ICG
INTERNATIONAL CEMENT GROUP

POSITIONED FOR GROWTH

ANNUAL REPORT 2019

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POSITIONED FOR GROWTH

With the recent completion of its newest cement plant in Kazakhstan in December 2019, International Cement Group has more than doubled its annual cement production capacity in Central Asia to 3 million metric tonnes.

Poised to meet the growing development and construction demands within the region which have been spurred on by recent economic growth in Central Asian countries, the Group will forge ahead with its expansion strategy and continue to bolster its cement production capacities in Central and Southeast Asia.

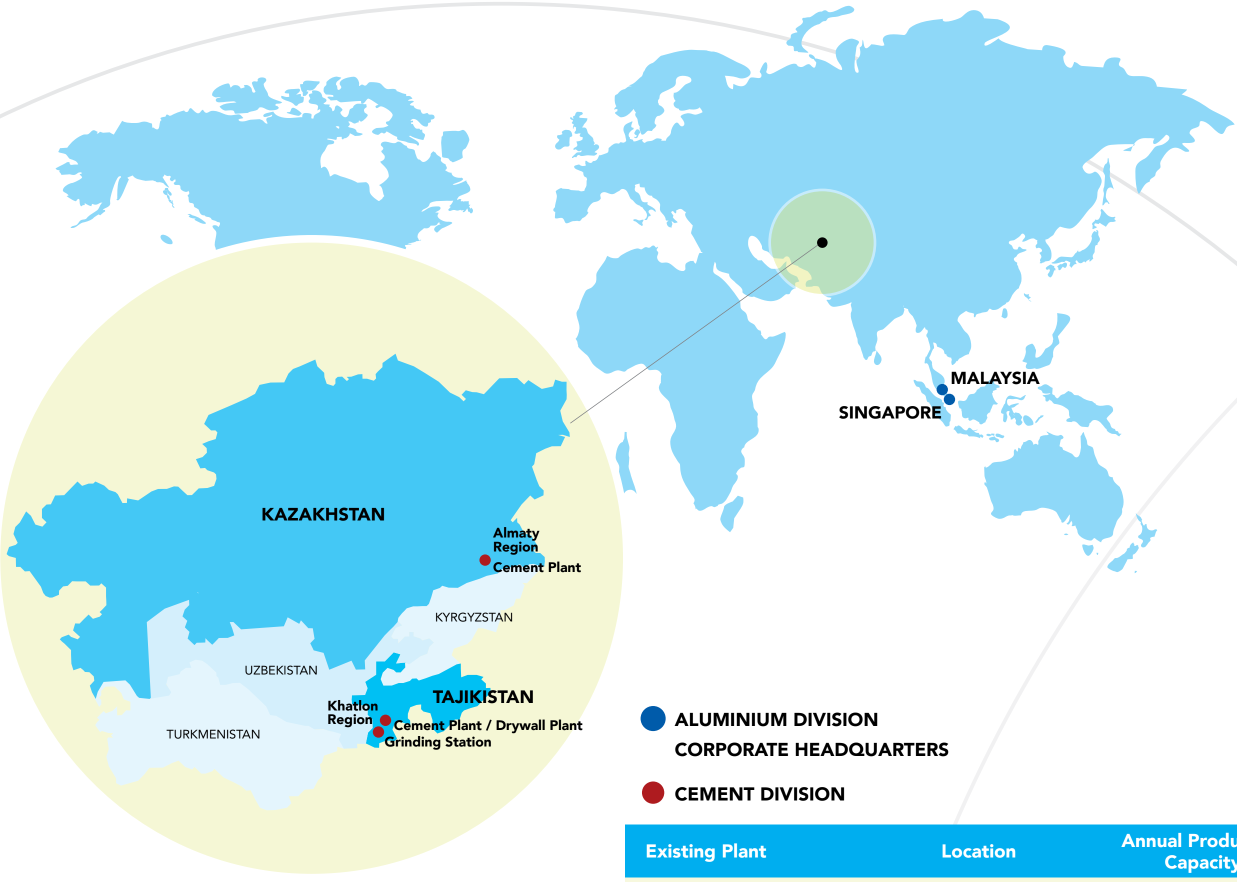
At a Glance

ABOUT INTERNATIONAL CEMENT GROUP

International Cement Group Ltd. and its subsidiaries (the "Group") own and operate the largest cement plant in the Khatlon Region in Tajikistan in Central Asia. With an annual production capacity of 1.2 million metric tonnes, it is also one of the two largest cement producers in the country. In addition, it owns and operates a grinding station with an annual production capacity of 0.6 million metric tonnes in Tajikistan.

In December 2019, the Group completed construction of its first plant in Kazakhstan, located in Almaty, with an annual capacity of 1.2 million metric tonnes. This plant is expected to commence commercial production in 2020.

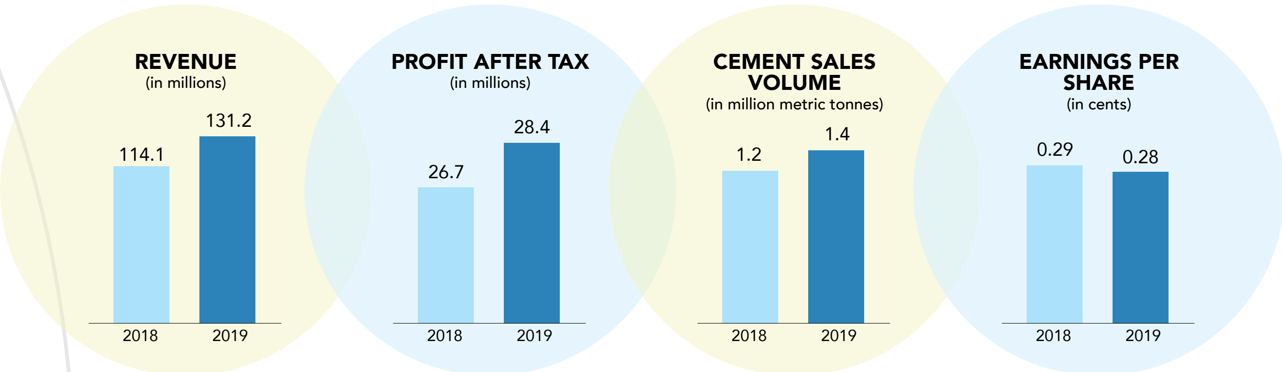
The Group also has an established business in manufacturing and marketing aluminum extrusions used for the construction industry in Singapore.



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

FINANCIAL HIGHLIGHTS

S$'000 (unless otherwise stated)	2019	2018
Cement sales volume (million metric tonnes)	1.4	1.2
Revenue	131,229	114,107
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	42,880	39,717
Profit before tax	33,405	31,083
Profit after tax	28,381	26,658
Profit attributable to owners of the Company	15,730	16,388
EBITDA margin (%)	32.7	34.8
Net profit margin (%)	21.6	23.4
Basic and diluted earnings per share (Singapore cents)	0.28	0.29
Total assets	368,475	292,747
Total liabilities	104,543	41,851
Total equity	263,932	250,896
Equity attributable to owners of the Company	205,077	194,860
Net asset value per share (Singapore cents)	3.58	3.44
Net cash from operating activities	50,271	33,525
Net cash used in investing activities	(55,114)	(37,098)
Net cash from/(used in) financing activities	4,273	(11,741)
Cash and cash equivalents	12,402	13,084



Chairman's Message

Dear Shareholders,

On behalf of the Board, I am pleased to present our first annual report following International Cement Group's ("ICG") successful listing on the Mainboard of the Singapore Exchange on 8 March 2019, following an internal restructuring via a scheme of arrangement whereby Compact Metal Industries Ltd transferred its listing status to ICG.

Since then, we have focused on pursuing sustainable growth opportunities. One of the highlights of the year was the completion of our first cement plant in Kazakhstan. This cement plant and other ancillary facilities, with a construction cost of approximately US$130.0 million (S$182.0 million), is the Group's largest investment in Central Asia, and is also one of the largest investments by a Singapore company in Kazakhstan. Additionally, we were able to complete the plant in less than 2 years, the shortest construction period of all cement plants in the country to date.

This is yet another significant milestone in our Company's history, underscoring our intent in growing our presence in the Central Asia region. Having worked closely with the Kazakh government on this project, we had the opportunity to directly showcase our managerial and industrial capabilities to leaders of the nation. We also gained great insights on Kazakhstan's economic and socio-political landscape, which will be an asset in our future endeavours as we continue to explore other opportunities in the region.

Meanwhile, operations at our Tajikistan plant, the Group's first cement plant in the Khatlon region of Tajikistan, have picked up steadily during the year, largely attributed to an increase in demand for cement due to the growth in the country's construction sector. Furthermore, the Group has also gained a bigger market share in Tajikistan, with its brand name gaining popularity in the country now that the plant is in its third full year of operations.

In May 2019, we completed the construction of a grinding station in Tajikistan with an annual production capacity of 0.6 million metric tonnes, which will help to strengthen our export sales to neighbouring countries. We remain optimistic about the future of the plant and its contribution to our revenue stream, especially considering the Tajikistan government's commitment towards redeveloping the country's infrastructure.

For the aluminium business, the Group has an order book (including variation orders) of S$22.7 million as at 31 December 2019. The projects secured during the year were public-sector residential projects within Singapore. These projects are expected to be completed progressively over the next 2 to 3 years. Although the construction demand is expected to improve steadily over the medium term, the Group is cautious on the outlook of the aluminium business as the operating environment remained challenging amidst stiff competition and rising business costs.

FINANCIAL ACHIEVEMENTS

We are pleased to report that our Group's net profit grew by 6.5% to S$28.4 million on the back of a 15.0% surge in the Group's revenue to S$131.2 million in 2019. This was boosted by higher revenue contribution from the cement segment as a result of higher cement sales volume driven by stronger demand for cement in Tajikistan. However, the overall increase was partially offset by a drop in revenue from the aluminium segment due to a decline in sales from projects, and sales of aluminium related products.

In the latest full-year results, our Group posted earnings per share of 0.28 Singapore cents, while net asset value per share as at 31 December 2019 rose 4.1% to 3.58 Singapore cents.

OUTLOOK & GROWTH STRATEGY

Moving forward, we will continue to expand our footprint in Central Asia with more projects in the region. The Group is currently exploring entering into joint ventures with local partners to construct new cement plants within this region.

Aside from our cement operations, we have begun exploring other extensions into the construction sector. At our main cement plant in Tajikistan, we will begin construction of a drywall production line with an annual production capacity of 30 million square metres which is expected to be completed in 2021.

Looking ahead, we are optimistic about future business opportunities in the Central Asia region. Demand for cement is slated to increase in the next year, driven by the projected plans for reconstruction, urbanisation, and infrastructure growth in the region. With our continued success in Tajikistan and the planned commencement of commercial production at the new Kazakhstan plant in 2020, we are well-positioned to meet these demands.

We will continue to explore opportunities to increase our overall production capacity through investments in construction of cement plants, acquisitions, joint ventures, and/or strategic collaborations, particularly within the Central Asia and Southeast Asia regions.

The Group also recognises the potential implications of the recent COVID-19 outbreak on our business, and we will continue to carefully monitor our operations for both cement and aluminium segments. Business continuity measures have been put in place and we will continue to cautiously explore avenues for sustainable growth.

APPRECIATION

As always, we are grateful to our staff and management team for their hard work and constant effort. I would also like to personally express my appreciation to my fellow Board members for their dedication and commitment.

Additionally, we would like to thank Mr Sin Ee Wuen, who stepped down as Independent Director in November 2019. On behalf of the Board and staff, we would like to extend our deep appreciation to Mr Sin for his invaluable contributions these 5 years and wish him well in his future endeavours.

We would also like to welcome to Mr Guok Chin Huat Samuel and Mr Wong Loke Tan, who joined ICG as Independent Directors on 31 December 2019. Mr Guok brings with him over 30 years of experience in investment banking, venture capital, and private equity businesses, while Mr Wong has over 30 years of experience in banking spanning the areas of syndicated loans, project financing, structured trade financing, and mergers and acquisitions. With their various expertise and experience, we are confident that they will contribute invaluable insights to our Group.

Finally, we would also like to thank you, our shareholders, for your continued support in ICG. You have our assurance that we will continue to work hard to build long-term shareholder value through sustainable and result-oriented strategies.

MA ZHAOYANG
Chairman

主席致词

尊敬的各位股东，

国际水泥集团有限公司（“国际水泥”）通过内部重组，由坚固金属工业有限公司转呈并获得上市地位，已于2019年3月8日成功在新加坡交易所主板上市。在此我谨代表董事会，欣然向各位股东呈交集团上市后的第一份年度报告。

自上市起，集团一直致力于寻求可持续发展的机会。本年度亮点之一，即是我们在哈萨克斯坦的第一个水泥厂顺利建成。该水泥厂及其他附属设施建设投资约为1.3亿美元（约合1.82亿新元），是集团在中亚地区最大的投资项目，也是目前新加坡公司在哈萨克斯坦的最大投资之一。不仅如此，我们仅用不到2年的时间完成了水泥厂的建设，这是迄今为止该国所有水泥厂中施工周期最短的项目。

这是集团历史上又一个重要的里程碑，是我们致力在中亚地区发展壮大的见证。与哈萨克斯坦政府在此项目上密切合作，让我们能够直接向该国国家领导人展示自己的管理水平和生产能力。我们还对哈萨克斯坦的经济和社会政治环境有了深入的了解，在继续寻求该区域的其他发展机会时，这无疑是一笔宝贵的财富。

与此同时，我们位于塔吉克斯坦哈特隆州的工厂，作为集团的第一家水泥厂，在过去一年里运营稳定且业绩稳步增长，主要是由于该国基础建设领域增长导致水泥需求量增加。而且，集团在塔吉克斯坦也占领了更大的市场份额，随着水泥业务进入第三个完整的运营年度，我们的品牌在塔吉克斯坦也越来越受欢迎。

2019年5月，我们在塔吉克斯坦投资的年产60万吨水泥粉磨生产线竣工投产，这将有助于加强周边国家出口业务。我们对粉磨站及其未来对集团收益的贡献持乐观态度，尤其是考虑到塔吉克政府决心进行国家基础设施重建。

在铝业方面，截至2019年12月31日，集团订单额为2270万新元（包括变更订单）。近一年内获得的项目均为新加坡境内的公共住宅项目，这些项目预计将在今后3年逐步完成。虽然预计建设需求从中期来看会稳步增长，但集团对铝业的前景持谨慎态度，因为在激烈的竞争和不断上升的营业成本下，经营环境仍然充满挑战。

财务业绩

我们很高兴向大家报告，2019年集团营业收入增长15.0%，达1.312亿新元，净利润增长6.5%，达2840万新元。这是由于塔吉克斯坦对水泥的强劲需求推动了水泥销量增长，从而使水泥业务为集团贡献了更多的收益。然而，铝业板块项目收益和铝业相关产品的销量下降，部分抵消了整体增长。

根据截至2019年12月31日的最新全年业绩，集团公布的每股收益为0.28新分，而每股资产净值上涨4.1%，达3.58新分。

前景及发展战略

新的一年，我们将继续扩大中亚地区的业务，在该地区开发更多的项目。集团目前也正在中亚地区探讨与当地合作伙伴共同成立合资企业，新建水泥项目。

除水泥业务外，我们已经开始探索建筑行业的其他延伸。在塔吉克斯坦水泥厂内，我们将着手建设一条年产3000万平方米的石膏板生产线，该生产线将于2021年完工。

展望未来，我们对中亚地区未来的商机充满信心。受该地区重建、城市化和基础设施发展计划的推动，预计明年水泥需求将会增加。依靠我们在塔吉克斯坦的持续成功，以及哈萨克斯坦新工厂预计在2020年的正式运营，我们已经为满足这些不断增长的需求做好了一切准备。

我们将持续通过新建、收购、合资及/或战略合作等方式在水泥板块进行投资，特别是在中亚及东南亚地区，寻求机会，不断提高集团的整体产能。

集团亦认识到近期爆发的新冠肺炎疫情对经营的潜在影响，会继续密切监管公司在水泥及铝业板块的运营。我们已采取经营连续性措施，并且继续谨慎地探索可持续发展途径。

致谢

一如既往，我们感谢全体员工和管理团队的辛勤付出和不懈努力。我也想借此机会亲自对董事会成员表示感谢，谢谢你们的无私奉献。

此外，感谢冼毅文先生，他于2019年11月辞去了独立董事的职务。我谨代表董事会及全体员工，衷心感谢冼先生在过去5年所作出的杰出贡献，并祝他未来事业顺遂。

我们还要欢迎郭进发先生和王禄山先生，他们于2019年12月31日加入国际水泥担任独立董事。郭先生在投资银行、风险投资及私募股权投资业务方面拥有超过30年的经验，而王先生则在银团贷款、项目融资、结构性贸易融资及公司并购等金融业务方面拥有超过30年的经验。凭借二位丰富的专业知识和经验，我们相信他们定会为集团提供宝贵的意见。

最后，我们要感谢各位股东，感谢你们对国际水泥的一贯支持。我们保证，将继续努力工作，通过可持续以及业绩导向的战略，为股东创造长期价值。

马朝阳
董事会主席

Listing ceremony at the Singapore Exchange arena on 29 March 2019

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. Following the completion of the Scheme of Arrangement of Compact Metal Industries Pte. Ltd. (formerly known as Compact Metal Industries Ltd), ("CMIL"), he continues to hold the position of Executive Chairman and member of Nominating Committee in ICG.

