group uses an allowance matrix to measure the lifetime ECLs of trade receivables and contract assets. Loss rates are calculated using the 'provision matrix' method 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.

Expected credit loss assessment for other receivables (excluding prepayments and deposits)

Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its other receivables have low credit risk based on actual credit loss experience with the counterparties. The amount of the allowance on other receivables is immaterial.

Expected credit loss assessment for non-trade amounts due from indirect subsidiaries and loans to an indirect subsidiary

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 will not be recognised on these balances. For subsidiaries where there is a significant increase in credit risk since initial grant of the balances, management will assess the cash shortfalls which may be irrecoverable and will provide for these cash shortfalls in full.

The risk of default is deemed to be insignificant for non-trade amounts due from indirect subsidiaries and loans to an indirect subsidiary as at 31 December 2020 and 2019, therefore impairment loss has not been recognised on these balances.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 (excluding prepayments and deposits) and contract assets:

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
31 December 2020				
Current (not past due)	< 1%	23,613	(67)	No
Past due 1 – 30 days	4%	539	(23)	No
Past due 31 – 120 days	21%	455	(94)	Yes
Past due more than 120 days	95%	3,881	(3,668)	Yes
		28,488	(3,852)	
31 December 2019				
Current (not past due)	1%	18,587	(216)	No
Past due 1 – 30 days	2%	1,741	(31)	No
Past due 31 – 120 days	9%	1,043	(93)	Yes
Past due more than 120 days	95%	4,016	(3,821)	Yes
		25,387	(4,161)	
Company				
31 December 2020				
Current (not past due)	–	38,343	–	No
31 December 2019				
Current (not past due)	–	34,873	–	No

Movements in allowance for impairment in respect of trade and other receivables (excluding prepayments and deposits) and contract assets.

The movement in the allowance for impairment in respect of trade and other receivables (excluding prepayments and deposits) and contract assets during the year was as follows:

	Group 2020 $'000	Group 2019 $'000
At 1 January	4,161	5,519
Impairment loss reversed	(187)	(540)
Amounts utilised	(46)	(796)
Translation differences on consolidation	(76)	(22)
At 31 December	3,852	4,161

In 2020 and 2019, the reversal of loss allowance at the Group level was due to improvement in collection from customers. As a result, the weighted average loss rate for the 'current (not past due)' age bracket decreased during the year. Even though the weighted average loss rate for the 'past due 31 – 120 days' age bracket increased during the year, the loss allowance did not change significantly.

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

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

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 $10,105,000 (2019: $12,402,000) and $142,000 (2019: $23,000) respectively as at 31 December 2020, which represent their maximum credit exposures on these assets. The cash and fixed deposits are placed with banks and financial institutions which are regulated.

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group 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.

The Group has contractual commitments to construct additional facilities in a cement plant in Kazakhstan (2019: cement plant in Kazakhstan) (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 through 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 $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**
Group				
31 December 2020				
Non-derivative financial liabilities				
Loans from major shareholder	12,815	(14,168)	–	(14,168)
Loan from non-controlling interest	1,186	(2,031)	–	(2,031)
Trade and other payables	70,569	(74,295)	(43,042)	(31,253)
	84,570	(90,494)	(43,042)	(47,452)
31 December 2019				
Non-derivative financial liabilities				
Loans from major shareholder	12,484	(13,517)	–	(13,517)
Loan from non-controlling interest	2,873	(5,879)	–	(5,879)
Trade and other payables	80,002	(80,063)	(58,277)	(21,786)
	95,359	(99,459)	(58,277)	(41,182)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

Exposure to liquidity risk **(Cont'd)**

		Cash flows		
	Carrying amounts $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**
Company				
31 December 2020				
Non-derivative financial liabilities				
Loans from major shareholder	12,815	(14,168)	–	(14,168)
Loans from subsidiary	22,814	(24,859)	–	(24,859)
Trade and other payables	7,219	(7,279)	(6,731)	(548)
	42,848	(46,306)	(6,731)	(39,575)
31 December 2019				
Non-derivative financial liabilities				
Loans from major shareholder	12,484	(13,517)	–	(13,517)
Loans from subsidiary	20,702	(23,589)	–	(23,589)
Trade and other payables	4,082	(4,115)	(3,846)	(269)
	37,268	(41,221)	(3,846)	(37,375)

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.

