



STAYING FOCUSED

Annual Report 2022

ICG
INTERNATIONAL
CEMENT GROUP

STAYING FOCUSED

The Group's steady growth in the past years is the result of our focused efforts in building our cement production capacity and competitive strengths in the Central Asia region. The Group has laid a firm foundation from which we will continue to execute our growth plans in the coming years to deepen our footprint within the Central Asia region.

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At a Glance

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, with an annual production capacity of 1.2 million metric tonnes. In addition, the Group 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, with an annual production capacity of 1.2 million metric tonnes.

The Group acquired a new cement plant in the Jarminsky district in the East Kazakhstan region in November 2021. The plant, which has an annual production capacity of 1.0 million metric tonnes, commenced commercial production in August 2022.

In September 2021, the Group entered into a joint venture to build a new cement plant in the Korday district, Jambyl region in Kazakhstan, with an annual production capacity of 1.5 million metric tonnes. Construction of the new cement plant commenced in the last quarter of 2021 and is expected to be completed in mid-2024.

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

OUR BRANDS		
		
Existing Plant	Location	Annual Production Capacity
TAJIKISTAN		
● 1 Cement Plant - IMCCMC	Yovon District, Khatlon Region	1.2 mil MT
● 1 Grinding Station - MC	Kolkhozabad, Khatlon Region	0.6 mil MT
◆ 1 Drywall (Gypsum Plasterboard) Plant* - MI	Yovon District, Khatlon Region	30 mil m ²
KAZAKHSTAN		
★ Central Asia Headquarters	Almaty City	–
● 1 Cement Plant - Alacem	Sary-Ozek, Almaty Region	1.2 mil MT
● 1 Cement Plant - Sharcem	Jarminsky District, East Kazakhstan Region	1.0 mil MT
● 1 Cement Plant* - Korcem	Korday District, Jambyl Region	1.5 mil MT

* Upcoming Development

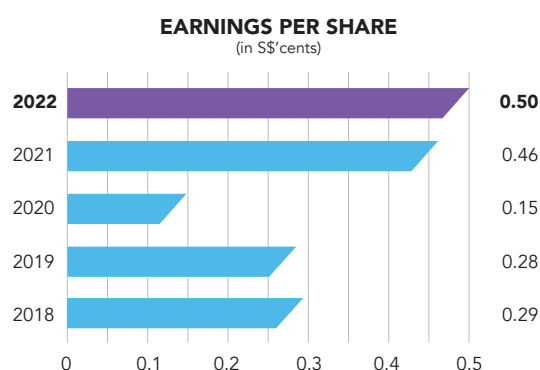
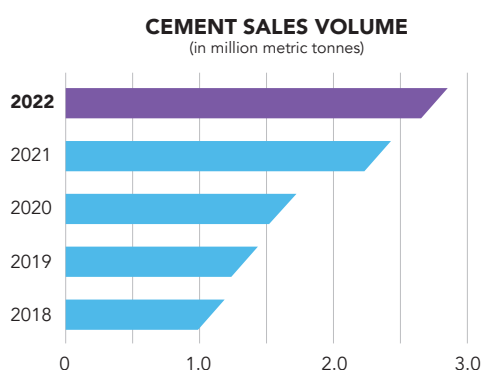
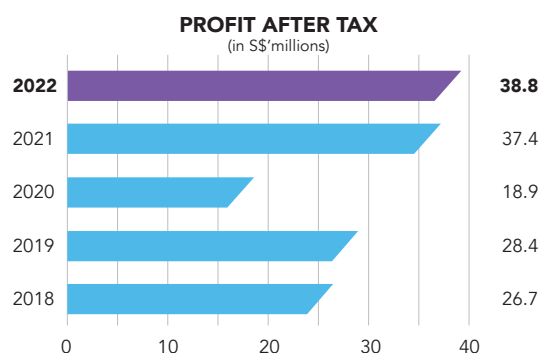
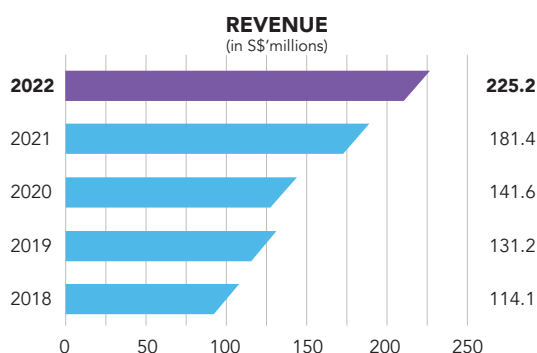


MALAYSIA

SINGAPORE
Corporate Headquarters

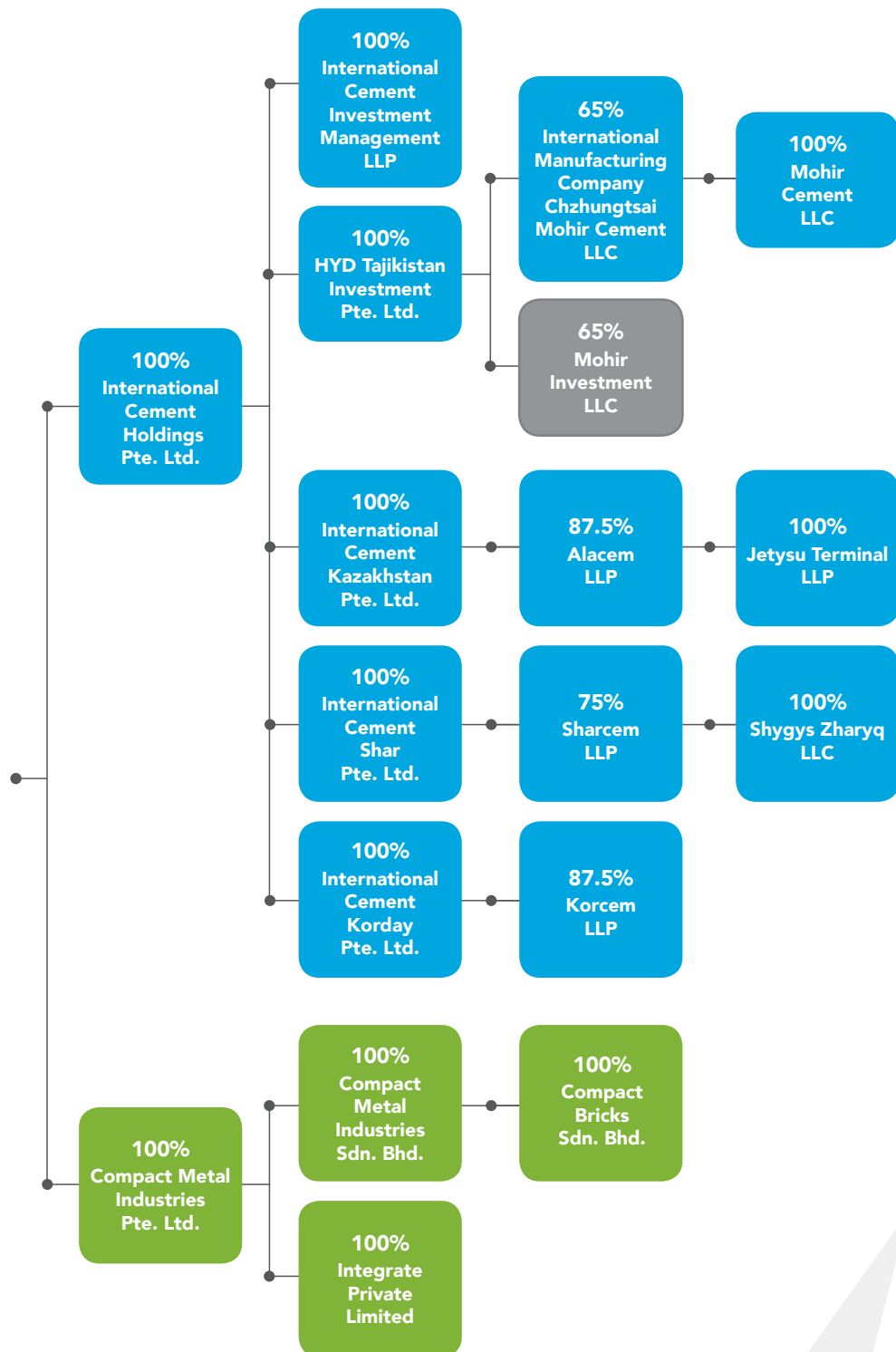
- ★ HEADQUARTERS
- CEMENT SEGMENT
- ▲ ALUMINIUM SEGMENT
- ◆ OTHERS SEGMENT

Financial Highlights



S\$'000 (unless otherwise stated)	2018	2019	2020	2021	2022
Cement sales volume (million metric tonnes)	1.2	1.4	1.7	2.4	2.8
Revenue	114,107	131,229	141,626	181,429	225,195
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	39,717	42,880	43,625	68,582	66,179
Profit before tax	31,083	33,405	26,229	46,723	46,680
Profit after tax	26,658	28,381	18,894	37,384	38,830
Profit attributable to owners of the Company	16,388	15,730	8,788	26,350	28,940
EBITDA margin (%)	34.8	32.7	30.8	37.8	29.4
Net profit margin (%)	23.4	21.6	13.3	20.6	17.2
Basic and diluted earnings per share (Singapore cents)	0.29	0.28	0.15	0.46	0.50
Total assets	292,747	368,475	337,423	393,188	487,530
Total liabilities	41,851	104,543	98,194	120,636	198,252
Total equity	250,896	263,932	239,229	272,552	289,278
Equity attributable to owners of the Company	194,860	205,077	192,744	224,258	233,956
Net asset value per share (Singapore cents)	3.44	3.58	3.36	3.91	4.08
Net cash from operating activities	33,525	50,271	49,905	51,959	63,990
Net cash used in investing activities	(37,098)	(55,114)	(26,118)	(60,607)	(47,130)
Net cash (used in)/from financing activities	(11,741)	4,273	(25,763)	10,776	(17,517)
Cash and cash equivalents	13,027	12,345	10,047	12,283	11,531

Corporate Structure



● Cement ● Aluminum ● Others

Chairman's Message



PROFIT

S\$28.9
million

REVENUE

S\$225.2
million

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of International Cement Group Ltd. ("ICG" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 December 2022 ("FY2022").

The financial year under review was another successful year as we move into an exciting growth phase for the Group. The journey to becoming one of the leading cement producers in the Central Asia region that can deliver long-term and sustainable value to our stakeholders is indeed well on track. The Group registered five successive years of revenue growth since 2018.

In this persistently challenging operating environment, we turned in yet another stellar set of results for 2022. Overall, the Group's net profit attributable to shareholders rose by 9.8% to S\$28.9 million on the back of a 24.1% surge in revenue to S\$225.2 million in FY2022 driven by higher contribution from the cement segment. Revenue from the cement segment grew by 24.7% to S\$217.0 million, boosted by the higher cement sales volume and selling price from the Alacem cement plant in the Almaty region of Kazakhstan due to the growth in the local construction sector, as well as the commencement of sales in August 2022 at the new Sharcem cement plant in the East Kazakhstan region. Additionally, revenue from the Group's Tajikistan operations increased during the year as the Group managed to secure new government-related infrastructure contracts, including contracts to supply cement for the construction of hydropower plants. The higher construction activities in Singapore following the easing of Covid-19 restrictions also led to a 10.9%

increase in revenue from the aluminium segment to S\$8.2 million.

The Russian-Ukraine conflict has caused significant fluctuations in the local currencies of the Central Asia countries. As the Group's operations in Kazakhstan have substantial foreign currency exposures arising from payables denominated in USD and CNY, major movements of the KZT against USD and CNY will result in significant fluctuations in the Group's profitability. Excluding the foreign exchange losses attributable to shareholders of S\$5.6 million recorded in FY2022, net profit attributable to shareholders would have been 22.3% higher year-on-year at S\$34.5 million.

During the year under review, the Group achieved another new milestone for our cement business. We completed the upgrading works of our second plant in Kazakhstan, located in the Jarminsky district in the East Kazakhstan region, and began commercial production in August 2022. Meanwhile, the construction of another new cement plant with an annual production capacity of 1.5 million metric tonnes in the Korday district, Jambyl region in Kazakhstan, is underway and is expected to be completed in mid-2024. With the capacity expansion, we will be able to reach out to a broader market and better meet the increasing demand for building materials in Kazakhstan.

LEADERSHIP RENEWAL

On 1 August 2022, Mr Zhang Zengtao, previously our Non-Independent Non-Executive Director, was re-designated as the Chief Executive Officer of the Group. This renewal in leadership is part of the Group's strategic plan to further strengthen our leadership and management bench to take ICG to the next level of growth.



Mr Zhang has vast experience working in the cement industry, holding various senior management positions in the West China Cement Group, a leading cement manufacturer and distributor in Northwest China.

The Board and I are confident that his wealth of experience and expertise in the cement industry and sharp business acumen will be valuable to spearhead the expansion of our cement business in the Central Asia region. As the Group CEO, Mr Zhang will be responsible for managing the Group's overall operations and performance, including setting and executing the strategic directions and expansion plans of the Group.

Together with the other Board members, we look forward to working with Mr Zhang and his team as we continue our focus on accelerating growth and capturing the opportunities ahead of us to create greater value for all stakeholders. Under the new leadership, we are confident that ICG will continue to grow in strength and deliver good results in the years to come.

STAYING FOCUSED

Overall, despite the challenging global conditions, we retain a cautiously optimistic outlook on the cement business moving forward as we believe that the governments in Central Asia will continue to maintain their commitments towards infrastructure development, thus providing a stream of potential opportunities for the Group.

As we move ahead, the Group will stay focused on expanding our cement operations in the Central Asia region and building up our cement production capacity through both investments in new construction and

acquisitions of existing plants to continue laying a firm foundation to become one of the leading cement producers in the Central Asia region.

We will continue to focus on growing our presence and gaining market share in the Central Asia region while keeping an eye on our margins and sales volume to create more sustainable growth and stronger profitability in the coming years.

APPRECIATION

On behalf of the Board, I would like to express my sincerest thanks to our management and staff, whose hard work and dedication contributed to the Group's solid performance. I would also like to thank my fellow Board members for their counsel and guidance in steering the Group to another year of growth.

In addition, the Board and I wish to thank Mr Cao Jianshun, our Deputy Chief Executive Officer, who left the Group in January 2023, for his service and invaluable contributions during his tenure, and we wish him all the best in his future endeavours.

Last but not least, I wish to thank our shareholders and all other stakeholders for their continuing support and trust in the Group. I am confident the Group will scale new heights and achieve even greater success in the years ahead.

MA ZHAOYANG

Chairman

主席致词

尊敬的各位股东，

我谨代表董事会，欣然呈报国际水泥集团有限公司（“ICG”或“公司”，连同其附属公司统称“集团”）截至2022年12月31日财政年度的年度报告（“2022财年”）。

回顾过去的一年，又是成功的一年，因为集团进入了一个令人振奋的成长阶段。集团迈向成为中亚地区领先水泥生产商之一的旅程，进展着实顺利，这将为我们的股东带来长期的以及可持续增长的价值。自2018年以来，集团的收入已经连续五年实现增长。

在此持续充满挑战的经营环境中，2022年我们又一次取得出色的业绩。总体而言，受益于水泥板块业务的更多贡献，2022财年集团收入激增24.1%至2.252亿新元，进而使集团的股东应占净利润增长了9.8%至2890万新元。水泥板块的收入增长了24.7%达到2.17亿新元，该增长驱动主要源于集团哈萨克斯坦阿拉木图州阿拉西姆水泥厂的水泥销量及售价因当地建筑行业的增长而增加，同时也因为我们在东哈萨克斯坦州的夏尔西姆水泥厂产品在2022年8月开始进入市场销售。此外，由于集团成功承接了政府参与的基础设施建设方面的新的合同，包括为水电站建设供应水泥的合同，年内集团在塔吉克斯坦业务的收入也有所增加。随着对新冠肺炎疫情管控的放宽，新加坡建筑活动活跃也导致集团铝业板块的收入增长了10.9%至820万新元。

俄乌冲突导致中亚各国货币大幅波动。由于集团在哈萨克斯坦的业务存在以美元和人民币计价的应付款项，因而产生了重大的外汇风险，哈萨克斯坦坚戈兑换美元和人民币的重大变动将导致集团的盈利能力出现重大波动。剔除2022财年计入的归属于股东的汇兑损失560万新元，归属于股东的净利润同比增长22.3%金额为3450万新元。

回顾过去的一年，集团水泥业务再创新的里程碑。我们完成了我们在哈萨克斯坦第二间水泥厂的升级改造并于2022年8月开始商业运营，该厂位于东哈萨克斯坦州让明斯克区。同时，另一间年产150万吨水泥的新水泥厂正在建设之中并预计于2024年年中建成完工，该厂位于哈萨克斯坦江布尔州科尔代地区。随着产能的扩大，我们将能够打开更广阔的市场，更好地满足哈萨克斯坦日益增长的建材需求。

加强领导

2022年8月1日，我们之前的非独立非执行董事张增涛先生被委任为集团首席执行官。这次领导层的调整是集团战略计划的一部分，该计划旨在进一步加强我们的领导层和管理团队，带领ICG进入更高水平的发展阶段。

张先生在水泥行业拥有丰富的工作经验，曾在西部水泥集团担任多个高级管理职位，该集团是中国西北地区领先的水泥制造商和分销商。

集团董事会和我都相信，张先生在水泥行业的丰富经验和专业知识以及敏锐的商业判断将对引领我们在中亚地区的水泥业务扩张发挥重要作用。作为集团的首席执行官，张先生将负责管理集团的整体运营和业绩表现，包括制定和执行集团的战略方向和扩张计划。

我与其他董事会成员共同期待与张先生及其团队的合作，我们将继续专注于加速发展，抓住展现在我们面前的机遇，为所有股东创造更大的价值。在新领导层的引领下，我们相信ICG在未来几年将不断发展壮大并再得佳绩。

保持专注

整体来看，尽管全球形势充满挑战，我们对水泥业务的未来发展仍然持谨慎乐观的态度，因为我们相信中亚各国政府将继续维持其对基础设施发展的承诺，从而为集团提供一系列潜在的发展机会。

未来，集团将继续专注于扩大我们在中亚地区的水泥业务，并通过投资新建和收购现有工厂来增加我们的水泥产能，继续成为中亚地区领先的水泥制造商之一打下坚实的基础。

我们将继续专注于扩大我们在中亚地区的影响力，增加我们的市场份额，同时关注我们的利润率和销量，以此在未来几年创造更可持续的增长能力和更强的盈利能力。

致谢

本人谨代表董事会向我们的管理层和员工致以最诚挚的谢意，感谢他们的辛勤工作和奉献，为集团的稳健表现作出贡献。我还要感谢我的董事会成员，感谢他们的建议和指导，带领集团实现又一年的增长。

此外，董事会及我本人要感谢我们的集团副总裁曹建顺先生在其任期内的宝贵付出和贡献，他于2023年1月离开集团，我们祝愿他在未来的工作中一切顺利。

最后，本人谨此感谢我们的全体股东及其他权益持有者一直以来对集团的支持及信任。我有信心集团在未来的岁月里会更上一层楼，取得更大的成就。

马朝阳
主席

Group CEO's Review



In the year ahead, we will continue to explore viable opportunities to further expand our cement business through investments, acquisitions, and/or strategic alliances with parties who can provide synergistic value to our business and access to new markets and customers

Dear Shareholders,

In my first message as Chief Executive Officer of the Group, I aim to present a comprehensive review of the financial year ended 31 December 2022 ("FY2022"), as well as provide insight into the direction of the Group moving forward.

The Group's focus in 2022 has been on execution and delivering value from the investments made in our cement business in the Central Asia region over the past years. FY2022 was an exceptional year for the Group - both in terms of strategy execution and financial performance. Despite volatile market conditions and geopolitical uncertainty, we have demonstrated our ability to grow production capacity, capabilities, and customer base during the year and delivered a strong set of financial results in FY2022.

The Group posted a net profit attributable to shareholders of S\$28.9 million on the back of 24.1% year-on-year growth in the Group's revenue to S\$225.2 million in FY2022, largely driven by the solid performance of our cement segment, which accounted for 96.4% of the Group's revenue. Revenue from the cement segment surged by 24.7% to S\$217.0 million in FY2022 on higher cement sales volume boosted by the strong demand for cement in Tajikistan and Kazakhstan, as well as the commencement of sales in August 2022 at the new Sharcem cement plant in the East Kazakhstan region. Revenue from the aluminium segment increased by 10.9% to S\$8.2 million in FY2022 mainly due to higher construction activities in Singapore following the easing of Covid-19 restrictions.

The last 12 months have been an exciting and busy time for us as we continued to build our cement business, devoting our resources to growing our market presence and building a solid foundation in the Central Asia region.

OPERATIONS REVIEW

Cement Segment

Our operations at the Alacem plant, the Group's first cement plant in Kazakhstan, located in the Almaty region, have picked up steadily during the year. The plant, which sells cement under the Alacem brand name, continued to deliver steady growth in revenue driven by the growing construction demand in the Almaty region. We are pleased to report that as the plant is now in its second full year of operations, our brand name is rising in popularity, and we have gained a bigger market share in Kazakhstan. Going forward, we plan to intensify our marketing and promotional efforts, especially in extending the awareness of our brand and collaborating closely with distributors to further expand our customer base and market share in the domestic market.

In August 2022, the Group reached another new milestone with the commencement of production and sales at our second cement plant in Kazakhstan (the "Sharcem plant"). Strategically located in the Jarminsky district in the East Kazakhstan region, this new plant, with an annual production capacity of 1.0 million metric tonnes, will enable the Group to broaden our customer base by penetrating local markets in the east of Kazakhstan as well as the capital, Astana. As the Sharcem plant has just started operations, we will focus on growing our customer base by creating more awareness for our products and brand and expanding our distribution networks to build up its sales.

Group CEO's Review (Cont'd)

In addition, we are currently building our third cement plant (the "Korcem plant") in the Korday district, Jambyl region in Kazakhstan, through a joint venture with Mr Shakirov, our long-standing strategic partner of the Alacem and Sharcem plants. The Korcem plant, strategically situated in the neighbouring region of the Alacem plant with direct export routes to Kyrgyzstan, will strengthen our presence in the south-eastern region of Kazakhstan and enhance our ability to capture the growing demand for cement in the Central Asia region. Scheduled for completion in mid-2024, this new plant, with an annual production capacity of 1.5 million metric tonnes, will increase our combined annual cement production capacity from 4.0 million to 5.5 million metric tonnes. The capacity expansion will place the Group in a stronger position as we move into our next phase of growth.

Our Tajikistan operations, which sells cement to the local Tajikistan market and its primary export market of Afghanistan under the Mohir brand name, showed an improvement in sales. The marketing efforts undertaken in Tajikistan are gaining results, and we successfully secured new government-related infrastructure contracts during the year. These contracts include the supply of cement for the construction of hydropower plants in Tajikistan. We are delighted to have been awarded these contracts, which is a testament to the Group's ability to deliver high-quality cement and reliable service. Our export sales to Afghanistan were affected by a few weeks of temporary border closure between Tajikistan and Afghanistan in mid-2022. Overall, since the withdrawal of the United States troops in mid-2021, cement sales to Afghanistan remain weaker compared to previous years.

Aluminium Segment

For the aluminium business, the projects secured were mainly local public housing projects in Singapore, which are expected to be completed progressively over the next 3 years. As at 31 December 2022, the Group had an order book of approximately S\$13.3 million, including variation orders.