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

He is currently a Non-Executive Director of West China Cement Limited ("WCC"), a company listed on the Hong Kong Stock Exchange since 2010. WCC specialises in producing and distributing cement products and is one of the leading cement producers in China's Shaanxi province.

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

MR ZHANG ZENGTAO
Non-Independent Non-Executive Director

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

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

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

MR CHNG BENG HUA
Executive Director

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

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

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

MR KAN AH CHYE
Lead Independent Director

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

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

Mr Kan holds an Honours Degree in Economics and Accounting from the University of Malaya.

MS LISA SAM HUI MIN

Independent Director

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

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

Ms Sam graduated from University of Kent with a Bachelor's degree in Law. She was admitted as an advocate and solicitor of the Supreme Court in 1997 and is a barrister-at-law of England and Wales. She is a member of the Law Society of Singapore and an Associate Mediator with the Singapore Mediation Centre.

MR GUOK CHIN HUAT SAMUEL

Independent Director

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

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

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

MR WONG LOKE TAN

Independent Director

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

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

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

Key Executives

MR CAO JIANSHUN
Deputy Chief Executive Officer

Mr Cao Jianshun is the Deputy Chief Executive Officer of the Group. He oversees the cement operations of the Group. He concurrently holds the position of Chief Executive Officer in International Manufacturing Company Chzhungtsai Mohir Cement LLC and Alacem LLP, subsidiaries of the Group.

Mr Cao has more than 20 years of experience in the cement industry and has immense knowledge in all aspects of operation and management of a cement plant, including production, sales, finance and maintenance.

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

MS LEE ZHEN JESICA
Chief Financial Officer

Ms Lee Zhen Jesica is the Chief Financial Officer of the Group. She is responsible for the Group's finance, accounting and regulatory compliance functions including tax, corporate, internal controls and sustainability reporting, and is involved in the Group's activities on mergers and acquisitions.

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

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

MS ZHAO YUANYUAN
General Counsel

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

Ms Zhao has extensive experience in advising on overseas investments, mergers and acquisitions, and initial public offerings. She passed the bar exam in 2005 and worked as a lawyer for 7 years in the People's Republic of China.

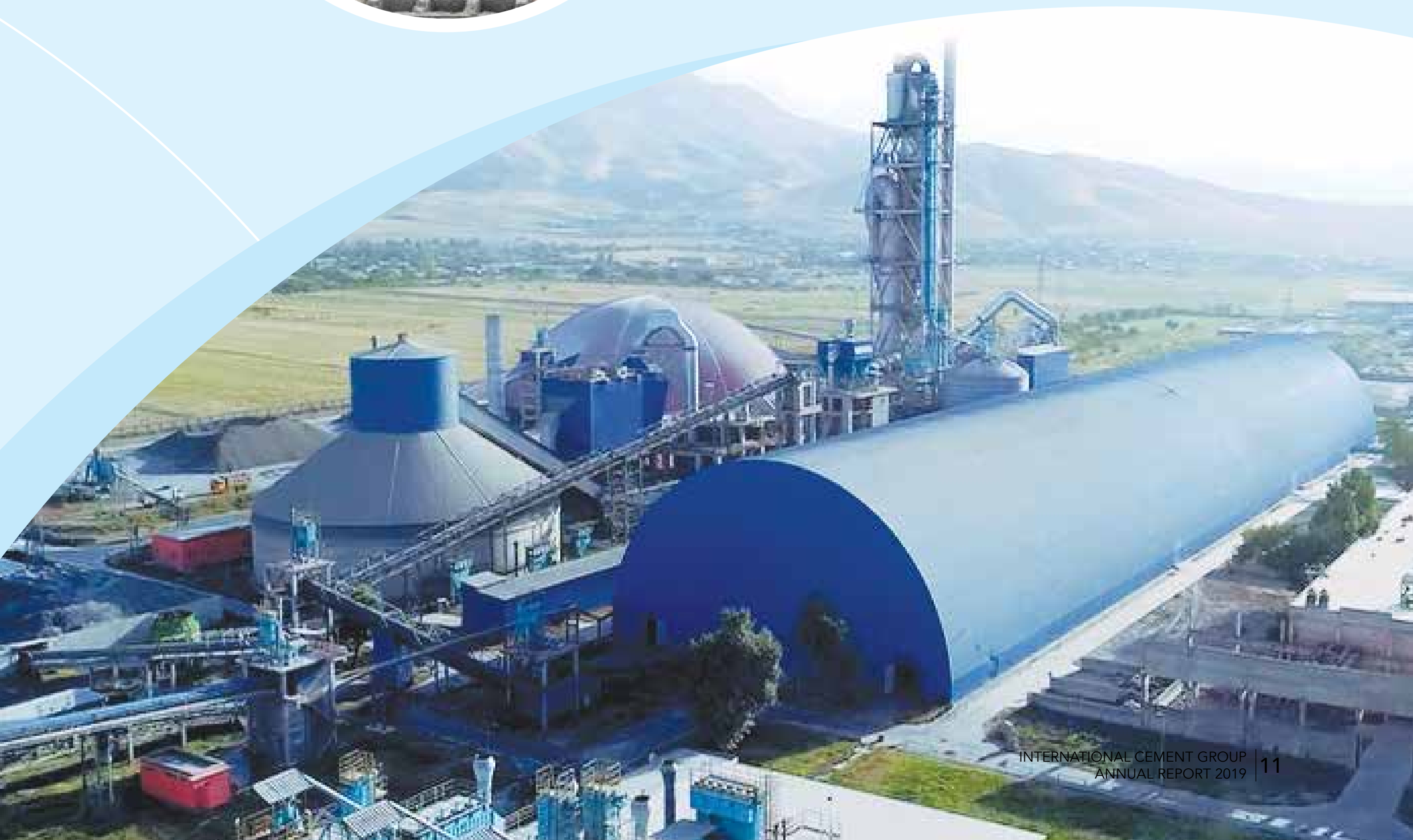
Ms Zhao holds a Master's degree in Law from Renmin University of China and a Bachelor's degree in Law from Northwest University of Political Science and Law.

MR CHNG TZE SIAN MILTON
Assistant General Manager (Corporate Affairs)

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

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

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



Operations and Financial Review

CEMENT DIVISION

Our core business is the production and distribution of cement. We own a cement plant and a grinding station in Tajikistan (which produces cement under the "Mohir" brand), and a cement plant in Kazakhstan (which produces cement under the "Alacem" brand). Our cement is primarily used in the construction of infrastructure projects such as residential buildings, roads, bridges, highways and railways. We sell our cement to local customers as well as to regional partners.

We have been able to continually increase our production capacity in the Central Asia region year-on-year. With our two cement plants and grinding station, we have a combined annual cement production capacity of 3 million metric tonnes, more than double of our capacity last year. This puts us in an advantageous position to meet the projected demands for reconstruction, urbanisation, and infrastructure growth in the Central Asia region.

We are also expected to further bolster our capabilities in the region where we are currently exploring joint venture opportunities with local partners to construct new cement plants.

Besides ensuring optimum production capacity, our plants are also designed with environmental protection in mind. We incorporate comprehensive pollution mitigation measures in our cement production process, such as a new suspension preheater ("NSP") dry process which is more fuel and energy-efficient as compared to traditional technologies. NSP technology involves the pre-heating of raw materials to ensure their substantial decomposition prior to being mixed and fed into the rotary kiln. This pre-heating process greatly reduces the energy consumption in clinker production as it significantly reduces the amount of raw material to be broken down before the calcination and formation of clinkers can take place. Apart from reducing damage caused to the environment, such energy-efficient measures also lower costs incurred during production.

TAJIKISTAN

We own and operate the largest cement plant, the Mohir plant, in the Yovon district, Khatlon region in Tajikistan in Central Asia. With an annual production capacity of 1.2 million metric tonnes, it is also one of the largest cement producers in the country. In the past year, operations at the Mohir plant gained ground, largely due to growth in the country's construction sector leading to an increase in demand for cement. In addition, the plant's brand name has gained traction after three full years of operations, thus resulting in the Group gaining a bigger market share in Tajikistan.

In May 2019, we completed the US$32.8 million (S$45.9 million) construction of a grinding station in Tajikistan, adding 0.6 million metric tonnes to our total production capacity. While our main cement plant is located in the Yovon district, our grinding station is in the Kolkhozabad district of the Khatlon Province, which is closer to our export customers. This greatly reduces overall transportation costs.

Our operations in Tajikistan target both domestic and export markets. Currently, our export sales are to Afghanistan and Uzbekistan. We sell our products to retail customers, construction firms, and distributors who then resell our cement to other end users. We are optimistic about the future of the plant and its contribution to our revenue stream, especially considering the Tajikistan government's commitment towards reconstructing the country's infrastructure.

We also plan to invest US$15.0 million (S$21.0 million) to build a drywall (gypsum plasterboard) production line within our main Tajikistan cement plant. Construction is slated to commence in 2020 and is expected to be completed within a year. With an annual production capacity of 30 million square metres of drywall, our production line will be able to meet local demand, as well as enter into markets within the Central Asia region. Tapping into our existing distribution network in Tajikistan, we are optimistic that this new business will further enhance our product offerings within the construction sector.

Operations and Financial Review (Cont'd)

KAZAKHSTAN

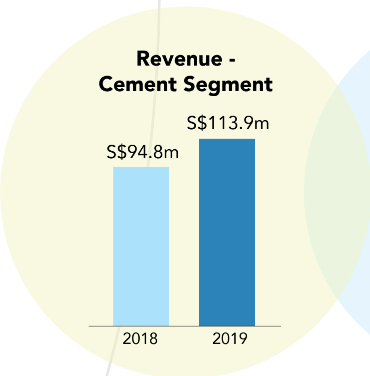
In December 2019, we completed construction of our first cement plant in Kazakhstan, the Alacem plant, with an annual production capacity of 1.2 million metric tonnes. Owned and operated through a joint venture with our local partner, Mr Nurzhan Shakirov, the Alacem plant is the Group's largest investment in Central Asia to date, with a construction cost of approximately US$130.0 million (S$182.0 million), including other ancillary facilities. The plant is expected to commence commercial production in 2020 and will supply cement to the domestic market, specifically the Almaty and Taldykorgan areas, as well as the Horgos port near the Kazakh-Chinese border.

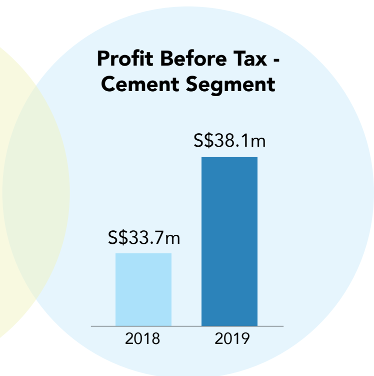
Ignition ceremony in Kazakhstan in November 2019

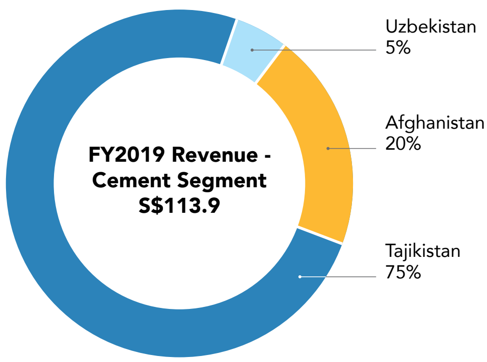
REVIEW OF OPERATIONS

The cement division accounted for 86.8% of revenue in FY2019 as compared to 83.1% in FY2018. Revenue from the cement division increased by 20.2% to S$113.9 million in FY2019 on higher sales volumes due to stronger demand for cement in Tajikistan. As a result, the division's profit before tax rose by 13.0% to S$38.1 million.

Geographically, the increase in revenue was mainly attributable to the additional revenue contribution from Tajikistan of S$21.0 million in FY2019. This was driven by greater demand in cement in Tajikistan where the construction sector had grown by approximately 7% in 2019. Cement sales volume increased by 16.7% from 1.2 million metric tonnes to 1.4 million metric tonnes in FY2019.







Operations and Financial Review (Cont'd)

ALUMINIUM DIVISION

Apart from our cement operations, the Group also has an established business in manufacturing and marketing of aluminium windows and doors for residential properties. We own a fabrication plant at Sedenak, Johor Bahru, which undertakes the fabrication work to add value to the aluminium windows, doors, curtain walls, cladding, and roofing panels.

The projects secured during the year were for public-sector residential projects within Singapore. These projects are expected to be completed progressively over the next 2 to 3 years. As at 31 December 2019, the Group has an order book (including variation orders) of S$22.7 million.

Although the construction demand is expected to improve steadily over the medium term, the Group is cautious on the outlook of the aluminium business as the operating environment remained challenging amid stiff competition and rising business costs.

During the year in review, the Group decided to streamline the operations of the aluminium business by disposing the leasehold land, building, and plant and machinery of the extrusion plant at Pasir Gudang, Johor, which was completed in December 2019.

Review of Operations

The aluminium division accounted for 13.2% of revenue in FY2019 as compared to 16.9% in FY2018.

Revenue from the aluminium segment dropped by 10.4% to S$17.3 million in FY2019 due to a decline in sales from projects, and in sales of aluminium related products. Loss before tax increased to S$3.8 million, from S$2.5 million the year before as a result of the decline in sales and losses incurred from the disposal of the extrusion plant in Pasir Gudang.

FINANCIAL PERFORMANCE

International Cement Group Ltd. and its subsidiaries (collectively the "Group") recorded revenue of S$131.2 million in the financial year ended 31 December 2019 ("FY2019"), up 15.0% from S$114.1 million for the financial year ended 31 December 2018 ("FY2018"). This was due to an increase in revenue from the cement segment of S$19.1 million, or 20.2%, on the back of higher cement sales volume driven by the strong demand for cement in Tajikistan. However, the increase was partially offset by a decline in revenue from the aluminium segment of S$2.0 million, or 10.4%, as a result of lower sales from projects and sales of aluminium related products.

Raw materials and consumables used, and changes in inventories of work-in-progress and finished goods, increased by 25.6% and 148.0% to S$41.0 million and S$2.5 million respectively, in line with the increase in sales for the cement segment.

Staff and related costs grew by 6.4% to S$10.2 million mainly due to an increase in number of employees in Kazakhstan, which was partially offset by a decline in number of employees employed in Tajikistan as the plant achieved operational efficiency after three full years of operations.

Depreciation of property, plant and equipment increased by 13.4% to S$6.1 million as a result of the adoption of SFRS (I) 16, a new leasing accounting standard, as well as completion of the grinding station in Tajikistan and cement plant in Kazakhstan during the year.

Impairment loss on property, plant and equipment of S$1.2 million relates to: (i) impairment loss of S$0.6 million arising from the assessment of the carrying amount of a freehold land used for a construction project in Malaysia that had been shelved indefinitely by the Group; and (ii) impairment of right-of-use assets in the aluminium segment of S$0.6 million.

Amortisation of intangible assets, which arose from amortisation of subsoil rights relating to licences for the extraction of limestone, clay, siltstone, and subsoil use contracts for the cement plant in Tajikistan, remained relatively unchanged at S$3.0 million in FY2019.

The Group posted a reversal of loss allowance on trade and other receivables, and contract assets of S$0.6 million, thanks to an improvement in collection and the aging of trade and other receivables during the year.

Other expenses rose by 3.5% to S$35.2 million mainly due to higher utilities, transportation, and packaging costs incurred during the year. This was in line with the increase in revenue. The Group also incurred a one-off expense relating to professional fees arising from the Group's proposed acquisition of a cement plant in Namibia.

Finance cost increased by 46.7% to S$0.6 million largely due to amortisation of right-of-use assets arising from the adoption of SFRS (I) 16, as well as unwinding of amortisation of the interest-free loan from the Group's non-controlling interests of S$0.5 million.

Operations and Financial Review (Cont'd)

As a result, the net profit increased by 6.5% from S$26.7 million in FY2018 to S$28.4 million in FY2019.

Financial Position

The Group's equity attributable to owners of the Company as at 31 December 2019 was S$205.1 million, which translates into a net asset value per share of 3.58 Singapore cents.

Non-current assets

Non-current assets rose by 30.8% to S$314.3 million mainly due an increase in property, plant and equipment, which was partially offset by a decline in intangible and goodwill, as well as trade and other receivables.