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 transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings, including inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The functional currencies of Group entities are primarily the Singapore dollar, Tajikistan Somoni ("TJS") and Kazakhstan Tenge. The Group does not enter into hedging instruments to manage its foreign 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 currencies giving rise to this risk is primarily denominated in United States dollar ("USD"), TJS and Chinese Yuan ("CNY").

27 Financial instruments (Cont'd)

Market risk (Cont'd)

Currency risk **(Cont'd)**

The summary of quantitative data about the Group's and the Company's exposure to foreign currencies as reported to the management of the Group is as follows:

	2020			2019		
	USD $'000	**TJS $'000**	**CNY $'000**	**USD $'000**	**TJS $'000**	**CNY $'000**
Group						
Trade and other receivables*	62,738	11,414	16,825	42,856	8,122	15,737
Cash and cash equivalents	4,459	–	2,008	7,209	–	–
Trade and other payables*	(93,218)	–	(21,090)	(87,945)	–	(16,692)
Loans and borrowings	–	–	(12,815)	–	–	(12,484)
Net statement of financial position exposure	(26,021)	11,414	(15,072)	(37,880)	8,122	(13,439)
Company						
Trade and other receivables*	19,793	–	18,432	18,125	–	16,748
Cash and cash equivalents	12	–	–	12	–	–
Loans and borrowings*	(17,303)	–	(18,326)	(15,695)	–	(17,491)
	2,502	–	106	2,442	–	(743)

* *Including inter-company balances*

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the functional currencies of the Company and its subsidiaries against the USD, TJS and CNY at 31 December 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 Profit before tax		Company Profit before tax	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
USD (10% strengthening)	2,602	3,788	(250)	(244)
TJS (10% strengthening)	(1,141)	(812)	–	–
CNY (10% strengthening)	1,507	1,344	(11)	74

A 10% weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Financial instruments (Cont'd)

Market risk (Cont'd)

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.

Exposure to interest rate risk

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

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Fixed rate instruments					
Fixed deposits	11	58	57	–	–
Lease liabilities		(98)	–	(98)	–
Payables for purchase of property, plant and equipment	17	(33,937)	(45,238)	–	–
		(33,977)	(45,181)	(98)	–

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

The Group is not exposed to significant risks arising from variable rate instruments.

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 share capital, reserves and accumulated losses.

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, except for subsidiaries in Tajikistan where companies are required to make an annual allocation of their annual profit to the statutory reserve (see Note 14).

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 2020								
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	–	22,058	–	22,058			
Cash and cash equivalents	11	–	10,105	–	10,105			
		–	32,163	–	32,163			
Financial liabilities not measured at fair value								
Loans from major shareholder	16	–	–	(12,815)	(12,815)	–	(12,815)	(12,815)
Loan from non-controlling interest	16	–	–	(1,186)	(1,186)	–	(1,186)	(1,186)
Trade and other payables	17	–	–	(70,569)	(70,569)	–	(71,671)	(71,671)
		–	–	(84,570)	(84,570)			
31 December 2019								
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	–	17,952	–	17,952			
Cash and cash equivalents	11	–	12,402	–	12,402			
		–	30,354	–	30,354			
Financial liabilities not measured at fair value								
Loans from major shareholder	16	–	–	(12,484)	(12,484)	–	(12,484)	(12,484)
Loan from non-controlling interest	16	–	–	(2,873)	(2,873)	–	(2,873)	(2,873)
Trade and other payables	17	–	–	(80,002)	(80,002)	–	(80,295)	(80,295)
		–	–	(95,359)	(95,359)			

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Financial instruments (Cont'd)

Accounting classifications and fair values (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 2020								
Financial assets not measured at fair value								
Trade and other receivables	8	–	38,343	–	38,343	–	38,343	38,343
Cash and cash equivalents	11	–	142	–	142			
		–	38,485	–	38,485			
Financial liabilities not measured at fair value								
Loans from major shareholder	16	–	–	(12,815)	(12,815)	–	(12,815)	(12,815)
Loans from subsidiary	16	–	–	(22,814)	(22,814)	–	(22,604)	(22,604)
Trade and other payables	17	–	–	(7,219)	(7,219)	–	(7,233)	(7,233)
		–	–	(42,848)	(42,848)			
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables	8	–	34,873	–	34,873	–	34,873	34,873
Cash and cash equivalents	11	–	23	–	23			
		–	34,896	–	34,896			
Financial liabilities not measured at fair value								
Loans from major shareholder	16	–	–	(12,484)	(12,484)	–	(12,484)	(12,484)
Loans from subsidiary	16	–	–	(20,702)	(20,702)	–	(20,702)	(20,702)
Trade and other payables	17	–	–	(4,082)	(4,082)	–	(4,082)	(4,082)
		–	–	(37,268)	(37,268)			