The increase in construction activities in Singapore following the easing of restrictions on foreign labour coming into Singapore led to a gradual improvement in the performance of the aluminium segment. Although the construction demand is expected to improve over the medium term, the Group is cautious of the outlook of the aluminium segment as the operating environment continues to be challenging amid ongoing labour shortages and rising business costs. We will remain diligent in exercising financial prudence and managing our operating costs efficiently.

LOOKING AHEAD STRATEGICALLY

We are excited to begin the new financial year, building on the growth we have already achieved since we started our cement business at the end of 2017. The investments and acquisitions made in our cement business for the

past years have provided a firm foundation for the Group, and we are well-positioned to capitalise on the vast opportunities within the Central Asia region.

Although the global economic and business environment continues to be challenging in the year ahead amid mounting geopolitical tensions, economic uncertainty, rising inflation, and the possible emergence of new variants of the Covid-19 virus, the outlook for the Group remains promising. With infrastructure development driven by urbanisation and reconstruction continuing to be a key growth driver in Central Asian economies, we expect the demand for quality building materials to remain robust over the coming years.

In the year ahead, we will continue to explore viable opportunities to further expand our cement business through investments, acquisitions, and/or strategic alliances with parties who can provide synergistic value to our business and access to new markets and customers. To complement and support our expansion plans, we will also sharpen our competitive advantage by continuously strengthening our capabilities to increase operational efficiency and competitiveness, as well as managing our operating costs effectively.

In addition to growing our cement operations, we also plan to expand our product offerings within the construction sector to include drywall (gypsum plasterboard) which will provide the Group with a new revenue stream. We have made steady progress in the setting up of the drywall (gypsum plasterboard) production line alongside our main Tajikistan plant in the Yovon district since we started construction work in the last quarter of 2021. The production line, with an annual production capacity of 30.0 million square metres of drywall, is expected to be completed during the second quarter of 2023. We are well-positioned to grow this new business segment, which is complementary to our core cement business, by tapping into our network of distributors in Tajikistan to market our drywall products.

APPRECIATION

In closing, I would like to express my sincere appreciation to the Board of Directors, our management team, and all our employees for their confidence and trust in me, and their continuous support as we embark on the next lap of growth. I also wish to thank all our shareholders, customers, business partners, and all other stakeholders for their support and confidence in the Group.

ZHANG ZENGTAO

Chief Executive Officer

首席执行官致词

尊敬的各位股东，

作为集团首席执行官，我首先想要对集团截至2022年12月31日财政年度（“2022财年”）进行全面回顾，并提供对集团未来发展方向的一些见解。

集团在2022年的重点是完成和实现过去几年在中亚地区水泥业务投资的价值。2022财年无论是在战略执行方面还是在财务业绩方面，对集团来说都是非凡的一年。尽管市场环境动荡且地缘政治存在不确定性，但我们依然证明我们有能力在这一年提升产能、能力和客户基础，并在2022财年取得了一系列优异的财务业绩。

2022财年集团收入同比增长24.1%至2.252亿新元，在此基础上集团公布了2022财年归属于股东的净利润为2890万新元，该业绩主要源自我们水泥板块的稳健表现，该板块收入占集团收入的96.4%。2022财年水泥板块的收入飙升了24.7%至2.17亿新元，原因是塔吉克斯坦和哈萨克斯坦对水泥的强劲需求推动了水泥销量的增加，并且在2022年8月，集团位于东哈萨克斯坦州的新的夏尔西姆水泥厂正式开始销售水泥。2022财年铝业板块的收入增长10.9%至820万新元，这主要是由于新冠肺炎管控放宽后新加坡的建筑活动有所增加。

过去的12个月对我们来说是一段激动人心且忙碌的时光，因为我们持续扩张集团的水泥业务，投入资源以提升我们的市场影响力，在中亚地区打下了坚实的基础。

经营回顾

水泥板块

位于阿拉木图州的阿拉西姆水泥厂，是集团在哈萨克斯坦投资的第一家水泥厂，该厂的运营表现在过去的一年里稳步提升。该厂以阿拉西姆品牌销售水泥，在阿拉木图州不断增长的建设需求的推动下，收入持续稳步增长。我们欣然向股东汇报，由于该厂现已进入第二个完整的运营年度，我们的品牌在市场上越来越受欢迎，我们在哈萨克斯坦也获得了更大的市场份额。展望未来，我们计划加强我们的营销和促销力度，尤其是在扩大我们品牌的知名度和与经销商密切合作方面，争取进一步扩大我们在哈萨克斯坦国内市场的客户群和市场份额。

2022年8月，集团在哈萨克斯坦投资的第二家水泥厂（“夏尔西姆水泥厂”）开始生产和销售，这是集团发展的又一新的里程碑。这座新的水泥厂战略性地坐落于东哈萨克斯坦州的让明斯克区，年产能为100万吨水泥，将使集团能够通过拓展哈萨克斯坦东部以及首都阿斯塔纳的市场来扩大我们的客户群。由于夏尔西姆水泥厂刚刚开始运营，我们将专注于通过提高我们的产品和品牌知名度来扩大我们的客户群，借助拓宽我们的分销网络来增加销售量。

此外，我们目前正在建设我们在哈萨克斯坦的第三家水泥厂（“科尔西姆水泥厂”），该厂位于哈萨克斯坦江布尔州科尔代地区，是经由一间与我们长期的战略合作伙伴Shakirov先生共同成立的合资公司进行建设，他也是我们阿拉西姆水泥厂和夏尔西姆水泥厂的合作伙伴。科尔西姆水泥厂战略性的位于阿拉西姆水泥厂的邻近地区，可直接出口到吉尔吉斯斯坦，这将加强我们在哈萨克斯坦东南部的影响力，并增强我们满足中亚地区日益增长的水泥需求的能力。这座年产能为150万吨水泥的新厂，计划于2024年年中完工，将使我们的年水泥产能从400万吨增加到550万吨。随着我们进入下一阶段，产能扩张将使集团处于更有利的地位。

我们的塔吉克斯坦业务以莫伊尔品牌向塔吉克斯坦当地市场及其主要出口市场阿富汗销售水泥，销售情况有所提升。在塔吉克斯坦的营销工作正在取得成果，在过去的一年我们成功承接了政府参与的基础设施建设方面的新合同，这些合同包括为塔吉克斯坦的水电站建设供应水泥的合同。我们非常高兴能够中标这些合同，这证明集团有能力提供高质量的水泥和可靠的服务。在2022年年中，由于塔吉克斯坦和阿富汗之间几周的临时边境关闭，使我们对阿富汗的出口销售受到影响。整体而言，自2021年年中美国撤军以来，与往年相比，阿富汗的水泥销售仍然疲软。

铝业板块

铝业方面，我们获得的项目主要是新加坡本地公共房屋项目，预计将在未来3年内逐步完成。截至2022年12月31日，集团拥有约1330万新元的订单，包括变更订单。

在放宽对外国劳工进入新加坡的限制后，新加坡的建筑活动有所增加，因此铝业板块的表现逐渐改善。尽管中期内建筑需求有望好转，但由于持续的劳动力短缺和不断上升的业务成本，经营环境仍然充满挑战，集团对铝业的前景持谨慎态度。我们将继续保持谨慎，并有效地管理我们的运营成本。

战略前瞻

我们很高兴以自2017年年底开展水泥业务以来取得的成绩为基础，开启新的财政年度。过去几年对水泥业务的投资和收购为集团的发展奠定了坚实的基础，我们已经做好准备，将抓住中亚地区丰富的投资机会。

在地缘政治紧张、经济存在不确定性、通货膨胀加剧以及可能出现新的新冠病毒变种的情况下，全球经济和商业环境在未来一年仍然充满挑战，但集团的前景依然乐观。随着城市化和重建推动的基础设施发展继续成为中亚经济体的主要增长动力，我们预计未来几年对优质建筑材料的需求将保持强劲。

未来一年，我们将继续探索可行的机会，通过投资、收购和/或与能够为我们的业务提供协同价值并进入新市场、获取新客户的各方建立战略联盟，进一步扩大我们的水泥业务。为了充实和支持我们的扩张计划，我们还将通过不断提高运营效率和竞争力，有效管理运营成本，来增强我们的竞争优势。

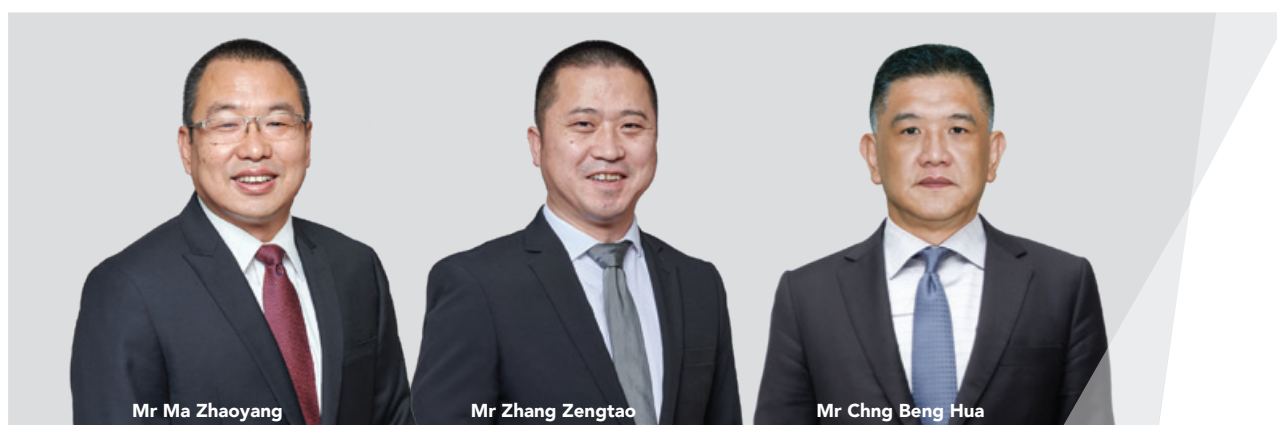
除了发展我们的水泥业务外，我们还计划扩大我们在建筑领域的产品供应，包括石膏板，这将为集团提供新的收入来源。自2021年四季度启动建设工作以来，我们在亚湾地区塔吉克水泥厂主厂区边的石膏板生产线建设，取得了稳步进展。该石膏板生产线的年产能为3,000万平方米，预计将于2023年第二季度完工。我们已经做好准备推进这项新的业务板块，借助我们在塔吉克斯坦的分销商网络向市场推广我们的石膏板产品，这将与我们核心水泥业务形成互补。

致谢

最后，我要对董事会、我们的管理团队和所有员工表示衷心的感谢，感谢他们对我的信心和信任，以及他们在我们迈向下一个发展阶段过程中的持续支持。本人亦感谢所有股东、客户、合作伙伴及所有其他权益持有者对本集团的支持及信心。

张增涛
首席执行官

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 28 April 2022. He currently holds the position of Executive Chairman 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 February 2019.

Present directorships in other listed companies and principal commitments

Listed Companies

- West China Cement Limited (Non-Executive Director)
- Nil

Past directorships in other listed companies and principal commitments held in the preceding five years

- Victory Gate Ventures Limited

MR ZHANG ZENGTAO *Chief Executive Officer and Executive Director*

Mr Zhang Zengtao was appointed as a Director of ICG on 5 November 2015 and was last re-elected on 28 April 2022. He is the Chief Executive Officer and Executive Director of ICG.

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.

Present directorships in other listed companies and principal commitments

Listed Companies

- Nil
- Others**
- Victory Gate Ventures Limited

Past directorships in other listed companies and principal commitments held in the preceding five years

- Nil

MR CHNG BENG HUA *Executive Director*

Mr Chng Beng Hua was appointed as a Director of ICG on 30 May 2018 and was last re-elected on 26 April 2021. He is an Executive Director of ICG.

He has extensive experience in the area of finance and real estate development and served as an Independent Director of Hong Leong Finance Limited from 2000 to 2021.

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 27 April 2023.

Present directorships in other listed companies and principal commitments

Others

- Paya Ubi Industrial Park Pte. Ltd

Past directorships in other listed companies and principal commitments held in the preceding five years

- Hong Leong Finance Limited

MR GUOK CHIN HUAT SAMUEL *Lead 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 was appointed as the Lead Independent Director of ICG on 26 April 2021. He is also the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

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.

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 Guok is seeking for re-election as a Director at the Company's forthcoming Annual General Meeting to be held on 27 April 2023.

Present directorships in other listed companies and principal commitments

Listed Companies

- Global Palm Resources Holding Ltd (Non-Independent Non-Executive Director)
- RE&S Holdings Limited (Independent Director)
- Aedge Technology Group Ltd (Independent Director)

Others

- StarHealth Pte. Ltd.
- Tellus Asset Management Pte Ltd

Past directorships in other listed companies and principal commitments held in the preceding five years

- Asiatravel.com Holdings Ltd
- Redwood Group Limited



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 the Chairman of the Audit Committee and a member of the Nominating Committee.

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 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.

Mr Wong is seeking for re-election as a Director at the Company's forthcoming Annual General Meeting to be held on 27 April 2023.

Present directorships in other listed companies and principal commitments

Listed Companies

- Adventus Holdings Limited (Independent Director)
- K2 F&B Holdings Limited (Independent Director)
- Koyo International Limited (Non-Executive Independent Chairman)
- Union Steel Holdings Limited (Independent Director)

Others

- Nil

Past directorships in other listed companies and principal commitments held in the preceding five years

- Nil

MR WONG CHEE MENG LAWRENCE

Independent Director

Mr Wong Chee Meng Lawrence was appointed as an Independent Director of ICG on 26 April 2021. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr Wong is an established corporate practitioner with extensive legal experience. He is currently a Managing Counsel at Bird & Bird ATMD LLP. His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work. He has led numerous initial public offerings, reverse take-overs, general offers, secondary fund raising and cross-border merger and acquisitions exercises. He has advised and led numerous corporate actions for companies listed on SGX. He was also previously a registered professional and headed a SGX-ST continuing sponsor company.

Mr Wong holds a Bachelor of Laws (Honours) from the National University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore, as well as a Solicitor of the High Court of Hong Kong SAR.

Present directorships in other listed companies and principal commitments

Listed Companies

- Atlantic Navigation Holdings (Singapore) Limited (Independent Director)
- Eindex Corporation Limited (Independent Director)
- 5E Resources Limited (Lead Independent Director)

Others

- EQ Advisory Pte. Ltd.

Past directorships in other listed companies and principal commitments held in the preceding five years

- Equity Law LLC

MR NG KIAN GUAN

Independent Director

Mr Ng Kian Guan was appointed as an Independent Director of ICG on 25 June 2021 and was last re-elected on 28 April 2022. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee.

Mr Ng has over 30 years of experience in banking and finance with strong expertise in credit and marketing. He was the Deputy Chief Executive Officer of Maybank Singapore from August 2014 to June 2021, while serving simultaneously as the Head of Corporate Office from September 2011 to December 2018. Prior to this, he led and oversaw various portfolios at the bank including Corporate Banking, Risk Management, Remedial Management and Group Credit Management.

Mr Ng holds a Bachelor of Business Administration from the National University of Singapore. He also holds an Executive Diploma in Directorship from the Singapore Management University and Singapore Institute of Directors.

Present directorships in other listed companies and principal commitments

- Nil

Past directorships in other listed companies and principal commitments held in the preceding five years

- Nil

Key Executives



Ms Lee Zhen Jesica

Ms Zhao Yuanyuan

Mr Chng Tze Sian Milton

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. She is also the Chief Risk Officer of the Group and oversees the Group's risk management function.

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 before joining the Group.

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



Operations and Financial Review



Central Asia Headquarters

Regional Headquarters in Central Asia - Consolidating and Strengthening Operations

With the setting up of our regional headquarters in Central Asia in December 2021, we now have a firm foothold to anchor the Group for long-term sustainable growth and expansion of our cement business in this region. It is also a testament to our commitment to growing our presence in Central Asia and becoming one of the leading cement producers.

This new regional headquarters, located in Almaty, Kazakhstan, serves as a hub for the Group's operations in Central Asia, where we make strategic decisions for the region. It is also responsible for pursuing new business opportunities and coordinating the Group's operations in the Central Asia region, including providing management consultancy services and technical consulting activities.

Since its establishment, we have benefitted from improved operational efficiencies and cost savings through shared resources within the Group. The Central Asia headquarters also brings together a capable and committed local leadership and management team that will strengthen our operations and drive sustainable growth in this region.

CEMENT SEGMENT

Over the past years, the Group has stayed focused and maintained our growth momentum for the cement segment. With the commissioning of our newest cement plant in the east of Kazakhstan in August 2022, we now own and operate a cement plant and a grinding station in Tajikistan, and two cement plants in Kazakhstan, with a combined annual cement production capacity of 4.0 million metric tonnes.

We are pleased to report that we continued to make good progress with the construction of another new cement plant in the Jambyl region in the south-eastern part of Kazakhstan. When completed, the Group's combined annual cement production capacity in Central Asia will increase from 4.0 million to 5.5 million metric tonnes. With this capacity expansion, we are well-positioned to capture the strong demand for cement in the Central Asia region.

The Russia-Ukraine war and the imposition of sanctions on Russia have sparked a surge in energy and commodity prices and disruptions in the supply chains, contributing to rising inflationary pressures and slower economic growth in Central Asia. As the Group is not involved in any sanctioned business dealings in Russia, we do not expect any direct operational and financial impact on the Group's business activities. Nonetheless, we have set up adequate and effective internal controls to monitor, address and mitigate sanction-related risks.

Despite tough economic conditions ahead, we will continue to invest for growth in a disciplined manner by further building up our overall production capacity in the Central Asia region through investments, acquisitions, joint ventures, and/or strategic collaborations to access new markets and strengthen our foothold in this region.



Operations and Financial Review (Cont'd)



KAZAKHSTAN

Alacem Cement Plant

The Group owns and operates a cement plant in Sary-Ozek in the Almaty region, the Alacem plant, with 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 Shakirov, and is the Group's maiden investment in Kazakhstan, with a construction cost of approximately US\$130.0 million (S\$175.7 million), including other ancillary facilities.

In the past year, operations at our Alacem plant have picked up steadily and gained a larger market share in Kazakhstan, with our brand name gaining popularity now that the plant is in its second full year of operations. We have a steadily growing customer base and stable relationships with distributors. Sales volume rose as the Group benefitted from the continual marketing activities to promote the Group's cement as well as the increased construction demand in the Almaty region.

As we move forward, we plan to intensify our marketing efforts to increase brand awareness and market penetration and build strong relationships across our distributor network to further expand our customer base.

We are optimistic about the growth prospects of the plant and its contribution to our long-term returns, underpinned by the strong demand for high-quality cement in Kazakhstan due in part to the government's commitment towards urbanisation and infrastructure development.

Sharcem Cement Plant

In November 2021, the Group acquired a cement plant, the Sharcem plant, located in the Jarminsky district, East Kazakhstan region, for a purchase consideration of approximately 7.1 billion Kazakhstan tenge (S\$22.3 million). The Sharcem plant is owned and operated through Sharcem LLP, a joint venture with Mr Shakirov, our local partner of the Alacem and Korcem plants.

Upgrading works for this plant, which cost approximately US\$29.0 million (S\$39.2 million), were completed in mid-2022. This new plant, with an annual production capacity of 1.0 million metric tonnes, commenced commercial production in August 2022 and will enable the Group to reach out to new markets in the east of Kazakhstan and the capital, Astana, and capture a greater market share within the domestic market.

In November 2022, the Group acquired an additional 15% stake in Sharcem LLP from Mr Shakirov for a cash consideration of US\$18.7 million (S\$26.1 million). Upon completion of this step-up acquisition, the Group holds an effective stake of 75% in Sharcem LLP.

Moving ahead, we will continue to focus on building up the sales of this new plant by creating more awareness for our brand and product and expanding our distribution networks to grow our customer base.

Korcem Cement Plant

The Group entered into a joint venture with our strategic partner, Mr Shakirov, in September 2021 to build a new cement plant in the Korday district, Jambyl region in Kazakhstan, the Korcem plant, through Korcem LLP, an 87.5% owned subsidiary of the Group. Under this partnership, the Group will lead and manage the construction of the plant, while Mr Shakirov will provide the land for the construction of the plant, land-use rights, exploration and mining rights for the limestone quarry, as well as assist in obtaining all necessary licences and permits to operate the plant.

Located in a strategically important region in the south-eastern of Kazakhstan, with direct export routes to Kyrgyzstan, the Korcem plant will complement the Group's existing operations in the same region.

Construction of the plant started in the last quarter of 2021, which includes a 3,500 metric tonnes per day clinker production line. We expect to complete the construction of the plant in mid-2024. With a total investment of approximately US\$153.0 million (S\$206.8 million), the addition of this plant will boost the Group's current annual cement production capacity by 1.5 million metric tonnes to 5.5 million tonnes. This capacity expansion will enable the Group to capitalise on the opportunities in the growing construction industry in Kazakhstan and strengthen our market leadership position in the south-eastern region of Kazakhstan.



Artist's impression of Korcem Cement Plant



Korcem Cement Plant (under construction)



Korcem Cement Plant (under construction)

Operations and Financial Review (Cont'd)

TAJIKISTAN

IMCCMC Cement Plant and MC Grinding Station

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.

During the year, we stepped up our marketing efforts and successfully clinched new government-related infrastructure contracts, notably the supply of cement for the construction of hydropower plants in Tajikistan. The contract wins are a testament to our ability to forge strong customer relationships and consistently deliver high-quality cement and reliable services.

However, cement sales to our primary export market, Afghanistan, were affected by a temporary border closure between Tajikistan and Afghanistan for a few weeks in mid-2022. Overall, since the withdrawal of the United States troops in mid-2021, our export sales to Afghanistan remain weaker compared to prior years.



IMCCMC Cement Plant



MC Grinding Station Control Room



MC Grinding Station

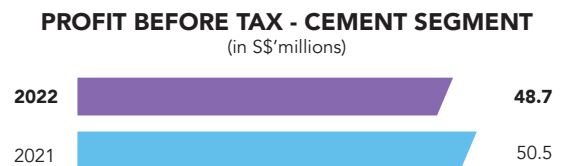
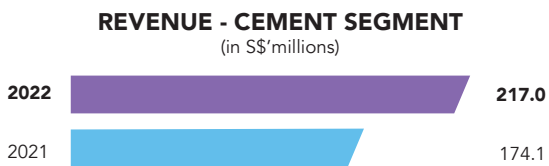
Review of Operations

The cement segment accounted for 96.4% of revenue in FY2022 as compared to 95.9% in FY2021.

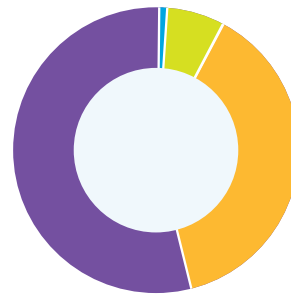
Revenue from the cement segment rose by 24.7% to S\$217.0 million in FY2022, lifted by the higher selling price and sales volume generated by the Alacem cement plant in Kazakhstan due to the growth in the construction sector in the Almaty region, as well as the commencement of sales in August 2022 at the new Sharcem cement plant in the East Kazakhstan region. In addition, revenue from the Group's Tajikistan operations increased during the year as the Group managed to clinch new government-related infrastructure contracts, including contracts to

supply cement for the construction of hydropower plants. Despite the increase in sales, the segment's profit before tax dropped slightly by 3.8% to S\$48.7 million in FY2022 due to foreign exchange losses.