Property, plant and equipment rose by 63.3% to S$262.5 million due to additions amounting to S$120.9 million mainly from construction-in-progress from the construction of the cement plant in Kazakhstan and the grinding station in Tajikistan and first-time recognition of 'right-of-use' assets of S$0.5 million due to adoption of SFRS(I) 16, which was partially offset by: (i) depreciation of S$6.8 million; (ii) currency translation loss of S$7.1 million; (iii) disposal of property, plant and equipment, as well as transfer of property, plant and equipment to non-current assets held for sale, with net book value of S$4.8 million, in the aluminium segment; and (iv) impairment losses of S$1.2 million.

Intangible assets and goodwill mainly comprised subsoil rights and goodwill arising from the acquisition of the cement plant in Tajikistan in 2017. The decline in intangible assets and goodwill of 9.0% to S$48.8 million was largely due to amortisation of S$3.0 million, and currency translation loss of S$2.0 million as a result of devaluation of the Tajikistan Somoni against Singapore dollar.

Long-term trade and other receivables of S$23.6 million as at 31 December 2018 comprised deposits and prepayments for the construction of the cement plant in Kazakhstan and the grinding station in Tajikistan. As the grinding station in Tajikistan and the cement plant in Kazakhstan were completed in May 2019 and December 2019 respectively, the deposits and prepayments were reclassified to property, plant and equipment in FY2019.

Current assets

Current assets increased slightly by 3.2% to S$54.1 million mainly due to an increase in inventories, trade and other receivables, and contract assets, as well as the addition of assets held for sale arising from the reclassification of property, plant and equipment to current assets.

Current trade and other receivables comprised: (i) trade receivables of S$4.5 million, (ii) other receivables of S$13.4 million, and (iii) deposits, and prepayments of S$3.1 million.

Current contract assets increased by 190.0% to S$2.0 million mainly due to the increase in sales in the aluminum segment during the fourth quarter of 2019.

Assets held for sale of S$0.4 million relates to certain property, plant and equipment and investment properties in the aluminium segment located in Malaysia, which the Group plans to dispose within the next 12 months.

Non-current liabilities

Non-current liabilities increased by 281.0% to S$46.1 million largely due to an increase in loans and borrowings and long-term other payables.

Long-term loans and borrowings of S$15.4 million comprised: (i) interest-free loans of S$12.5 million from Victory Gate Ventures Limited, a major shareholder of ICG, for the construction of the cement plant in Kazakhstan; and (ii) interest free loan of S$2.9 million from a non-controlling interest for the construction of the grinding station in Tajikistan.

Long-term other payables of S$21.8 million mainly comprised amounts owing to the Engineering, Procurement and Construction ("EPC") contractor for the construction of the cement plant in Kazakhstan under a deferred payment arrangement which are due between 2021 to 2023.

Current liabilities

Current liabilities rose by 96.4% to S$58.4 million mainly due to an increase in trade and other payables.

Trade and other payables increased by 114.2% to S$58.2 million mainly attributable to: (i) amounts owing to the EPC contractor and suppliers for the construction of the cement plant in Kazakhstan; and (ii) dividends payable to the non-controlling interest of S$6.7 million.

Cash Flow

The Group's cash and cash equivalents declined slightly from S$13.1 million as at 31 December 2018 to S$12.4 million as at 31 December 2019, mainly due to: (i) purchase of property, plant and equipment of S$57.5 million; (ii) repayment of trust receipts of S$2.0 million; (iii) dividends paid to non-controlling interests of S$6.5 million; and (iv) withholding tax paid on dividends declared by a subsidiary of S$3.7 million, which was partially offset by: (i) operating cash inflow of S$50.3 million; (ii) proceeds from sale of property, plant and equipment of S$2.5 million; (iii) proceeds from issuance of ordinary shares of S$3.2 million; and (iv) shareholders' loans of S$13.6 million.

Corporate Structure

INTERNATIONAL CEMENT GROUP

- 100% International Cement Holdings Pte. Ltd.
  - 100% International Cement Kazakhstan Pte. Ltd.
    - 87.5% Alacem LLP
  - 100% HYD Tajikistan Investment Pte. Ltd.
    - 65% International Manufacturing Company Chzhungtsai Mohir Cement LLC
      - 100% Mohir Cement LLC
- 100% Compact Metal Industries Pte. Ltd.
  - 100% Compact Metal Industries Sdn. Bhd.
  - 100% Integrate Private Limited
  - 98.2% Selaco Aluminium Berhad
  - 100% AEL Enviro (Asia) Pte. Ltd.

Cement

Aluminum

Energy related products and services

Corporate Social Responsibility

In addition to maintaining stable and sustainable business development throughout the year, our Group also made consistent contributions towards improving public welfare through numerous corporate social responsibility ("CSR") initiatives.

Overall, in FY2019, we donated a total of approximately 1.4 million Tajikistan Somoni (S$0.2 million) and 1,000 metric tonnes of cement to the national Tajikistan government, as well as to the local administrations of Yovon district and various urban areas surrounding Kurgan city.

The bulk of the monetary contribution went to the Tajikistan National Development Education Fund to support the betterment of education in the country. We also made donations to more than 10 Tajikistan college students in order to alleviate the financial burden of their educational expenses.

Most of the donated cement went towards local infrastructure improvements such as a 320 metric tonnes donation that was used to build schools in the Kulob district.

In Kurgan, part of our contribution went towards improving the conditions of Kurgan Nursing Home for its elderly and disabled residents. We had previously visited the nursing home numerous times in FY2018 during the construction of our cement grinding station in nearby Kolkhozabad which we had made donations then.

In Yovon, our donated cement was used to enhance and upgrade local amenities such as sports facilities, fire protection facilities, and education facilities. In addition, part of our donated money went towards the construction of a bridge in the Yovon district. The bridge, which is nearing completion, was built by the local government in order to enhance ease of movement for district residents.

We will continue to engage in CSR initiatives in the coming year. As we continue to expand into the region, such as with our latest completed cement plant in Kazakhstan, we hope to build stronger relationships with the communities around us and give back to them wherever we can.

1. Donation to orphanage home
2. Donation to Kurgan Nursing Home
3. Construction of bridge in Yovon district

Corporate Information

BOARD OF DIRECTORS

Ma Zhaoyang
Chairman

Zhang Zengtao
Non-Independent Non-Executive Director

Chng Beng Hua
Executive Director

Kan Ah Chye @ Kan Poh Thong
Lead Independent Director

Lisa Sam Hui Min
Independent Director

Guok Chin Huat Samuel
Independent Director

Wong Loke Tan
Independent Director

AUDIT COMMITTEE

Kan Ah Chye @ Kan Poh Thong
Chairman

Lisa Sam Hui Min

Guok Chin Huat Samuel

Wong Loke Tan

NOMINATING COMMITTEE

Lisa Sam Hui Min
Chairman

Kan Ah Chye @ Kan Poh Thong

Ma Zhaoyang

Guok Chin Huat Samuel

REMUNERATION COMMITTEE

Guok Chin Huat Samuel
Chairman

Kan Ah Chye @ Kan Poh Thong

Lisa Sam Hui Min

Wong Loke Tan

COMPANY SECRETARIES

Ang Siew Koon

Lee Zhen Jesica

REGISTERED OFFICE

290 Orchard Road
#14-07 The Paragon
Singapore 238859
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 Tan Yek Lee Doreen, with effect from financial year ended 31 December 2019)

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

CONTENTS

Corporate Governance Report

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

This Corporate Governance Report ("Report") describes the Company's corporate governance practices and sets out the manner in which the Company has applied the principles and the extent of compliance with the guidelines as set out in the revised Code of Corporate Governance 2018 (the "Code"), and where applicable, the Listing Manual of the SGX-ST (the "Listing Manual"). In the opinion of the Board, the Company has generally complied with the guidelines as set out in the Code during the financial year ended 31 December 2019 ("FY2019"). Where there are any deviations from the Code, appropriate explanations have been provided in this Report.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

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

The Board has a list of reserved matters that requires the approval of the Board. The reserved matters include the following:

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

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

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.

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

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

Corporate Governance Report (Cont'd)

The attendance of each Board member at the meetings of the Board, Board Committees and the Shareholders' meetings of ICG in FY2019 is as follows:

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

(1) Mr Sin resigned as an Independent Director on 30 November 2019.
(2) Mr Guok was appointed as an Independent Director on 31 December 2019.
(3) Mr Wong was appointed as an Independent Director on 31 December 2019.

Two new Independent Directors ("IDs"), namely Mr Guok Chin Huat Samuel and Mr Wong Loke Tan, were appointed on 31 December 2019.

A newly appointed Director will be provided with an appointment letter setting out the Director's duties and obligations. If the new Director has not served on any public listed company, he/she will have to attend the basic course for new Directors conducted by the Singapore Institute of Directors. The two new IDs have prior experience serving on the Board of listed companies and therefore, they are not required to attend the basic course for Directors of listed companies. They would however receive appropriate induction that includes briefings on the Group's structure, strategic objectives, business operations, policies and governance practices, and orientation on the business activities of the Group. All Directors are also given opportunities to visit the Group's local and overseas operational facilities to have an understanding of the operations and get to know the members of the local and overseas management team.

The Directors are encouraged to attend trainings and to participate in seminars to continuously upgrade themselves, at the cost of the Company. If there is any change in the existing rules of the Listing Manual, Companies Act or the Code, the Directors will be updated by the Company Secretary at the quarterly Board meetings and/or via email in a timely manner. The Directors who are members of the AC will also be updated on any change in the financial reporting standards by the external auditors at the quarterly AC meetings.

Management endeavors to provide the Board with complete, adequate and timely information on Board affairs and issues that require Board's attention and decision prior to the Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. As a general rule, board papers are sent to Directors one week in advance in order for Directors to be adequately prepared for the meeting. As and when there are important matters that require the Directors' attention, the information will be furnished to the Directors as soon as practicable.

All Directors have independent access to the Group's senior management and the Company Secretary.

The Company Secretary and her assistant provide secretarial support to the Board which includes attendance at Board and Board Committee meetings, ensuring that meeting procedures are followed and that the relevant rules and regulations of the Companies Act and the Listing Manual which are applicable to the Company are adhered to. The Company Secretary and/or her assistant attended all Board and Board Committee meetings in FY2019.

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

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

Principle 2: Board Composition and Guidance

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

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

Ma Zhaoyang
– Executive Director and Board Chairman

Zhang Zengtao
– Non-Executive Non-Independent Director

Chng Beng Hua
– Executive Director

Kan Ah Chye @ Kan Poh Thong
– Lead Independent Director

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

Sin Ee Wuen (Xian Yiwen) (1)
– Independent Director

Guok Chin Huat Samuel (2)
– Independent Director

Wong Loke Tan (3)
– Independent Director

(1) Mr Sin resigned on 30 November 2019.
(2) Mr Guok was appointed as an Independent Director on 31 December 2019.
(3) Mr Wong was appointed as an Independent Director on 31 December 2019.

The independence of each Independent Director is assessed at least annually by the NC. All Independent Directors are required to declare and confirm his/her independence via the Form on Declaration of Independence. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interest of the Company. Based on the declaration, the NC will deliberate and determine whether a director is independent taking into consideration other factors including whether that Director is able to exercise independent judgement and whether he/she has any relationships which are likely to affect his/her independent judgement and character. The NC is also of the view that no individual or small groups of individuals dominate the Board's decision-making processes.

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

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

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

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

   (i) all shareholders; or

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

(d) the Director:

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

   (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 5% shareholder of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;

(e) the Director who is a 5% shareholder or an immediate family member of a 5% shareholder of the Company; or

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

In FY2019, the NC is of the view that none of the Independent Directors who are considered independent had any of the above relationships or circumstances. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

Each Director has been appointed based on the strength of qualification and experience. The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge with a wide range of skills, experience and qualifications, ranging from legal, accounting and finance expertise to industry knowledge that are relevant to the Group's business. The Board's composition, size and balance are also reviewed annually by the NC to ensure that the Board has the core competencies for effective decision-making.

The NC considered Mr Kan as having served on the Board for more than nine years as he was the ID of Compact Metal Industries Ltd ("CMIL") since 05 May 2008. Following the completion of the Scheme of Arrangement on 06 March 2019 where ICG became the listed entity, he continues to serve as ID on the Board of ICG. The NC (save for Mr Kan who abstained from deliberation on this matter) had performed a rigorous review to assess his independence and was satisfied that Mr Kan had maintained an appropriate degree of independence when fulfilling his role as an ID. The NC had also considered the fact that there was a change in controlling shareholder and the management team in August 2014. The Board had concurred with the NC's view in that Mr Kan has maintained his independence and is capable of making independent judgment.

The Non-Executive Directors meet regularly without the presence of Management. Any issues raised would be discussed at Board level as appropriate.

Principle 3: Chairman and Chief Executive Officer

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

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

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

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

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

Principle 4: Board Membership

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

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

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

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

Ma Zhaoyang
– Member, Non-Independent, Executive Director

Guok Chin Huat Samuel
– Member, Independent Director (appointed on 31 December 2019)

The functions of the NC include, amongst others:

(a) reviewing and recommending:

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

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

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

(d) reviewing and deciding whether a Director is able to and has been adequately carrying out his duties as a Director;

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

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

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

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

The NC meets at least once a year. One-third of the Board is to retire by rotation and subject themselves to re-election. The Constitution of ICG provides that one-third of the Directors who have served the longest since their most recent election (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office at the AGM. The retiring Directors are eligible to offer themselves for re-election at the AGM. The NC will assess and evaluate whether the retiring Directors at each AGM are qualified for re-appointment by virtue of their experience, skills, performance and contributions to the Board.

Pursuant to Article 102 of the Constitution of ICG, Mr Ma Zhaoyang ("Mr Ma") and Mr Zhang Zengtao ("Mr Zhang") are subject to retirement by rotation at the forthcoming AGM. Both Mr Ma and Mr Zhang have offered themselves for re-election.

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

Mr Guok Chin Huat Samuel and Mr Wong Loke Tan were appointed on 31 December 2019 subsequent to the Company's last AGM held on 29 April 2019. Pursuant to Article 106 of the Constitution of ICG, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they have offered themselves for re-election.

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

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

The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. The NC noted that, all the Directors have complied with this guideline in FY2019.

The Board would generally avoid approving the appointment of alternate directors unless in exceptional cases of medical emergency. There is no alternate director on the Board in FY2019.

The profile of the Directors, detailing their qualifications, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 8 to 9 of this Annual Report.

Principle 5: Board Performance

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

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

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. The criteria for the evaluation of individual director include

Corporate Governance Report (Cont'd)

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 for FY2019 for the Board of ICG was conducted in February 2020 and the results were presented to the NC for discussion. The NC was satisfied that the Board had been effective as a whole and that each and every Director had contributed to the effective functioning of the Board and the Board Committees. In addition, the NC was also satisfied that sufficient time and attention had been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

B. REMUNERATION MATTERS

Principle 6 : Procedures for developing remuneration policies

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

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

Guok Chin Huat Samuel
– Chairman, Independent Director (appointed on 31 December 2019)

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

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

Wong Loke Tan
– Member, Independent Director (appointed on 31 December 2019)

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

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

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

   (i) a significant and appropriate proportion of Executive Directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance;
   (ii) such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company. It should also take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks;
   (iii) remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of such directors; and
   (iv) Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised;

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

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

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

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

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

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

The RC reviews and recommends the remuneration of Directors and key management personnel. 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.

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

Principle 7 : Level and mix of remuneration

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

The role of the RC is to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration for the Directors and key executives of the Group, and to determine specific remuneration packages for each executive director. The RC's objective is to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives. The Independent Directors receive directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent and responsibilities of the directors.

The RC had recommended an amount of S$230,000 as Directors' fees to be paid to the Independent Directors and the Non-Executive Non-Independent Director for the financial year ending 31 December 2020. The Board had concurred with the RC's recommendation and this resolution has been tabled for shareholders' approval at the Company's forthcoming AGM. Each of the RC members had abstained from deliberating and voting on his or her own remuneration.

Principle 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.

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

A breakdown showing the level and mix of each individual Director's remuneration (in bands of S$250,000) for FY2019 is disclosed in the table below:

Name of Director	Remuneration Band	Salary %	Bonus %	Directors' Fees S$	Total %
Ma Zhaoyang	S$500,000 – S$749,999	93	7	-	100
Chng Beng Hua	S$250,000 – S$499,999	93	7	-	100
Zhang Zengtao (1)	S$0 – S$249,999	71	-	37,000	100
Kan Ah Chye @ Kan Poh Thong		-	-	50,000	100
Lisa Sam Hui Min (Lisa Cen Huimin)		-	-	45,000	100
Sin Ee Wuen (Xian Yiwen) (2)		-	-	41,000	100
Guok Chin Huat Samuel (3)		NA	NA	NA	NA
Wong Loke Tan (4)		NA	NA	NA	NA

(1) Mr Zhang was re-designated from Executive Director to Non-Executive Director on 8 March 2019.
(2) Mr Sin resigned on 30 November 2019.
(3) Mr Guok was appointed on 31 December 2019.
(4) Mr Wong was appointed on 31 December 2019.