Measurement of fair values

Type	Valuation technique
Non-current trade and other receivables, non-current loans and borrowings and non-current other payables	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 Leases

Leases as lessee (SFRS(I) 16)

The Group leases properties (warehouse, factory and office facilities), plant and machinery, and motor vehicles. The leases for warehouse, factory and office facilities run for a period of 2 to 3 years. For the factory and office facilities, there is an option to renew the factory and office facilities leases after that date and the Group is restricted from entering into any sub-lease arrangements. The leases for the plant and machinery run for a period of 5 years and there is no option to renew the leases after that date. The Group entered into a hire purchase agreement for the purchase of a motor vehicle and repayment is over a period of 5 years.

The Group also leases plant and machinery with contract terms for one year which is deemed to be short-term leases. The Group has elected not to recognised right-of-use assets and lease liabilities for these leases.

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

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Leasehold properties $'000	Plant and machinery $'000	Total $'000
Group			
At 1 January 2019	523	26	549
Additions	853	50	903
Disposals	–	(18)	(18)
Impairment loss	(520)	(49)	(569)
Depreciation charge for the year	(336)	(9)	(345)
Translation differences on consolidation	(1)	–	(1)
At 31 December 2019	519	–	519

	Leasehold properties $'000	Motor vehicles $'000	Total $'000
Group			
At 1 January 2020	519	–	519
Additions	709	199	908
Disposals	(256)	–	(256)
Impairment loss	(16)	–	(16)
Reclassification from property, plant at equipment at fair value	226	–	226
Depreciation charge for the year	(256)	(40)	(296)
Translation differences on consolidation	(9)	–	(9)
At 31 December 2020	917	159	1,076
Company			
At 1 January 2019	514	–	514
Depreciation charge for the year	(134)	–	(134)
At 31 December 2019	380	–	380
At 1 January 2020	380	–	380
Additions	576	199	775
Disposals	(253)	–	(253)
Depreciation charge for the year	(165)	(40)	(205)
At 31 December 2020	538	159	697

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Leases (Cont'd)

Leases as lessee (SFRS(I) 16) **(Cont'd)**

	Group	
	2020	**2019**
	$'000	**$'000**
Amount recognised in profit or loss		
Interest on lease liabilities	37	74
Expenses relating to short-term leases	244	289
Amount recognised in statement of cash flows		
Total cash outflow for leases	651	784

Leases as lessor

The Group leases out its industrial property classified as investment property (see Note 6). The Group has classified this lease as an operating lease, as it does not transfer substantially all of the risk and rewards incidental to the ownership of the asset. The lease runs for a period of 10 years.

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

	2020	**2019**
	$'000	**$'000**
Operating leases		
Within one year	143	169
Between one and two years	143	169
Between two and three years	143	169
Between three and four years	143	169
Between four and five years	143	169
More than five years	512	777
	1,227	1,622

29 Capital commitments

	Group	
	2020	**2019**
	$'000	**$'000**
Capital expenditure contracted to construct additional facilities in a cement plant in Kazakhstan (2019: a cement plant in Kazakhstan) but not recognised in the financial statements, to be incurred within the next 12 months from the reporting date	13,282	10,824

30 Contingent liabilities

Certain subsidiaries of the Group are involved in certain regulatory matters in Tajikistan and Kazakhstan as at 31 December 2020 and 2019. 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 provisions nor impairment, revision of useful lives for property, plant and equipment or provision for restoration cost, where applicable, has been recorded.

31 Related parties

Other related party transactions

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

	Transaction value		Balance outstanding	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods				
Non-controlling interest	714	232	5	13
Purchase of services				
Non-controlling interest	(4,489)	(4,282)	(77)	(70)
Purchase of property, plant and equipment				
Non-controlling interest	(120)	–	–	–

All outstanding balances with related parties are to be settled in cash within credit terms. None of the balances are secured.