The Russian-Ukraine conflict has caused significant fluctuations in the local currencies of the Central Asia countries. As the Group's operations in Kazakhstan have substantial foreign currency exposures arising from payables denominated in USD and CNY, major movements of the KZT against USD and CNY will result in significant fluctuations in the Group's profitability.



Tajikistan and Kazakhstan remained the key drivers of revenue contribution with Tajikistan and Kazakhstan contributing 51.5% and 41.8% to the total revenue from the cement segment respectively. Geographically, the increase in revenue was mainly attributable to an increase in revenue contribution from Kazakhstan, Tajikistan, and Uzbekistan of S\$23.5 million, S\$20.6 million, and S\$0.3 million respectively, which was partially offset by a drop in revenue contribution from Afghanistan of S\$1.4 million.



FY2022 REVENUE - CEMENT SEGMENT
S\$217.0M

- Afghanistan 6.2%
- Kazakhstan 41.8%
- Tajikistan 51.5%
- Uzbekistan 0.5%

OTHERS SEGMENT

Aside from our cement operations, we are expanding our product offerings in Central Asia to include drywall (gypsum plasterboard). Drywall is a construction material used to create interior walls and ceilings. This new product line will allow us to serve our customers better and offer them a complementary product for their construction needs.

We commenced the construction of a drywall (gypsum plasterboard) production line alongside our IMCCMC cement plant, with an anticipated annual production capacity of 30.0 million square metres of drywall, in the last quarter of 2021. With a construction cost of approximately US\$26.0 million (S\$35.0 million), the drywall production line is scheduled to be completed by the second quarter of 2023.

We are confident that by tapping into our strong distribution network in Tajikistan, we are well-positioned to capture the local demand for building materials in Tajikistan and grow this new business segment that will provide the Group with a new revenue stream.



Operations and Financial Review (Cont'd)



ALUMINIUM SEGMENT

The aluminium business, which is largely dependent on the construction sector in Singapore, is gradually recovering from the impact of the Covid-19 pandemic. With the easing of border restrictions on foreign workers' entry into Singapore, construction activities in Singapore picked up during the year. The increase in construction activities led to the improved performance of the aluminium segment.

In 2022, some of the projects completed include the supply of aluminium windows for local public sector housing projects such as Tampines GreenDew at Tampines North, Woodlands Glade at Woodlands Avenue 9, and Forest Spring @ Yishun at Yishun Street 43. As at 31 December 2022, the Group's order book stood at S\$13.3 million, including variation orders, and these projects are expected to be completed progressively over the next 3 years.

We expect the operating environment in the construction industry to remain challenging with ongoing labour shortages and rising business costs. The Group will continue to be diligent in exercising financial prudence and managing our operating costs efficiently.

Review of Operations

The aluminium segment accounted for 3.6% of revenue in FY2022 as compared to 4.1% in FY2021.

Revenue from the aluminium segment rose by 10.9% to S\$8.2 million in FY2022 mainly due to higher construction activities in Singapore following the easing of Covid-19 restrictions. Loss before tax narrowed to S\$2.0 million from S\$3.6 million the year before, as a result of higher revenue achieved during the year, which was partially offset by the increased raw material, labour, and sub-contractor costs, impairment of right-of-use assets, and foreign exchange loss.

FINANCIAL PERFORMANCE

International Cement Group Ltd. and its subsidiaries (collectively the “Group”) posted a revenue of S\$225.2 million in the financial year ended 31 December 2022 (“FY2022”), up 24.1% from S\$181.4 million the year before due to higher contributions from both the cement and aluminium segments. Revenue from the cement segment grew 24.7% to S\$217.0 million, spurred by higher cement sales volume and selling price from the Alacem cement plant in the Almaty region in Kazakhstan due to the growth in the local construction sector and the commencement of sales in August 2022 at the Sharcem cement plant in the East Kazakhstan region. In addition, revenue from the Group’s Tajikistan operations increased as the Group managed to secure new government-related infrastructure contracts. The higher construction activities in Singapore following the easing of Covid-19 restrictions also resulted in a 10.9% increase in revenue from the aluminium segment to S\$8.2 million.

Gross profit grew 29.2% to S\$96.7 million in FY2022, while gross profit margin improved by 2 percentage points year-on-year to 43.0%, mainly attributable to higher revenue contribution by the Alacem cement plant as well as the lower cost of raw materials and

transportation in Kazakhstan as compared to that in Tajikistan. This was, however, offset by a decline in gross profit margin from Tajikistan’s operations due to a significant increase in the cost of raw materials.

Other income mainly comprised government grants, sales of scrap, rental income and utility recharges, and sales of fuel and rental income from suppliers for the extraction of raw materials in quarries. Other income rose by 31.1% to S\$2.0 million in FY2022, largely due to an increase in sales of fuel and rental income from suppliers for the extraction of raw materials in quarries in line with the increase in sales volume from the Alacem cement plant in the Almaty region in Kazakhstan and commencement of sales at the Sharcem cement plant in the East Kazakhstan region in August 2022.

Selling and distribution expenses, which comprised mainly staff costs and distribution expenses, surged by 57.8% to S\$5.6 million due to: (i) an increase in sales volume from the Alacem cement plant; (ii) the commencement of sales at the Sharcem cement plant in August 2022; and (iii) higher fuel costs incurred for the delivery of cement from the cement plants in Kazakhstan to customers.



Operations and Financial Review (Cont'd)

Administrative expenses mainly comprised staff costs and directors' fees, depreciation and amortisation, audit and professional fees, tax-related expenses, utilities, food and accommodation, vehicle-related expenses, fines and penalties, travelling expenses, and office, rental and visa-related expenses. The 69.7% year-on-year increase in administrative expenses to S\$30.2 million was mainly due to: (i) the commencement of operations of the Sharcem cement plant in August 2022; (ii) the commencement of construction of the Korcem cement plant in Kazakhstan and a gypsum plasterboard plant in Tajikistan since end-2021; (iii) rising costs of operations in Tajikistan; (iv) the setting up of the new Central Asia headquarters in Kazakhstan since end-2021; and (v) the increase in staff headcount, audit fees, vehicle-related expenses, travelling expenses, and office, rental and visa-related expenses, in tandem with the significant increase in operational activities during the year.

The Group posted a reversal of loss allowance on trade and other receivables and contract assets of S\$0.2 million, compared to S\$0.1 million a year ago, thanks to an improvement in the collection and aging of the trade and other receivables during the second half of 2022.

Other expenses widened to S\$13.3 million from S\$3.6 million a year ago. This mainly comprised: (i) foreign exchange losses of S\$7.3 million largely arising from the revaluation of amounts owing to the Engineering, Procurement and Construction ("EPC") contractor and suppliers and intercompany loans denominated mainly in US Dollar ("USD") as a result of a 7% depreciation of the Kazakhstani Tenge ("KZT") against the USD during the year (FY2021: 4%); (ii) impairment loss on property, plant and equipment of S\$0.8 million arising from a

warehouse lease signed in the first half of 2022 for the aluminium segment, which was loss-making and hence, full impairment was made on the right-of-use assets recognised; and (iii) recognition of impairment loss on intangible assets of S\$2.3 million as the expected cost savings arising from the acquisition of an electricity licence in 2021 was lower than previously forecasted.

Finance costs dropped by 35.3% to S\$3.1 million from S\$4.8 million a year ago. This consists of: (i) interest expense of S\$1.7 million on the outstanding payables to the EPC contractor for the construction of the Alacem cement plant, which are interest-bearing at 8.4% per annum; and (ii) unwinding of discount on the present value of the interest-free loans from major shareholders amounting to S\$1.4 million. The interest-free loans from the major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang, were for the construction of the Alacem cement plant and the acquisition of cement-related assets for the Sharcem cement plant and its related upgrading works.

Tax expense of S\$7.9 million pertained to: (i) current tax expense of S\$4.3 million mainly for a subsidiary in Tajikistan; (ii) deferred tax income of S\$0.1 million arising from temporary differences on property, plant and equipment and intangible assets, recognition of unutilised tax losses carried forward, and withholding tax for unremitted profits of overseas subsidiaries; (iii) under provision of tax mainly from a subsidiary in Tajikistan in respect of prior years of S\$0.6 million; and (iv) withholding tax paid on dividends declared by a subsidiary in Tajikistan of S\$3.1 million.



As a result, the net profit attributable to shareholders increased by 9.8% from S\$26.4 million in FY2021 to S\$28.9 million in FY2022.

Financial Position

As at 31 December 2022, the Group's net assets attributable to owners of the Company was S\$234.0 million, which translates into a net asset value per share of 4.08 Singapore cents, compared with 3.91 Singapore cents in the previous year.

Non-current assets

Non-current assets grew by 27.2% to S\$410.8 million mainly due to an increase in property, plant and equipment, non-current trade and other receivables, and deferred tax assets, which was partially offset by a decrease in intangible assets and goodwill.

Property, plant and equipment increased by 27.7% to S\$356.9 million mainly due to: (i) additions of S\$94.2 million arising from the construction of additional facilities for the Alacem cement plant, upgrading works for the Sharcem cement plant, construction of the Korcem

cement plant, and construction of a gypsum plasterboard plant in Tajikistan; and (ii) currency translation gain of S\$0.1 million arising from the appreciation of Tajikistani Somoni ("TJS") against Singapore Dollar ("SGD") by 10%, which was offset by the depreciation of KZT against SGD by 7%. The increase was partially offset by disposals and write-offs of S\$1.4 million, impairment loss of S\$0.8 million, and depreciation charge of S\$14.7 million.

Intangible assets and goodwill comprised subsoil rights, goodwill arising from the acquisition of the IMCCMC cement plant in Tajikistan in 2017, and an electricity licence. The decrease in intangible assets and goodwill of 3.7% to S\$38.2 million was due to: (i) recognition of impairment loss on the electricity licence of S\$2.3 million as the expected cost savings arising from the acquisition was lower than previously forecasted; and (ii) amortisation of S\$2.7 million, which was partially offset by a currency translation gain of S\$3.4 million arising from the appreciation of TJS against SGD by 10%.



Alacem Cement Trucks

Operations and Financial Review (Cont'd)



Non-current trade and other receivables rose from S\$2.6 million to S\$13.1 million mainly due to an increase in prepayments to suppliers for: (i) the construction of additional facilities and upgrading works in the cement plants in Kazakhstan; (ii) the purchase of spares and consumables for repairs and maintenance works in the cement plants; and (iii) construction of the Korcem cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan.

Deferred tax assets surged to S\$2.2 million from S\$0.1 million the year before, mainly due to temporary differences arising from property, plant and equipment and recognition of unutilised tax losses by the Sharcem cement plant.

Current assets

Current assets increased by 9.3% to S\$76.7 million mainly due to an increase in inventories and contract assets, which was partially offset by a decline in current trade and other receivables and cash and cash equivalents.

Inventories rose by 37.5% to S\$37.4 million due to the stocking up of spares and consumables in preparation for planned repairs and maintenance works for all cement plants during the first half of 2023.

The decline in current trade and other receivables of 15.2% to S\$24.9 million was mainly due to a decrease in non-trade amounts due from the non-controlling

interest of \$2.4 million and prepayments to suppliers from the cement segment of S\$6.2 million, which was partially offset by an increase in tax-related receivables of the Sharcem cement plant of S\$2.4 million and trade receivables from the cement segment of S\$1.7 million mainly due to higher sales from the IMCCMC cement plant during the fourth quarter of FY2022 as compared to the corresponding quarter in FY2021.

Contract assets of S\$2.7 million relate to retention sums that are withheld by main contractors from the aluminium segment until the successful completion of the project works and the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date.

Equity attributable to owners of the Company

Equity attributable to owners of the Company increased by 4.3% to S\$234.0 million.

Currency translation reserve losses narrowed from S\$33.9 million to S\$27.2 million as a result of the appreciation of TJS against SGD by 10%, which was offset by the depreciation of KZT against SGD by 7%.

Other reserve of S\$26.1 million relates to cash consideration paid in excess of the carrying amount of the Sharcem cement plant arising from the step-up acquisition of an additional 15% stake in this subsidiary during the year.



Non-current liabilities

Non-current liabilities rose by 80.6% to S\$132.3 million mainly due to an increase in long-term loans and borrowings, long-term trade and other payables, provisions, and deferred tax liabilities.

Long-term loans and borrowings comprised unsecured interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang, of S\$38.5 million for the construction of the Alacem cement plant and the acquisition of cement-related assets for the Sharcem cement plant and its related upgrading works. These loans are due between 2024 to 2025. The increase in long-term loans and borrowings of 4.7% to S\$38.5 million was largely due to: (i) additional loans obtained from one of the major shareholders of S\$7.5 million for the upgrading works for the Sharcem cement plant; and (ii) the unwinding of discount in relation to the present value of the loans from major shareholders of S\$1.4 million. This was partially offset by a foreign exchange gain of S\$1.3 million arising from the appreciation of USD and depreciation of Chinese Yuan ("CNY") against SGD, repayment of S\$4.2 million, and recognition of the difference between present value and fair value of loans amounting to S\$1.7 million in capital reserve.

Long-term trade and other payables mainly comprised amounts owing to: (i) the EPC contractor for the construction of the Alacem cement plant under a deferred payment arrangement which are interest-bearing at

8.4% and due between 2024 to 2027; and (ii) suppliers for spares and consumables and property, plant and equipment for the cement plants in Kazakhstan which are due in 2024. Long-term trade and other payables rose from S\$25.9 million to S\$77.8 million in FY2022, mainly due to additional costs arising from the construction of additional facilities for the Alacem cement plant, upgrading works for the Sharcem cement plant, and construction of the Korcem cement plant.

As the Group is expected to perform recultivation works for its cement plants in Kazakhstan by the end of its operations in accordance with the applicable local legal requirements, provision for restoration costs of S\$3.0 million was recognised in FY2022.

Deferred tax liabilities grew by 20.9% to S\$12.8 million primarily due to additional recognition of withholding taxes on unremitted profits of overseas subsidiaries of S\$1.9 million, and an increase in temporary differences arising from property, plant and equipment, and intangible assets of S\$0.3 million.

Current liabilities

Current liabilities increased by 39.2% to S\$66.0 million mainly due to an increase in short-term loans and borrowings and short-term trade and other payables, which was partially offset by a decrease in contract liabilities.

Operations and Financial Review (Cont'd)

Short-term loans and borrowings of S\$3.4 million comprised unsecured interest-free loans from a non-controlling interest, Dastoni Mohir LLC, for the construction of the gypsum plasterboard plant in Tajikistan. These loans were obtained in 2022 and are repayable on demand.

Short-term trade and other payables mainly comprised: (i) trade payables of S\$12.5 million; (ii) accrued operating expenses of S\$3.0 million; (iii) dividend payable to non-controlling interest in Tajikistan of S\$2.9 million; (iv) tax-related payables of S\$3.5 million pertaining to taxes collected on sales and the import of property, plant and equipment; (v) payables for purchase of property, plant and equipment of S\$13.7 million; and (vii) other payables of S\$22.5 million which mainly comprised amounts payable to non-controlling interest, Mr Nurzhan Shakirov, for the step-up acquisition of 15% stake in a subsidiary of S\$17.9 million. Short-term trade and other payables

increased by 35.6% to S\$60.2 million, mainly attributable to the amounts payable to a non-controlling interest for the step-up acquisition of a 15% stake in a subsidiary.

Contract liabilities of S\$1.8 million comprised advance consideration received from customers.

Cash Flow

The Group's cash and cash equivalents decreased slightly from S\$12.4 million as at 31 December 2021 to S\$11.6 million as at 31 December 2022, mainly due to cash flows from operating activities of S\$64.0 million and S\$7.5 million interest-free loans from major shareholders for upgrading works of the Sharcem cement plant. These were partially offset by:

- (i) acquisition of property, plant and equipment of S\$47.6 million for the construction of additional facilities for the Alacem cement plant, upgrading works of the Sharcem cement plant, construction of the Korcem cement plant, and construction of the gypsum plasterboard plant in Tajikistan;
- (ii) partial payment of the consideration for the step-up acquisition of a 15% stake in a subsidiary of S\$7.7 million;
- (iii) dividends paid to Dastoni Mohir LLC, a non-controlling interest of the Group's subsidiaries in Tajikistan, of S\$8.1 million;
- (iv) repayment of loans from Mr Ma Zhaoyang, a major shareholder, of S\$4.2 million; and
- (v) withholding tax paid on dividends declared by the Tajikistan subsidiary of S\$3.1 million.



Corporate Social Responsibility

ICG recognises the importance of balancing business sustainability with social responsibility and remains fully committed to supporting and developing the local communities in which we operate. As part of our ongoing community outreach, we carried out a broad range of corporate social responsibility (“CSR”) initiatives throughout the year to improve and raise the living standards of the less privileged.

In Tajikistan, we donated a 40,000 kV power transformer to the Yovon district’s transmission substation to alleviate the power outage problem and improve the power supply reliability within the city. We hope to continue to work closely with the Tajikistan government to help to upgrade basic infrastructure to enhance living conditions for the local communities.

The Group is also committed to developing the young generation in Tajikistan through education. In 2022, we awarded scholarships totalling TJS 2.45 million (\$\$306,000) to 60 students from low-income families to pursue their undergraduate studies in local institutions of higher learning.

We continued to support the Kurgan Nursing Home, donating medical supplies and beds to improve the quality of life of the elderly residing in the home.

In Kazakhstan, we donated a collective total of 8.2 million Kazakhstan Tenge (“KZT”) (\$\$25,000) in both monetary and in-kind contributions to support community development programmes.

We donated 155 metric tonnes of cement worth KZT 4.2 million (\$\$13,000) to the local administrations of the Almaty region and the local community nearby the Alacem cement plant. The donated cement went towards infrastructure developments and improvements, such as building a new mosque in Sary-Ozek, upgrading fire protection facilities, and road repairs. We also contributed KZT 2.0 million (\$\$6,000) to the local government to widen and repair the roads in the Karasu village, which is close to the Korcem plant.

In addition, we engaged with vulnerable and disadvantaged communities living in the nearby villages surrounding our cement plants through numerous meaningful social initiatives. These efforts include distributing essential goods to low-income families, senior citizens, single mother with terminal illness, and school supplies to needy children. As part of our commitment to promote the development of sports in Kazakhstan, we also sponsored a local volleyball team in the Almaty region.

As we expand our footprint in the region, we will continue to be active in the community and contribute to worthy social causes that can improve lives and uplift the underprivileged communities we serve.



The Head of the State Electricity Administration presented ICG with a certificate of appreciation for the donation of a transformer to improve power supply in Yovon district



Distribution of essential goods to local villages nearby our cement plants



40,000 kV power transformer donated to the Yovon district’s transmission substation



Essential goods distributed to the underprivileged communities

Corporate Information



Alacem Quarry

BOARD OF DIRECTORS

Ma Zhaoyang
Chairman and Executive Director

Zhang Zengtao
Chief Executive Officer and Executive Director

Chng Beng Hua
Executive Director

Guok Chin Huat Samuel
Lead Independent Director

Ng Kian Guan
Independent Director

Wong Chee Meng Lawrence
Independent Director

Wong Loke Tan
Independent Director

AUDIT COMMITTEE

Wong Loke Tan
Chairman

Guok Chin Huat Samuel

Ng Kian Guan

Wong Chee Meng Lawrence

NOMINATING COMMITTEE

Guok Chin Huat Samuel
Chairman

Wong Chee Meng Lawrence

Wong Loke Tan

REMUNERATION COMMITTEE

Ng Kian Guan
Chairman

Guok Chin Huat Samuel

Wong Chee Meng Lawrence

COMPANY SECRETARIES

Ang Siew Koon

Lee Zhen Jesica

REGISTERED OFFICE

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Singapore 079027
Tel: (65) 6486 7858
Fax: (65) 6486 7851

SHARE REGISTRAR

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

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
Singapore

(Partner In-Charge:
Ms Teo Han Jo,
with effect from financial year ended
31 December 2022)

12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

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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 (the “**Report**”) describes the Company’s corporate governance practices and sets out the manner in which the Company has applied the principles and provisions, as well as the extent of compliance with the guidelines as set out in the Code of Corporate Governance 2018 (last amended 11 January 2023) (the “**Code**”), and where applicable, the Code’s Practice Guidance and the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”). In the opinion of the Board, the Company has generally complied with the principles and provisions as set out in the Code during the financial year ended 31 December 2022 (“**FY2022**”). 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.

Board’s roles and responsibilities

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;
- Half and full year results announcement;
- Interested person transactions of a material nature;
- Appointment of Directors and key executives;
- Remuneration of the Executive Directors (“**EDs**”) 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 of 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.

Directors are required to comply with the statutory rules and procedures governing conflicts of interests laid down by the Companies Act 1967 of Singapore (the “**Companies Act**”) and the Company’s Constitution. 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.

All Board and Board Committee meetings as well as the annual general meetings (“**AGMs**”) are scheduled in advance of each year in consultation with the Directors. For FY2022, the Board met two (2) times 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 and full year financial results, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. 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 (3) Board Committees, namely the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”). Each committee has its own set of written terms of reference which clearly spells out the objectives, duties, powers, responsibilities as well as qualifications for committee membership. The activities of the Board Committees are reported to the Board by the respective Committee Chairmen after each meeting.

Board and committee meetings attendance

The attendance of each Board member at the meetings of the Board, Board Committees and the Shareholders' meetings of the Company in FY2022 was as follows:

Name of Directors	Board	AC	NC	RC	AGM
Ma Zhaoyang	2/2	-	-	-	1/1
Zhang Zengtao	2/2	-	-	-	0/1
Chng Beng Hua	2/2	-	-	-	1/1
Guok Chin Huat Samuel	2/2	2/2	1/1	1/1	1/1
Wong Loke Tan	2/2	2/2	1/1	-	1/1
Wong Chee Meng Lawrence	2/2	2/2	1/1	1/1	1/1
Ng Kian Guan	2/2	2/2	-	1/1	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 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 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.

Directors' training and new Directors' orientation

In line with Rule 210(5) of the Listing Manual, a newly appointed director who has no prior experience as a director of a listed company shall undergo mandatory training in the roles and responsibilities of a listed company director as prescribed by the SGX-ST, unless the NC and the Board formed opinion that such director has relevant experience. There was no appointment of new Director in FY2022.

Newly appointed Directors were provided with minutes of the Board and Board Committees' meetings for the past one (1) year, the Company's Constitution, respective terms of reference of the Board Committees as well as the Company's policies to equip them with the relevant information and knowledge to make contributions and exercise judgement for decision making on matters pertaining to the Company. They had also received appropriate induction briefings that include information on the Group's structure, strategic objectives, policies and governance practices, and an overview of the business activities of the Group.

All Directors were 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 participate in seminars to continuously upgrade themselves at the cost of the Company if the courses are relevant to their performance as a Director of the Company. In FY2022, all Directors had attended the mandatory training on sustainability matters prescribed by the SGX-ST.

During the financial year under review, all Directors were updated by the Company Secretary at the Board or Board Committees' Meetings or via emails on the changes in the Listing Manual, the Companies Act or the Code which the Directors should be made aware of. The Directors, especially those who are members of the AC, were also updated on any changes in the financial reporting standards by the external auditors at the AC meetings.

Access to information

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 (1) 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 are provided in a timely manner, and queries attended to promptly.