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

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

Name of Key Executive	Remuneration Band	Salary %	Bonus %	Total
Cao Jianshun	S$250,000 – S$499,999	92	8	100
Lee Zhen Jesica		86	14	100
Lei Shuqing	S$0 – S$249,999	100	-	100
Zhao Yuanyuan		92	8	100
Chng Tze Sian Milton		92	8	100

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

For FY2019, the aggregate total remuneration paid to the top five key management personnel amounted to S$912,000.

For FY2019, there were no termination, retirement and post-employment benefits granted to Directors and the top five key management personnel (who are not Directors or the CEO).

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

The table below shows the remuneration of the executives who are immediate family members of the Directors or the CEO, whose remuneration exceeds S$100,000 for the financial year ended 31 December 2019:

Name	Relationship	Position	Remuneration Band
Chng Tze Sian Milton	Son of Mr Chng Beng Hua	Assistant General Manager (Corporate Affairs)	S$100,000 to S$199,999

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

Risk Management

The Board had assessed and decided not to establish a separate Board Risk Committee to carry out its responsibility of helping the Board in the overseeing of the Group's risk management framework and policies. Instead, this responsibility is assumed by the AC. The AC assists the Board in providing oversight of risk management in the Company. The AC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and IT controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

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

The ERM system and framework established is embedded in the internal control systems of the Group.

Internal Controls

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

The Group has internal control systems and processes which it considers to be sufficient having regard to the size of the Group and the complexity of its operations. The Board has also received assurance from:

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances; and

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

Based on the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by Management, various Board Committees and the Board, and the assurance from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls addressing key financial, operational, compliance, information technology controls and risk management systems were adequate and effective as at 31 December 2019. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

Principle 10: Audit Committee ("AC")

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

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

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

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

Guok Chin Huat Samuel
– Member, Independent Director (appointed on 31 December 2019)

Wong Loke Tan
– Member, Independent Director (appointed on 31 December 2019)

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

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

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

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

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

(e) reviewing the internal control procedures and ensure co-ordination between the external auditors and 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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The AC met four times during the financial year. The meetings were attended by the CFO and the external auditors on the invitation of the AC. During these meetings, the quarterly and full year financial statements of the Group, including announcements to the SGX-ST were reviewed by the AC prior to submission to the Board for adoption. The AC has full access to and the co-operation of Management. The external auditors have unrestricted access to the AC. The external auditors provided updates to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

The AC had reviewed the non-audit services performed by the external auditors for FY2019 and was of the opinion that the provision of such services had not affected the independence of the external auditors. The external auditors had affirmed their independence in this respect.

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

	FY2019 **S$'000**
Audit Services	788
Non-Audit Services	88
	876

The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2020 for shareholders' approval at the forthcoming AGM of the Company.

The Company has appointed KPMG LLP Singapore as the auditors of all significant incorporated subsidiaries in Singapore except for:

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

and other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries.

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

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

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

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

Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board where employees of the Group are aware of and can access the appropriate person to raise concerns about possible improprieties in matters of financial management and reporting or other matters. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions.

The AC meets with the external auditors at least once a year, without the presence of Management to review the adequacy of audit arrangements on the scope and quality of the audit and the independence, objectivity and observations of the auditors. The last private session with the external auditors was held in February 2020. The AC met once with the external auditors during FY2019.

Internal Audit

The internal audit function of the Group for FY2019 was carried out by BDO LLP, an independent firm, whom the AC opined that it was adequately resourced, including having the appropriate personnel with relevant experience and qualification to perform the assignment for the Company. The internal auditors report directly to the AC on all internal audit matters. The AC will review the internal audit plan to ensure that the scope is adequate and all internal audit findings and recommendations are submitted to the AC for deliberation. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all Company's documents, records, properties and personnel, including access to the AC. The internal audit plan for FY2019 was reviewed and approved by the AC. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it.

The AC meets with the internal auditors at least once a year. The last private session with the internal auditors was held in February 2020.

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 the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to provide shareholders with adequate, timely and sufficient information relating to changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares. The Company will ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders will be informed of rules, including voting procedures that govern general meetings of shareholders. Shareholders are given the opportunity to participate in the question and answer session. The Board of Directors (including the Chairman of the respective Board committees), Management, as well as the external auditors will attend the Company's AGM to address any questions that the shareholders may have.

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

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

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

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

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared will take into consideration the Group's profit growth, cash position, cash flows generated from operations, projected capital requirements for business growth and other factors as the Board deems appropriate. The Board does not recommend and payment of dividends for FY2019 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.

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

SUSTAINABILITY REPORTING

The Company considers relevant environmental, social and governance ("ESG") risks and opportunities to strengthen business sustainability. The Company will publish its Sustainability Report ("Sustainability Report") before 31 May 2020 which will be publicly available through the Company's website as well as on SGXNet. It should be read in conjunction with the Annual Report presented here.

ADDITIONAL INFORMATION

E. DEALING IN SECURITIES

The Company has adopted an internal compliance code that meets the requirement of Rule 1207(19) of the Listing Manual with respect to dealings in securities by Directors and key executives of the Group. In FY2019, Directors and key executives who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before quarterly announcement and one month before the full year announcement, as the case may be, and ending on the date of announcement of such financial results.

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

The Company has decided to cease quarterly reporting of the Company's and the Group's financial statements. With effect from 1 January 2020, the Company will announce only the financial statements for the half and full financial year. Under Rule 1207(19)(c) of the Listing Manual, the Company and its officers will not be allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of the Company's financial statements for the half and full financial year.

F. INTERESTED PERSON TRANSACTIONS

The AC and Board reviewed all interested party transactions for FY2019 and was satisfied that the aggregate value of the transactions is below the threshold level as set out in the SGX-ST's Listing Manual and do not require announcement or shareholders' approval.

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S$100,000)
Dastoni [1] - provision of transportation services to subsidiaries - sale of goods from a subsidiary	S$4,282,000 S$232,000	NA

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

G. MATERIAL CONTRACTS

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

Properties Held by the Group

As at 31 December 2019

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

Directors' Statement

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 45 to 125 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 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Ma Zhaoyang	
Zhang Zengtao	
Chng Beng Hua	
Kan Ah Chye @ Kan Poh Thong	
Lisa Sam Hui Min (Lisa Cen Huimin)	
Guok Chin Huat Samuel	(Appointed on 31 December 2019)
Wong Loke Tan	(Appointed on 31 December 2019)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of the directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year/date of appointment	Holdings at end of the financial year
The Company		
Ma Zhaoyang		
Ordinary shares		
- deemed interests	–	4,617,500,000

Name of director and corporation in which interests are held	Holdings at beginning of the financial year/date of appointment	Holdings at end of the financial year
The Company		
Zhang Zengtao		
Ordinary shares		
- interests held	2	217,500,000
- deemed interests	–	4,500,000,000
Chng Beng Hua		
Ordinary shares		
- interests held	–	12,000,000
- deemed interests	–	5,000,000

On 7 March 2019, following the delisting of Compact Metal Industries Pte. Ltd. (formerly known as Compact Metal Industries Ltd) ("CMIL"), 5,663,816,417 shares were allotted and issued by the Company on the basis of one share in the Company for every one share in CMIL held by each entitled shareholder. The enlarged issued share capital of the Company following the allotment comprised 5,663,816,419 shares which was listed and quoted on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 March 2019.

By virtue of Section 7 of the Act, Zhang Zengtao was deemed to have interests in the subsidiaries of the Company at the beginning and at the end of the financial year. Ma Zhaoyang was deemed to have interests in the subsidiaries of the Company 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 date of appointment, if later, 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 2020.

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.

Directors' Statement (Cont'd)

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

Kan Ah Chye @ Kan Poh Thong	(Chairman), Independent, Non-Executive Director*
Lisa Sam Hui Min (Lisa Cen Huimin)	Independent, Non-Executive Director*
Sin Ee Wuen (Xian Yiwen)	Independent, Non-Executive Director* (resigned on 30 November 2019)
Guok Chin Huat Samuel	Independent, Non-Executive Director (appointed on 31 December 2019)
Wong Loke Tan	Independent, Non-Executive Director (appointed on 31 December 2019)

* *Mr Kan, Ms Sam and Mr Sin were the Audit Committee ("AC") members of CMIL before its delisting from the SGX-ST. The Company was listed on the SGX-ST on 8 March 2019 and Mr Kan, Ms Sam and Mr Sin were appointed as the AC members of the Company with effect from the listing date.*

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee reviewed the assistance provided by the Company's officers to the internal and external auditors. The quarterly financial information and annual financial statements of the Group and the Company were reviewed by the Audit Committee prior to submission to the directors of the Company for adoption. The Audit Committee also reviewed the interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

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

On behalf of the Board of Directors

Ma Zhaoyang
Director

Kan Ah Chye @ Kan Poh Thong
Director

23 March 2020

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 2019, 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 45 to 125.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How was the matter addressed in our audit
Impairment assessment of goodwill and other intangible assets *(Refer to Notes 3.9(ii) and 5 to the financial statements)*	
The Group's assets include significant amounts of goodwill and other intangible assets, which are allocated to the cash generating unit ("CGU") of International Manufacturing Company Chzhungtsai Mohir Cement LLC and its subsidiaries. These intangible assets are tested for impairment annually by estimating the recoverable amount of the CGU. The estimation of recoverable amount involves significant assumptions in relation to the estimated future cash flows derived which are subject to market and regulatory developments. The cash flows are sensitive to key assumptions relating to forecasted revenue growth rates, forecasted profit margins, terminal growth rates and discount rates.	Our key procedures include the below, amongst others: • Discussed with management and evaluated their determination of CGU. • Reviewed the key assumptions relating to the estimated future cash flows, by considering discussions with management and considering historical performance against budgets. We also compared the terminal growth rate and discount rates to available industry data. • Considered the disclosures in describing the inherent degree of estimation uncertainty and key assumptions applied.
Accounting for construction contracts *(Refer to Notes 3.13 and 20 to the financial statements)*	
Revenue relating to the Group's construction contracts are recognised over time. The progress of completion is measured by reference to the survey of work performed and represents cumulative revenue recognised to-date as a percentage of the total contract sum. There is significant management judgment involved in estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, as well as assessing the adequacy of any provision for liquidated damages and foreseeable losses relating to the projects.	Our key procedures include the below, amongst others: • Understood management's process and controls over revenue recognition and budgeting for construction contracts. • Selected samples of contracts for testing and performed audit procedures including the following: - Sighted certificates of work done issued by customers of each project; and - Discussed with project managers regarding the progress of the projects and any potential delays or cost overruns that may require revisions in budgeted contract costs or provisions for liquidated damages and/or onerous contracts.

Independent Auditors’ Report (Cont’d)

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon.

We have obtained the Financial Highlights, Chairman’s Message, Board of Directors, Key Executives, Operations and Financial Review, Corporate Structure, Corporate Information, Properties Held by the Group and Directors’ Statement prior to the date of this auditors’ report. The remaining information, namely: Corporate Social Responsibility, Corporate Governance Report and Shareholdings Statistics (“Reports”) are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of management and directors for the financial statements

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

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

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- 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.

Independent Auditors' Report (Cont'd)

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Yek Lee Doreen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2020

Statements of Financial Position

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	**262,488**	160,765	**396**	12
Intangible assets and goodwill	5	**48,849**	53,697	**–**	–
Investment properties	6	**145**	612	**–**	–
Subsidiaries	7	**–**	–	**185,453**	#
Trade and other receivables	8	**1,564**	23,599	**34,873**	–
Contract assets	20	**1,296**	1,634	**–**	–
		314,342	240,307	**220,722**	12
Current assets					
Inventories	9	**19,853**	19,439	**–**	–
Trade and other receivables	8	**19,474**	19,234	**37**	72
Contract assets	20	**1,978**	682	**–**	–
Other investments	10	**1**	1	**–**	–
Cash and cash equivalents	11	**12,402**	13,084	**23**	–
		53,708	52,440	**60**	72
Assets held for sale	12	**425**	–	**–**	–
		54,133	52,440	**60**	72
Total assets		**368,475**	292,747	**220,782**	84
Equity attributable to owners of the Company					
Share capital	13	**276,824**	273,633	**198,647**	#
Capital reserve	14	**1,437**	404	**1,033**	–
Revaluation reserve	14	**357**	2,668	**–**	–
Currency translation reserve	14	**(14,855)**	(10,438)	**–**	–
Accumulated losses	14	**(58,686)**	(71,407)	**(16,171)**	–
		205,077	194,860	**183,509**	#
Non-controlling interests	15	**58,855**	56,036	**–**	–
Total equity		**263,932**	250,896	**183,509**	#
Non-current liabilities					
Loans and borrowings	16	**15,357**	2,588	**33,186**	–
Trade and other payables	17	**21,763**	615	**252**	–
Provisions	19	**106**	–	**5**	–
Deferred tax liabilities	18	**8,887**	8,899	**–**	–
		46,113	12,102	**33,443**	–
Current liabilities					
Trade and other payables	17	**58,239**	27,185	**3,830**	84
Contract liabilities	20	**152**	151	**–**	–
Provisions	19	**34**	615	**–**	–
Loans and borrowings	16	**–**	1,746	**–**	–
Current tax payable		**5**	52	**–**	–
		58,430	29,749	**3,830**	84
Total liabilities		**104,543**	41,851	**37,273**	84
Total equity and liabilities		**368,475**	292,747	**220,782**	84

\# *Less than $1,000*

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	20	**131,229**	114,107
Other income		**1,177**	1,295
Changes in inventories of work-in-progress and finished goods		**(2,530)**	(1,020)
Raw materials and consumables used		**(40,978)**	(32,633)
Staff and related costs		**(10,182)**	(9,566)
Depreciation of property, plant and equipment	4	**(6,138)**	(5,412)
Impairment loss on property, plant and equipment	4	**(1,218)**	–
Amortisation of intangible assets	5	**(2,984)**	(3,072)
Reversal of loss allowance on trade and other receivables and contract assets		**540**	1,502
Other expenses		**(35,158)**	(33,968)
		33,758	31,233
Finance income	21	**244**	257
Finance costs	21	**(597)**	(407)
Net finance costs		**(353)**	(150)
Profit before tax	22	**33,405**	31,083
Tax expense	23	**(5,024)**	(4,425)
Profit for the year		**28,381**	26,658
Profit attributable to:			
Owners of the Company		**15,730**	16,388
Non-controlling interests		**12,651**	10,270
Profit for the year		**28,381**	26,658
Earnings per share (cents)			
Basic earnings per share	24	**0.28**	0.29
Diluted earnings per share	24	**0.28**	0.29

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Profit for the year		**28,381**	26,658
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(Deficit)/surplus on revaluation of property, plant and equipment	4, 12	**(2,457)**	22
Tax on deficit/(surplus) on revaluation of property, plant and equipment		**588**	(5)
		(1,869)	17
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		**(106)**	(3,422)
Foreign currency translation differences – foreign operations		**(4,973)**	(6,746)
		(5,079)	(10,168)
Other comprehensive income for the year, net of tax		**(6,948)**	(10,151)
Total comprehensive income for the year		**21,433**	16,507
Total comprehensive income attributable to:			
Owners of the Company		**9,484**	7,817
Non-controlling interests		**11,949**	8,690
Total comprehensive income for the year		**21,433**	16,507

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Note	Share capital $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018		273,633	404	2,651	(1,866)	(87,400)	187,422	55,390	242,812
Total comprehensive income for the year									
Profit for the year		–	–	–	–	16,388	16,388	10,270	26,658
Other comprehensive income									
Surplus on revaluation on property, plant and equipment	4	–	–	22	–	–	22	–	22
Tax on surplus on revaluation on property, plant and equipment		–	–	(5)	–	–	(5)	–	(5)
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(2,994)	–	(2,994)	(428)	(3,422)
Foreign currency translation differences – foreign operations		–	–	–	(5,594)	–	(5,594)	(1,152)	(6,746)
Total other comprehensive income		–	–	17	(8,588)	–	(8,571)	(1,580)	(10,151)
Total comprehensive income for the year		–	–	17	(8,588)	16,388	7,817	8,690	16,507
Transactions with owners, recognised directly in equity									
Contribution by and distributions to owners									
Dividends declared	14	–	–	–	–	–	–	(12,059)	(12,059)
Fair value adjustments on loans from non-controlling interests		–	–	–	–	–	–	3,637	3,637
		–	–	–	–	–	–	(8,422)	(8,422)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	26	–	–	–	16	(395)	(379)	378	(1)
Total transactions with owners		–	–	–	16	(395)	(379)	(8,044)	(8,423)
At 31 December 2018		273,633	404	2,668	(10,438)	(71,407)	194,860	56,036	250,896