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 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	
	2020	**2019**
	$'000	**$'000**
Short-term employee benefits	2,013	2,146
Contributions to defined contribution plans	64	73
	2,077	2,219

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Comparative information

During the financial year, the Group modified the classification of expenses based on nature to function to better reflect the core cement operations of the Group. The following comparative amounts have been reclassified in the consolidated statement of profit or loss for consistency:

	As previously reported $'000	Restated $'000
Changes in inventories of work-in-progress and finished goods	(2,530)	–
Raw materials and consumables used	(40,978)	–
Staff and related costs	(10,182)	–
Depreciation of property, plant and equipment	(6,138)	–
Impairment loss on property, plant and equipment	(1,218)	–
Amortisation of intangible assets	(2,984)	–
Other expenses	(35,158)	(1,369)
Cost of sales	–	(80,852)
Selling and distribution expenses	–	(1,529)
Administrative expenses	–	(15,438)
	(99,188)	(99,188)

Since these amounts are reclassifications within the operating activities in the consolidated statement of profit or loss, this reclassification did not have any effect on the statements of financial position, comprehensive income and cash flows of the Group.

SHAREHOLDING STATISTICS

As at 16 March 2021

Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share
No. of issued and paid-up shares	:	5,734,732,849

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	261	3.91	12,122	0.00
100 - 1,000	2,663	39.85	1,089,981	0.02
1,001 - 10,000	1,960	29.33	8,599,045	0.15
10,001 - 1,000,000	1,732	25.92	182,387,506	3.18
1,000,001 AND ABOVE	66	0.99	5,542,644,195	96.65
	6,682	100.00	5,734,732,849	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	2,986,830,700	52.08
2	HSBC (SINGAPORE) NOMINEES PTE LTD	517,087,100	9.02
3	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	515,007,700	8.98
4	DBSN SERVICES PTE LTD	424,923,900	7.41
5	CITIBANK NOMINEES SINGAPORE PTE LTD	226,173,650	3.94
6	ZHANG ZENGTAO	217,500,000	3.79
7	BUCKLEY CAPITAL PTE LTD	106,793,200	1.86
8	SL CAPITAL VENTURES PTE LTD	105,000,000	1.83
9	DBS NOMINEES PRIVATE LIMITED	102,410,009	1.79
10	WU XINGHUI	70,916,430	1.24
11	PHILLIP SECURITIES PTE LTD	64,535,515	1.13
12	LEE HONG KHIM	14,750,000	0.26
13	CHNG BENG HUA	14,500,000	0.25
14	MAYBANK KIM ENG SECURITIES PTE LTD	13,547,528	0.24
15	LOW SOE ENG OR LENG BOON THAI	10,084,605	0.18
16	NG KIAN GUAN	10,000,000	0.17
17	RAFFLES NOMINEES (PTE) LIMITED	9,995,185	0.17
18	OCBC SECURITIES PRIVATE LTD	9,820,000	0.17
19	ABN AMRO CLEARING BANK N.V.	8,341,400	0.15
20	SINN KIT FOOK	8,300,000	0.14
		5,436,516,922	94.80

SHAREHOLDING STATISTICS (Cont'd)

As at 16 March 2021

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2021

	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)	-	-	3,150,000,000	54.93
Zhang Zengtao (3)	217,500,000	3.79	3,150,000,000	54.93
Ma Zhaoyang (4)	-	-	1,467,500,000	25.59

Notes:

1. As a percentage of the issued share capital of the Company comprising 5,734,732,849 shares.

2. Victory Gate Ventures Limited's ("VGVL") interest in 3,150,000,000 shares were held under the name of nominees – UOB Kay Hian Pte Ltd, HSBC (Singapore) Nominees Pte Ltd, Morgan Stanley Asia (Singapore) Securities Pte Ltd and DBSN Services Pte Ltd.

3. Zhang Zengtao holds 100% 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.

4. Ma Zhaoyang's deemed interest in 1,467,500,000 shares were held under the name of nominees – UOB Kay Hian Pte Ltd, HSBC (Singapore) Nominees Pte Ltd, Morgan Stanley Asia (Singapore) Securities Pte Ltd, DBSN Services Pte Ltd and Citibank Nominees Singapore Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 16 March 2021, 15.35% 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 AND APPOINTMENT

Mr Chng Beng Hua is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2021 ("**AGM**") ("**Retiring Director**").

Mr Wong Chee Meng Lawrence is proposed to be appointed as Independent Director at the forthcoming AGM.