The Company Secretary function is outsourced to Tricor Singapore Pte. Ltd. ("**Tricor**"). Tricor's representatives work closely with the Company's Chief Financial Officer ("**CFO**") who is also the appointed inhouse Company Secretary of the Company.

Corporate Governance Report (Cont'd)

The Company Secretary(ies) provides corporate 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, the Code and the Listing Manual which are applicable to the Company are adhered to. The Company Secretary(ies) assists the Chairman of the Board and the Board Committees in the development of the meeting agendas for the various Board and Board Committees' meetings.

Pursuant to the Company's Constitution, the decision to appoint or remove the Company Secretary(ies) 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.

Board size

The Board comprises seven (7) Directors, four (4) 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

– Executive Director and Chief Executive Officer ⁽¹⁾

Chng Beng Hua

– Executive Director

Guok Chin Huat Samuel

– Lead Independent Director

Wong Loke Tan

– Independent Director

Wong Chee Meng Lawrence

– Independent Director

Ng Kian Guan

– Independent Director

⁽¹⁾ Re-designated from Non-Independent Non-Executive Director to Executive Director and Chief Executive Officer with effect from 1 August 2022.

Board independence

The independence of each Independent Director is assessed at least annually by the NC and as and when situation calls for it. All Independent Directors are required to declare and confirm his independence via the Form on Declaration of Independence. For the financial year under review, all Independent Directors confirmed that they did

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.

Aside from the declaration of independence by the Independent Directors, 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 has any relationships which are likely to affect his independent judgement and character.

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 (3) financial years;
- (b) The Director who has an immediate family member who is, or has been in any of the past three (3) 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 (9) years (whether before or after listing). This rule was amended by SGX on 11 January 2023 to impose a hard 9-year ruling on independent directors and revoking the previous mandatory 2-tier voting process;
- (d) the Director, or whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;
- (e) the Director or whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder (i.e. with at least 5% interest) 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). As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant; or
- (f) the Director who is or has been directly associated with a substantial shareholder (i.e. with at least 5% interest) of the Company, in the current or immediate past financial year.

For FY2022, the NC is of the view that none of the Independent Directors who were considered independent had any of the above relationships or circumstances, and each Independent Director has demonstrated independence in his conduct, character and judgment during discussion sessions of the Board and Board Committees. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

Board diversity

The Company recognises the importance and benefits of having a diverse Board to enhance the quality of its performance. The terms of reference of the NC includes consideration of candidates from a wide range of backgrounds, their merits and against objective criteria with due regard for the benefits of diversity on the Board, including gender, skills, knowledge, experience and other aspects of diversity where necessary. The Board currently comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge ranging from legal, accounting and finance expertise to individuals with the industry knowledge relevant to the Group's business.

In FY2022, at the recommendation of the NC, the Board adopted a Board diversity policy that addresses gender, skills, experience and other relevant aspects of diversity. Through the policy, the Board has set targets and objectives to select Board candidates based on a range of diversity perspectives without any discrimination. No candidate shall be disregarded by disability, gender, sexual orientation, age, race, ethnicity, religion, physical impairment or any other potential factor of difference. Presently, there is no immediate need to appoint new candidates given that all Independent Directors were of less than 9-year tenure and the Board was last refreshed in 2021 with the appointment of two (2) new Independent Directors. Nevertheless, the Board is committed and will be mindful of such diversity targets in its search and selection process for new Board candidates. Any search firm engaged will be specifically directed to this policy.

For the Board composition in FY2022, the NC reviewed and was satisfied that the Board and Board Committees were of appropriate size. The Board also 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. For information on the background, skillset and experience of the Directors, please refer to the profiles of the Directors as set out in the "Board of Directors" section of this Annual Report.

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

Principle 3: Chairman and Chief Executive Officer ("CEO")

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.

Chairman-CEO separation

Mr Ma Zhaoyang ("**Mr Ma**") is the Executive Chairman of the Board. Mr Ma is responsible for leading 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 are allocated to the Board members for discussion.

On 1 August 2022, Mr Zhang Zengtao ("**Mr Zhang**"), formerly a Non-Executive Non-Independent Director was re-designated as Executive Director and CEO. The CEO is responsible for the Group's entire operations.

In addition, there was a Deputy CEO, namely Mr Cao Jianshun ("**Mr Cao**") who was appointed on 8 March 2019 and resigned on 10 January 2023. The Deputy CEO was responsible for the Group's cement operations.

Both Mr Zhang and Mr Cao have no family relationship with Mr Ma.

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.

Lead Independent Director

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 Guok Chin Huat Samuel as the Lead Independent Director since 26 April 2021. 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 or inadequate.

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.

Corporate Governance Report (Cont'd)

Nominating Committee and its activities

The NC, regulated by a set of written terms of reference endorsed by the Board, comprises the following three (3) Board members, all of whom including the NC Chairman (who is also the Lead Independent Director), are Non-Executive Independent Directors:

Guok Chin Huat Samuel

– Chairman, Lead Independent Director

Wong Chee Meng Lawrence

– Member, Independent Director

Wong Loke Tan

– Member, Independent Director

During FY2022, the NC conducted activities in line with its terms of reference as set out below.

- (a) The functions of the NC include, amongst others, reviewing and recommending to the Board on relevant matters relating to:
 - (i) the Board succession plans of the Directors, in particular the Chairman and CEO, as well as the Independent Directors, taking into consideration each Director's contribution and performance;
 - (ii) review of succession planning for key management personnel of the Group;
 - (iii) the development of a process and criteria for evaluation of the performance of the Board of Directors, the Board Committees, Directors and key management personnel;
 - (iv) the review of training and professional development programmes for the Board of Directors; and
 - (v) 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, abilities and diversity;
- (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;
- (f) evaluating the performance and effectiveness of the Board as a whole, the Board Committees and contribution by the Chairman and individual Directors; and
- (g) review all diversity related charters in the context of sustainability governance to streamline into the overall governance.

The NC meets at least once a year. 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 re-election as Director.

Directors' selection and nomination process

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. The NC will also consider tapping on the resources or services provided by the Council for Board Diversity, the Singapore Institute of Directors and relevant professional associations to facilitate their search process. 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.

Directors' rotation and re-election

One-third of the Board is to retire by rotation and subject themselves to re-election. The Constitution of the Company 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 (3), 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. In addition, all Directors are required to submit themselves for re-nomination and re-appointment at least once every three (3) years. The Constitution aligns with the Listing Manual in this respect.

Pursuant to Regulation 102 of the Constitution of the Company, Mr Chng Beng Hua ("**Mr Chng**"), Mr Guok Chin Huat Samuel ("**Mr Guok**") and Mr Wong Loke Tan ("**Mr Wong**") are due to retire at the forthcoming AGM. Each of Mr Chng, Mr Guok and Mr Wong, being eligible, has offered himself for re-election. The details of Mr Chng, Mr Guok and Mr Wong as required under Rule 720(6) of the Listing Manual are set out in the 'Disclosure of Information on Directors Seeking Re-Election' section of this Annual Report.

The NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election. The Board has concurred with the NC's recommendation. Each member of the NC or any Director had abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of his re-election as Director.

Pursuant to Regulation 106 of the Constitution of the Company, Directors who were newly appointed since the last AGM will have to vacate their office at the close of the forthcoming AGM. The retiring Directors, being eligible, may offer themselves for re-election. There was no Director due for re-election under Regulation 106 at the forthcoming AGM.

Maximum limit on outside directorships

As an individual Director's ability to commit time to the Group's affairs is essential, the NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five (5). The NC noted that all Directors had complied with this guideline in FY2022.

The Board would generally avoid approving the appointment of alternate directors unless in exceptional cases of medical emergency. There was no alternate director on the Board in FY2022.

Profile of the Directors, detailing their qualifications, directorships in other listed companies and principal commitments, their appointment to the Board and the date of their last re-election can be found on pages 12 to 13 of this Annual Report.

Principle 5: Board Performance

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

Annual appraisal process of Board, Board Committees and individual Directors

The Board acknowledges the importance of a formal assessment of Board performance and embraces the NC's recommendation on the objective performance criteria and process for the evaluation of the Board, Board Committees and individual Directors. Through the NC's recommendation, the Board 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(ies) compiles the Directors' responses in the evaluation forms and prepares 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 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 exercise for FY2022 for the Board was conducted at the beginning of the year and the results were presented to the NC for discussion in February 2023. 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 had multiple board representations.

For FY2022, the Company did not engage any external facilitator for the performance evaluation process of the Board, the Board Committees and the Directors.

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.

Remuneration Committee and its activities

The RC, regulated by a set of written terms of reference endorsed by the Board, comprises the following three (3) Board members, all of whom including the RC Chairman, are Non-Executive Independent Directors:

Ng Kian Guan

– Chairman, Independent Director

Guok Chin Huat Samuel

– Member, Lead Independent Director

Wong Chee Meng Lawrence

– Member, Independent Director

During FY2022, the RC conducted activities in line with its terms of reference as set out below.

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

Corporate Governance Report (Cont'd)

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 ("**KMP**") 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 EDs and KMP'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 EDs and KMP'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 EDs and KMP, for endorsement by the Board;

(f) where long-term incentives schemes have been implemented by the Company, reviewing whether EDs and KMP 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 KMP;

(h) considering relevant sustainability governance aspect(s) that the NC recommends to integrate into the governance of the Company, within the areas and duties and powers of the RC; and

(i) 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 EDs and KMP to the Board for approval. 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 KMP. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2022.

Each member of the RC or any Director abstains from voting on any resolution or participating in any deliberation in respect of his remuneration package and matters in which he has an interest. No director is involved in deciding his own remuneration.

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 ED. 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.

Remuneration linked to performance

The remuneration for EDs and KMP comprises salaries, allowances, benefits-in-kind 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 are reviewed and approved by the RC, and endorsed by the Board. The Company does not have any long-term incentive scheme(s) such as employee share option schemes or performance share plans in place.

Non-executive Directors' fees

Non-Executive Directors (including Non-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 AGM prior to payment. Such annual fees are determined based on the level of skills, responsibilities and commitments required of each Non-Executive Director.

The RC had recommended an amount of S\$185,000 as Directors' fees to be paid to the Independent Directors for the financial year ending 31 December 2023. 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 and Board members had abstained from deliberating and voting on his own remuneration.

Remuneration table for Directors and CEO

A breakdown showing the level and mix of each individual Director's and the CEO's remuneration (in bands of S\$250,000) for FY2022 is disclosed in the table below:

Name of Director	Remuneration Band	Salary/ Allowances/ Benefits-in-Kind %	Bonus %	Directors' Fees S\$	Total %
Executive Chairman					
Ma Zhaoyang	S\$500,000 – S\$749,999	100	-	-	100
Executive Director & CEO					
Zhang Zengtao ⁽¹⁾	S\$0 – S\$249,999	100	-	26,250	100
Executive Director					
Chng Beng Hua	S\$250,000 – S\$499,999	100	-	-	100
Independent Directors					
Guok Chin Huat Samuel	S\$0 – S\$249,999	-	-	50,000	100
Wong Loke Tan		-	-	45,000	100
Wong Chee Meng Lawrence		-	-	45,000	100
Ng Kian Guan		-	-	45,000	100

⁽¹⁾ Re-designated from Non-Independent Non-Executive Director to Executive Director and CEO with effect from 1 August 2022.

Save for the Directors' fees which are disclosed in exact amount above, the remuneration (include remuneration received from the Company and any of its subsidiaries) 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, allowances, benefits-in-kind and variable or performance-related bonuses. There were no stock options, share based incentive/awards and other long-term incentives.

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 Executive Directors' remuneration may have a negative impact on the Company.

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Remuneration Bands of top five (5) key management personnel (who are not Directors or the CEO) ⁽¹⁾

Name of Key Management Personnel	Remuneration Band	Salary/Allowances/ Benefits-in-Kind %	Bonus %	Total
Cao Jianshun	S\$250,000 – S\$499,999	79	21	100
Lee Zhen Jesica		100	-	100
Zhao Yuanyuan	S\$0 – S\$250,000	100	-	100
Chng Tze Sian Milton		100	-	100

⁽¹⁾ The Group had appointed only four (4) key management personnel (who are not Directors or the CEO) in FY2022. Profile of current key management personnel can be found on page 14 of this Annual Report.

The remuneration (include remuneration received from the Company and any of its subsidiaries) of each KMP 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, allowances, variable or performance-related bonuses and benefits-in-kind. There were no employee share option (or share incentive) schemes and other long-term incentives.

For FY2022, the aggregate total remuneration paid to the above named top four (4) KMP amounted to S\$941,000.

For FY2022, there were no termination, retirement and post-employment benefits granted to Directors and the top four (4) KMP (who are not Directors or the CEO).

Remuneration of employees who are substantial shareholders or are immediate family members of a Director, CEO or substantial shareholder

The table below shows the remuneration of an executive who is an immediate family member of a Director and whose remuneration exceeds S\$100,000 for FY2022:

Name	Relationship	Position	Remuneration Band
Chng Tze Sian Milton	Son of Mr Chng Beng Hua	Assistant General Manager (Corporate Affairs)	S\$100,001 to S\$150,000

Except as disclosed above and the remuneration of Mr Ma Zhaoyang (Executive Chairman and substantial shareholder) and Mr Zhang Zengtao (Executive Director/CEO and substantial shareholder) whose salary are disclosed in the above remuneration table for Directors and CEO, there is no other employee who is a substantial shareholder of the Company or is an immediate family member of a Director, the CEO or a substantial shareholder of the Company in FY2022.

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 including sanctions-related risks, and information technology controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

The Chief Risk Officer is responsible for 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.

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.

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 CFO that the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company's operations and finances; and
- (b) the CEO and other KMP who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems in addressing key financial, operational, compliance including sanctions-related risks, and information technology risks.

Board's commentary, with the concurrence of the AC, on the adequacy and effectiveness of internal controls and risk management systems

Based on the internal controls established and maintained by the Group, work performed by the external and internal 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 (including financial, operational, compliance including sanctions-related risks and information technology controls) and risk management systems were adequate and effective as at 31 December 2022. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

The Group does not have business operations or business activities in a jurisdiction which is subject to sanctions-related law or regulation, or, due to changes in sanctions law, becomes a sanctioned nation.

The Board and the AC will be: (i) responsible for monitoring the Group's risk of becoming subject to, or violating any sanctions law; and (ii) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities.

Principle 10: Audit Committee

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

Audit Committee and its activities

The AC comprises the following four (4) Board members, all of whom including the AC Chairman, are Non-Executive Independent Directors:

Wong Loke Tan

– Chairman, Independent Director

Guok Chin Huat Samuel

– Member, Lead Independent Director

Wong Chee Meng Lawrence

– Member, Independent Director

Ng Kian Guan

– Member, Independent Director

Majority of the AC members have accounting and finance background. At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The AC Chairman, Mr Wong Loke Tan was previously a banker by profession. Mr Wong remains active in the business community and has accumulated profound accounting and financial knowledge. For more information on the relevance of the AC members' skillset and experience, please refer to the Directors' profile under the "Board of Directors" section on pages 12 to 13 of this Annual Report.

During FY2022, the AC conducted activities in line with its terms of reference and its statutory duties prescribed under Section 201B(5) of the Companies Act as set out below.

The duties and responsibilities of the AC under the written terms and reference defining its membership, administration and duties include reviewing and recommendation to the Board on the following:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance, and how these issues were addressed;
- (b) reviewing with the external and internal auditors the audit plan, audit procedure, their evaluation of the system of internal accounting controls, their audit report and findings, their letter to Management and Management's response, as well as assistance given by the Company's officers to the auditors;
- (c) 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;

Corporate Governance Report (Cont'd)

- (d) reviewing the financial statements of the Company including half 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;
- (e) 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 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;
- (f) reviewing the internal control procedures and ensure co-ordination between the external auditors and 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 Management at least annually;
- (g) 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;
- (h) overseeing the Group whistleblowing policy and ensuring that the Group publicly discloses and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns and report such significant matters to the Board;
- (i) reviewing the adequacy, effectiveness, independence, objectivity, scope and results of the external audit and the Group's internal audit function annually;
- (j) considering and nominate the appointment or re-appointment of the external auditors, their remuneration and terms of engagement, and matters relating to the resignation or dismissal of the external auditors;
- (k) 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, as well as related party transactions;
- (l) reviewing potential conflicts of interest, if any;
- (m) reviewing the work by the internal auditors on the internal review and any external assurance of the Company's annual sustainability report; ensuring that sustainability reporting integrates the process of monitoring and control; and reviewing the annual sustainability report before submission to the Board for approval.
- (n) reviewing the policy and arrangements for concerns of possible improprieties in sustainability reporting, including its monitoring and control, or other matters to be safely raised, independently investigated and appropriately followed upon;
- (o) 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;
- (p) generally undertaking such other functions and duties, including sustainability related matters, as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time;
- (q) review at least annually and assessing the adequacy and effectiveness of the internal controls addressing the financial, operational, compliance including sanctions-related risks and sustainability reporting, information technology and risk management;
- (r) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities;
- (s) monitoring the Company's risk of becoming subject to, or violating, any sanctions law, assessing whether there is a need to obtain independent legal advice or appointment of a compliance advisor in relation to sanctions-related risks applicable to the Group and continuous monitoring of the validity of the information provided to shareholders and the SGX-ST;
- (t) 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;
- (u) 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;
- (v) 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;

- (w) 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
- (x) 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 external and internal auditors, the adequacy and effectiveness of the internal control and risk management.

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. A risk-based internal audit plan, which sets out the areas to be audited by the internal auditors, was reviewed and approved by the AC, before the commencement of the audit work to assess the adequacy and effectiveness of internal controls, regarding areas which are of significant or higher risks to the Group's business activities. 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 external and internal auditors at least once a year without the presence of Management to review the adequacy of audit arrangements on the scope, quality and observations of the external and internal audits, and the independence and objectivity of the external auditors. The last private session with the external and internal auditors was held in February 2023.

AC's commentary on the independence, effectiveness and adequacy of the internal audit function

The internal audit function of the Group for FY2022 was carried out by BDO Advisory Pte Ltd, 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 a partner who has more than 25 years of experience in audit and advisory services. He holds Bachelor of Accountancy Degree (Honours) from Nanyang Technological University, Singapore, and is a Chartered Accountant of Institute of Singapore Chartered Accountants and Certified Internal Auditor of the Institute of Internal Auditors ("IIA"). The AC

is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals. The internal audit function follows a global internal audit methodology, which references to the International Standards for the Professional Practice of Internal Auditing, as set by IIA. The internal auditors have unfettered access to the AC and all Company's documents, records, properties and personnel.

The AC, after having reviewed the internal audit reports and remedial actions implemented by Management, the AC was satisfied that the internal audit functions were independent, effective and adequately resourced.

External auditors

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. KPMG LLP was appointed as the Company's external auditors. Ms Teo Han Jo is the audit engagement partner in-charge of the audit of the Company since the financial year ended 31 December 2022.

The AC had reviewed the non-audit services performed by the external auditors for FY2022 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. For FY2022, the external auditors were assessed based on the audit quality indicators disclosure framework issued by the Accounting and Corporate Regulatory Authority.

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

External Auditors' Fees	FY2022 S\$'000	% of Total Audit Fees
Audit services	843	94
Non-audit services	54	6
Total audit fees paid	897	100

The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2023 for shareholders' approval at the forthcoming AGM of the Company.

The Company has appointed KPMG LLP Singapore as the auditors of all subsidiaries in Singapore, except for those under liquidation or strike-off as at 31 December 2022.

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.

Corporate Governance Report (Cont'd)

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 of the Listing Manual 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 and are not prejudicial to the interests of the Company and its minority shareholders.

Whistleblowing policy

The Company has put in place a whistleblowing policy which sets out the procedure for a whistleblower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The Company has committed to ensure that the identity of the whistleblower and the investigation reports and records would be kept confidential. The Company is also committed to ensure the protection of the whistleblower against detrimental or unfair treatment.

The Company has designated the AC as the independent function to investigate whistleblowing reports made in good faith. The AC may also obtain expert professional advice whenever there is a need to consult externally, at the expense of the Company.

The AC is responsible for the oversight and monitoring of the whistleblowing policy. There were no whistleblowing reports received in FY2022.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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 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 sessions.

The Board (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 Directors' attendance at AGM is disclosed at Principle 1 above.

The Company will generally avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one (1) significant proposal.

The Company allows all individual and corporate shareholders to appoint up to two (2) 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 (2) proxies to attend the general meetings. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, can also inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy.

The Company will also prepare minutes of general meetings that include substantial and relevant 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 and SGXNET within the prescribed timeframe.

All resolutions put to the vote at the forthcoming AGM will be voted on by poll (in compliance with Rule 730A(2) of the Listing Manual) 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. An independent scrutineer is appointed for each general meeting to ensure that proper voting process is in place, and to direct, supervise and validate the vote count.

Presently, the Company's Constitution does not provide for absentia voting at general meetings except that the instrument of proxy may be submitted by electronic communication. It is market sentiment that presently, security and integrity issues are of concern. Nevertheless, the Company may consider amending its Constitution to allow for absentia voting when the practice is more prevalent and/or adopt absentia voting when relevant legislative changes have been effected.

In FY2022, due to the COVID-19 pandemic, the FY2021 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 Company did not receive any queries from shareholders on the agenda items of the AGM and an SGXNET announcement was made before the AGM accordingly.

Although the Order will be in force up to 30 June 2023, the Company will be conducting its forthcoming AGM by physical meeting to facilitate better shareholder interaction and communication.

Dividend policy

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 any payment of dividend for FY2022 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 ensures 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 advise 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, sustainability reports, letter to shareholders, minutes of general meetings and press releases are available on the Company's website. A press release accompanies the results announcement for better investor communication. The Company engages an external investor relations ("IR") consultant – GC Consultants Pte Ltd. The IR contact details are published in each press release. The Company's corporate website also has a dedicated IR section which shareholders may access for information on its announcements and publications.

The Company also provides the 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 has published its FY2022 Sustainability Report on 05 April 2023 concurrently with the announcement of this Annual Report. The Sustainability Report is publicly accessible through the Company's website as well as on SGXNET, and it should be read in conjunction with the Annual Report presented here.

Corporate Governance Report (Cont'd)

The Sustainability Report sets out the Group's sustainability practices with reference to the primary components on (i) material ESG factors; (ii) climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures; (iii) policies, practices and performance; (iv) targets; (v) sustainability reporting framework; and (vi) Board statement and governance structure in relation to the sustainability practices. Please refer to the Sustainability Report for the detailed disclosures.

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 the Company, its Directors and officers of the Group. In FY2022, the Company, its Directors and officers who had access to price-sensitive, financial or confidential information were prohibited to deal in the Company's shares during the period commencing one (1) month before the half and full year announcement, and ending on the date of announcement of such financial results.

The Company, its Directors and officers 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 officers of the Group are discouraged from dealing in the Company's securities on short term considerations.

F. INTERESTED PERSON TRANSACTIONS

The Company had established internal procedures for the monitoring and review of interested person transactions. The AC and the Board ensure that interested person transactions are conducted fairly on arms' length basis, and are not prejudicial to the interests of the Company and its minority shareholders.