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

	Note	Share capital	Capital reserve	Revaluation reserve	Currency translation reserve	Accumulated losses	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2019		273,633	404	2,668	(10,438)	(71,407)	194,860	56,036	250,896
Adjustment on initial application of SFRS(I) 16 (net of tax)	2.5	–	–	–	–	(3)	(3)	–	(3)
Adjusted balance at 1 January 2019		273,633	404	2,668	(10,438)	(71,410)	194,857	56,036	250,893
Total comprehensive income for the year									
Profit for the year		–	–	–	–	15,730	15,730	12,651	28,381
Other comprehensive income									
Deficit on revaluation on property, plant and equipment	4, 12	–	–	(2,405)	–	–	(2,405)	(52)	(2,457)
Tax on deficit on revaluation on property, plant and equipment		–	–	576	–	–	576	12	588
Realisation of revaluation reserve upon disposal of property, plant and equipment	12	–	–	(482)	–	482	–	–	–
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(93)	–	(93)	(13)	(106)
Foreign currency translation differences – foreign operations		–	–	–	(4,324)	–	(4,324)	(649)	(4,973)
Total other comprehensive income		–	–	(2,311)	(4,417)	482	(6,246)	(702)	(6,948)
Total comprehensive income for the year		–	–	(2,311)	(4,417)	16,212	9,484	11,949	21,433
Transactions with owners, recognised directly in equity									
Contribution by and distributions to owners									
Issue of ordinary shares	13	3,191	–	–	–	–	3,191	–	3,191
Dividends declared	14	–	–	–	–	–	–	(12,618)	(12,618)
Fair value adjustments on loans from major shareholders	14	–	1,033	–	–	–	1,033	–	1,033
		3,191	1,033	–	–	–	4,224	(12,618)	(8,394)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	26	–	–	–	–	(3,488)	(3,488)	3,488	#
Total transactions with owners		3,191	1,033	–	–	(3,488)	736	(9,130)	(8,394)
At 31 December 2019		276,824	1,437	357	(14,855)	(58,686)	205,077	58,855	263,932

Less than $1,000

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		**28,381**	26,658
Adjustments for:			
Amortisation of intangible assets	5	**2,984**	3,072
Bad debts recovered		**(5)**	–
Change in fair value of investment properties	22	**394**	541
Depreciation of property, plant and equipment	4	**6,138**	5,412
Finance costs	21	**597**	407
Finance income	21	**(244)**	(257)
(Gain)/loss on disposal of property, plant and equipment	22	**(39)**	46
Impairment loss on property, plant and equipment	4	**1,218**	–
Provision for/(reversal of) inventories obsolescence	22	**100**	(189)
Reversal of loss allowance on trade and other receivables and contract assets		**(540)**	(1,502)
Reversal of provision for warranties	22	**(353)**	(210)
Write down of inventories to net realisable value	22	**248**	466
Write off of property, plant and equipment	22	**5**	12
Tax expense		**5,024**	4,425
		43,908	38,881
Changes in:			
- inventories		**(301)**	(1,650)
- contract assets		**(912)**	147
- trade and other receivables		**866**	1,456
- contract liabilities		**1**	80
- trade and other payables		**6,731**	(5,434)
Cash generated from operations		**50,293**	33,480
Tax paid		**(22)**	45
Net cash from operating activities		**50,271**	33,525
Cash flows from investing activities			
Acquisition of non-controlling interests	26	**#**	(1)
Acquisition of property, plant and equipment		**(57,498)**	(38,067)
Acquisition of intangible assets		**(145)**	(2)
Deposits pledged		**–**	(18)
Interest received		**28**	231
Proceeds from disposal of property, plant and equipment		**2,501**	759
Net cash used in investing activities		**(55,114)**	(37,098)

Less than $1,000

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

	Note	2019	2018
		$'000	$'000
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(6,474)**	(3,069)
Withholding tax paid on dividends declared by a subsidiary		**(3,706)**	(3,673)
Proceeds from issuance of ordinary shares	13	**3,191**	–
Interest paid	16	**(93)**	(111)
Payment of lease liabilities (2018: payment of finance lease liabilities)	16	**(495)**	(23)
Proceeds from loans from major shareholder	16	**13,573**	–
Proceeds from trust receipts	16	**287**	4,908
Repayment of trust receipts	16	**(2,010)**	(6,885)
Repayment of short-term loans	16	**–**	(2,888)
Net cash from/(used in) financing activities		**4,273**	(11,741)
Net decrease in cash and cash equivalents		**(570)**	(15,314)
Cash and cash equivalents at beginning of the year		**13,027**	28,570
Effect of exchange rate fluctuations on cash held		**(112)**	(229)
Cash and cash equivalents at end of the year	11	**12,345**	13,027

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2020.

1 Domicile and activities

International Cement Group Ltd. (the "Company") is incorporated in Singapore. The address of the Company's registered office is 290 Orchard Road, #14-07 The Paragon, Singapore 238859.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

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

The restructuring exercise, which effected a change of the listed entity with the same shareholders, does not meet the definition of a business under SFRS(I) 3 *Business Combinations*. Accordingly, the comparative information of the Group's financial statements (i.e. financial position as at 31 December 2018 and financial performance, changes in equity and cash flows for the year ended 31 December 2018) are that of CMIL Group.

The Group is primarily involved in: (i) the production and/or sale of cement and related products; (ii) the undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture and sale of aluminium windows and doors; and (iii) investment holding.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 Leases has been applied. The related 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 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

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

Notes 4 and 5 – Impairment of non-financial assets

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

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

Note 7 – Impairment of subsidiaries

The Company assesses at each balance sheet date whether there is any objective evidence that the Company's investments in subsidiaries are impaired. This assessment takes into account the operating performance of the subsidiaries, changes in the technological, market, economic or legal environment in which the subsidiaries operate and changes to the market interest rates.

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

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

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

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Note 9 – Allowance for inventory obsolescence

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

Note 19 – Provision for liquidated damages and foreseeable losses

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

Critical accounting judgements in applying the Group's accounting policies

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

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2 Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Measurement of fair values **(Cont'd)**

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – property, plant and equipment;
- Note 6 – investment properties;
- Note 12 – assets held for sale; and
- Note 27 – financial instruments.

2.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations to SFRS(I) for the first time for the annual period beginning on 1 January 2019:

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

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated, i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

2 Basis of preparation (Cont'd)

2.5 Changes in accounting policies (Cont'd)

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

As a lessee

As a lessee, the Group leases many assets, including leasehold properties, plant and machinery and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases, i.e. these leases are on-balance sheet.

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 price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified leasehold property and plant and machinery leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases motor vehicles. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

As a lessor

The Group leases out its investment properties. The Group has classified these as operating leases. The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

2 Basis of preparation (Cont'd)

2.5 Changes in accounting policies (Cont'd)

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

Impact on financial statements

*Impact on transition**

On transition to SFRS(I) 16, the Group and Company recognised additional right-of-use assets, lease liabilities and provisions, recognising the difference in accumulated losses. The impact on transition is summarised below.

	Group $'000	Company $'000
1 January 2019		
Right-of-use assets – property, plant and equipment (net)	549	514
Lease liabilities – current	(136)	(124)
Lease liabilities – non-current	(411)	(388)
Provisions – non-current	(5)	(5)
Accumulated losses	3	3

* *For the impact of SFRS(I) 16 on profit or loss for the year, see Note 28. For the impact of SFRS(I) 16 on segment information, see Note 25. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.7.*

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied was 4.89%.

	Group $'000	Company $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I)1-17 in the Group's consolidated financial statements	470	269
Discounted using the incremental borrowing rate at 1 January 2019	457	257
Recognition exemption for leases with less than 12 months of lease term at transition	(165)	–
Extension options reasonably certain to be exercised	255	255
Lease liabilities recognised at 1 January 2019	547	512

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, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary, and are recorded as part of 'accumulated losses' in equity.

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Transactions eliminated on consolidation

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

(iv) 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.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

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

3 Significant accounting policies (Cont'd)

3.2 Foreign currency (Cont'd)

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of that monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

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.

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; or fair value through profit or loss ("FVTPL").

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

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

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

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

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise loans and borrowings, long-term other payables and trade and other payables (excluding value-added/goods and services tax payable).

3 Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

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

3 Significant accounting policies (Cont'd)

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for certain leasehold properties, which are measured at revalued amounts.

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

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

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Construction-in-progress is not depreciated until it is ready for its intended use.

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

3 Significant accounting policies (Cont'd)

3.4 Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

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

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

(iv) Reclassification to investment property

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

3.5 Intangible assets and goodwill

(i) Goodwill

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

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

3 Significant accounting policies (Cont'd)

3.5 Intangible assets and goodwill (Cont'd)

(iv) Amortisation (Cont'd)

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

• Computer software	2 to 10 years
• Subsoil rights	5 to 12 years

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

3.6 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

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

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

3.7 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore, the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

3 Significant accounting policies (Cont'd)

3.7 Leases (Cont'd)

(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 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.

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.

3 Significant accounting policies (Cont'd)

3.7 Leases (Cont'd)

(i) As a lessee (Cont'd)

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3 Significant accounting policies (Cont'd)

3.7 Leases (Cont'd)

Policy applicable before 1 January 2019 (Cont'd)

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

As the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as 'other income' on a straight-line basis over the term of the lease.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 Significant accounting policies (Cont'd)

3.9 Impairment

(i) Non-derivative financial assets and contract assets

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

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

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

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

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.

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

Credit-impaired financial assets (Cont'd)

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

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 to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

3 Significant accounting policies (Cont'd)

3.9 Impairment (Cont'd)

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

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

3.10 Non-current assets held for sale or distribution

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

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

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

3.11 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

3.12 Provisions

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

Warranties

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

3 Significant accounting policies (Cont'd)

3.12 Provisions (Cont'd)

Restoration costs

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

3.13 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.14 Finance income and finance costs

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

Finance costs mainly comprise interest expense on trust receipts and lease liabilities, unwinding of discount in relation to the present value of loan 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 is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

3 Significant accounting policies (Cont'd)

3.15 Income tax (Cont'd)

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 presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

3 Significant accounting policies (Cont'd)

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 2019 and earlier application is permitted; however, the Group has not adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I), interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4 Property, plant and equipment

	Note	Leasehold properties $'000 Valuation	Leasehold properties $'000 Cost	Freehold building $'000 Cost	Plant and machinery $'000 Cost	Furniture and fittings $'000 Cost	Motor vehicles $'000 Cost	Computers $'000 Cost	Construction-in-progress $'000 Cost	Total $'000 Cost
Group										
At 1 January 2018		4,463	–	78,904	66,668	1,815	3,358	987	10,727	166,922
Additions		–	212	137	2,275	62	806	71	36,974	40,537
Disposals/write-offs		–	–	–	(254)	–	(253)	(1)	(731)	(1,239)
Surplus on revaluation		22	–	–	–	–	–	–	–	22
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(124)	–	–	–	–	–	–	–	(124)
Reclassification		–	–	769	2,818	42	427	27	(4,083)	–
Transfer to investment properties	6	–	–	(1,129)	–	–	–	–	–	(1,129)
Translation differences on consolidation		8	–	(3,763)	(2,314)	(12)	(99)	(15)	(1,891)	(8,086)
At 31 December 2018		4,369	212	74,918	69,193	1,907	4,239	1,069	40,996	196,903
At 1 January 2019		**4,369**	**212**	**74,918**	**69,193**	**1,907**	**4,239**	**1,069**	**40,996**	**196,903**
Recognition of right-of-use assets on initial application of SFRS(I) 16	2.5	**–**	**547**	**–**	**44**	**–**	**–**	**–**	**–**	**591**
Adjusted balance at 1 January 2019		**4,369**	**759**	**74,918**	**69,237**	**1,907**	**4,239**	**1,069**	**40,996**	**197,494**
Additions		**–**	**885**	**252**	**7,600**	**49**	**110**	**53**	**111,968**	**120,917**
Disposals/write-offs		**–**	**(200)**	**(1)**	**(1,955)**	**(353)**	**(1,038)**	**(214)**	**(3,839)**	**(7,600)**
Surplus on revaluation		**238**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**238**
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		**(360)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(360)**
Reclassification		**–**	**–**	**36,815**	**99,094**	**6**	**316**	**83**	**(136,314)**	**–**
Transfer to assets held for sale	12	**(3,703)**	**–**	**–**	**(14,171)**	**(551)**	**–**	**–**	**–**	**(18,425)**
Translation differences on consolidation		**(8)**	**(4)**	**(4,104)**	**(3,345)**	**(8)**	**(104)**	**(16)**	**(121)**	**(7,710)**
At 31 December 2019		**536**	**1,440**	**107,880**	**156,460**	**1,050**	**3,523**	**975**	**12,690**	**284,554**

4 Property, plant and equipment (Cont'd)

	Note	Leasehold properties $'000 Valuation	Leasehold properties $'000 Cost	Freehold building $'000 Cost	Plant and machinery $'000 Cost	Furniture and fittings $'000 Cost	Motor vehicles $'000 Cost	Computers $'000 Cost	Construction-in-progress $'000 Cost	Total $'000 Cost
Accumulated depreciation and impairment losses										
At 1 January 2018		–	–	411	21,783	1,590	1,467	729	5,270	31,250
Depreciation for the year		124	200	2,006	2,830	50	340	74	–	5,624
Disposals/write-offs		–	–	–	(226)	–	(196)	–	–	(422)
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		(124)	–	–	–	–	–	–	–	(124)
Transfer to investment properties	6	–	–	(85)	–	–	–	–	–	(85)
Translation differences on consolidation		–	–	(31)	(68)	–	(7)	(3)	4	(105)
At 31 December 2018		–	200	2,301	24,319	1,640	1,604	800	5,274	36,138
At 1 January 2019		**–**	**200**	**2,301**	**24,319**	**1,640**	**1,604**	**800**	**5,274**	**36,138**
Recognition of right-of-use assets on initial application of SFRS(I) 16	2.5	**–**	**24**	**–**	**18**	**–**	**–**	**–**	**–**	**42**
Adjusted balance at 1 January 2019		**–**	**224**	**2,301**	**24,337**	**1,640**	**1,604**	**800**	**5,274**	**36,180**
Depreciation for the year		**360**	**336**	**2,474**	**3,209**	**47**	**340**	**81**	**–**	**6,847**
Disposals/write-offs		**–**	**(200)**	**(1)**	**(1,914)**	**(314)**	**(634)**	**(214)**	**(3,656)**	**(6,933)**
Impairment losses		**–**	**519**	**–**	**50**	**–**	**–**	**–**	**649**	**1,218**
Elimination of accumulated depreciation against gross carrying amount at date of revaluation		**(360)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(360)**
Transfer to assets held for sale	12	**–**	**–**	**–**	**(13,729)**	**(543)**	**–**	**–**	**–**	**(14,272)**
Translation differences on consolidation		**–**	**–**	**(221)**	**(364)**	**(3)**	**(19)**	**(5)**	**(2)**	**(614)**
At 31 December 2019		**–**	**879**	**4,553**	**11,589**	**827**	**1,291**	**662**	**2,265**	**22,066**
Carrying amounts										
At 1 January 2018		4,463	–	78,493	44,885	225	1,891	258	5,457	135,672
At 31 December 2018		4,369	12	72,617	44,874	267	2,635	269	35,722	160,765
At 31 December 2019		**536**	**561**	**103,327**	**144,871**	**223**	**2,232**	**313**	**10,425**	**262,488**

Notes to the Financial Statements (Cont'd)

4 Property, plant and equipment (Cont'd)

	Note	Leasehold property $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Company					
Cost					
At 1 January 2018		–	–	–	–
Additions		–	13	–	13
At 31 December 2018		–	13	–	13
At 1 January 2019		**–**	**13**	**–**	**13**
Recognition of right-of-use assets on initial application of SFRS(I) 16	2.5	**537**	**–**	**–**	**537**
Adjusted balance at 1 January 2019		**537**	**13**	**–**	**550**
Additions		**–**	**2**	**6**	**8**
At 31 December 2019		**537**	**15**	**6**	**558**
Accumulated depreciation and impairment losses					
At 1 January 2018		–	–	–	–
Depreciation for the year		–	1	–	1
At 31 December 2018		–	1	–	1
At 1 January 2019		–	1	–	1
Recognition of right-of-use assets on initial application of SFRS(I) 16	2.5	**23**	**–**	**–**	**23**
Adjusted balance at 1 January 2019		**23**	**1**	**–**	**24**
Depreciation for the year		**134**	**3**	**1**	**138**
At 31 December 2019		**157**	**4**	**1**	**162**
Carrying amounts					
At 1 January 2018		–	–	–	–
At 31 December 2018		–	12	–	12
At 31 December 2019		**380**	**11**	**5**	**396**

As at 31 December 2019, property, plant and equipment of the Group and Company includes right-of-use assets amounting to $519,000 and $380,000 respectively relating to leasehold properties.

