

## RESPONSE TO SGX-ST QUERIES

The Board of Directors of International Cement Group Ltd. (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) refers to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and would like to provide further information in relation to the Half Year Results Announcement for the six months ended 30 June 2022 (“**1H2022**”):

### SGX’s Queries

- 1) Please disclose the breakdown of the Group's non-current trade and other receivables amounting to \$2.608 million, the nature of the non-current receivables and the Board's assessment on their recoverability.
- 2) Please provide a breakdown and reasons for significant non-current trade and other payables of \$76.23 million as at 30 June 2022. Please disclose the ageing schedule of these trade and other payables in bands of 3 months and the financial year(s) in which these liabilities were incurred. In relation to other payables, please quantify and disclose the nature of the underlying transactions under which these payments arose.
- 3) According to the Group’s 1H2022 results, the Group’s performance in Tajikistan had been slightly affected due to a slowdown of local construction activities arising from Russian-Ukraine conflict. Please specify how the construction industry in Tajikistan is impacted by the Russian-Ukraine conflict to affect the local construction activities in Tajikistan and the Group’s performance.

### Company’s Replies

- 1) The Group's non-current trade and other receivables as at 30 June 2022 mainly consist of prepayments for spare parts and consumables, and the construction of additional facilities in an existing cement plant in Kazakhstan. As these relate to advance payments in nature, there are no recoverability issues.
- 2) Breakdown of current trade and other payables (by aging) as at 30 June 2022:

(Amounts in S\$'000)	Year incurred	Current	1-30 days	31-120 days	> 120 days	Total	Remarks
Trade payables	2021 – 2022	18,181	671	789	32	19,673	Note (a)
Retention monies	2016 – 2021	198	-	-	-	198	i/m
Accrued operating expenses	2022	2,402	-	-	-	2,402	Note (a)
Payables for purchase of property, plant and equipment	2019 – 2022	29,453	-	-	-	29,453	Note (b)
Non-trade amounts due to non-controlling interest	2021 – 2022	12,184	-	-	-	12,184	Note (c)
Lease liabilities	2020 – 2022	393	-	-	-	393	i/m
Value-added/Goods and Services tax payable	2021 – 2022	5,353	-	-	-	5,353	Note (d)
Withholding tax payable on dividends	2021 – 2022	3,352	-	-	-	3,352	Note (e)
Other payables	2022	3,222	-	-	-	3,222	Note (f)
<b>Total</b>		<b>74,738</b>	<b>671</b>	<b>789</b>	<b>32</b>	<b>76,230</b>	

*i/m – immaterial*

- Note (a) – These are trade-related liabilities and mainly pertain to purchase of raw materials, and spare parts and consumables.
- Note (b) – Payables for purchase of property, plant and equipment mainly relate to amounts owed to suppliers for: (i) upgrading works for a cement plant in Kazakhstan; (ii) construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan; and (iii) construction of a cement plant in Kazakhstan from 2019 to 2020 where there is a deferred payment arrangement with the Engineering, Procurement and Construction (“EPC”) contractor and amounts are interest-bearing at 8.4% per annum.
- Note (c) – This relates to dividend payable to the non-controlling interest in Tajikistan for dividends declared in 2021 and 2022 on profits earned by a subsidiary during the financial years ended 31 December 2020 and 31 December 2021 respectively.
- Note (d) – Tax liabilities relate to taxes collected on sales and tax payable on import of property, plant and equipment (Value-added/Goods and Services tax).
- Note (e) – Withholding tax payable arose from the declaration of dividends by a subsidiary in Tajikistan as mentioned in Note (c) above.
- Note (f) – Other payables pertain to individually immaterial non-trade related payables such as professional fees, insurance and office-related expenses.

Breakdown of non-current trade and other payables (by aging) as at 30 June 2022:

<i>(Amounts in S\$'000)</i>	Year incurred	Current	1-30 days	31-120 days	> 120 days	Total	Remarks
Retention monies	2021 – 2022	282	-	-	-	282	i/m
Payables for purchase of property, plant and equipment	2019 – 2020	25,739	-	-	-	25,739	Note (g)
Lease liabilities	2020 – 2022	829	-	-	-	829	i/m
<b>Total</b>		<b>26,850</b>	-	-	-	<b>26,850</b>	

*i/m – immaterial*

- Note (g) – These relate to interest-bearing payables at 8.4% per annum as part of a deferred payment arrangement with the EPC contractor for the construction of a cement plant from 2019 to 2020. These amounts are due from 2023 to 2024.
- 3) Majority of sales in Tajikistan are to: (a) construction firms; and (b) distributors where the end customers are local Tajikistanis or contractors who purchase cement to construct or renovate homes. The Russian-Ukraine conflict has exacerbated supply and demand tensions, worsening global inflationary pressures. Commodity prices for steel and other construction materials have also increased significantly, causing a significant increase in cost of construction. Coupled with an increase in cost of living in Tajikistan resulting in lesser available funds for construction, construction activities in Tajikistan have slowed down.

This had not significantly affected the Group's performance during 1H2022 where sales volume remained relatively consistent period-on-period. However, average selling price in 1H2022 was approximately 2% lower than that in 1H2021 due to weaker construction demand, therefore selling prices had to be adjusted downwards to boost sales. In addition, the average rate for Tajikistan Somoni ("TJS") against the Singapore Dollar ("SGD") decreased by 2% in 1H2022 as compared to 1H2021, which contributed to the lower revenue recorded at the Group level (Group's presentation currency is in SGD while functional currency at the subsidiary level is in TJS). On an overall basis, the Group's revenue from Tajikistan declined by 3% during 1H2022 as compared to 1H2021.

**BY ORDER OF THE BOARD**

Zhang Zengtao  
Executive Director and Chief Executive Officer

15 August 2022