The AC and Board reviewed all interested party transactions for FY2022 and was satisfied that the aggregate value of the transactions is below the threshold level as set out in Chapter 9 of the Listing Manual and do not require announcement or shareholders' approval.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions 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 conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)
Mr Juraev Rajab Davlatovich ⁽¹⁾ - provision of transportation services to subsidiaries	Controlling shareholder of non-controlling interests of subsidiaries of the Group	S\$3,508,000	NA

Note:

⁽¹⁾ Interested person transactions are with companies which are wholly owned by Mr Juraev Rajab Davlatovich, who is a Tajikistan national and the owner of Dastoni Mohir LLC, a corporation established in Tajikistan which holds 35% participation interest in the Group's subsidiary, International Manufacturing Company Chzhungtsai Mohir Cement LLC, Mohir Cement LLC and Mohir Investment LLC.

G. MATERIAL CONTRACTS

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

H. USE OF PROCEEDS

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 S\$0.045 (the

"Placement") amounting to S\$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.

As at 31 December 2022, the Group had not utilised the proceeds from the Placement.

Major Properties Held by the Group

As at 31 December 2022

Owned by	Location & description of property	Tenure	Land area (sq. metres)	Built-up (sq. metres)
Compact Bricks Sdn. Bhd.	Land and aluminium factory located at PTD 32680, HSD 64234, Mukim of Bukit Batu, Kulai, Johor, Malaysia	21 years till 30/10/2042	40,464	17,030
International Manufacturing Company Chzhungtsai Mohir Cement LLC	Land and building located at 19 Promzona Street, Dakhana Town, Yovon District, Khatlon Region, Tajikistan	Freehold	247,950	11,344
Mohir Cement LLC	Land and building located at Industrial Zone, Village Council of Madaniyat Village, Jaloliddin Balkhi District, Khatlon Region, Tajikistan	Freehold	60,770	5,220
Alacem LLP	Land and building located at No. 1, Kyzylzhar Shosse, Kerbulak District, Almaty Oblast, Kazakhstan	Freehold	400,000	10,184
Sharcem LLP	Land and building located at No. 20, Zhanazhol Street, Konyrbiik Village, Karasu Rural District, Zharma District, East Kazakhstan Region, Kazakhstan	Freehold	170,600	7,299
Korcem LLP	Land and building located at No. 148, Baydibek, Korday Village, Korday District, Zhambyl Region, Kazakhstan	20 years till 19/10/2042	500,000	4,325
Jetysu Terminal LLP	Land located at No. 141, Kerbulak District, Sary-Ozek Village, Sary-Ozek Rural District, Almaty Oblast, Kazakhstan	46 years till 17/05/2068	600,000	–

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 2022.

In our opinion:

- (a) the financial statements set out on pages 55 to 118 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 2022 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 Companies Act 1967 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
Guok Chin Huat Samuel
Wong Loke Tan
Wong Chee Meng Lawrence
Ng Kian Guan

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (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	1,467,500,000	1,467,500,000
Zhang Zengtao		
Ordinary shares		
- interests held	217,500,000	217,500,000
- deemed interests	3,150,000,000	3,150,000,000
Chng Beng Hua		
Ordinary shares		
- interests held	14,500,000	14,500,000
- deemed interests	5,000,000	5,000,000
Ng Kian Guan		
Ordinary shares		
- interests held	10,000,000	10,000,000

Directors' interests (Cont'd)

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.

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 2023.

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:

Wong Loke Tan	(Chairman), Independent, Non-Executive Director
Guok Chin Huat Samuel	Lead Independent, Non-Executive Director
Ng Kian Guan	Independent, Non-Executive Director
Wong Chee Meng Lawrence	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 also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- 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 the auditors for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Statement (Cont'd)

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Zhang Zengtao

Director

Chng Beng Hua

Director

30 March 2023

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 2022, 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 55 to 118.

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 1967 (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 2022 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
<p>Impairment assessment of non-financial assets</p> <p>(Refer to Notes 3.9(ii), 4 and 5 to the financial statements)</p> <p>The Group's net asset value exceeded its market capitalisation by \$174.7 million as at 31 December 2022. This indicates that non-financial assets may be impaired.</p> <p>The Group tests for impairment when there are indicators that the carrying amounts of the non-financial assets may not be recoverable.</p> <p>In particular, the Group's assets include significant amounts of goodwill and subsoil rights, which are allocated to the cash generating unit ("CGU") of International Manufacturing Company Chzhungtsai Mohir Cement LLC and its operating subsidiary. These intangible assets are tested for impairment annually by estimating the recoverable amount of the CGU.</p> <p>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.</p>	<p>Our key procedures performed include the below, amongst others:</p> <ul style="list-style-type: none"> • evaluating controls designed and applied by the Group to ensure that its impairment analysis is appropriately undertaken and reviewed; • discussing with management and evaluated their determination of CGU; • reviewing 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; and • reviewing the disclosures in describing the inherent degree of estimation uncertainty and key assumptions applied.

Independent Auditors' Report (Cont'd)

Members of the Company
International Cement Group Ltd.

Key audit matters (Cont'd)

THE KEY AUDIT MATTER	HOW WAS THE MATTER ADDRESSED IN OUR AUDIT
<p>Completeness of property, plant and equipment and related depreciation</p> <p><i>(Refer to Notes 3.4 and 4 to the financial statements)</i></p>	
<p>As the Group continues to expand its cement business, the Group incurs significant capital expenditure for the construction of its property, plant and equipment in Tajikistan and Kazakhstan.</p> <p>The Group relies on the expertise of quantity surveyors of its contractors, and internal and external documentation in estimating the total incurred cost of construction of property, plant and equipment.</p> <p>The Group evaluates the useful lives of the property, plant and equipment at the end of each reporting period to reflect changes in the expected level of usage and technological developments observed.</p> <p>As at each reporting date, significant judgement is involved in determination of total cost of construction of property, plant and equipment incurred to date, timing of recognition of such assets, determination of applicable useful lives and the commencement of depreciation.</p>	<p>Our key procedures performed include the below, amongst others:</p> <ul style="list-style-type: none"> • inspecting additions of property, plant and equipment during the year, on a sample basis, to supporting documents such as invoices, delivery notes and contracts, where applicable; • obtaining confirmations, on a sample basis, from suppliers and main contractors for payable balances as at reporting date; • reviewing correspondences with counterparties on additional costs incurred for property, plant and equipment, where applicable; and • assessing the reasonableness of the useful lives determined by the Group and reviewing the triggers which led to revision of useful lives, if any.

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, Corporate Structure, Chairman's Message, Group Chief Executive Officer's Message, Board of Directors, Key Executives, Operations and Financial Review, Corporate Social Responsibility, Corporate Information, Corporate Governance Report, Major Properties Held by the Group, Directors' Statement and Shareholding Statistics prior to the date of this auditors' report.

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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Cont'd)

Members of the Company
International Cement Group Ltd.

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 Teo Han Jo.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 March 2023

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

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Property, plant and equipment	4	356,883	279,423	462	627
Intangible assets and goodwill	5	38,247	39,700	–	–
Investment properties		138	128	–	–
Subsidiaries	6	–	–	176,009	178,522
Trade and other receivables	7	13,078	2,627	69,726	65,833
Contract assets	17	327	1,028	–	–
Deferred tax assets	16	2,159	129	–	–
		<u>410,832</u>	<u>323,035</u>	<u>246,197</u>	<u>244,982</u>
Current assets					
Inventories	8	37,441	27,237	–	–
Trade and other receivables	7	24,878	29,352	39	40
Contract assets	17	2,747	1,174	–	–
Cash and cash equivalents	9	11,632	12,390	49	47
		<u>76,698</u>	<u>70,153</u>	<u>88</u>	<u>87</u>
Total assets		<u>487,530</u>	<u>393,188</u>	<u>246,285</u>	<u>245,069</u>
Equity attributable to owners of the Company					
Share capital	10	276,824	276,824	198,647	198,647
Capital reserve	11	(19,838)	4,544	5,832	4,140
Currency translation reserve	11	(27,196)	(33,899)	–	–
Accumulated profits/(losses)	11	4,166	(23,211)	(11,994)	(26,776)
		<u>233,956</u>	<u>224,258</u>	<u>192,485</u>	<u>176,011</u>
Non-controlling interests	12	55,322	48,294	–	–
Total equity		<u>289,278</u>	<u>272,552</u>	<u>192,485</u>	<u>176,011</u>
Non-current liabilities					
Loans and borrowings	13	38,466	36,738	38,466	59,269
Trade and other payables	14	77,844	25,876	242	379
Provisions	15	3,163	28	15	15
Deferred tax liabilities	16	12,788	10,581	–	–
		<u>132,261</u>	<u>73,223</u>	<u>38,723</u>	<u>59,663</u>
Current liabilities					
Loans and borrowings	13	3,416	–	–	–
Tax payable		209	–	–	–
Trade and other payables	14	60,247	44,435	15,077	9,395
Contract liabilities	17	1,837	2,472	–	–
Provisions	15	282	506	–	–
		<u>65,991</u>	<u>47,413</u>	<u>15,077</u>	<u>9,395</u>
Total liabilities		<u>198,252</u>	<u>120,636</u>	<u>53,800</u>	<u>69,058</u>
Total equity and liabilities		<u>487,530</u>	<u>393,188</u>	<u>246,285</u>	<u>245,069</u>

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	17	225,195	181,429
Cost of sales		(128,522)	(106,629)
Gross profit		<u>96,673</u>	<u>74,800</u>
Other income		1,991	1,519
Selling and distribution expenses		(5,553)	(3,520)
Administrative expenses		(30,230)	(17,816)
Reversal of loss allowance on trade and other receivables and contract assets		175	100
Other expenses		(13,312)	(3,585)
Results from operating activities		<u>49,744</u>	<u>51,498</u>
Finance income	18	51	36
Finance costs	18	(3,115)	(4,811)
Net finance costs		<u>(3,064)</u>	<u>(4,775)</u>
Profit before tax	19	46,680	46,723
Tax expense	20	(7,850)	(9,339)
Profit for the year		<u>38,830</u>	<u>37,384</u>
Profit attributable to:			
Owners of the Company		28,940	26,350
Non-controlling interests	12	9,890	11,034
Profit for the year		<u>38,830</u>	<u>37,384</u>
Earnings per share (cents)			
Basic earnings per share	21	0.50	0.46
Diluted earnings per share	21	0.50	0.46

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Profit for the year		38,830	37,384
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations		10,600	3,703
		10,600	3,703
Other comprehensive income for the year, net of tax		10,600	3,703
Total comprehensive income for the year		49,430	41,087
Total comprehensive income attributable to:			
Owners of the Company		35,587	29,487
Non-controlling interests	12	13,843	11,600
Total comprehensive income for the year		49,430	41,087

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Note	Share capital \$'000	Capital reserve \$'000
At 1 January 2021		276,824	2,517
Total comprehensive income for the year			
Profit for the year		–	–
Other comprehensive income			
Realisation of revaluation reserve		–	–
Foreign currency translation differences – foreign operations		–	–
Total other comprehensive income		–	–
Total comprehensive income for the year		–	–
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends declared to non-controlling interest	11	–	–
Fair value adjustments on loans from major shareholders	13	–	2,027
Fair value adjustments on loan from non-controlling interest	13	–	–
Total contributions by and distributions to owners		–	2,027
Changes in ownership interests in subsidiaries			
Acquisition of subsidiary with non-controlling interest		–	–
Incorporation of subsidiaries with non-controlling interests		–	–
Total changes in ownership interests in subsidiaries		–	–
Total transactions with owners		–	2,027
At 31 December 2021		276,824	4,544
At 1 January 2022		276,824	4,544
Total comprehensive income for the year			
Profit for the year		–	–
Other comprehensive income			
Foreign currency translation differences – foreign operations		–	–
Total other comprehensive income		–	–
Total comprehensive income for the year		–	–
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends declared to non-controlling interest	11	–	–
Fair value adjustments on loans from major shareholders	13	–	1,692
Total contributions by and distributions to owners		–	1,692
Changes in ownership interests in subsidiaries			
Acquisition of subsidiary with non-controlling interest		–	–
Acquisition of non-controlling interest without a change in control		–	(26,074)
Total changes in ownership interests in subsidiaries		–	(26,074)
Total transactions with owners		–	(24,382)
At 31 December 2022		276,824	(19,838)

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

Revaluation reserve \$'000	Currency translation reserve \$'000	Accumulated (losses)/ profits \$'000	Total equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
156	(37,036)	(49,717)	192,744	46,485	239,229
–	–	26,350	26,350	11,034	37,384
(156)	–	156	–	–	–
–	3,137	–	3,137	566	3,703
(156)	3,137	156	3,137	566	3,703
(156)	3,137	26,506	29,487	11,600	41,087
–	–	–	–	(11,330)	(11,330)
–	–	–	2,027	–	2,027
–	–	–	–	(774)	(774)
–	–	–	2,027	(12,104)	(10,077)
–	–	–	–	(8)	(8)
–	–	–	–	2,321	2,321
–	–	–	–	2,313	2,313
–	–	–	2,027	(9,791)	(7,764)
–	(33,899)	(23,211)	224,258	48,294	272,552
–	(33,899)	(23,211)	224,258	48,294	272,552
–	–	28,940	28,940	9,890	38,830
–	6,647	–	6,647	3,953	10,600
–	6,647	–	6,647	3,953	10,600
–	6,647	28,940	35,587	13,843	49,430
–	–	–	–	(8,346)	(8,346)
–	–	–	1,692	–	1,692
–	–	–	1,692	(8,346)	(6,654)
–	–	–	–	24	24
–	56	(1,563)	(27,581)	1,507	(26,074)
–	56	(1,563)	(27,581)	1,531	(26,050)
–	56	(1,563)	(25,889)	(6,815)	(32,704)
–	(27,196)	4,166	233,956	55,322	289,278

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit for the year		38,830	37,384
Adjustments for:			
Amortisation of intangible assets	19	2,650	2,511
Bad debts written off	19	–	119
Depreciation of property, plant and equipment	19	13,785	14,573
Finance costs	18	3,115	4,811
Finance income	18	(51)	(36)
Gain on disposal of property, plant and equipment	19	(13)	(11)
Impairment loss on property, plant and equipment	19	784	825
Impairment loss on intangible assets	19	2,331	–
Reversal of loss allowance on trade and other receivables and contract assets	23	(175)	(100)
(Reversal of)/Provision for onerous contracts	19	(119)	395
Reversal of provision for warranties	19	(22)	(4)
Unrealised exchange loss	19	7,986	2,054
Write-back of inventories	19	(426)	(174)
Write-off of other payables	19	–	(540)
Write-off of property, plant and equipment	19	875	140
Tax expense	20	7,850	9,339
		<hr/> 77,400	<hr/> 71,286
Changes in:			
- inventories		(7,540)	(5,659)
- contract assets		(888)	382
- trade and other receivables		(5,148)	(10,673)
- contract liabilities		(767)	(965)
- trade and other payables		5,751	2,217
Cash generated from operations		<hr/> 68,808	<hr/> 56,588
Tax paid		(4,818)	(4,629)
Net cash from operating activities		<hr/> <hr/> 63,990	<hr/> <hr/> 51,959
Cash flows from investing activities			
Acquisition of property, plant and equipment		(47,637)	(58,480)
Acquisition of intangible assets		(126)	(2,507)
Deposits pledged		–	(49)
Interest received		51	36
Proceeds from disposal of assets held for sale		–	360
Proceeds from disposal of investment in subsidiary, net of cash disposed of		521	–
Proceeds from disposal of property, plant and equipment		61	33
Net cash used in investing activities		<hr/> <hr/> (47,130)	<hr/> <hr/> (60,607)

	Note	2022 \$'000	2021 \$'000
Cash flows from financing activities			
Acquisition of non-controlling interest		(7,669)	–
Dividends paid to non-controlling interest		(8,081)	(6,254)
Withholding tax paid on dividends declared by a subsidiary	20	(3,072)	(3,626)
Interest paid	13	(1,694)	(1,276)
Payment of lease liabilities	13	(372)	(409)
Proceeds from loans from major shareholders	13	7,523	24,361
Repayment of loans from major shareholders	13	(4,152)	–
Repayment of loan from non-controlling interest	13	–	(2,020)
Net cash (used in)/from financing activities		<u>(17,517)</u>	<u>10,776</u>
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		12,283	10,047
Effect of exchange rate fluctuations on cash held		(95)	108
Cash and cash equivalents at end of the year	9	<u>11,531</u>	<u>12,283</u>

Significant non-cash transaction

During the year, an indirect subsidiary remitted a portion of the dividends declared to non-controlling interest amounting to \$3,416,000 to another indirect subsidiary instead, and this was accounted for as loans from non-controlling interest (Note 13).

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 30 March 2023.

1. Domicile and activities

International Cement Group Ltd. (the "Company") is incorporated in Singapore. The address of the Company's registered office is 100 Tras Street, #18-01 100 AM, Singapore 079027.

The financial statements of the Group as at and for the year ended 31 December 2022 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, sale and/or distribution of cement and related products; (ii) the undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture of aluminium extrusions and supply of all such related products; and (iii) the production and/or sale of gypsum plasterboards and related products.

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 reporting 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.

Note 4 – Cost of construction of property, plant and equipment

Significant judgement is used to estimate the total incurred cost of construction of property, plant and equipment as at each reporting date. In making these estimates, management has relied on the expertise of quantity surveyors of Engineering, Procurement and Construction ("EPC") contractors, and both internal and external documentation. The estimated cost of construction is reviewed at the end of each reporting period and adjusted where necessary, with the corresponding adjustments to the cost of property, plant and equipment and the cumulative depreciation from the date that the asset was completed and ready for use being recognised on the date that the change has occurred.

2. Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Note 4 – Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. The carrying amounts of the Group's property, plant and equipment are set out in Note 4. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

During the year, useful lives of property, plant and equipment were revised (see Note 4).

Notes 4 and 5 – Impairment of non-financial assets

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

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

Note 6 – Impairment of subsidiaries

The Company assesses at each reporting 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.

Note 8 – Write-down of slow-moving and obsolete inventories

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 write-down of inventories would increase the Group's recorded cost of sales and decrease current assets.

Note 15 – Provision for restoration costs

Provision for restoration costs is based on the best estimate of the costs to be incurred provided by external consultants and the scope of works agreed with the lessors or based on legislative requirements. Given the complexities involved in carrying out the restoration work on certain sites in the longer run, the actual costs may vary from the estimate. An increase in the Group's provision for restoration costs would increase the Group's cost of sales and increase non-current liabilities.

Note 15 – Provision for liquidated damages and onerous contracts

Provision for liquidated damages and onerous contracts 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. An increase in the Group's provision for liquidated damages and onerous contracts would increase the Group's recorded cost of sales and increase current liabilities.

Notes to the Financial Statements (Cont'd)

2. Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Critical accounting judgements in applying the Group's accounting policies

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

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; and
- Note 23 – financial instruments.

2.5 Changes in accounting policies

New standards and amendments

The Company 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 2022:

- Amendment to SFRS(I) 16: *COVID-19 Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

The Group has adopted Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract* from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January 2022 and determined that there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

2. Basis of preparation (Cont'd)

2.5 Changes in accounting policies (Cont'd)

New standards and amendments (Cont'd)

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

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.

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.

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)

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 'capital reserve' 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.

(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.

3. Significant accounting policies (Cont'd)

3.2 Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

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.

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 or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

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:

- 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: 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.

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).

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Cont'd)

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.

Non-derivative financial assets: Subsequent measurement and gains and losses

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.

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 major shareholders arising from significant modifications to the cash outflows, i.e. modification gain/loss will be accounted for as adjustments to transactions with owners in the Group's financial statements.

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 either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - 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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

(iii) Derecognition (Cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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.

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.

3. Significant accounting policies (Cont'd)

3.4 Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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. Freehold land is not depreciated.

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

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

- Leasehold properties over the lease term
- Freehold building 10 to 50 years (2021: 4 to 50 years)
- Plant and machinery 4 to 30 years (2021: 4 to 23 years)
- Furniture and fittings 2 to 15 years (2021: 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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

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, subsoil rights and licences are accounted for as intangible assets with finite useful lives 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 30 years (2021: 5 to 12 years)
- Licence 20 years

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

3.6 Investment properties

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

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. Significant accounting policies (Cont'd)

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.

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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

3.7 Leases (Cont'd)

(i) As a lessee (Cont'd)

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 leasehold properties, plant and machinery, and motor vehicles. 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'.

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. The write-down of inventories to net realisable value is included in 'cost of sales' in profit or loss.

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 cost; 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.

3. Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

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.

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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

Write-off

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

(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.

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) **Defined contribution plans**

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

(ii) **Short-term employee benefits**

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

3. Significant accounting policies (Cont'd)

3.11 Provisions

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

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; or
- in accordance with applicable legal requirements – the Group expects to incur the liability upon the end of the expected economic useful lives of its operations.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12 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.

3.13 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.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

3.14 Finance income and finance costs

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

Finance costs mainly comprise interest expense on lease liabilities, payables to the 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.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

3. Significant accounting policies (Cont'd)

3.15 Income tax (Cont'd)

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

3.18 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

(i) Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

(ii) Others

The following 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:

- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*

Notes to the Financial Statements (Cont'd)

4. Property, plant and equipment

	Leasehold properties \$'000	Freehold land \$'000	Freehold building \$'000
Group Cost			
At 1 January 2021	2,106	–	98,252
Additions	3	508	776
Disposals/Write-offs	(11)	–	–
Reclassification	–	–	851
Translation differences on consolidation	(6)	(3)	2,250
At 31 December 2021	2,092	505	102,129
At 1 January 2022	2,092	505	102,129
Additions	922	671	3,808
Acquisition of asset (Note 25)	1,396	–	–
Disposals/Write-offs	(1,098)	–	–
Reclassification	–	–	3,121
Translation differences on consolidation	(89)	(64)	9,728
At 31 December 2022	3,223	1,112	118,786
Accumulated depreciation and impairment losses			
At 1 January 2021	1,141	–	6,006
Depreciation for the year	176	–	2,538
Disposals/Write-offs	–	–	–
Impairment losses	4	–	–
Reclassification	–	–	–
Translation differences on consolidation	1	–	192
At 31 December 2021	1,322	–	8,736
At 1 January 2022	1,322	–	8,736
Depreciation for the year	135	–	2,688
Disposals/Write-offs	(1,098)	–	–
Impairment losses	784	–	–
Translation differences on consolidation	(9)	–	1,126
At 31 December 2022	1,134	–	12,550
Carrying amounts			
At 1 January 2021	965	–	92,246
At 31 December 2021	770	505	93,393
At 31 December 2022	2,089	1,112	106,236

Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Construction-in-progress \$'000	Total \$'000
151,863	1,092	3,171	940	10,375	267,799
3,838	74	3,606	85	45,140	54,030
(462)	(21)	(223)	(32)	–	(749)
8,849	201	2,554	10	(12,465)	–
550	2	17	9	(234)	2,585
164,638	1,348	9,125	1,012	42,816	323,665
164,638	1,348	9,125	1,012	42,816	323,665
34,446	925	580	102	51,391	92,845
–	–	–	–	–	1,396
(1,132)	(96)	(130)	(41)	(3,638)	(6,135)
51,787	–	–	2	(54,910)	–
(7,089)	(39)	(243)	39	(986)	1,257
242,650	2,138	9,332	1,114	34,673	413,028
16,807	821	1,100	680	2,498	29,053
10,550	88	1,171	87	–	14,610
(327)	(16)	(212)	(32)	–	(587)
–	15	–	23	783	825
74	–	(74)	–	–	–
181	1	8	3	(45)	341
27,285	909	1,993	761	3,236	44,242
27,285	909	1,993	761	3,236	44,242
11,292	135	336	89	–	14,675
(275)	(15)	(124)	(36)	(3,173)	(4,721)
–	–	–	–	–	784
66	4	15	26	(63)	1,165
38,368	1,033	2,220	840	–	56,145
135,056	271	2,071	260	7,877	238,746
137,353	439	7,132	251	39,580	279,423
204,282	1,105	7,112	274	34,673	356,883

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 2021	860	107	199	6	1,172
Additions	–	5	–	1	6
At 31 December 2021	860	112	199	7	1,178
At 1 January 2022	860	112	199	7	1,178
Additions	–	5	–	4	9
Write-offs	(285)	–	–	–	(285)
At 31 December 2022	575	117	199	11	902
Accumulated depreciation					
At 1 January 2021	322	11	40	3	376
Depreciation for the year	111	22	40	2	175
At 31 December 2021	433	33	80	5	551
At 1 January 2022	433	33	80	5	551
Depreciation for the year	111	22	40	1	174
Write-offs	(285)	–	–	–	(285)
At 31 December 2022	259	55	120	6	440
Carrying amounts					
At 1 January 2021	538	96	159	3	796
At 31 December 2021	427	79	119	2	627
At 31 December 2022	316	62	79	5	462

As at 31 December 2022, property, plant and equipment includes right-of-use assets amounting to: (i) \$593,000 and \$316,000 (2021: \$735,000 and \$427,000) relating to leasehold properties of the Group and Company respectively; and (ii) \$79,000 (2021: \$119,000) relating to motor vehicles of the Group and Company.