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

	MR CHNG BENG HUA	MR WONG CHEE MENG LAWRENCE
Date of Appointment as Director of International Cement Group Ltd.	30 May 2018	26 April 2021
Date of last re-appointment	29 April 2019	-
Age	55	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process).	Mr Chng Beng Hua ("Mr Chng") has many years of experience in the area of finance and real estate development. He has been an Executive Director of Compact Metal Industries Pte. Ltd. ("CMIL") since 2007 (prior to the Scheme of Arrangement) and subsequently International Cement Group Ltd. The Board opined that Mr Chng has carried out his duties satisfactorily in FY2020 and that his expertise and knowledge are still required by the Group, and recommended his re-election.	The Nominating Committee has recommended the appointment of Mr Wong Chee Meng Lawrence as Independent Director of the Company. The Board of Directors having considered the qualification, skills and working experience of Mr Wong, is satisfied that he is suitable to take on the role as an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Member of Audit Committee, Nominating Committee and Remuneration Committee
Academic Qualification / Professional qualifications	Bachelor Degree in Business Administration	LL. B. (Hons) 1. Advocate & Solicitor (Supreme Court of Singapore) 2. Solicitor (High Court, Hong Kong SAR)

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT (Cont'd)

	MR CHNG BENG HUA	MR WONG CHEE MENG LAWRENCE
Working experience and occupation(s) during the past 10 years	2007 to present Executive Director, Compact Metal Industries Pte. Ltd. 1997 to present Director, Paya Ubi Industrial Park Pte Ltd	1. July 2020 to current – Managing Counsel, Bird & Bird ATMD LLP 2. January 2014 to June 2020 – Equity Law LLC, Managing Director 3. May 2011 to December 2013 – RHT Law Taylorwessing LLP, Partner and Co-Head Corporate & Securities Practice 4. August 2011 to December 2013 – RHT Capital Pte Ltd (a Catalist Continuing Sponsor), Registered Professional and Head 5. September 2007 to May 2011 – Khattarwong LLP, Partner
Shareholding interest in the listed issuer and its subsidiaries	14,500,000 ordinary shares held in his own name. Mr Chng is deemed interested in the 4,000,000 ordinary shares held by his spouse and the 1,000,000 ordinary shares held by the Central Provident Fund in his own account.	NIL
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	NIL
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years)	1. AEL Enviro (Asia) Pte. Ltd. 2. International Cement Kazakhstan Pte. Ltd.	1. Sino Grandness Food Industry Group Limited 2. China Bearing (Singapore) Ltd (now known as Silkroad Nickel Ltd) 3. Artivision Technologies Limited 4. EQ Compliance Pte. Ltd.

	MR CHNG BENG HUA	MR WONG CHEE MENG LAWRENCE
Present	1. Compact Metal Industries Pte. Ltd. 2. Facademaster Sdn Bhd 3. Ratus Projek Sdn Bhd 4. Selaco Aluminium Berhad 5. Compact Metal Industries Sdn. Bhd. 6. Compact Bricks Sdn. Bhd. 7. C.G.H. Development Pte. Ltd. 8. Orchid Cafe Pte. Ltd. 9. Chng Gim Huat Holdings Pte Ltd 10. Eastwood Park Pte Ltd 11. Hong Leong Finance Limited 12. NS Travel & Tours Pte Ltd 13. Orchard Grand Court Pte Ltd 14. Orchid Hotel Private Limited 15. Paya Ubi Industrial Park Pte Ltd	1. Eindec Corporation Limited 2. Atlantic Navigation Holdings (Singapore) Limited 3. Equity Law LLC 4. EQ Advisory Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT (Cont'd)

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

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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT (Cont'd)

	MR CHNG BENG HUA	MR WONG CHEE MENG LAWRENCE
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).	NA	Yes. Mr Wong is currently an independent director of Eindec Corporation Limited and Atlantic Navigation Holdings (Singapore) Limited, both of which are listed on the SGX-ST. Mr Wong was also previously an independent director of various companies listed on SGX-ST.

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 by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Monday, 26 April 2021 at 10.00 am to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Chng Beng Hua, a Director who is retiring pursuant to Regulation 103 of the Constitution of the Company. **(Resolution 2)**

3. To note the retirement of Mr Kan Ah Chye @ Kan Poh Thong, a Director who is retiring pursuant to Regulation 103 of the Constitution of the Company.