Leasehold properties of the Group at fair value were revalued by VPC Alliance (JB) Sdn. Bhd., a firm of independent professional valuers based on market comparison approach, replacement cost method and investment method to derive the market values (under Level 3 of the fair value hierarchy). The revaluation surplus (net of tax) of $181,000 (2018: $17,000) was recognised in the Group's revaluation reserve.

As at 31 December 2019, the carrying amount of leasehold properties of the Group would have been $624,000 (2018: $984,000) had the leasehold properties at fair value been carried at cost less accumulated depreciation and impairment losses.

The Group's and Company's leasehold properties include provision for restoration costs of $79,000 (2018: $200,000) and $5,000 (2018: $nil) respectively.

4 Property, plant and equipment (Cont'd)

Depreciation charge

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Charged to profit or loss	**6,138**	5,412	**138**	1
Capitalised to construction-in-progress	**709**	212	**–**	–
	6,847	5,624	**138**	1

Leased plant and equipment (classified as finance lease under SFRS(I) 1-17)

The Group leases motor vehicles under finance leases. The leased motor vehicles secure lease obligations. As at 31 December 2018, the net carrying amount of the leased motor vehicles was $201,000 (2019: $nil).

Property, plant and equipment under construction

Construction-in-progress mainly relates to: (i) a freehold land used for a construction project that had been shelved by the Group indefinitely and its related construction costs; and (ii) construction of a cement plant in Kazakhstan. The construction of additional facilities in Tajikistan was completed during 2019 and accordingly, the amounts have been reclassified to the respective asset category.

Included under construction-in-progress are capitalised borrowing costs required to the construction of a cement plant in Kazakhstan amounting to $5,147,000, calculated using a capitalisation rate of 8.4% (2018: $nil).

Security

As at 31 December 2019, property, plant and equipment of the Group with a net carrying amount of $101,859,000 (2018: $nil) are pledged to the Engineering, Procurement and Construction ("EPC") contractor to secure a deferred payment arrangement for the construction of a cement plant (see Note 17).

Impairment loss

Leasehold properties and plant and machinery

As impairment indicators were identified for the right-of-use assets in the loss-making aluminium segment, the Group performed an impairment assessment to determine the recoverable amount of these leasehold properties and plant and machinery. The recoverable amount was estimated using discounted cash flows, i.e. value in use of the aluminium segment. Key assumptions are based on current order book and contracts tendered with high probability of winning, and current costs adjusted for inflation. As the value in use was lower than the carrying amount of the CGU, an impairment loss of $569,000 was recognised during the current year (2018: $nil).

Construction-in-progress

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

As at 31 December 2019, 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 $649,000 (2018: $nil) was recorded.

Notes to the Financial Statements (Cont'd)

5 Intangible assets and goodwill

	Computer software $'000	Subsoil rights* $'000	Goodwill^ $'000	Total $'000
Group				
Cost				
At 1 January 2018	109	37,636	22,434	60,179
Additions	2	–	–	2
Translation differences on consolidation	(4)	(1,773)	(1,073)	(2,850)
At 31 December 2018 and 1 January 2019	**107**	**35,863**	**21,361**	**57,331**
Additions	**145**	**–**	**–**	**145**
Translation differences on consolidation	**(29)**	**(1,348)**	**(834)**	**(2,211)**
At 31 December 2019	**223**	**34,515**	**20,527**	**55,265**
Accumulated amortisation				
At 1 January 2018	2	656	–	658
Amortisation for the year	9	3,063	–	3,072
Translation differences on consolidation	–	(96)	–	(96)
At 31 December 2018 and 1 January 2019	**11**	**3,623**	**–**	**3,634**
Amortisation for the year	**11**	**2,973**	**–**	**2,984**
Translation differences on consolidation	**2**	**(204)**	**–**	**(202)**
At 31 December 2019	**24**	**6,392**	**–**	**6,416**
Carrying amounts				
At 1 January 2018	107	36,980	22,434	59,521
At 31 December 2018	96	32,240	21,361	53,697
At 31 December 2019	**199**	**28,123**	**20,527**	**48,849**

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

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

5 Intangible assets and goodwill (Cont'd)

Impairment testing for CGUs containing goodwill

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

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

	2019 %	2018 %
Forecasted revenue growth rate	**3.3**	2.8
Forecasted gross profit margin	**45.5**	51.5
Pre-tax discount rate	**25.6**	21.4
Terminal growth rate	**6.8**	7.2

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

Forecasted gross profit margin was based on historical information.

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

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

The estimated recoverable amount of the CGU exceeded its carrying amount as at 31 December 2019 and 2018. As such, no impairment loss on goodwill was recognised.

6 Investment properties

		Group	
	Note	2019 $'000	2018 $'000
At 1 January		**612**	119
Transfer from property, plant and equipment	4	**–**	1,044
Transfer to assets held for sale	12	**(108)**	–
Change in fair value		**(350)**	(541)
Translation differences on consolidation		**(9)**	(10)
At 31 December		**145**	612

Investment properties comprise industrial property (2018: residential and industrial properties) that are leased to external customers and/or held for capital appreciation. In 2019, rental income arising from an industrial property (2018: a residential property and industrial property) amounted to $117,000 (2018: $21,000).

Changes in fair value are recognised as gains in profit or loss and included in 'other expenses'. All gains are unrealised.

In 2018, the Group changed its use of intention of an industrial property from owner-occupation to rental and reclassified $1,044,000 from 'property, plant and equipment' to 'investment properties' (2019: $nil).

In 2019, the Group decided to dispose of a subsidiary's residential properties amounting to $108,000 (2018: $nil) and reclassified these properties from 'investment properties' to 'assets held for sale' (see Note 12).

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

The fair value of the industrial property that is held to earn rental income is measured using discounted cash flows from expected rental income based on a signed lease agreement and discounted to present value using the weighted-average cost of capital (under Level 3 of the fair value hierarchy).

7 Subsidiaries

	Note	Company 2019 $'000	2018 $'000
Unquoted equity shares, at cost		**195,456**	#
Deemed investment	(i)	**5,055**	–
Deemed return of investment	(ii)	**(2,887)**	–
Impairment losses		**(12,171)**	–
		185,453	#

Less than $1,000

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

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

Notes to the Financial Statements (Cont'd)

7 Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Group effective ownership interest 2019 %	2018 %
Held by the Company			
International Cement Holdings Pte. Ltd. [(1)(3b)]	Singapore	100	100
Compact Metal Industries Pte. Ltd. (formerly known as Compact Metal Industries Ltd) [(1)]	Singapore	100	– [(3a)]
Held by subsidiaries			
Held by International Cement Holdings Pte. Ltd.			
International Cement Kazakhstan Pte. Ltd. [(1)]	Singapore	100	100
HYD Tajikistan Investment Pte. Ltd. [(1)]	Singapore	100	100
Cement Manufacturing International (Mauritius)	Mauritius	90	90
International Cement Namibia Ltd.	Mauritius	100	–
Held by International Cement Kazakhstan Pte. Ltd.			
Alacem LLP [(2)]	Kazakhstan	87.5	87.5
Held by HYD Tajikistan Investment Pte. Ltd.			
International Manufacturing Company Chzhungtsai Mohir Cement LLC ("IMCCMC") [(2)]	Tajikistan	65	65
Held by International Manufacturing Company Chzhungtsai Mohir Cement LLC			
Mohir Cement LLC [(2)]	Tajikistan	65	65
Khujand Mohir Cement LLC	Tajikistan	51	51
Held by Compact Metal Industries Pte. Ltd.			
AEL Enviro (Asia) Pte. Ltd.	Singapore	100	70
Aluform Marketing Pte Ltd	Singapore	100	100
Compact Metal Ind. Pte. Ltd.	Singapore	100	100
Compact Metal Industries Sdn. Bhd. [(2)]	Malaysia	100	100
FacadeMaster Pte Ltd	Singapore	100	100
FacadeMaster Sdn. Bhd.	Malaysia	100	100
Integrate Private Limited [(1)]	Singapore	100	100
International Cement International Pte. Ltd. [(1)]	Singapore	– [(3b)]	100
Ratus Projek Sdn Bhd	Malaysia	100	100
Selaco Aluminium Berhad [(2)]	Malaysia	98.2	98.2

7 Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Principal place of business/ Country of incorporation	Group effective ownership interest	
		2019	2018
		%	%
Held by subsidiaries (Cont'd)			
Held by Compact Metal Industries Sdn. Bhd.			
Compact Bricks Sdn. Bhd.	Malaysia	100	100
Held by Integrate Private Limited			
Integrate Marketing Pte Ltd	Singapore	100	100
Held by FacadeMaster Pte Ltd			
FacadeMaster Philippines Inc.	Philippines	100	100

(1) *Audited by KPMG LLP, Singapore.*
(2) *Audited by other member firms of KPMG International for consolidation purposes.*
(3a) *On 7 March 2019, the Company acquired all the existing issued ordinary shares in the capital of CMIL in consideration for the allotment and issuance of new ordinary shares in the capital of the Company on the basis of one new share in the Company for one new share in CMIL (see Note 1). As a result, CMIL became a wholly-owned subsidiary of the Company.*
(3b) *On 16 May 2019, pursuant to Section 215D(2) of the Companies Act, the Company completed a short-form amalgamation on two wholly-owned subsidiaries, International Cement Investment Pte. Ltd. and International Cement Holdings Pte. Ltd., with International Cement Holdings Pte. Ltd. as the surviving entity.*

The above transactions (3a and 3b) are part of the Group's internal restructuring plan as described in a circular to shareholders dated 6 July 2018 and have been accounted for as "linked transactions". The restructuring exercise, which effected a change of the listed entity with the same shareholders, does not meet the definition of a business under SFRS(I) 3 Business Combinations. The Company has elected to account for the cost of investment in CMIL and International Cement Holdings Pte. Ltd. at cost, which is determined to be the Group's share of total equity of the 'aluminium' and 'others' segments, and 'cement' segment respectively, at the date of allotment and issuance of shares in the capital of the Company.

Impairment loss

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 $12,171,000 was recognised during the current year (2018: $nil).

Notes to the Financial Statements (Cont'd)

8 Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables	**8,215**	9,001	**–**	–
Accrued receivables	**110**	153	**–**	–
Allowance for doubtful receivables	**(3,807)**	(4,840)	**–**	–
	4,518	4,314	**–**	–
Other receivables	**13,672**	13,538	**–**	–
Allowance for doubtful receivables	**(238)**	(238)	**–**	–
	13,434	13,300	**–**	–
Loans to an indirect subsidiary	**–**	–	**34,873**	–
	17,952	17,614	**34,873**	–
Deposits	**516**	21,821	**35**	70
Prepayments	**2,570**	3,398	**2**	2
	21,038	42,833	**34,910**	72
Non-current	**1,564**	23,599	**34,873**	–
Current	**19,474**	19,234	**37**	72
	21,038	42,833	**34,910**	72

Loans to an indirect subsidiary are unsecured, interest-free and due in 2022, with face value of $39,800,000. The difference between the fair value and face value of the loans at initial recognition is recognised as an additional investment in the subsidiary in the Company's separate financial statements (Note 7).

As at 31 December 2018, the Group's deposits were mainly placed for a contract to construct a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan. Following the completion of construction of these assets during the year, the amounts have been reclassified to the respective asset category under 'property, plant and equipment'.

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

9 Inventories

	Group	
	2019	**2018**
	$'000	**$'000**
Raw materials and consumables	**12,863**	15,299
Work-in-progress	**1,900**	1,073
Finished goods	**2,735**	2,897
Spares	**3,309**	1,035
	20,807	20,304
Allowance for inventories obsolescence	**(954)**	(865)
	19,853	19,439

Inventories have been reduced by $248,000 (2018: $466,000) as a result of the write down to net realisable value. The write downs are included in "Raw materials and consumables used" in profit or loss.

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

10 Other investments

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

11 Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	**12,345**	12,288	**23**	–
Fixed deposits	**57**	796	**–**	–
Cash and cash equivalents in the statements of financial position	**12,402**	13,084	**23**	–
Deposits pledged	**(57)**	(57)		
Cash and cash equivalents in the consolidated statement of cash flows	**12,345**	13,027		

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date for the Group is 0.3% (2018: 1.60%).

The Group's fixed deposits of $57,000 (2018: $57,000) are pledged with financial institutions as securities for banker guarantees.

12 Assets held for sale

Disposal of property, plant and equipment of a manufacturing facility

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

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

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

Disposal of leasehold properties and investment properties

In December 2019, following the sale of property, plant and equipment of the manufacturing facility in Malaysia within the aluminium segment, management committed to a plan to dispose of the remaining assets of the subsidiary. Accordingly, the leasehold properties and investment properties of this subsidiary are presented as assets held for sale. Efforts to enter into voluntary liquidation of these assets have commenced as at the reporting date and the voluntary liquidation is expected to be completed within the next twelve months.

At 31 December 2019, these assets were stated at fair value less costs to sell and comprised the following:

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

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

Measurement of fair values – Fair value hierarchy

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

Investment properties relates to residential properties held at fair value. Fair values of these assets are determined based on agreed selling prices with vendors (under Level 3 of the fair value hierarchy) and fair value loss of $44,000 was recognised in profit or loss and included in 'other expenses'.

13 Share capital

	Company No. of shares 2019	2018
Fully paid ordinary shares, with no par value		
In issue at 1 January	**2**	2
Issued in restructuring	**5,663,816,417**	–
Issued for cash	**70,916,430**	–
In issue at 31 December	**5,734,732,849**	2

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.

Shares issued in restructuring

On 7 March 2019, following the delisting of CMIL, 5,663,816,417 shares were allotted and issued by the Company on the basis of one share in the Company for every one share in CMIL held by each entitled shareholder (see Note 1). The enlarged issued share capital of the Company following the allotment comprised 5,663,816,419 shares which was listed and quoted on the Mainboard of the SGX-ST on 8 March 2019.

The above issuance was part of the Group's internal restructuring plan as described in a circular to shareholders dated 6 July 2018. This restructuring exercise, which effected a change of the listed entity with the same shareholders, does not meet the definition of a business under SFRS(I) 3 *Business Combinations*. The Company has elected to account for the issued shares at cost, which is determined to be the Group's share of total equity of CMIL at the date of allotment and issuance of shares in the capital of the Company.

As there 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 of the Company, either absolute or relative, as a result of the restructuring, the share capital recorded at the Group level did not change as a result of the restructuring.

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.

Notes to the Financial Statements (Cont'd)

14 Reserves

Capital reserve

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Group's share of accumulated profits of its subsidiaries capitalised in a bonus issue of shares		**404**	404	**–**	–
Fair value adjustment arising from loans from major shareholder	16	**1,033**	–	**1,033**	–
		1,437	404	**1,033**	–

Revaluation reserve

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

Currency translation reserve

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

Accumulated losses

As at 31 December 2019, included in the Group's accumulated losses is an amount of $1,163,000 (2018: $1,087,000) relating to statutory reserve. According to the relevant Tajikistan's regulation, subsidiaries in Tajikistan are required to make an annual allocation of a minimum amount of 5% of each entity's net profit to the statutory reserve until the reserve balance reaches 15% of each entity's charter capital. The transfer to this reserve must be made before the distribution of dividends to its equity owners.

Dividends

The following dividends were declared by the Group:

For the year ended 31 December	Group 2019 $'000	Group 2018 $'000
Declared by a subsidiary to non-controlling interests	**12,618**	12,059

15 Non-controlling interests

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Operating segment	Effective ownership interest held by NCI	
			2019	2018
			%	%
AEL Enviro (Asia) Pte. Ltd. ("AEL")	Singapore	Others	–	30
Alacem LLP ("Alacem")	Kazakhstan	Cement	12.5	12.5
IMCCMC	Tajikistan	Cement	35	35
Held by IMCCMC				
Mohir Cement LLC	Tajikistan	Cement	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	Alacem	Other individually immaterial subsidiaries	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000
2019					
Revenue	113,935	–			
Profit/(loss) for the year	36,231	(478)			
Other comprehensive income	(2,137)	(104)			
Total comprehensive income	34,094	(582)			
Attributable to NCI:					
Profit/(loss) for the year	12,681	(60)	30	–	12,651
Other comprehensive income	(748)	(13)	59	–	(702)
Total comprehensive income	11,933	(73)	89	–	11,949
Non-current assets	186,618	103,532			
Current assets	34,072	5,735			
Non-current liabilities	(12,215)	(77,406)			
Current liabilities	(41,714)	(27,439)			
Net assets	166,761	4,422			
Net assets/(liabilities) attributable to NCI	58,366	553	(64)	–	58,855
Cash flows from/(used in) operating activities	48,844	4,230			
Cash flows used in investing activities	(23,118)	(33,996)			
Cash flows used in financing activities (dividends to NCI: $6,474,000)	(10,180)	(89)			
Net increase/(decrease) in cash and cash equivalents	15,546	(29,855)			

Notes to the Financial Statements (Cont'd)

15 Non-controlling interests (Cont'd)

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

Non-controlling interests of Alacem was not material as at 31 December 2018.