As at 31 December 2022, the Group's leasehold properties and freehold building include provision for restoration costs with net carrying amounts of \$137,000 and \$2,950,000 (2021: \$47,000 and \$nil) respectively, while the Company's leasehold properties include provision for restoration costs with net carrying amounts of \$8,000 (2021: \$11,000).

Depreciation charge

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Charged to profit or loss	13,785	14,573	174	175
Capitalised to construction-in-progress	890	37	–	–
	14,675	14,610	174	175

4. Property, plant and equipment (Cont'd)

Property, plant and equipment under construction

As at 31 December 2022, construction-in-progress mainly pertained to:

- construction of additional facilities in a cement plant in Kazakhstan;
- construction of a new cement plant in Kazakhstan; and
- construction of a new gypsum plasterboard plant in Tajikistan.

As at 31 December 2021, apart from the above mentioned, construction-in-progress also included: cement-related assets and cost incurred for upgrading works for a cement plant in Kazakhstan; and a freehold land used for a construction project that had been shelved by the Group indefinitely and its related construction costs.

Security

As at 31 December 2022, property, plant and equipment of the Group with a net carrying amount of \$129,074,000 (2021: \$103,989,000) was pledged to the EPC contractor to secure a deferred payment arrangement for the construction of a cement plant (see Note 14).

Impairment loss

Leasehold properties, furniture and fittings, and computers

As at 31 December 2022 and 2021, as impairment indicators were identified for the plant and equipment in the loss-making aluminium segment, the Group performed an impairment assessment to determine the recoverable amount of these property, plant and equipment. The recoverable amount was estimated using fair value less costs to sell, except for right-of-use assets which was estimated using value-in-use. As the recoverable amount was lower than the carrying amount of the CGU, an impairment loss of \$784,000 was recognised (2021: \$42,000).

Construction-in-progress

As at 31 December 2021, 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 was determined based on fair value less costs to sell. The fair value (under Level 3 of the fair value hierarchy) was determined based on an offer from a third party subsequent to the year end. 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 \$783,000 was recorded in 2021. During the year, the Group disposed the subsidiary which held the above freehold land and its related construction costs.

As at 31 December 2022, there were no impairment indicators on construction-in-progress.

Change in estimates

During 2022, the Group conducted an operational review at a cement plant in Kazakhstan, which resulted in changes in the expected usage of certain property, plant and equipment. The property, plant and equipment, which management has previously intended to remain in production ranging from 2 to 20 years from the date of completion of construction of the plant, is now expected to remain in production ranging from 8 to 50 years from the date of completion of construction of the plant. As a result, the expected useful life of the property, plant and equipment increased. The effect of these changes on actual and expected depreciation expense, included in 'cost of sales', 'selling and distribution expenses' and 'administrative expenses', was as follows:

	2022	2023	2024	2025	2026	Later
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
(Decrease)/Increase in depreciation expense	(3,055)	(3,071)	(3,070)	(3,043)	(2,988)	15,227

Notes to the Financial Statements (Cont'd)

5. Intangible assets and goodwill

Group	Computer software \$'000	Subsoil rights* \$'000	Goodwill^ \$'000	Licence# \$'000	Total \$'000
Cost					
At 1 January 2021	190	29,211	17,305	–	46,706
Additions	3	81	–	–	84
Acquisition of asset (Note 25)	–	–	–	2,423	2,423
Translation differences on consolidation	4	661	388	–	1,053
At 31 December 2021	197	29,953	17,693	2,423	50,266
At 1 January 2022	197	29,953	17,693	2,423	50,266
Additions	4	122	–	–	126
Translation differences on consolidation	18	2,919	1,724	(182)	4,479
At 31 December 2022	219	32,994	19,417	2,241	54,871
Accumulated amortisation and impairment losses					
At 1 January 2021	36	7,819	–	–	7,855
Amortisation for the year	27	2,484	–	–	2,511
Translation differences on consolidation	1	199	–	–	200
At 31 December 2021	64	10,502	–	–	10,566
At 1 January 2022	64	10,502	–	–	10,566
Amortisation for the year	23	2,627	–	–	2,650
Impairment losses	–	–	–	2,331	2,331
Translation differences on consolidation	7	1,160	–	(90)	1,077
At 31 December 2022	94	14,289	–	2,241	16,624
Carrying amounts					
At 1 January 2021	154	21,392	17,305	–	38,851
At 31 December 2021	133	19,451	17,693	2,423	39,700
At 31 December 2022	125	18,705	19,417	–	38,247

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

^ Goodwill arose from the Group's acquisition of 100% interest in an indirect subsidiary, HYD Tajikistan Investment Pte. Ltd., in 2017.

This relates to the Group's licence to carry out activities for the purchase and further sale of electricity to consumers (Note 25).

Impairment loss on intangible assets

As at 31 December 2022, as impairment indicators were identified for the electricity licence that was acquired in 2021, the Group performed an impairment assessment to determine the recoverable amount of this intangible asset. The recoverable amount for the electricity licence was estimated using value-in-use to determine the expected cost savings arising from the acquisition of this electricity licence. As the expected cost savings was lower than previously forecasted, the recoverable amount of the electricity licence was assessed to be zero, and a full impairment loss amounting to \$2,331,000 was recognised during the year (2021: \$nil).

5. Intangible assets and goodwill (Cont'd)

Impairment testing for CGU 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 operating subsidiary.

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.

	2022 %	2021 %
Forecasted revenue growth rate	1.6	(0.1)
Forecasted gross profit margin	45.0	41.0
Pre-tax discount rate	30.8	20.2
Terminal growth rate	6.5	6.5

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, adjusted for expected inflation.

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

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

As at 31 December 2022, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$2,667,000 (2021: \$65,615,000). As such, no impairment loss on goodwill was recognised.

Management has identified that a reasonably possible change in four key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these four assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for the carrying amount to equal the recoverable amount	
	2022 %	2021 %
Sales volume	(1.6)	(30.9)
Selling price	(0.3)	(5.9)
Pre-tax discount rate	0.6	8.4
Terminal growth rate	(0.9)	(15.9)

Notes to the Financial Statements (Cont'd)

6. Subsidiaries

	Company	
	2022 \$'000	2021 \$'000
Unquoted equity shares, at cost	195,456	195,456
Deemed investment	5,152	5,173
Deemed return of investment	(24,599)	(4,963)
Impairment losses	–	(17,144)
	176,009	178,522

Deemed investment relates to the difference between the fair value and face value of the loans to an indirect subsidiary at initial recognition (Note 7).

Deemed return of investment relates to the difference between the fair value and face value of the loans from a subsidiary at initial recognition and waiver of loans from a subsidiary (Note 13).

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Group effective ownership interest	
		2022 %	2021 %
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.			
HYD Tajikistan Investment Pte. Ltd. ⁽¹⁾	Singapore	100	100
International Cement Kazakhstan Pte. Ltd. ⁽¹⁾	Singapore	100	100
International Cement Korday Pte. Ltd. ⁽¹⁾	Singapore	100	100
International Cement Shar Pte. Ltd. ⁽¹⁾	Singapore	100	100
International Cement Tatarstan Pte. Ltd. ⁽³⁾	Singapore	–	100
International Cement Investment Management LLP	Kazakhstan	100	100
Cement Manufacturing International (Mauritius) ⁽⁴⁾	Mauritius	90	90
International Cement Namibia Ltd. ⁽³⁾	Mauritius	–	100
Held by International Cement Kazakhstan Pte. Ltd.			
Alacem LLP ⁽²⁾	Kazakhstan	87.5	87.5
Held by Alacem LLP			
Jetysu Terminal LLP (Note 25)	Kazakhstan	87.5	–
Held by International Cement Korday Pte. Ltd.			
Korcem LLP ⁽²⁾	Kazakhstan	87.5	87.5
Held by International Cement Shar Pte. Ltd.			
Sharcem LLP ⁽²⁾ (Note 25)	Kazakhstan	75	60
Held by Sharcem LLP			
Shygys Zharyq LLC	Kazakhstan	75	60

6. Subsidiaries (Cont'd)

Name of subsidiaries	Principal place of business/ Country of incorporation	Group effective ownership interest	
		2022 %	2021 %
Held by HYD Tajikistan Investment Pte. Ltd.			
International Manufacturing Company Chzhungtsai Mohir Cement LLC ⁽²⁾	Tajikistan	65	65
Mohir Investment LLC ⁽²⁾	Tajikistan	65	65
Held by International Manufacturing Company Chzhungtsai Mohir Cement LLC			
Mohir Cement LLC ⁽²⁾	Tajikistan	65	65
Mohir Plus LLC ⁽³⁾	Tajikistan	–	65
Khujand Mohir Cement LLC ⁽³⁾	Tajikistan	–	51
Held by Compact Metal Industries Pte. Ltd.			
AEL Enviro (Asia) Pte. Ltd. ⁽⁵⁾	Singapore	–	100
Aluform Marketing Pte Ltd ⁽³⁾	Singapore	–	100
Compact Metal Ind. Pte. Ltd. ⁽³⁾	Singapore	–	100
Compact Metal Industries Sdn. Bhd. ⁽²⁾	Malaysia	100	100
FacadeMaster Pte Ltd ⁽³⁾	Singapore	–	100
FacadeMaster Sdn. Bhd. ⁽⁶⁾	Malaysia	100	100
Integrate Private Limited ⁽¹⁾	Singapore	100	100
Ratus Projek Sdn Bhd ⁽⁷⁾	Malaysia	–	100
Selaco Aluminium Berhad ⁽⁸⁾	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 ⁽³⁾	Singapore	–	100

⁽¹⁾ Audited by KPMG LLP, Singapore.

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

⁽³⁾ Struck off/deregistered during the year.

⁽⁴⁾ In the process of striking off.

⁽⁵⁾ Liquidated during the year.

⁽⁶⁾ Liquidated subsequent to the year end.

⁽⁷⁾ Disposed during the year.

⁽⁸⁾ In the process of liquidation.

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Impairment loss

As at 31 December 2021, as impairment indicators were identified for a subsidiary, 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 \$4,973,000 was recognised in 2021.

During the year, the above subsidiary waived loans owing from the Company (2021: \$nil) which was recognised as deemed return of investment from the subsidiary (Note 13). As the deemed return of investment from the subsidiary was higher than the carrying amount, impairment losses previously recognised amounting to \$17,144,000 (2021: \$nil) was reversed.

Notes to the Financial Statements (Cont'd)

7. Trade and other receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	6,921	5,497	–	–
Accrued receivables	38	22	–	–
Allowance for doubtful receivables	(3,305)	(3,506)	–	–
	3,654	2,013	–	–
Tax-related receivables	12,467	10,043	–	–
Other receivables	1,471	603	–	–
Allowance for doubtful receivables	(120)	(125)	–	–
	13,818	10,521	–	–
Non-trade amounts due from indirect subsidiaries	–	–	3,053	140
Non-trade amounts due from non-controlling interest	4,445	6,853	–	–
Loans to indirect subsidiaries	–	–	66,673	65,693
	21,917	19,387	69,726	65,833
Deposits	205	160	32	32
Prepayments	15,834	12,432	7	8
	37,956	31,979	69,765	65,873
Non-current	13,078	2,627	69,726	65,833
Current	24,878	29,352	39	40
	37,956	31,979	69,765	65,873

Non-trade amounts due from indirect subsidiaries are unsecured, interest-free and repayable on demand. As at 31 December 2022, these amounts were assessed to be collectible after 12 months from the reporting date, therefore they were classified as 'non-current' in the statement of financial position.

As at 31 December 2022, non-trade amounts due from non-controlling interest are unsecured, interest-free and repayable on demand. These amounts were repaid subsequent to year end.

Loans to indirect subsidiaries are unsecured, interest-free and due between 2024 and 2025 (2021: 2022 and 2024). The difference between the fair value and face value of the loans at initial recognition, where applicable, was recognised as an additional investment in the indirect subsidiary in the Company's separate financial statements (Note 6).

- (i) As at 31 December 2021, the loans that were due in 2022 had carrying amount and face value of \$40,057,000 and \$41,768,000 respectively. Upon maturity, these loans were extended by 3 years to 2025 and terms of the loans were modified such that the Company has the right to demand for payment before the due date. As at 31 December 2022, the carrying amount and face value of these loans was \$39,781,000.
- (ii) As at 31 December 2021, the loan that was due in 2023 had carrying amount and face value of \$1,306,000 and \$1,352,000 respectively. This loan was fully repaid during the year and this significant modification to the cash inflow of the loan resulted in a gain of \$21,000 which was recognised as deemed investment in subsidiary (Note 6).
- (iii) For loans that are due in 2024 with carrying amount and face value of \$24,203,000 (2021: \$24,330,000), the Company has the right to demand for payment before the due date.
- (iv) During the year, there were loans to indirect subsidiaries with carrying amount and face value of \$5,484,000. These loans are due in 2025 and 2027 and the Company has the right to demand for payment before the due date. Some of the loans were early repaid during the year, amounting to \$4,152,000.

As at 31 December 2022 and 2021, as all loans to indirect subsidiaries were assessed to be collectible after 12 months from the reporting date, they were classified as 'non-current' in the Company's separate financial statements.

Prepayments mainly pertained to amounts prepaid to suppliers for the acquisition of property, plant and equipment amounting to \$8,879,000 (2021: \$7,957,000). Remaining prepayments pertained to amounts prepaid for the acquisition of spares (inventories) and other expenses.

7. Trade and other receivables (Cont'd)

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 23.

8. Inventories

	Group	
	2022 \$'000	2021 \$'000
Raw materials and consumables	6,106	10,963
Work-in-progress	11,277	6,579
Finished goods	2,824	1,886
Spares	17,234	7,809
	<u>37,441</u>	<u>27,237</u>

In 2022, inventories of \$60,292,000 (2021: \$44,200,000) were recognised as an expense during the year and included in 'cost of sales'.

The Group writes down inventories when inventory items are identified as slow-moving or 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 specifically identified obsolete inventory, write-down of inventory 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.

9. Cash and cash equivalents

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and in hand	11,531	12,283	49	47
Fixed deposits	101	107	–	–
Cash and cash equivalents in the statements of financial position	<u>11,632</u>	<u>12,390</u>	<u>49</u>	<u>47</u>
Deposits pledged	(101)	(107)		
Cash and cash equivalents in the consolidated statement of cash flows	<u>11,531</u>	<u>12,283</u>		

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date for the Group is 0.4% (2021: 0.1%).

The Group's fixed deposits of \$101,000 (2021: \$107,000) are pledged with financial institutions as securities for banker guarantees.

10. Share capital

	Company No. of shares	
	2022	2021
Fully paid ordinary shares, with no par value		
In issue at 1 January and 31 December	<u>5,734,732,849</u>	<u>5,734,732,849</u>

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.

Notes to the Financial Statements (Cont'd)

10. Share capital (Cont'd)

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.

11. Reserves

Capital reserve

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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 shareholders	13	5,832	4,140	5,832	4,140
Acquisition of non-controlling interest without a change in control	25	(26,074)	–	–	–
		<u>(19,838)</u>	<u>4,544</u>	<u>5,832</u>	<u>4,140</u>

Revaluation reserve

Revaluation reserve relates to the revaluation of leasehold properties which were classified as 'assets held for sale' as at 31 December 2020. In 2021, these assets were disposed of. Accordingly, the revaluation reserve was transferred to 'accumulated profits'.

Currency translation reserve

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

Accumulated profits

As at 31 December 2022, included in the Group's accumulated profits was an amount of \$1,819,000 (2021: \$1,482,000) relating to statutory reserve. According to the prevailing laws and regulations in Tajikistan, 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	
	2022 \$'000	2021 \$'000
Declared by a subsidiary to non-controlling interest	8,346	11,330

12. 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	
			2022 %	2021 %
IMCCMC and its subsidiaries ("IMCCMC Group")	Tajikistan	Cement	35	35
Alacem LLP and its subsidiary ("Alacem Group")	Kazakhstan	Cement	12.5	12.5
Sharcem LLP and its subsidiary ("Sharcem Group")	Kazakhstan	Cement	25	40
Korcem LLP ("Korcem")	Kazakhstan	Cement	12.5	12.5
Mohir Investment LLC ("Mohir Investment")	Tajikistan	Others	35	35

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

	IMCCMC Group \$'000	Alacem Group \$'000	Sharcem Group \$'000	Korcem \$'000	Mohir Investment \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
2022								
Revenue	126,356	87,014	3,644	–	–			
Profit/(Loss) for the year	28,220	21,528	(10,504)	(480)	49			
Other comprehensive income	11,077	(2,256)	464	24	657			
Total comprehensive income	39,297	19,272	(10,040)	(456)	706			
Attributable to NCI:								
Profit/(Loss) for the year	9,877	2,691	(2,626)	(60)	17	(9)	–	9,890
Other comprehensive income	3,877	(282)	116	3	230	9	–	3,953
Total comprehensive income	13,754	2,409	(2,510)	(57)	247	–	–	13,843
Non-current assets	160,922	135,853	56,754	10,727	25,701			
Current assets	21,523	21,010	20,524	1,295	843			
Non-current liabilities	(16,813)	(105,283)	(19,847)	–	(3,675)			
Current liabilities	(18,222)	(18,301)	(68,706)	(12,587)	(15,441)			
Net assets/(liabilities)	147,410	33,279	(11,275)	(565)	7,428			
Net assets/(liabilities) attributable to NCI	51,594	4,160	(2,819)	(71)	2,600	(142)	–	55,322
Cash flows from/ (used in) operating activities	46,674	36,395	(15,275)	(1,031)	18			
Cash flows used in investing activities	(1,222)	(13,886)	(9,993)	(8,209)	(14,417)			
Cash flows used in financing activities (dividends to NCI: \$8,081,000)	(11,153)	(1,662)	–	–	–			
Net increase/ (decrease) in cash and cash equivalents	34,299	20,847	(25,268)	(9,240)	(14,399)			

Notes to the Financial Statements (Cont'd)

12. Non-controlling interests (Cont'd)

	IMCCMC Group \$'000	Alacem Group \$'000	Sharcem Group \$'000	Mohir Investment \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
2021							
Revenue	106,862	67,189	–	–			
Profit/(Loss) for the year	27,846	14,676	(1,277)	(55)			
Other comprehensive income	1,478	(74)	7	149			
Total comprehensive income	29,324	14,602	(1,270)	94			

Attributable to NCI:							
Profit/(Loss) for the year	9,746	1,835	(511)	(19)	(17)	–	11,034
Other comprehensive income	517	(9)	3	52	3	–	566
Total comprehensive income	10,263	1,826	(508)	33	(14)	–	11,600

Non-current assets	152,302	106,714	35,858	381			
Current assets	21,896	18,081	13,794	6,406			
Non-current liabilities	(13,434)	(100,201)	–	–			
Current liabilities	(28,223)	(11,923)	(54,342)	(65)			
Net assets/(liabilities)	132,541	12,671	(4,690)	6,722			

Net assets/(liabilities) attributable to NCI	46,389	1,584	(1,876)	2,353	(156)	–	48,294
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Cash flows from/(used in) operating activities	39,285	30,184	(12,916)	(46)			
Cash flows used in investing activities	(3,734)	(22,088)	(28,475)	(4,196)			
Cash flows used in financing activities (dividends to NCI: \$6,254,000)	(11,900)	(1,270)	–	–			
Net increase/(decrease) in cash and cash equivalents	23,651	6,826	(41,391)	(4,242)			

As at 31 December 2021, the non-controlling interest of Korcem was not material to the Group.

13. Loans and borrowings

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Loans from major shareholders	38,466	36,738	38,466	36,738
Loans from non-controlling interest	3,416	–	–	–
Loans from subsidiary	–	–	–	22,531
	<u>41,882</u>	<u>36,738</u>	<u>38,466</u>	<u>59,269</u>
Non-current	38,466	36,738	38,466	59,269
Current	3,416	–	–	–
	<u>41,882</u>	<u>36,738</u>	<u>38,466</u>	<u>59,269</u>

Interest-free loans from major shareholders 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 reserve', representing a contribution from owners of the Company (Note 11). During the year:

- (i) the Group and Company obtained new loans with face value of \$7,523,000 (2021: \$24,361,000) and the difference between the fair value and face value of the loan at initial recognition of \$743,000 (2021: \$2,027,000) was recognised in 'capital reserve' of the Group and Company (Note 11);
- (ii) certain loans of the Group and Company which were due in 2023, were extended by 2 years to 2025, and the difference between the new and old fair value amounting to \$1,273,000 (2021: \$nil) was recognised in 'capital reserve' of the Group and Company (Note 11); and
- (iii) the Group and Company made early repayment of \$4,152,000 (2021: \$nil) and this significant modification of the cash outflow of the loan resulted in a loss of \$324,000 (2021: \$nil) which was recognised in 'capital reserve' of the Group and Company (Note 11).

A non-controlling interest provided interest-free loans to the Group during the year, with face value of \$3,416,000 (2021: \$nil) and due in 2027, and the non-controlling interest has the right to demand for payment before the due date.

Interest-free loans from a 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 6). In 2021, certain loans from a subsidiary which were due in 2022, were extended by 3 years to 2025. The difference between the new and old fair value amounts, amounting to \$1,958,000, was recognised against the cost of investment in the subsidiary (Note 6). During the year:

- (i) the Company made early repayment of \$1,357,000 (2021: \$nil) and this significant modification to the cash outflow of the loan resulted in a loss \$33,000 (2021: \$nil) which was recognised as deemed investment in subsidiary (Note 6); and
- (ii) the remaining loans were waived by the subsidiary and this significant modification of the cash outflow of the loans resulted in a loss of \$2,252,000 (2021: \$nil) which was recognised as deemed investment in the subsidiary. The waiver also resulted in a deemed return of investment of \$21,921,000 (2021: \$nil) and deemed distribution income of \$1,969,000 (2021: \$nil) which were recognised against the cost of investment in the subsidiary (Note 6) and profit or loss, respectively.