4. To note the retirement of Ms Lisa Sam Huimin @ Lisa Cen Huimin, a Director who is retiring pursuant to Regulation 103 of the Constitution of the Company.

5. To appoint Mr Wong Chee Meng Lawrence ("Mr Wong") as a Director of the Company pursuant to Regulation 104 of the Constitution of the Company. **(Resolution 3)**
[see explanatory note 1]

6. To approve payment of Directors' fees of S$230,000 for the financial year ending 31 December 2021 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears. (2020: S$230,000) **(Resolution 4)**

7. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

9. Authority to Issue Shares **(Resolution 6)**

"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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(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 2]

BY ORDER OF THE BOARD

Ang Siew Koon
Lee Zhen Jesica

Company Secretaries

09 April 2021
Singapore

Explanatory Notes:

1. The NC has reviewed the suitability of Mr Wong Chee Meng Lawrence as an Independent Director of the Company and recommended to the Board of Directors of the Company (the "Board") his appointment. The Board has accepted the NC's recommendation. The particulars of Mr Wong, who has consented to the proposed appointment, are set out in the section entitled "Disclosure of Information of Directors seeking re-election and appointment" in the Annual Report 2020 of the Company. Mr Wong if appointed, will be a member of the Audit Committee, Nominating 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").

2. Resolution 6, 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.

   For the purpose of Resolution 6, 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.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Important Notice to Shareholders Regarding the Conduct of the Company's AGM

Pursuant to Part 4 of the Covid-19 (Temporary Measures) Act 2020 and the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNET and the Company's corporate website at https://internationalcementgroup.com. A printed copy of this proxy form will NOT be despatched to members.

Shareholders should note the following procedures and/or instructions to participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS:

1. Proxy Voting

Voting at the AGM is by proxy ONLY. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as your proxy to vote on your behalf by completing the proxy form attached to the Notice of AGM or download it from the Company's announcement on SGXNet or from the Company's corporate website at https://internationalcementgroup.com. Shareholders should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of AGM. Shareholders must submit the completed and signed proxy form appointing the Chairman of the AGM as proxy (i) by email to gpe@mncsingapore.com; or (ii) **by post to the registered address of the Company at 100 Tras Street, #18-01 100 AM, Singapore 079027, by 10.00 a.m. on 23 April 2021** (being not less than seventy-two (72) hours before the time fixed for the AGM). Any incomplete proxy form will be rejected by the Company.

For CPF and SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes **by email to** gpe@mncsingapore.com **or post to the registered address of the Company at 100 Tras Street, #18-01 100 AM, Singapore 079027** at least seven (7) working days before the AGM.

2. Shareholders' Questions and Answers ("Q&A")

If Shareholders have any questions in relation to any item of the Agenda of the AGM, Shareholders may send their queries in advance, before **22 April 2021**, by **email to** contactus@internationalcementgroup.com. Please state your question(s), your full name, NRIC/Passport/Company Registration No., number of shares held and whether you are a shareholder or a Proxy or a Corporate Representative of a Corporate Shareholder. All questions without these identification details will not be entertained.

Please note that responses from the Board and management of the Company on substantial questions and relevant comments from Shareholders will be published on the SGXNet and Company's corporate website at https://internationalcementgroup.com after trading hours on **23 April 2021**. The minutes of the AGM will be published on the SGXNet and Company's corporate website within one (1) month after the conclusion of the AGM.

Shareholders, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, Cap. 50 of Singapore, such as CPF and SRS investors, should approach their respective agents, such as CPF Agent Banks or SRS Operators, to submit their questions in relation to any resolution set out in the Notice of AGM prior to the AGM and have their substantial queries and relevant comments answered.

3. Registration to attend the LIVE WEBCAST or AUDIO ONLY MEANS

LIVE WEBCAST

Shareholders who wish to attend the AGM by viewing the proceedings of the AGM can participate via the LIVE WEBCAST by submitting their particulars (comprising email address, full name, NRIC/Passport/Company Registration No. and number of shares held) at http://bit.ly/international_cement_group_agm **by 10.00 a.m. on 23 April 2021** (being not less than seventy-two (72) hours before the time fixed for the AGM) (the "**Registration Deadline**") to enable the Company to verify the Shareholders' status. After the verification process, a unique link will be sent to authenticated Shareholders by 5 p.m. on 25 April 2021. The link will be used by Shareholders to view the proceedings of the AGM by accessing the LIVE WEBCAST. Shareholders may attend the LIVE WEBCAST via your smart phones, tablets or laptops/computers.