16 Loans and borrowings

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Loans from major shareholder	**12,484**	–	**12,484**	–
Loan from non-controlling interests	**2,873**	2,481	**–**	–
Loans from subsidiary	**–**	–	**20,702**	–
Finance lease liabilities	**–**	107	**–**	–
	15,357	2,588	**33,186**	–
Current liabilities				
Lease liabilities (2018: finance lease liabilities)	**–**	23	**–**	–
Unsecured trust receipts	**–**	1,723	**–**	–
	–	1,746	**–**	–
Total loans and borrowings	**15,357**	4,334	**33,186**	–

Interest-free loans from major shareholder, Victory Gate Ventures Limited, have been measured at fair value at initial recognition and the difference between the fair value and face value of the loan is recognised in 'capital reserves', representing a contribution from owners of the Company (Note 14).

Interest-free loans from subsidiary have been measured at fair value at initial recognition and the difference between the fair value and face value of the loan is recognised against the cost of investment in the subsidiary in the Company's separate financial statements (Note 7).

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

Notes to the Financial Statements (Cont'd)

16 Loans and borrowings (Cont'd)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	2019 Face value $'000	2019 Carrying amount $'000	2018 Face value $'000	2018 Carrying amount $'000
Group							
Loans from major shareholder	CNY	–	2021	**13,517**	**12,484**	–	–
Loan from non-controlling interest	TJS	–	2023	**5,879**	**2,873**	6,118	2,481
Finance lease liabilities	SGD	2.68%	2019 – 2020	**–**	**–**	155	130
Unsecured trust receipts	SGD	3.75% – 3.92%	2019	**–**	**–**	1,723	1,723
				19,396	**15,357**	7,996	4,334
Company							
Loans from major shareholder	CNY	–	2021	**13,517**	**12,484**	–	–
Loans from subsidiary	CNY, USD	–	2022	**23,589**	**20,702**	–	–
				37,106	**33,186**	–	–

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018 Present value of minimum lease payments $'000	2018 Interest $'000	2018 Future minimum lease payments $'000
Group			
Within one year	23	5	28
Between one and five years	107	20	127
	130	25	155

16 Loans and borrowings (Cont'd)

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

	Liabilities				
	Finance lease liabilities	Loan from non-controlling interests	Loan from a company controlled by a close member of the family of a key management personnel	Trust receipts	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2018	159	–	2,968	3,700	6,827
Changes from financing cash flows					
Interest paid	(6)	–	–	(105)	(111)
Payment of finance lease liabilities	(23)	–	–	–	(23)
Proceeds from trust receipts	–	–	–	4,908	4,908
Repayment of short-term loans	–	–	(2,888)	–	(2,888)
Repayment of trust receipts	–	–	–	(6,885)	(6,885)
Total changes from financing cash flows	(29)	–	(2,888)	(2,082)	(4,999)
Other changes					
Liability-related					
Interest expense	6	–	–	105	111
Fair value adjustments	–	(3,637)	–	–	(3,637)
Other adjustments*	(6)	6,118	–	–	6,112
	–	2,481	–	105	2,586
Effect from changes in foreign exchange rates	–	–	(80)	–	(80)
At 31 December 2018	130	2,481	–	1,723	4,334

* *Other adjustments for 'loan from non-controlling interests' relates to a non-cash transaction as the dividends declared by a non-wholly owned subsidiary was not paid out and instead, transferred to this entity's subsidiary in the form of loan from non-controlling interests.*

16 Loans and borrowings (Cont'd)

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

	Liabilities					
	Loans from major shareholder	Loan from non-controlling interests	Lease liabilities, excluding finance lease liabilities (Note 17)	Finance lease liabilities	Trust receipts	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Restated balance at 1 January 2019	–	2,481	547*	130	1,723	4,881
Changes from financing cash flows						
Interest paid	–	–	(50)	(24)	(19)	(93)
Payment of lease liabilities	–	–	(365)	(130)	–	(495)
Proceeds from loans from major shareholder	13,573	–	–	–	–	13,573
Proceeds from trust receipts	–	–	–	–	287	287
Repayment of trust receipts	–	–	–	–	(2,010)	(2,010)
Total changes from financing cash flows	13,573	–	(415)	(154)	(1,742)	11,262
Other changes						
Liability-related						
Interest expense	–	–	50	24	19	93
Fair value adjustments	(1,033)	504	–	–	–	(529)
New leases	–	–	852	–	–	852
Early termination of leases	–	–	(17)	–	–	(17)
	(1,033)	504	885	24	19	399
Effect of changes in foreign exchange rates	(56)	(112)	(1)	–	–	(169)
At 31 December 2019	12,484	2,873	1,016	–	–	16,373

* *See Note 2.5.*

17 Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables	**10,216**	6,044	**–**	–
Retention monies	**496**	615	**–**	–
Accrued operating expenses	**3,324**	3,026	**658**	11
Payables for purchase of property, plant and equipment	**47,477**	8,069	**–**	–
Other payables	**3,036**	2,842	**–**	–
Lease liabilities	**1,016**	–	**388**	–
Non-trade amounts due to non-controlling interests	**6,714**	–	**–**	–
Non-trade amounts due to subsidiaries	**–**	–	**3,036**	73
Other financial liabilities	**72,279**	20,596	**4,082**	84
Value-added/Goods and Services tax payable	**7,723**	7,204	**–**	–
	80,002	27,800	**4,082**	84
Non-current	**21,763**	615	**252**	–
Current	**58,239**	27,185	**3,830**	84
	80,002	27,800	**4,082**	84

Retention monies relate to amounts withheld by the Group and the Company until the successful completion of the project works. These amounts are only payable upon completion of the construction contracts and after the defects liability period. Retention monies of $496,000 (2018: $615,000) are classified as non-current liabilities.

As at 31 December 2019, payables for purchase of property, plant and equipment are interest-bearing at 8.4% per annum and due from 2020 to 2023. They are secured by way of property, plant and equipment with a net carrying amount of $101,859,000 (see Note 4) as part of a deferred payment arrangement with the EPC contractor for the construction of a cement plant. As at 31 December 2018, the payables for purchase of property, plant and equipment were unsecured, interest-free and repayable on demand.

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

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

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

18 Deferred tax

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

	At 1 January 2018	Recognised in profit or loss (Note 23)	Recognised in other comprehen-sive income	Translation differences on consolidation	At 31 December 2018	Recognised in profit or loss (Note 23)	Recognised in other comprehen-sive income	Translation differences on consolidation	At 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Deferred tax liabilities									
Property, plant and equipment	1,615	1,244	5	(363)	2,501	**(39)**	**(1,361)**	**(357)**	**744**
Intangible assets	4,859	(385)	–	(216)	4,258	**(396)**	**–**	**(151)**	**3,711**
Undistributed profits of subsidiaries	2,921	1,640	–	(94)	4,467	**751**	**–**	**(164)**	**5,054**
Other items	170	(170)	–	–	–	**332**	**–**	**(26)**	**306**
	9,565	2,329	5	(673)	11,226	**648**	**(1,361)**	**(698)**	**9,815**
Deferred tax assets									
Trade receivables	(92)	2	–	–	(90)	**90**	**–**	**–**	**–**
Property, plant and equipment	(841)	(13)	–	–	(854)	**–**	**773**	**2**	**(79)**
Inventories	–	–	–	–	–	**(24)**	**–**	**–**	**(24)**
Tax losses carried forward	–	(994)	–	96	(898)	**66**	**–**	**7**	**(825)**
Other items	–	(519)	–	34	(485)	**485**	**–**	**–**	**–**
	(933)	(1,524)	–	130	(2,327)	**617**	**773**	**9**	**(928)**
Net deferred tax liabilities	8,632	805	5	(543)	8,899	**1,265**	**(588)**	**(689)**	**8,887**

18 Deferred tax (Cont'd)

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

	Group		
	2019 $'000	2018 $'000 (restated)	2018 $'000 (as previously reported)
Deductible temporary differences	**4,467**	2,813	204
Unutilised capital allowances	**6,240**	6,201	2,333
Unutilised tax losses	**48,753**	44,404	31,081
	59,460	53,418	33,618

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

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

19 Provisions

		Warranties		Restoration costs		Total	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group							
At 1 January		**415**	635	**200**	–	**615**	635
Recognition of restoration costs on initial application of SFRS(I) 16	2.5	**–**	–	**5**	–	**5**	–
Adjusted balance at 1 January		**415**	635	**205**	–	**620**	635
Provision (reversed)/ made during the year, net	22	**(353)**	(210)	**(3)**	200	**(356)**	(10)
Utilisation		**(1)**	(10)	**(123)**	–	**(124)**	(10)
At 31 December		**61**	415	**79**	200	**140**	615
Non-current		**58**	–	**48**	–	**106**	–
Current		**3**	415	**31**	200	**34**	615
		61	415	**79**	200	**140**	615

19 Provisions (Cont'd)

	Note	Warranties 2019 $'000	Warranties 2018 $'000	Restoration costs 2019 $'000	Restoration costs 2018 $'000	Total 2019 $'000	Total 2018 $'000
Company							
At 1 January		**–**	–	**–**	–	**–**	–
Recognition of restoration costs on initial application of SFRS(I) 16	2.5	**–**	–	**5**	–	**5**	–
Adjusted balance at 1 January and balance at 31 December		**–**	–	**5**	–	**5**	–
Non-current		**–**	–	**5**	–	**5**	–

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

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

20 Revenue

	Group 2019 $'000	Group 2018 $'000
Construction contracts	**10,130**	11,974
Sale of goods	**121,099**	102,133
	131,229	114,107

20 Revenue (Cont'd)

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

Aluminium segment – Construction contracts

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

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

Aluminium segment – Sale of goods

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

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

20 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers

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

	Aluminium		Cement		Others		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Primary geographical markets								
Singapore	**11,330**	12,206	**–**	–	**–**	–	**11,330**	12,206
Malaysia	**4,195**	6,497	**–**	–	**–**	–	**4,195**	6,497
Australia	**1,702**	511	**–**	–	**–**	–	**1,702**	511
Tajikistan	**–**	–	**85,663**	64,689	**–**	–	**85,663**	64,689
Afghanistan	**–**	–	**22,339**	18,844	**–**	–	**22,339**	18,844
Uzbekistan	**–**	–	**5,830**	11,263	**–**	–	**5,830**	11,263
Others	**67**	97	**103**	–	**–**	–	**170**	97
	17,294	19,311	**113,935**	94,796	**–**	–	**131,229**	114,107
Major products/service line								
Construction contracts	**10,130**	11,974	**–**	–	**–**	–	**10,130**	11,974
Sale of goods	**7,164**	7,337	**113,935**	94,796	**–**	–	**121,099**	102,133
	17,294	19,311	**113,935**	94,796	**–**	–	**131,229**	114,107
Timing of revenue recognition								
Products and services transferred over time	**10,130**	11,974	**–**	–	**–**	–	**10,130**	11,974
Products transferred at a point in time	**7,164**	7,337	**113,935**	94,796	**–**	–	**121,099**	102,133
	17,294	19,311	**113,935**	94,796	**–**	–	**131,229**	114,107

20 Revenue (Cont'd)

Contract balances

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

	Group	
	2019	**2018**
	$'000	**$'000**
Trade receivables	**4,408**	4,161
Contract assets	**3,274**	2,316
Contract liabilities	**(152)**	(151)

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 for construction projects.

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

	Contract assets		Contract liabilities	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**151**	71
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(152)**	(151)
Contract assets reclassified to trade receivables	**(611)**	(548)	**–**	–
Changes in measurement of progress	**1,529**	379	**–**	–
Reversal of/(impairment loss) on contract assets	**40**	(15)	**–**	–

20 Revenue (Cont'd)

Transaction price allocated to the remaining performance obligations

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

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

21 Finance income and finance costs

	Group	
	2019	**2018**
	$'000	**$'000**
Finance income		
Interest income on cash and cash equivalents	**28**	231
Others	**216**	26
	244	257
Finance costs		
Interest expense on:		
- trust receipts	**(19)**	(105)
- lease liabilities* (2018: finance lease liabilities)	**(74)**	(6)
Unwinding of discount in relation to the present value of loans from non-controlling interests	**(504)**	–
Others	**–**	(296)
	(597)	(407)
Net finance costs recognised in profit or loss	**(353)**	(150)

* *See Note 2.5.*

22 Profit before tax

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

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees paid to:			
- auditors of the Company		**256**	228
- other member firms of KPMG International		**261**	195
- other auditors		**21**	22
Audit-related fees paid to:			
- auditors of the Company		**195**	–
- other member firms of KPMG International		**76**	–
- other auditors		**2**	2
Non-audit fees paid to:			
- auditors of the Company		**45**	16
- other member firms of KPMG International		**43**	7
- other auditors		**4**	4
Change in fair value of investment properties	6, 12	**394**	541
Contributions to defined contribution plans, included in staff and related costs		**365**	215
Exchange gain		**(300)**	(488)
(Gain)/loss on disposal of property, plant and equipment		**(39)**	46
Rental income	6	**(117)**	(21)
Provision for/(reversal of) inventories obsolescence		**100**	(189)
Reversal of provision for warranties	19	**(353)**	(210)
Write down of inventories to net realisable value	9	**248**	466
Write off of property, plant and equipment		**5**	12

23 Tax expense

	Note	Group 2019 $'000	Group 2018 $'000
Current tax expense/(credit)			
Current year		**48**	(53)
Under provision in respect of prior years		**5**	–
		53	(53)
Deferred tax expense/(credit)			
Origination and reversal of temporary differences		**2,027**	(111)
(Over)/under provision in respect of prior years		**(762)**	916
	18	**1,265**	805
Withholding tax paid on dividends declared by subsidiaries		**3,706**	3,673
Tax expense		**5,024**	4,425
Reconciliation of effective tax rate			
Profit before tax		**33,405**	31,083
Tax using Singapore tax rate of 17% (2018: 17%)		**5,679**	5,284
Effect of different tax rates in foreign jurisdictions		**(1,965)**	(1,734)
Tax exempt income		**(678)**	(452)
Non-deductible expenses		**1,431**	477
Current year benefits of deferred tax assets not recognised		**1,307**	527
Recognition of tax effect of previously unrecognised tax losses		**(93)**	–
Tax incentive*		**(5,119)**	(4,993)
Withholding tax paid on dividends declared by subsidiaries		**3,706**	3,673
Deferred tax liabilities recognised on undistributed profits of subsidiaries		**1,513**	727
(Over)/under provision in respect of prior years		**(757)**	916
		5,024	4,425

* *Pursuant to investment agreements signed with authorities in Tajikistan, the Group's subsidiaries, International Manufacturing Company Chzhungtsai Mohir Cement LLC and Mohir Cement LLC, are under a five-year tax holiday ending on 4 September 2020 and 28 May 2024 respectively.*

Notes to the Financial Statements (Cont'd)

24 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share at 31 December 2019 were based on the profit attributable to ordinary shareholders of $15,730,000 (2018: $16,388,000), and a weighted average number of ordinary shares outstanding of 5,704,812,000 (2018: 5,663,816,000), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year, representing profit attributable to ordinary shareholders	**15,730**	16,388

Weighted average number of ordinary shares

		Group	
	Note	**2019**	**2018**
		'000	**'000**
Issued ordinary shares at 1 January	13	**5,663,816**	5,663,816
Effect of 70,916,430 Placement shares issued in June 2019		**40,996**	–
Weighted average number of ordinary shares during the year		**5,704,812**	5,663,816

25 Operating segments

In 2019, the Group has two (2018: two) reportable segments, as described below, which are the Group's strategic business units. These strategic business units offer different products and services, and are managed separately because they require different expertise and marketing strategies. For each of the strategic business units, the Group's Executive Chairman (2018: Group's Chief Executive Officer) (the Chief Operating Decision Maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments for 2019:

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

Other operations mainly include:

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

None of these segments under other operations meets any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

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

25 Operating segments (Cont'd)

Information about reportable segments

	Aluminium		Cement		Others		Total	
	2019	**2018*^**	**2019**	**2018^**	**2019**	**2018**	**2019**	**2018*^**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
External revenues	**17,294**	19,311	**113,935**	94,796	**–**	–	**131,229**	114,107
Finance income	**4**	35	**240**	222	**–**	–	**244**	257
Finance costs	**(72)**	(106)	**(525)**	(301)	**–**	–	**(597)**	(407)
Depreciation of property, plant and equipment	**(514)**	(685)	**(5,624)**	(4,727)	**–**	–	**(6,138)**	(5,412)
Amortisation of intangible assets	**–**	–	**(2,984)**	(3,072)	**–**	–	**(2,984)**	(3,072)
Reportable segment (loss)/ profit before tax	**(3,814)**	(2,476)	**38,058**	33,675	**(839)**	(116)	**33,405**	31,083
Other material non-cash item:								
- Reversal of/(loss allowance) on trade and other receivables and contract assets	**87**	114	**453**	1,388	**–**	–	**540**	1,502
- Impairment loss on property, plant and equipment	**(569)**	–	**–**	–	**(649)**	–	**(1,218)**	–
Reportable segment assets	**15,886**	25,384	**351,014**	265,131	**1,575**	2,232	**368,475**	292,747
Capital expenditure	**916**	493	**120,146**	40,042	**–**	–	**121,062**	40,535
Reportable segment liabilities	**3,503**	6,126	**100,408**	35,080	**632**	645	**104,543**	41,851

* *The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 2.5). As a result, the Group recognised $549,000 of right-of-use assets and $547,000 of liabilities from those lease contracts. The assets and liabilities are included in the aluminium and cement segments, and non-reportable segment as at 31 December 2019. The Group has applied SFRS(I) 16 using the modified retrospective approach, under which comparative information is not restated (see Note 2.5).*

^ *The Group restated comparative figures for segment reporting by reclassifying corporate assets, corporate liabilities and corporate expenses from the aluminium segment to the cement segment so that the information presented is more representative and meaningful.*

25 Operating segments (Cont'd)

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

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

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2019		2018	
	Revenue	Non-current assets*	Revenue	Non-current assets*
	$'000	$'000	$'000	$'000
Singapore	**11,330**	**1,796**	12,206	46,776
Malaysia	**4,195**	**1,869**	6,497	7,471
Australia	**1,702**	**–**	511	–
Kazakhstan	**–**	**103,532**	–	28,470
Tajikistan	**85,663**	**207,145**	64,689	157,536
Afghanistan	**22,339**	**–**	18,844	–
Uzbekistan	**5,830**	**–**	11,263	–
Others	**170**	**–**	97	–
	131,229	**314,342**	114,107	240,253

* *Non-current assets exclude financial instruments.*

Major customers

In 2018, revenue from two customers of the Group's cement segment represented approximately 32% of the Group's total revenue. In 2019, there were no major customers representing more than 10% of the Group's total revenue.