Information about the Group's and the Company's exposure to interest rate, currency and liquidity risks related to loans and borrowings are disclosed in Note 23.

Notes to the Financial Statements (Cont'd)

13. Loans and borrowings (Cont'd)

Terms and debt repayment schedule

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

	Currency	Year of maturity	2022		2021	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Loans from major shareholders	CNY, USD	2024 – 2025 (2021: 2023 – 2024)	41,095	38,466	39,178	36,738
Loans from non-controlling interest	TJS	2027	3,416	3,416	–	–
			44,511	41,882	39,178	36,738
Company						
Loans from major shareholders	CNY, USD	2024 – 2025 (2021: 2023 – 2024)	41,095	38,466	39,178	36,738
Loans from subsidiary	CNY, USD	2021: 2023 – 2025	–	–	25,570	22,531
			41,095	38,466	64,748	59,269

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

	Liabilities			Total \$'000
	Loans from major shareholders \$'000	Loans from non-controlling interest \$'000	Lease liabilities (Note 14) \$'000	
Group				
At 1 January 2021	12,815	1,186	1,020	15,021
Changes from financing cash flows				
Interest paid*	–	–	(27)	(27)
Payment of lease liabilities	–	–	(409)	(409)
Proceeds from loans from major shareholders	24,361	–	–	24,361
Repayment of loan from non-controlling interest	–	(2,020)	–	(2,020)
Total changes from financing cash flows	24,361	(2,020)	(436)	21,905
Other changes				
<i>Liability-related</i>				
Interest expense	988	74	27	1,089
Fair value adjustments	(2,027)	774	–	(1,253)
New leases	–	–	3	3
	(1,039)	848	30	(161)
Effect of changes in foreign exchange rates	601	(14)	–	587
At 31 December 2021	36,738	–	614	37,352

13. Loans and borrowings (Cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (Cont'd)

	Liabilities			Total \$'000
	Loans from major shareholders \$'000	Loans from non- controlling interest \$'000	Lease liabilities (Note 14) \$'000	
Group				
At 1 January 2022	36,738	–	614	37,352
Changes from financing cash flows				
Interest paid*	–	–	(32)	(32)
Payment of lease liabilities	–	–	(372)	(372)
Proceeds from loans from major shareholders	7,523	–	–	7,523
Repayment of loans from major shareholders	(4,152)	–	–	(4,152)
Total changes from financing cash flows	3,371	–	(404)	2,967
Other changes				
<i>Liability-related</i>				
Interest expense	1,389	–	32	1,421
Fair value adjustments	(1,692)	–	–	(1,692)
Loans from non-controlling interest#	–	3,416	–	3,416
New leases	–	–	784	784
	(303)	3,416	816	3,929
Effect of changes in foreign exchange rates	(1,340)	–	–	(1,340)
At 31 December 2022	38,466	3,416	1,026	42,908

* Interest paid in the consolidated statement of cash flows includes interest paid to EPC contractor under a deferred payment arrangement (Note 14) of \$1,662,000 (2021: \$1,249,000).

Proceeds from loans from non-controlling interest has been disclosed as a non-cash transaction in the consolidated statement of cash flows.

Notes to the Financial Statements (Cont'd)

14. Trade and other payables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables	22,518	10,556	–	–
Retention monies	500	404	–	–
Accrued operating expenses	2,945	2,186	570	395
Payables for purchase of property, plant and equipment	80,919	42,072	–	–
Non-trade amounts due to non-controlling interests	20,873	6,097	–	–
Non-trade amounts due to subsidiaries	–	–	14,367	8,789
Lease liabilities	1,026	614	379	513
Value-added/Goods and Services tax payable	3,496	3,905	–	–
Withholding tax payable on dividends	723	1,317	–	–
Other payables	5,091	3,160	3	77
	<u>138,091</u>	<u>70,311</u>	<u>15,319</u>	<u>9,774</u>
Non-current	77,844	25,876	242	379
Current	<u>60,247</u>	<u>44,435</u>	<u>15,077</u>	<u>9,395</u>
	<u>138,091</u>	<u>70,311</u>	<u>15,319</u>	<u>9,774</u>

Trade payables of \$9,979,000 (2021: \$nil) are classified as non-current liabilities.

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.

As at the reporting date, payables for purchase of property, plant and equipment amounting to \$48,873,000 (2021: \$28,982,000) are interest-bearing at 8.4% (2021: 8.4%) per annum and due from 2024 to 2027 (2021: 2022 to 2024). They are secured by way of property, plant and equipment with a net carrying amount of \$129,074,000 (2021: \$103,989,000) (see Note 4) as part of a deferred payment arrangement with the EPC contractor for the construction of a cement plant in Kazakhstan. Payables for purchase of property, plant and equipment of \$67,173,000 (2021: \$25,437,000) are classified as non-current liabilities.

Non-trade amounts due to non-controlling interests relate to dividends payable of \$2,944,000 (2021: \$6,097,000) and part of the purchase consideration for the acquisition of non-controlling interest of \$17,928,000 (2021: \$nil) (see Note 25).

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 \$1,072,000 and \$399,000 (2021: \$649,000 and \$547,000) respectively, at nominal interest rate of 2.7% to 3.3% and 2.8% to 2.9% (2021: 2.7% to 4.7% and 2.8% to 2.9%) respectively and mature between 2023 to 2025 and 2023 to 2025 (2021: 2022 to 2025 and 2023 to 2025) respectively.

The Group's and the Company's exposure to interest rate, currency and liquidity risks related to trade and other payables are disclosed in Note 23.

15. Provisions

	Warranties		Restoration costs		Onerous contracts		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group								
At 1 January	46	50	93	95	395	–	534	145
Provision (reversed)/ made during the year, net	(22)	(4)	3,052	(2)	(119)	395	2,911	389
At 31 December	24	46	3,145	93	276	395	3,445	534
Non-current	18	–	3,145	28	–	–	3,163	28
Current	6	46	–	65	276	395	282	506
	24	46	3,145	93	276	395	3,445	534
Company								
At 1 January	–	–	15	14	–	–	15	14
Provision (reversed)/ made during the year, net	–	–	–	1	–	–	–	1
At 31 December	–	–	15	15	–	–	15	15
Non-current	–	–	15	15	–	–	15	15

Warranties

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

In accordance with the applicable legal requirements in Kazakhstan, the Group is expected to perform recultivation works by the end of its operations. During the year, the Group provided \$3,040,000 (2021: \$nil) for this purpose. Due to the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs for recultivation works that will be incurred. In particular, the Group has assumed that sites for the respective subsidiaries will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 8.6% (2021: \$nil), which is the risk-free rate in Kazakhstan. The Group expects to incur the liability upon the end of the expected economic useful lives of its respective operations in Kazakhstan.

Onerous contracts

Provision for onerous contracts is made for only ongoing contracts which are loss-making. The provision is based on estimates made on incremental costs and allocation of other direct costs to fulfil the contracts.

Notes to the Financial Statements (Cont'd)

16. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Property, plant and equipment	–	(49)	6,284	4,134
Intangible assets	–	–	2,385	2,568
Undistributed profits of subsidiaries	–	–	6,019	4,085
Tax losses carried forward	(3,895)	(135)	–	–
Other items	(164)	(151)	–	–
Deferred tax (assets)/liabilities	(4,059)	(335)	14,688	10,787
Set off of tax	1,900	206	(1,900)	(206)
Net deferred tax (assets)/liabilities	(2,159)	(129)	12,788	10,581

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

Group	At 1 January 2021 \$'000	Recognised in profit or loss (Note 20) \$'000	Exchange differences \$'000	At 31 December 2021 \$'000	Recognised in profit or loss (Note 20) \$'000	Exchange differences \$'000	At 31 December 2022 \$'000
Property, plant and equipment	2,453	2,471	(839)	4,085	1,940	259	6,284
Intangible assets	2,828	(319)	59	2,568	(330)	147	2,385
Undistributed profits of subsidiaries	4,892	(924)	117	4,085	2,205	(271)	6,019
Tax losses carried forward	–	(136)	1	(135)	(3,921)	161	(3,895)
Other items	(122)	(8)	(21)	(151)	2	(15)	(164)
	10,051	1,084	(683)	10,452	(104)	281	10,629

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	
	2022 \$'000	2021 \$'000
Deductible temporary differences	3,604	3,262
Unutilised capital allowances	4,175	4,236
Unutilised tax losses	29,562	28,321
	37,341	35,819

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.

17. Revenue

	Group	
	2022 \$'000	2021 \$'000
Construction contracts	6,506	5,293
Sale of goods	218,689	176,136
	225,195	181,429

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 certification of works performed.
Significant payment terms	<p>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 certification of works performed, a contract asset is recognised.</p> <p>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.</p>
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.

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	<p>Payment is due within 30 to 90 days when goods are delivered to the customers.</p> <p>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.</p>

Notes to the Financial Statements (Cont'd)

17. Revenue (Cont'd)

Cement segment – Sale of goods

Nature of goods or services	The Group manufactures and sells cement and cement related materials such as concrete bricks and culvert pipes.
When revenue is recognised	Revenue is recognised when goods are delivered to customers and all criteria for acceptance have been satisfied. For sale of goods where there are no written contracts with customers, revenue is only recognised when consideration is received.
Significant payment terms	Payment is due within 15 to 90 days when goods are delivered to the customers. For some customers, prepayment for goods is required before delivery of goods. 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.

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. There are no reconciling items to be presented between disaggregated revenue and the Group's reportable segments (see Note 22).

	Aluminium		Cement		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Primary geographical markets						
Singapore	8,181	7,371	–	–	8,181	7,371
Malaysia	–	7	–	–	–	7
Afghanistan	–	–	13,368	14,781	13,368	14,781
Kazakhstan	–	–	90,658	67,189	90,658	67,189
Tajikistan	–	–	111,913	91,340	111,913	91,340
Uzbekistan	–	–	1,075	741	1,075	741
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>225,195</u>	<u>181,429</u>
Major products/ service line						
Construction contracts	6,506	5,293	–	–	6,506	5,293
Sale of goods	1,675	2,085	217,014	174,051	218,689	176,136
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>225,195</u>	<u>181,429</u>
Timing of revenue recognition						
Products and services transferred over time	6,506	5,293	–	–	6,506	5,293
Products transferred at a point in time	1,675	2,085	217,014	174,051	218,689	176,136
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>225,195</u>	<u>181,429</u>

17. Revenue (Cont'd)

Contract balances

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

	Group	
	2022	2021
	\$'000	\$'000
Trade receivables	3,616	1,991
Contract assets	3,074	2,202
Contract liabilities	(1,837)	(2,472)

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	
	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	2,472	3,390
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(1,837)	(2,472)
Contract assets reclassified to trade receivables	(748)	(1,287)	–	–
Recognition of revenue, net of reclassification to trade receivables during the year	1,637	905	–	–
(Impairment loss)/Reversal of impairment loss on contract assets	(17)	6	–	–

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)

18. Finance income and finance costs

	Note	Group 2022 \$'000	Group 2021 \$'000
Finance income			
Interest income on cash and cash equivalents		51	36
Finance costs			
Interest expense on:			
- lease liabilities	13	(32)	(27)
- payables to EPC contractor (Note 14)		(1,692)	(3,718)
Unwinding of discount in relation to the present value of loans from major shareholders	13	(1,389)	(988)
Unwinding of discount in relation to the present value of loan from non-controlling interest	13	-	(74)
Others		(2)	(4)
		(3,115)	(4,811)
Net finance costs recognised in profit or loss		(3,064)	(4,775)

19. Profit before tax

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

	Note	Group 2022 \$'000	Group 2021 \$'000
Audit fees paid to:			
- auditors of the Company		305	288
- other member firms of KPMG International		538	364
- other auditors		3	3
Non-audit fees paid to:			
- auditors of the Company		33	28
- other member firms of KPMG International		22	9
- other auditors		1	16
Other income:			
- gain on disposal of property, plant and equipment		(13)	(11)
- government grant income		(83)	(153)
- rental income		(469)	(146)
- write-off of other payables		-	(540)
Amortisation of intangible assets	5	2,650	2,511
Bad debts written off		-	119
Contributions to defined contribution plans, included in staff and related costs		910	798
Depreciation of property, plant and equipment	4	13,785	14,573
Foreign exchange (gain)/loss, included in 'other expenses'			
- realised		(679)	208
- unrealised		7,986	2,054
Impairment loss on intangible assets	5	2,331	-
Impairment loss on property, plant and equipment	4	784	825
(Reversal of)/Provision for onerous contracts	15	(119)	395
Reversal of provision for warranties	15	(22)	(4)
Staff and related costs		13,952	10,285
Write-down of inventories		(426)	(174)
Write-off of property, plant and equipment		875	140

20. Tax expense

	Note	Group 2022 \$'000	2021 \$'000
Current tax expense			
Current year		4,276	4,450
Under provision in respect of prior years		606	179
		4,882	4,629
Deferred tax expense			
Origination and reversal of temporary differences		(104)	2,229
Over provision in respect of prior years		–	(1,145)
	16	(104)	1,084
Withholding tax paid on dividends declared by subsidiaries		3,072	3,626
Tax expense		7,850	9,339
Reconciliation of effective tax rate			
Profit before tax		46,680	46,723
Tax using Singapore tax rate of 17% (2021: 17%)		7,936	7,943
Effect of different tax rates in foreign jurisdictions		(1,341)	(1,051)
Tax exempt income		(889)	(247)
Non-deductible expenses		1,819	1,868
Current year benefits of deferred tax assets not recognised		308	302
Recognition of tax effect of previously unrecognised tax losses		(28)	(52)
Tax incentives*		(5,504)	(2,305)
Withholding tax paid on dividends declared by subsidiaries		3,072	3,626
Deferred tax liabilities recognised on undistributed profits of subsidiaries		1,871	221
Under/(over) provision in respect of prior years		606	(966)
		7,850	9,339

* 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.

Judgement is required in determining the deductibility of certain expenses, taxability of certain income and the applicable tax rates for the entities in the Group during the estimation of the provision of taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for current and deferred taxes in the period in which such determination is made.

In December 2022, one of the Group's subsidiaries in Tajikistan received a letter from the local tax authority, notifying that the subsidiary is subject to a higher corporate tax rate. Subsequently, the subsidiary initiated an appeal process on the basis that the higher tax rate is not applicable to the industry in which the subsidiary operates. Based on present facts and discussions with its external tax specialists, management is of the view that they have grounds for the appeal and shall not be subject to additional corporate taxes in Tajikistan. As such, no additional provision for tax has been made as at 31 December 2022.

Notes to the Financial Statements (Cont'd)

21. Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share for the years ended 31 December 2022 and 2021 were based on following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

Profit attributable to ordinary shareholders

	Group	
	2022	2021
	\$'000	\$'000
Profit for the year, representing profit attributable to ordinary shareholders	28,940	26,350

Weighted average number of ordinary shares

	Note	Group	
		2022	2021
		'000	'000
Issued ordinary shares at 1 January and 31 December	10	5,734,733	5,734,733

22. Operating segments

In 2022, the Group has two (2021: two) reportable segments, as described below, which are the Group's strategic business units. These strategic business units offer different products and services, and are managed separately because they require different expertise and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (2021: 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 2022:

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

Other operations mainly include the building materials division, which relates to production, sales and/or distribution of gypsum plasterboards and related products.

In 2021, apart from the above mentioned, other operations also include the investment holding division which relates to investment in land and buildings for either development or capital appreciation purposes.

None of these segments under other operations meets any of the quantitative thresholds for determining reportable segments in 2022 or 2021.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (2021: 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.

22. Operating segments (Cont'd)

Information about reportable segments

Group	Aluminium		Cement		Others		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
External revenues	8,181	7,378	217,014	174,051	–	–	225,195	181,429
Finance income	2	–	49	36	–	–	51	36
Finance costs	(19)	(13)	(3,096)	(4,798)	–	–	(3,115)	(4,811)
Depreciation of property, plant and equipment	(44)	(109)	(13,741)	(14,464)	–	–	(13,785)	(14,573)
Amortisation of intangible assets	–	–	(2,650)	(2,511)	–	–	(2,650)	(2,511)
Reportable segment (loss)/profit before tax	(2,035)	(3,559)	48,667	50,609	48	(327)	46,680	46,723
Other material non-cash items:								
- Impairment loss on property, plant and equipment	(784)	(42)	–	–	–	(783)	(784)	(825)
- Impairment loss on intangible assets	–	–	(2,331)	–	–	–	(2,331)	–
- Reversal of/(Loss allowance) on trade and other receivables and contract assets	111	132	64	(32)	–	–	175	100
- Unrealised exchange (loss)/gain	(747)	(167)	(7,375)	(1,874)	136	(13)	(7,986)	(2,054)
- Write-off of property, plant and equipment	–	(5)	(875)	(135)	–	–	(875)	(140)
Reportable segment assets	8,617	8,050	452,369	377,844	26,544	7,294	487,530	393,188
Capital expenditure	818	300	74,737	55,860	18,812	377	94,367	56,537
Reportable segment liabilities	4,596	3,197	184,277	117,373	9,379	66	198,252	120,636

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.

Notes to the Financial Statements (Cont'd)

22. Operating segments (Cont'd)

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.

	2022		2021	
	Revenue \$'000	Non-current assets* \$'000	Revenue \$'000	Non-current assets* \$'000
Singapore	8,181	947	7,371	1,741
Malaysia	–	299	7	830
Afghanistan	13,368	–	14,781	–
Kazakhstan	90,658	208,420	67,189	148,202
Tajikistan	111,913	201,166	91,340	172,262
Uzbekistan	1,075	–	741	–
	<u>225,195</u>	<u>410,832</u>	<u>181,429</u>	<u>323,035</u>

* Non-current assets exclude financial instruments.

Major customers

Revenue from customer A and customer B from the cement segment represented approximately \$32,676,000 (2021: \$27,302,000) and \$23,471,000 (2021: \$nil) respectively of the Group's total revenue.

23. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

In addition, the Group has identified climate risk as an emerging risk arising from financial instruments that has a growing impact on the Group's activities. This note presents information about the Group's exposure to each of the above risks, considering climate.

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.

23. Financial instruments (Cont'd)

Credit risk (Cont'd)

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	
	2022	2021
	\$'000	\$'000
Reversal of loss allowance on trade and other receivables and contract assets	175	100

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 17.

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.

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Aluminium	4,237	3,545	–	–
Cement	20,696	18,044	–	–
Others	58	–	–	–
Subsidiaries	–	–	69,726	65,833
	<u>24,991</u>	<u>21,589</u>	<u>69,726</u>	<u>65,833</u>

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.

Notes to the Financial Statements (Cont'd)

23. Financial instruments (Cont'd)

Credit risk (Cont'd)

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

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 and loans to indirect subsidiaries

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 and loans to indirect subsidiaries as at 31 December 2022 and 2021, therefore impairment loss has not been recognised on these balances.

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 2022				
Current (not past due)	< 1%	22,782	(54)	No
Past due 1 – 30 days	< 1%	416	(4)	No
Past due 31 – 120 days	< 1%	1,273	(2)	No
Past due more than 120 days	86%	3,999	(3,419)	Yes
		<u>28,470</u>	<u>(3,479)</u>	
31 December 2021				
Current (not past due)	< 1%	20,868	(59)	No
Past due 1 – 30 days	5%	428	(23)	No
Past due 31 – 120 days	14%	330	(47)	Yes
Past due more than 120 days	97%	3,631	(3,539)	Yes
		<u>25,257</u>	<u>(3,668)</u>	
Company				
31 December 2022				
Current (not past due)	–	<u>69,726</u>	–	No
31 December 2021				
Current (not past due)	–	<u>65,833</u>	–	No

23. Financial instruments (Cont'd)

Credit risk (Cont'd)

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

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	
	2022 \$'000	2021 \$'000
At 1 January	3,668	3,852
Impairment loss reversed	(175)	(100)
Amounts utilised	(12)	(82)
Translation differences on consolidation	(2)	(2)
At 31 December	<u>3,479</u>	<u>3,668</u>

In 2022 and 2021, 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 'past due 1 – 30 days', 'past due 31 – 120 days' and 'past due more than 120 days' (2021: 'past due 31 – 120 days') age brackets decreased during the year.

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 \$11,632,000 (2021: \$12,390,000) and \$49,000 (2021: \$47,000) respectively as at 31 December 2022, which represent their maximum credit exposures on these assets. 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 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.

Notes to the Financial Statements (Cont'd)

23. Financial instruments (Cont'd)

Liquidity risk (Cont'd)

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.

Group	Carrying amounts \$'000	Cash flows		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
31 December 2022				
Non-derivative financial liabilities				
Loans from major shareholders	38,466	(41,095)	–	(41,095)
Loans from non-controlling interest	3,416	(3,416)	(3,416)	–
Trade and other payables*	133,872	(145,364)	(59,733)	(85,631)
	<u>175,754</u>	<u>(189,875)</u>	<u>(63,149)</u>	<u>(126,726)</u>
31 December 2021				
Non-derivative financial liabilities				
Loans from major shareholders	36,738	(39,178)	–	(39,178)
Trade and other payables*	65,089	(69,570)	(40,746)	(28,824)
	<u>101,827</u>	<u>(108,748)</u>	<u>(40,746)</u>	<u>(68,002)</u>
Company				
31 December 2022				
Non-derivative financial liabilities				
Loans from major shareholders	38,466	(41,095)	–	(41,095)
Trade and other payables	15,319	(15,339)	(15,088)	(251)
	<u>53,785</u>	<u>(56,434)</u>	<u>(15,088)</u>	<u>(41,346)</u>
31 December 2021				
Non-derivative financial liabilities				
Loans from major shareholders	36,738	(39,178)	–	(39,178)
Loans from subsidiary	22,531	(25,570)	–	(25,570)
Trade and other payables	9,774	(9,808)	(9,409)	(399)
	<u>69,043</u>	<u>(74,556)</u>	<u>(9,409)</u>	<u>(65,147)</u>

* Excluding Value-added/Goods and Services tax payable and withholding tax payable on dividends.

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.

23. Financial instruments (Cont'd)

Market risk (Cont'd)

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 are primarily denominated in United States dollar ("USD"), TJS and Chinese Yuan ("CNY").

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:

	2022			2021		
	USD \$'000	TJS \$'000	CNY \$'000	USD \$'000	TJS \$'000	CNY \$'000
Group						
Trade and other receivables*	131,050	10,558	16,354	95,651	9,580	16,897
Cash and cash equivalents	7,152	–	362	8,015	–	1,267
Trade and other payables*	(212,627)	–	(22,653)	(142,894)	–	(18,731)
Loans and borrowings	(26,183)	–	(12,283)	(22,583)	–	(14,155)
Net statement of financial position exposure	(100,608)	10,558	(18,220)	(61,811)	9,580	(14,722)
Company						
Trade and other receivables*	48,492	–	19,330	45,415	–	20,278
Cash and cash equivalents	25	–	–	14	–	–
Trade and other payables*	(1,200)	–	–	–	–	–
Loans and borrowings*	(26,183)	–	(12,283)	(39,790)	–	(19,479)
	21,134	–	7,047	5,639	–	799

* Including inter-company balances.

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the functional currencies of the Company and its subsidiaries against 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
USD (10% strengthening)	10,061	6,181	(2,113)	(564)
TJS (10% strengthening)	(1,056)	(958)	–	–
CNY (10% strengthening)	1,822	1,472	(705)	(80)

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)

23. 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		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Fixed rate instruments					
Fixed deposits	9	101	107	–	–
Lease liabilities		(50)	(74)	(50)	(74)
Payables for purchase of property, plant and equipment	14	(48,873)	(28,982)	–	–
		<u>(48,822)</u>	<u>(28,949)</u>	<u>(50)</u>	<u>(74)</u>

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 policy 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 profits.