AUDIO ONLY MEANS

Shareholders who wish to attend the AGM by observing the proceedings of the AGM by listening only, can participate via the AUDIO ONLY MEANS by submitting their particulars (comprising email address, full name, NRIC/Passport/Company Registration No. and number of shares held) at https://bit.ly/international_cement_group_AGM **by the Registration Deadline** to enable the Company to verify the Shareholders' status. After the verification process, an email confirmation containing details of the AUDIO ONLY MEANS will be sent to authenticated Shareholders by 5 p.m. on 23 April 2021. The details contained in the email confirmation will be used by Shareholders to observe the proceedings of the AGM by listening via the AUDIO ONLY MEANS.

Shareholders who wish to attend the AGM via LIVE WEBCAST or AUDIO ONLY MEANS are reminded that the AGM is private. Invitations to attend the LIVE WEBCAST or AUDIO ONLY MEANS shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised to attend the LIVE WEBCAST or AUDIO ONLY MEANS. Recording of the LIVE WEBCAST and AUDIO ONLY MEANS in whatever form is also strictly prohibited.

The Company asks for Shareholders' understanding in the event of any technical disruptions during the LIVE WEBCAST and AUDIO ONLY MEANS.

Shareholders, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, Cap. 50 of Singapore, such as CPF and SRS investors, should approach their respective agents, such as CPF Agent Banks or SRS Operators, to participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS.

Shareholders who register by the Registration Deadline but do not receive an email response before 5 p.m. on 25 April 2021 may contact the Company by **email to** contactus@internationalcementgroup.com for assistance.

4. Documents for the AGM

Documents relating to the business of the AGM, which comprise the Company's annual report for the financial year ended 31 December 2020, as well as the Notice of AGM and the proxy form for the AGM, have been published on SGXNet and the Company's corporate website at https://internationalcementgroup.com/annual-report/ on 09 April 2021.

The Company also seeks Shareholders' understanding and cooperation to adhere to the measures taken by the Company in light of the COVID-19 situation. Shareholders are advised to check on the Company's announcement(s) on SGXNet or the Company's corporate website at https://internationalcementgroup.com for any changes or updates on this AGM, should there be any further measures recommended by the relevant authorities.

"Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company 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) of the appointment of the Chairman of the Meeting as proxy 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."

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INTERNATIONAL CEMENT GROUP LTD.

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

PROXY FORM

FOR ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened, and will be held, partly by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will NOT be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on SGXNet and the Company's corporate website at https://internationalcementgroup.com.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via LIVE WEBCAST or AUDIO ONLY MEANS), submission of questions in advance of the AGM, addressing of substantial queries and relevant comments, prior to, or at, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

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

Company Registration No.) of ______________________________________ (Address)
being a member/members of **INTERNATIONAL CEMENT GROUP LTD**. (the "**Company**"), hereby appoint:

Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Monday, 26 April 2021 at 10.00am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. In the absence of specific directions on in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Resolutions No.	Ordinary Resolutions	For**	Against**	Abstain**
Resolution 1	Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' Statement and Auditors' Report.			
Resolution 2	Re-election of Mr Chng Beng Hua as a Director of the Company.			
Resolution 3	Appointment of Mr Wong Chee Meng Lawrence as a Director of the Company.			
Resolution 4	Approval of Directors' fees of S$230,000 for the financial year ending 31 December 2021 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears.			
Resolution 5	Re-appointment of KPMG LLP as Auditors.			
Resolution 6	Authority to issue shares.			

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

Notes:

* Delete accordingly.

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "✓" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "✓" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Signed this ______________ day of __________________ 2021.

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:

1. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNet and the Company's corporate website at https://internationalcementgroup.com. A printed copy of this proxy form will NOT be despatched to members.

2. This duly executed proxy form, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be sent by email to gpe@mncsingapore.com or posted to the registered address of the Company at **100 Tras Street, #18-01 100 AM, Singapore 079027** by 10.00 a.m. on 23 April 2021 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting). **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

3. 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.

4. 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.

5. 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.

6. 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.

7. 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 the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company 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) of the appointment of the Chairman of the Meeting as proxy 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."