26 Acquisition of subsidiaries

Acquisition of non-controlling interests

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

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

Less than $1,000

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

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

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

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

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

27 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

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

27 Financial instruments (Cont'd)

Risk management framework (Cont'd)

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and the risks faced by the Group.

Credit risk

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

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

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

	2019 $'000	2018 $'000
Reversal of loss allowance on trade and other receivables and contract assets	**540**	1,502

Trade and other receivables and contract assets

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

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

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

Exposure to credit risk

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Aluminium	**6,783**	5,915	**–**	–
Cement	**14,443**	14,015	**–**	–
Subsidiaries	**–**	–	**34,873**	–
Others	**–**	–	**–**	–
	21,226	19,930	**34,873**	–

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

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

Exposure to credit risk (Cont'd)

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

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

The Group uses an allowance matrix to measure the lifetime ECLs of trade receivables and contract assets. Loss rates are calculated using the 'provision matrix' method based on actual credit loss experience over the past three years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Expected credit loss assessment for other receivables

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 loans to an indirect subsidiary

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

The risk of default is deemed to be insignificant for loans to an indirect subsidiary as at 31 December 2019, therefore impairment loss has not been recognised on these balances.

Notes to the Financial Statements (Cont'd)

27 Financial instruments (Cont'd)

Credit risk (Cont'd)

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

Exposure to credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	$'000	$'000	
Group				
31 December 2019				
Current (not past due)	**1%**	**18,587**	**(216)**	**No**
Past due 1 – 30 days	**2%**	**1,741**	**(31)**	**No**
Past due 31 – 120 days	**9%**	**1,043**	**(93)**	**No**
Past due more than 120 days	**95%**	**4,016**	**(3,821)**	**Yes**
		25,387	**(4,161)**	
31 December 2018				
Current (not past due)	3%	18,963	(549)	No
Past due 1 – 30 days	12%	1,470	(179)	No
Past due 31 – 120 days	94%	2,154	(2,027)	Yes
Past due more than 120 days	97%	2,862	(2,764)	Yes
		25,449	(5,519)	
Company				
31 December 2019				
Current (not past due)	**–**	**34,873**	**–**	**No**

Movements in allowance for impairment in respect of trade and other receivables and contract assets

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**5,519**	6,587	**–**	–
Impairment loss reversed	**(540)**	(1,502)	**–**	–
Amounts utilised	**(796)**	–	**–**	–
Translation differences on consolidation	**(22)**	434	**–**	–
At 31 December	**4,161**	5,519	**–**	–

27 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 and contract assets (Cont'd)

During the current year, the reversal of loss allowance at the Group level was due to lower bad debts during the current year. As a result, the weighted average loss rate has decreased significantly for the 'past due 1 – 30 days' and 'past due 31 – 120 days' age brackets for the cement segment.

In 2018, the reversal of loss allowance at the Group level was due to an improvement in collection from customers, i.e. an improvement in aging. The weighted average loss rate has not changed significantly on a year-on-year basis.

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 $12,402,000 (2018: $13,084,000) and $23,000 (2018: $nil) respectively as at 31 December 2019, which represent their maximum credit exposures on these assets. The cash and fixed deposits are placed with banks and financial institutions which are regulated.

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

Liquidity risk

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

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2018, the Group maintained a $5 million common line for trust receipts, letters of credit and performance guarantees that were unsecured (2019: $nil). The facility had a maturity of 180 days that can be drawn down upon repayment. Interest was charged at 2% per annum above the bank swap offer rate ("SOR") prevailing from time to time.

The Group has contractual commitments to construct a cement plant in Kazakhstan (2018: cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan) (see Note 29).

The Group is exposed to liquidity risk as the Group's current liabilities exceeded its current assets. Management has reviewed the Group's cash flow projections and is of the view that the net cash flows generated from operating, investing and financing activities will be positive in the next 12 months and sufficient to meet the Group's needs as and when the debts fall due.

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.

27 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.

		<—— Cash flows	——>	
	Carrying amounts	**Contractual cash flows**	**Within 1 year**	**Within 1 to 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Group				
31 December 2019				
Non-derivative financial liabilities				
Loans from major shareholder	**12,484**	**(13,517)**	**–**	**(13,517)**
Loan from non-controlling interests	**2,873**	**(5,879)**	**–**	**(5,879)**
Trade and other payables	**72,279**	**(72,340)**	**(50,554)**	**(21,786)**
	87,636	**(91,736)**	**(50,554)**	**(41,182)**
31 December 2018				
Non-derivative financial liabilities				
Trust receipts	1,723	(1,742)	(1,742)	–
Finance lease liabilities	130	(155)	(28)	(127)
Loan from non-controlling interests	2,481	(6,118)	–	(6,118)
Trade and other payables	20,596	(20,596)	(19,981)	(615)
	24,930	(28,611)	(21,751)	(6,860)
Company				
31 December 2019				
Non-derivative financial liabilities				
Loans from major shareholder	**12,484**	**(13,517)**	**–**	**(13,517)**
Loans from subsidiary	**20,702**	**(23,589)**	**–**	**(23,589)**
Trade and other payables	**4,082**	**(4,115)**	**(3,846)**	**(269)**
	37,268	**(41,221)**	**(3,846)**	**(37,375)**
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	84	(84)	(84)	–

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

27 Financial instruments (Cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of the Group entities. As at 31 December 2019, the currency giving rise to this risk is primarily denominated in United States dollar ("USD"), Tajikistan Somoni ("TJS") and Chinese Yuan ("CNY") (2018: USD).

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

	2019			2018
	USD	TJS	CNY	USD
	$'000	$'000	$'000	$'000
Group				
Trade and other receivables	**7,015**	**8,122**	**–**	751
Cash and cash equivalents	**7,209**	**–**	**–**	6,276
Trade and other payables	**(48,031)**	**–**	**–**	(7,835)
Loans and borrowings	**–**	**–**	**(12,484)**	(1,723)
Net statement of financial position exposure	**(33,807)**	**8,122**	**(12,484)**	(2,531)
Company				
Trade and other receivables	**18,125**	**–**	**16,748**	–
Cash and cash equivalents	**12**	**–**	**–**	–
Loans and borrowings	**(15,695)**	**–**	**(17,491)**	–
	2,442	**–**	**(743)**	–

Sensitivity analysis

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

	Group		Company	
	2019	2018	2019	2018
	Profit before tax	Profit before tax	Profit before tax	Profit before tax
	$'000	$'000	$'000	$'000
USD (10% strengthening)	**3,381**	253	**(244)**	–
TJS (10% strengthening)	**(812)**	–	**–**	–
CNY (10% strengthening)	**1,248**	–	**74**	–

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

27 Financial instruments (Cont'd)

Market risk (Cont'd)

Interest rate risk

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

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

Exposure to interest rate risk

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

	Note	Group		Company	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed rate instruments					
Fixed deposits	11	**57**	796	**–**	–
Finance lease liabilities	16	**–**	(130)	**–**	–
Payables for purchase of property, plant and equipment	17	**(47,477)**	–	**–**	–
		(47,420)	666	**–**	–
Variable rate instruments					
Trust receipts	16	**–**	(1,723)	**–**	–

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Capital management

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

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

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for subsidiaries in Tajikistan where companies are required to make an annual allocation of their annual profit to the statutory reserve (see Note 14).

27 Financial instruments (Cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Fair value		
		Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 December 2019								
Financial assets measured at fair value								
Other investments	10	1	–	–	1	1	–	1
Financial assets not measured at fair value								
Trade and other receivables	8	–	17,952	–	17,952			
Cash and cash equivalents	11	–	12,402	–	12,402			
		–	30,354	–	30,354			
Financial liabilities not measured at fair value								
Loans from major shareholder	16	–	–	(12,484)	(12,484)	–	(12,484)	(12,484)
Loan from non-controlling interests	16	–	–	(2,873)	(2,873)	–	(2,873)	(2,873)
Trade and other payables	17	–	–	(72,279)	(72,279)	–	(72,572)	(72,572)
		–	–	(87,636)	(87,636)			

27 Financial instruments (Cont'd)

Accounting classifications and fair values (Cont'd)

		Carrying amount				Fair value		
	Note	Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 December 2018								
Financial assets measured at fair value								
Other investments	10	1	–	–	1	1	–	1
Financial assets not measured at fair value								
Trade and other receivables	8	–	17,614	–	17,614			
Cash and cash equivalents	11	–	13,084	–	13,084			
		–	30,698	–	30,698			
Financial liabilities not measured at fair value								
Unsecured trust receipts	16	–	–	(1,723)	(1,723)			
Finance lease liabilities	16	–	–	(130)	(130)	–	(127)	(127)
Loan from non-controlling interests	16	–	–	(2,481)	(2,481)	–	(2,481)	(2,481)
Trade and other payables	17	–	–	(20,596)	(20,596)			
		–	–	(24,930)	(24,930)			

27 Financial instruments (Cont'd)

Accounting classifications and fair values (Cont'd)

	Note	Carrying amount			Fair value		
		Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Company							
31 December 2019							
Financial assets not measured at fair value							
Trade and other receivables	8	**34,873**	**–**	**34,873**	**–**	**34,873**	**34,873**
Cash and cash equivalents	11	**23**	**–**	**23**			
		34,896	**–**	**34,896**			
Financial liabilities not measured at fair value							
Loans from major shareholder	16	**–**	**(12,484)**	**(12,484)**	**–**	**(12,484)**	**(12,484)**
Loans from subsidiary	16	**–**	**(20,702)**	**(20,702)**	**–**	**(20,702)**	**(20,702)**
Trade and other payables	17	**–**	**(4,082)**	**(4,082)**	**–**	**(4,082)**	**(4,082)**
		–	**(37,268)**	**(37,268)**			
31 December 2018							
Financial liabilities not measured at fair value							
Trade and other payables	17	–	(84)	(84)			

Measurement of fair values

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

28 Leases

Leases as lessee (SFRS(I) 16)

The Group leases properties (warehouse, factory and office facilities) and plant and machinery. The leases for warehouse, factory and office facilities run for a period of 2 to 3 years. For the factory and office facilities, there is an option to renew the factory and office facilities leases after that date and the Group is restricted from entering into any sub-lease arrangements. The leases for the plant and machinery run for a period of 5 years. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles which were classified as finance leases under SFRS(I) 1-17.

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

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

Right-of-use assets

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

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

	Leasehold properties
	$'000
Company	
At 1 January 2019	514
Depreciation charge for the year	(134)
At 31 December 2019	380

28 Leases (Cont'd)

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

Right-of-use assets (Cont'd)

Amount recognised in profit or loss

	$'000
Group	
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	**74**
Expenses relating to short-term leases	**289**
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	538

Amount recognised in statement of cash flows

	2019 $'000
Group	
Total cash outflow for leases	**784**

Leases as lessor

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

28 Leases (Cont'd)

Leases as lessor (Cont'd)

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

	$'000
2019 – Operating leases under SFRS(I) 16	
Within one year	**105**
Between one and two years	**105**
Between two and three years	**105**
Between three and four years	**105**
Between four and five years	**105**
More than five years	**404**
	929
2018 – Operating leases under SFRS(I) 1-17	
Within one year	108
Between one and five years	434
More than five years	524
	1,066

29 Capital commitments

	Group	
	2019	**2018**
	$'000	**$'000**
Capital expenditure contracted to construct a cement plant in Kazakhstan (2018: a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan) as at reporting date but not recognised in the financial statements	**10,824**	65,471

30 Contingent liabilities

Certain subsidiaries of the Group are involved in certain regulatory matters in Tajikistan and Kazakhstan as at 31 December 2019 and 2018. Due to the nature and status of these matters and also in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be determinable. Accordingly, no provisions nor impairment, revision of useful lives for property, plant and equipment or provision for restoration cost, where applicable, has been recorded.

31 Related parties

Other related party transactions

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

	Transaction value		Balance outstanding	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods				
Non-controlling interests	**232**	161	**13**	164
Purchase of services				
Non-controlling interests	**(4,282)**	(3,169)	**(70)**	–

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

Key management personnel

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	**2,146**	2,291
Contributions to defined contribution plans	**73**	89
	2,219	2,380

Shareholding Statistics

As at 16 March 2020

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	252	4.07	11,657	0.00
100 - 1,000	2,652	42.86	1,084,606	0.02
1,001 - 10,000	1,974	31.90	8,594,245	0.15
10,001 - 1,000,000	1,261	20.38	106,905,616	1.86
1,000,001 AND ABOVE	49	0.79	5,618,136,725	97.97
	6,188	100.00	5,734,732,849	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	4,521,499,100	78.84
2	ZHANG ZENGTAO	217,500,000	3.79
3	CITIBANK NOMINEES SINGAPORE PTE LTD	151,107,450	2.64
4	SL CAPITAL VENTURES PTE LTD	118,200,000	2.06
5	DBS NOMINEES PTE LTD	109,948,999	1.92
6	PHILLIP SECURITIES PTE LTD	80,919,055	1.41
7	BUCKLEY CAPITAL PTE LTD	78,800,000	1.38
8	WU XINGHUI	70,916,430	1.24
9	RAFFLES NOMINEES (PTE) LIMITED	48,916,485	0.85
10	NG LAY KHIM	27,993,200	0.49
11	MAYBANK KIM ENG SECURITIES PTE LTD	25,388,928	0.44
12	SINN KIT FOOK	15,000,000	0.26
13	LEE HONG KHIM	14,750,000	0.26
14	CHNG BENG HUA	12,000,000	0.21
15	OCBC SECURITIES PRIVATE LTD	11,693,000	0.20
16	NG KIAN GUAN	10,512,600	0.18
17	LOW SOE ENG OR LENG BOON THAI	10,084,605	0.18
18	HSBC (SINGAPORE) NOMINEES PTE LTD	8,339,500	0.15
19	ONG BEE HOO	7,650,000	0.13
20	KOH MAY LENG @ LOH MAY LENG	7,546,700	0.13
		5,548,766,052	96.76

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

	Direct interest no. of shares	% of total issued shares (1)	Deemed interest no. of shares	% of total issued shares (1)
Victory Gate Ventures Limited (2)	–	–	4,500,000,000	78.47
Ma Zhaoyang (3), (4)	–	–	4,617,500,000	80.52
Zhang Zengtao (5)	217,500,000	3.79	4,500,000,000	78.47

Notes:

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

2. Victory Gate Ventures Limited's ("VGVL") interest in 4,500,000,000 shares were held under the name of nominees – UOB Kay Hian Pte Ltd.

3. Ma Zhaoyang's interest in the 117,500,000 shares were held under the name of nominees – Citibank Nominees Singapore Pte Ltd.

4. Ma Zhaoyang holds 30% shares in VGVL and is therefore deemed to be interested in the shares held by VGVL by virtue of Section 7(4) of the Act.

5. Zhang Zengtao holds 70% shares in VGVL and is therefore deemed to be interested in the shares held by VGVL by virtue of Section 7(4) of the Act.

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