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 up to 15% of share capital (see Note 11).

23. 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.

	Note	Carrying amount			Fair value
		Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 2 \$'000
Group					
31 December 2022					
Financial assets not measured at fair value					
Trade and other receivables	7	21,917	–	21,917	
Cash and cash equivalents	9	11,632	–	11,632	
		<u>33,549</u>	<u>–</u>	<u>33,549</u>	
Financial liabilities not measured at fair value					
Loans from major shareholders	13	–	(38,466)	(38,466)	(37,991)
Loans from non-controlling interest	13	–	(3,416)	(3,416)	
Trade and other payables*	14	–	(133,872)	(133,872)	(129,126)
		<u>–</u>	<u>(175,754)</u>	<u>(175,754)</u>	
31 December 2021					
Financial assets not measured at fair value					
Trade and other receivables	7	19,387	–	19,387	
Cash and cash equivalents	9	12,390	–	12,390	
		<u>31,777</u>	<u>–</u>	<u>31,777</u>	
Financial liabilities not measured at fair value					
Loans from major shareholders	13	–	(36,738)	(36,738)	(36,747)
Trade and other payables*	14	–	(65,089)	(65,089)	(65,853)
		<u>–</u>	<u>(101,827)</u>	<u>(101,827)</u>	
Company					
31 December 2022					
Financial assets not measured at fair value					
Trade and other receivables	7	69,726	–	69,726	
Cash and cash equivalents	9	49	–	49	
		<u>69,775</u>	<u>–</u>	<u>69,775</u>	
Financial liabilities not measured at fair value					
Loans from major shareholders	13	–	(38,466)	(38,466)	(37,991)
Trade and other payables	14	–	(15,319)	(15,319)	
		<u>–</u>	<u>(53,785)</u>	<u>(53,785)</u>	
31 December 2021					
Financial assets not measured at fair value					
Trade and other receivables	7	65,833	–	65,833	66,005
Cash and cash equivalents	9	47	–	47	
		<u>65,880</u>	<u>–</u>	<u>65,880</u>	
Financial liabilities not measured at fair value					
Loans from major shareholders	13	–	(36,738)	(36,738)	(36,747)
Loans from subsidiary	13	–	(22,531)	(22,531)	(22,530)
Trade and other payables	14	–	(9,774)	(9,774)	
		<u>–</u>	<u>(69,043)</u>	<u>(69,043)</u>	

* Excluding Value-added/Goods and Services tax payable and withholding tax payable on dividends.

Notes to the Financial Statements (Cont'd)

23. Financial instruments (Cont'd)

Accounting classifications and fair values (Cont'd)

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. The carrying amount of the loan to an indirect subsidiary where the Company has the right to demand for payment before the due date is assumed to approximate its fair value.
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.

Other risks

'Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories, but due to their pervasive nature, they have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as snowstorms, and longer-term shifts in climate patterns, such as sustained higher or lower temperatures and heat waves. Transition risks arise as a result of measures to mitigate the effects of climate change and transition to a low-carbon economy, i.e. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group has set up a Sustainability Risk team, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

The Group is in the midst of developing a climate risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Group is also in the midst of setting out principles on how to incorporate climate-related risks into stress test scenarios. Presently, the Group incurs certain operating or capital expenditures to mitigate such climate-related risks and policies. The Group has provided \$3,040,000 (2021: \$nil) to perform recultivation works by the end of its operations in accordance with the applicable legal requirements in Kazakhstan. The Group expects to incur the liability upon the end of the expected economic useful lives of its respective operations in Kazakhstan.

The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and has included them in its principal risk management processes:

- Indirect customers exposed to increased transition risks: The Group has identified industries of customers that are subject to increased risk of climate regulation negatively affecting their business model.

Notwithstanding, there remains the risk that evolving demands for stronger protection over the environment, evolving laws and regulations and evolving decarbonisation policies may have a significant impact to the Group's financial performance in the future. The Group continues to monitor and assess the potential impact of such developments on its operations and financial performance.

24. Leases

Leases as lessee

The Group and Company lease properties (warehouse, factory and office facilities) and motor vehicles. The Group and Company entered into a hire purchase agreement for the purchase of a motor vehicle and repayment is over a period of 5 years. 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 and Company are restricted from entering into any sub-lease arrangements. The Group estimated that the potential future lease payments, should it exercise the option to renew, would result in an increase in lease liabilities of \$811,000 (2021: \$787,000).

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

Information about leases for which the Group and Company are lessees 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	Motor vehicles \$'000	Total \$'000
Group			
At 1 January 2021	917	159	1,076
Additions	3	–	3
Impairment loss	(4)	–	(4)
Depreciation charge for the year	(175)	(40)	(215)
Translation differences on consolidation	(6)	–	(6)
At 31 December 2021	735	119	854
At 1 January 2022	735	119	854
Additions	784	–	784
Impairment loss	(784)	–	(784)
Depreciation charge for the year	(125)	(40)	(165)
Translation differences on consolidation	(17)	–	(17)
At 31 December 2022	593	79	672
Company			
At 1 January 2021	538	159	697
Depreciation charge for the year	(111)	(40)	(151)
At 31 December 2021	427	119	546
At 1 January 2022	427	119	546
Depreciation charge for the year	(111)	(40)	(151)
At 31 December 2022	316	79	395

Notes to the Financial Statements (Cont'd)

24. Leases (Cont'd)

Leases as lessee (Cont'd)

Right-of-use assets (Cont'd)

	Group	
	2022 \$'000	2021 \$'000
Amount recognised in profit or loss		
Interest on lease liabilities	32	27
Expenses relating to short-term leases	904	310
	1,308	746
Amount recognised in statement of cash flows		
Total cash outflow for leases	1,308	746

Leases as lessor

Operating lease

The Group leases out its industrial property classified as investment property and equipment classified as plant and machinery. The Group has classified the leases as operating lease, as the leases do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The leases run for a period of 1 year (2021: 10 years). During the year, the lease of industrial property which runs for a period of 10 years was mutually terminated with the lessee and a new lease with a lease period of 1 year was entered into.

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

	Group	
	2022 \$'000	2021 \$'000
Operating leases		
Within one year	473	146
Between one and two years	–	146
Between two and three years	–	146
Between three and four years	–	146
Between four and five years	–	146
More than five years	–	378
	473	1,108

25. Acquisitions

Acquisition of assets in 2022

On 11 October 2022, the Group acquired Jetysu Terminal LLP through a subsidiary, Alacem LLP. The assets in Jetysu Terminal LLP largely consist of a leasehold land for industrial use.

The Group applied the concentration test and the acquisition of Jetysu Terminal LLP was assessed and accounted for as an acquisition of assets in the financial statements.

The total consideration, fully paid in cash, at the acquisition date for the acquisition of Jetysu Terminal LLP was \$1,396,000.

25. Acquisitions (Cont'd)

Acquisition of assets in 2022 (Cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	\$'000
Property, plant and equipment	4	1,396
Cash and cash equivalents		#
Trade and other receivables		100
Trade and other payables		(100)
Total identifiable net assets		<u>1,396</u>
Total cash consideration		<u>1,396</u>

Less than \$1,000

Acquisition of non-controlling interest in 2022

On 22 November 2022, the Group completed its acquisition of an additional 15% interest in a subsidiary, Sharcem LLP, increasing its ownership from 60% to 75%. The carrying amount of Sharcem LLP's net liabilities in the Group's financial statements on the date of acquisition was \$10,046,000.

	\$'000
Carrying amount of non-controlling interest acquired (\$10,046,000* 15%)	(1,507)
Consideration paid/payable to non-controlling interest	(26,074)
Decrease in equity attributable to owners of the Company	<u>(27,581)</u>

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

- (i) an increase in accumulated profits of \$1,563,000;
- (ii) an increase in currency translation reserve of \$56,000; and
- (iii) a decrease in capital reserve of \$26,074,000.

Acquisition of subsidiary in 2021

On 14 September 2021, the Group acquired Shygys Zharyq LLC through a subsidiary, Sharcem LLP. The assets in Shygys Zharyq LLC largely consist of a licence to carry out activities for the purchase and further sale of electricity to consumers without substantive processes.

The Group applied the concentration test and the acquisition of Shygys Zharyq LLC was assessed and accounted for as an acquisition of assets in the financial statements.

The total consideration, fully paid in cash, at the acquisition date for the acquisition of Shygys Zharyq LLC was \$2,421,000.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	\$'000
Intangible assets	5	2,423
Trade and other payables		(2)
Total identifiable net assets		<u>2,421</u>
Total cash consideration		<u>2,421</u>

Notes to the Financial Statements (Cont'd)

26. Capital commitments

	Group	
	2022 \$'000	2021 \$'000
Capital expenditure contracted to construct additional facilities of an existing cement plant in Kazakhstan, upgrading works and construction of additional facilities for another cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan (2021: construct additional facilities of an existing cement plant in Kazakhstan and upgrading works for another cement plant in Kazakhstan) but not recognised in the financial statements	126,254	23,910

27. Contingent liabilities

In 2021, one of the Group's subsidiaries in Kazakhstan acquired cement-related assets in Kazakhstan from a bank and a third party (the "Acquisition"). These cement-related assets were distressed and put under forced sale by the bank. Subsequent to the year end, the third party was declared bankrupt. The subsidiary may be exposed to risk of this Acquisition being invalidated by creditors of the third party if the purchase price of the Acquisition is not deemed to be at fair value. As at the date of these financial statements, there has been no claims or litigations against the subsidiary arising from this Acquisition and accordingly, no provision has been made as at 31 December 2022.

28. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Sale of goods				
Non-controlling interest	-	-	-	5
Purchase of services				
Non-controlling interest	(3,508)	(3,596)	-	(156)

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 of the Company 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	
	2022 \$'000	2021 \$'000
Short-term employee benefits	2,230	2,185
Contributions to defined contribution plans	54	79
	2,284	2,264

Shareholding Statistics

As at 14 March 2023

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	274	3.93	12,787	0.00
100 - 1,000	2,672	38.37	1,094,681	0.02
1,001 - 10,000	1,911	27.44	8,285,910	0.14
10,001 - 1,000,000	2,000	28.72	281,332,181	4.91
1,000,001 AND ABOVE	107	1.54	5,444,007,290	94.93
	6,964	100.00	5,734,732,849	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	3,004,520,500	52.39
2	CITIBANK NOMINEES SINGAPORE PTE LTD	652,129,850	11.37
3	HSBC (SINGAPORE) NOMINEES PTE LTD	364,432,600	6.36
4	DBSN SERVICES PTE LTD	249,923,900	4.36
5	ZHANG ZENGTAO	217,500,000	3.79
6	DBS NOMINEES PRIVATE LIMITED	188,020,511	3.28
7	SL CAPITAL VENTURES PTE LTD	108,000,000	1.88
8	BUCKLEY CAPITAL PTE LTD	106,793,200	1.86
9	PHILLIP SECURITIES PTE LTD	89,293,115	1.56
10	WU XINGHUI	70,916,430	1.24
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	29,408,900	0.51
12	IFAST FINANCIAL PTE LTD	18,246,300	0.32
13	SIM LEE HOON	15,750,000	0.28
14	CHNG BENG HUA	14,500,000	0.25
15	OCBC SECURITIES PRIVATE LTD	14,304,950	0.25
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	12,894,700	0.23
17	ABN AMRO CLEARING BANK N.V.	10,520,400	0.18
18	LOW SOE ENG OR LENG BOON THAI	10,084,605	0.18
19	NG KIAN GUAN	10,000,000	0.17
20	TAN BUCK LIANG	10,000,000	0.17
		5,197,239,961	90.63

Shareholding Statistics (Cont'd)

As at 14 March 2023

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2023

	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 ordinary shares.
2. Victory Gate Ventures Limited's ("**VGVL**") interest in 3,150,000,000 shares were held under the name of nominees – Citibank Nominees Singapore Pte Ltd, DBSN Services Pte Ltd, HSBC (Singapore) Nominees Pte Ltd and UOB Kay Hian 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 Companies Act 1967.
4. Ma Zhaoyang's deemed interest in the 1,467,500,000 shares were held under the name of nominees – Citibank Nominees Singapore Pte Ltd, DBSN Services Pte Ltd, HSBC (Singapore) Nominees Pte Ltd and UOB Kay Hian Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 14 March 2023, 15.17% 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. The Company does not have treasury shares and subsidiary holdings.

Disclosure of Information on Directors Seeking Re-Election

Mr Chng Beng Hua, Mr Guok Chin Huat Samuel and Mr Wong Loke Tan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 April 2023 (“**AGM**”) (“**Retiring Directors**”).

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

	MR CHNG BENG HUA	MR GUOK CHIN HUAT SAMUEL	MR WONG LOKE TAN
Date of appointment	30 May 2018	31 December 2019	31 December 2019
Date of last re-appointment	29 April 2019	19 June 2020	19 June 2020
Age	57	66	67
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Refer to the disclosures set out under “Board diversity”, “Directors’ selection and nomination process” and “Directors’ rotation and re-election” of the Corporate Governance Report in this Annual Report. The Board concurred with the Nominating Committee’s recommendation for the re-appointment of Mr Chng Beng Hua.	Refer to the disclosures set out under “Board diversity”, “Directors’ selection and nomination process” and “Directors’ rotation and re-election” of the Corporate Governance Report in this Annual Report. The Board concurred with the Nominating Committee’s recommendation for the re-appointment of Mr Guok Chin Huat Samuel.	Refer to the disclosures set out under “Board diversity”, “Directors’ selection and nomination process” and “Directors’ rotation and re-election” of the Corporate Governance Report in this Annual Report. The Board concurred with the Nominating Committee’s recommendation for the re-appointment of Mr Wong Loke Tan.
Whether appointment is executive, and if so, the area of responsibility	Re-appointment as Executive Director. Responsible for overseeing the overall management and operations of the Company.	Re-appointment as Non-Executive and Independent Director.	Re-appointment as Non-Executive and Independent Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Lead Independent Director Nominating Committee Chairman Audit Committee Member Remuneration Committee Member	Independent Director Audit Committee Chairman Nominating Committee Member
Professional qualifications	Bachelor’s degree in Business Administration (Finance) from the University of Texas, Austin.	Bachelor of Science degree in Business Administration from Boston University, with majors in Finance and International Economics, and a minor in Chemistry.	Master of Business Administration from Brunel University, and an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors.

Disclosure of Information on Directors Seeking Re-Election (Cont'd)

	MR CHNG BENG HUA	MR GUOK CHIN HUAT SAMUEL	MR WONG LOKE TAN
Working experience and occupation(s) during the past 10 years	Refer to the Director's profile of Mr Chng disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Guok disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Wong disclosed under the section titled "Board of Directors" of this Annual Report.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	Father of Mr Chng Tze Sian Milton, Assistant General Manager (Corporate Affairs) and a key management personnel of the Company.	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) Or Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries?	Yes	No	No
Shareholding Details	14,500,000 ordinary shares of the Company held in his own name. Mr Chng is deemed interested in 4,000,000 ordinary shares of the Company held by his spouse and 1,000,000 ordinary shares of the Company held by the Central Provident Fund in his own account.	Not applicable	Not applicable
Other Principal Commitments* including directorships	Refer to the Director's profile of Mr Chng disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Guok disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Wong disclosed under the section titled "Board of Directors" of this Annual Report.
Past (for the last 5 years)			
Present			
Information required pursuant to Listing Rule 704(7) under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr Chng's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".	Mr Guok's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".	Mr Wong's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of International Cement Group Ltd. (the “Company”) will be held at Orchard Grand Court, Lloyd II at 131 Killiney Road, Level 2, Singapore 239571 on Thursday, 27 April 2023 at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Directors’ Statement and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Chng Beng Hua as Director pursuant to Regulation 102 of the Constitution of the Company.
(See Explanatory Note 1) **(Resolution 2)**
3. To re-elect Mr Guok Chin Huat Samuel as Director pursuant to Regulation 102 of the Constitution of the Company.
(See Explanatory Note 2) **(Resolution 3)**
4. To re-elect Mr Wong Loke Tan as Director pursuant to Regulation 102 of the Constitution of the Company.
(See Explanatory Note 3) **(Resolution 4)**
5. To approve payment of Directors’ fees of S\$185,000 for the financial year ending 31 December 2023 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears (2022: S\$211,250). **(Resolution 5)**
6. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. 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:

8. Authority to Issue Shares **(Resolution 7)**

“That pursuant to Section 161 of the Companies Act 1967 and the Listing Manual of the Singapore Exchange Securities Trading Limited (“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; and
 - (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 conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

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

Notice Of Annual General Meeting (Cont'd)

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 and subsidiary holdings), 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 existing shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities outstanding or subsisting at the time this resolution is passed;
- (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 Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 4)

BY ORDER OF THE BOARD

Ang Siew Koon
Lee Zhen Jesica
Company Secretaries

05 April 2023

Singapore

Explanatory Notes:

1. **Ordinary Resolution 2:** Mr Chng Beng Hua is an Executive Director. Key information on Mr Chng can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Disclosure of Information On Directors Seeking Re-election" of the Company's 2022 Annual Report.
2. **Ordinary Resolution 3:** Mr Guok Chin Huat Samuel is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Mr Guok will remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Key information on Mr Guok can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Disclosure of Information On Directors Seeking Re-election" of the Company's 2022 Annual Report.
3. **Ordinary Resolution 4:** Mr Wong Loke Tan is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Mr Wong will remain as Chairman of the Audit Committee and a member of the Nominating Committee. Key information on Mr Wong can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Disclosure of Information On Directors Seeking Re-election" of the Company's 2022 Annual Report.

4. **Ordinary Resolution 7:** This resolution, 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 and subsidiary holdings) 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 and subsidiary holdings) 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 7, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. The AGM will be held in a wholly physical format and 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. **There will be no option for shareholders and members to participate virtually.** This Notice of AGM and the accompanying proxy form will be sent to shareholders and members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://internationalcementgroup.com>. Printed copies of this Notice and the accompanying proxy form will NOT be despatched to shareholders and members.
2. Shareholders and members, including CPF investors and SRS investors, may participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM (i) themselves; or (ii) through their duly appointed proxy(ies).

For the avoidance of doubt, CPF investors and SRS investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote at the AGM on their behalf.

CPF and SRS investors:

- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on **17 April 2023**, being seven (7) working days prior to the date of the AGM.

Notice Of Annual General Meeting (Cont'd)

3. Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM (i) themselves; or (ii) appointing the Chairman of the AGM as proxy in respect of the Company's shares held by such relevant intermediary on their behalf,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

4. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
5. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Shareholders and members, including CPF and SRS investors, and (where applicable) duly appointed proxies attending the AGM in person, should bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders and members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell.
 6. A proxy need not be a member of the Company.
 7. Shareholders and members may appoint the Chairman of the AGM as proxy but this is not mandatory.
 8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(a) by post to the registered address of the Company at 100 Tras Street, #18-01 100 AM, Singapore 079027; or

(b) by email to the Company's Share Registrar at gpe@mncsingapore.com,

in each case, by **2.00 p.m.** on **24 April 2023**, being not less than seventy-two (72) hours before the time set for holding the AGM.

9. Shareholders' Questions and Answers

Shareholders and members, including CPF and SRS investors, may submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by **13 April 2023** (at least seven (7) calendar days after the date of the Notice of AGM):

(a) **by post to the registered address of the Company at 100 Tras Street, #18-01 100 AM, Singapore 079027; or**

(b) **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 and relevant questions received from shareholders and members will be published on the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://internationalcementgroup.com> prior to the AGM.

We will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the 13 April 2023 cut-off time at the AGM itself.

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.

10. 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 2022, as well as the Notice of AGM and the accompanying proxy form have been published and may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://internationalcementgroup.com/annual-report/> from 05 April 2023.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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:

- The Annual General Meeting ("AGM") will be held in a wholly physical format and 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. **There will be no option for shareholders and members to participate virtually.** The Notice of AGM dated 05 April 2023 ("AGM Notice") and this accompanying Proxy Form will be sent to shareholders and members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://internationalcementgroup.com>. Printed copies of the AGM Notice and this accompanying Proxy Form will not be despatched to shareholders and members.
- Arrangements relating to attendance at the AGM by shareholders and members, including CPF and SRS investors, submission of questions by shareholders and members, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders and members, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the AGM Notice.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies).
- Pursuant to Section 181(1C) of the Companies Act 1967, relevant intermediaries may appoint more than two proxies to attend, speak and vote at the AGM.
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on **17 April 2023**.
- Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to appoint the Chairman of the AGM as proxy, should approach the relevant intermediary to submit their votes.

I/We _____ (Name) _____ (*NRIC/Passport/Company

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

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

*and/or

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

or failing *him/her, the Chairman of the Annual General Meeting (the "**AGM**") as *my/our proxy/proxies to attend, speak or vote for *me/us on *my/our behalf at the AGM of the Company to be held at Orchard Grand Court, Lloyd II at 131 Killiney Road, Level 2, Singapore 239571 on Thursday, 27 April 2023 at 2.00 p.m. and at any adjournment thereof.

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

Resolution No.	Ordinary Resolutions	For **	Against **	Abstain **
Resolution 1	Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and Auditors' Report.			
Resolution 2	Re-election of Mr Chng Beng Hua.			
Resolution 3	Re-election of Mr Guok Chin Huat Samuel.			
Resolution 4	Re-election of Mr Wong Loke Tan.			
Resolution 5	Approval of Directors' fees of S\$185,000 for the financial year ending 31 December 2023 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears.			
Resolution 6	Re-appointment of KPMG LLP as Auditors.			
Resolution 7	Authority to issue new shares.			

** Please indicate your vote "**For**" or "**Against**" with a tick [✓] within the box provided for each resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick [✓] in the "**Abstain**" box provided in respect of that resolution.

Signed this _____ day of _____ 2023.

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

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

* Delete accordingly

IMPORTANT:

Please read the notes overleaf.

Notes:-

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act 1967 of Singapore (“**Companies Act**”), a member of the Company entitled to attend, speak and vote at the Annual General Meeting (“**AGM**”) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. A member can appoint the Chairman of the AGM as his/ her/ its proxy, but this is not mandatory.
5. A proxy need not be a member of the Company.
6. 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.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act.
8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) by post to the registered address of the Company at 100 Tras Street, #18-01 100 AM, Singapore 079027; or
 - (b) by email to the Company’s Share Registrar at gpe@mncsingapore.com,in each case, by 2.00 p.m. on 24 April 2023, being not less than seventy-two (72) hours before the time set for holding the AGM.
9. 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 2001 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.
10. 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 AGM as certified by The Central Depository (Pte) Limited to the Company.
11. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
12. For purposes of the appointment of a proxy(ies) and/or representative(s), the member(s)’ and the proxy(ies)’ or representative(s)’ full name and full NRIC/passport number will be required for verification purposes, and the proxy(ies)’ or representative(s)’ NRIC/passport will need to be produced for sighting upon registration at the AGM. This is so as to ensure that only duly appointed proxy(ies)/representative(s) attend, speak and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)’ or representative(s)’ identity cannot be verified accurately.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



INTERNATIONAL CEMENT GROUP

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Mohir Cement LLC

Industrial Zone, Village Council of Madaniyat Village,
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