



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** International Cement Group Ltd (formerly Compact Metal Industries)

**Security:** International Cement Group Ltd

**Meeting details:**

Date: 29 April 2019

Time: 10.30 a.m.

Venue: Kent Ridge Guild House, Evans Room at 9 Kent Ridge Drive, Singapore 119241

**Company Description**

International Cement Group Ltd is a Singapore-based company. The Company is involved in cement business.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=KUO](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=KUO))

**Q1.** The group ventured to Tajikstan with the acquisition of an effective equity interest of 65% in International Manufacturing Company Chzhungtsai Mohir Cement Limited Liability Company via a “very substantial acquisition” under Rule 1006 of the Listing Manual.

- (i)** Based on the company’s announcement dated 29 March 2019, the company stated that the plant operated at full capacity in FY2018. **When will the capacity upgrade to 1.35 million metric tonnes be completed?**
- (ii)** **What is the level of oversight, influence and control over the day-to-day matters of the joint venture?**
- (iii)** **Please help shareholders understand the overall economic conditions of Tajikstan and elaborate further on the growth opportunities of the cement business.**
- (iv)** **What is the group’s market share in Tajikstan?**
- (v)** **What is the value proposition of the group compared to the local cement producers?**

**Q2.** On 11 March 2019, the group said that it has entered into a conditional sale and purchase agreement to acquire a 100 per cent stake in Schwenk Namibia Pty Ltd for an aggregate US\$104.4 million in cash.

The target company, inter alia, owns 69.83% of Ohorongong Cement which in turn owns and operates an operational cement plant at North Otavi, Namibia with an annual production capacity of approximately 1,000,000 metric tonnes.

The conditional sale and purchase agreement contained conditions precedent which included (a) approval by shareholders and (b) approval by the relevant competent governmental authority, amongst others.

As noted in the company’s response to SGX-ST on the proposed acquisition (dated 20 March 2019), the company clarified that:

*In the event that the conditions precedent in the sale and purchase agreement are not met by 31 July 2019, 10% of the aggregate purchase price will be paid to the Vendor. This amount is not refundable, except in circumstances where the necessary approvals have not been obtained due to matters not within the Company’s control and influence (as announced on 11 March 2019), as it represents compensation to the Vendor in the event that the proposed acquisition does not go through as there will be financial and reputational losses incurred by the Vendor.*

- (i) What was the level of due diligence carried out by the independent directors?**
- (ii) What is the experience of the directors (especially independent directors) in deal structuring and due diligence for businesses in Africa?**
- (iii) How familiar is the group with local laws in Namibia?**
- (iv) Did the independent directors approve the sale and purchase agreement prior to the group entering into it?**
- (v) Did the independent directors consider if the refund conditions are too onerous?** Even if the relevant competent governmental authority is not obtained, the group is not entitled to receive the 10% deposit.
- (vi) Did the board also consider if the agreement has been well-structured and well-worded? Would “matters beyond the Company's control and influence” be subject to different interpretation?**

**Q3.** On 13 March 2018, the company announced the appointment of Mr Chng Tze Sian Milton, aged 24. Mr Chng was promoted from Business Development Manager to Assistant General Manager (Corporate Affairs).

It was disclosed that the appointment was recommended by the nominating committee (NC) and the board had concurred with the recommendation that Mr Chng Tze Sian Milton has the qualification and capabilities to assume the responsibilities of this position.

- (i) What deliberations did the NC have on the recommendations to the board? Can the NC elaborate further on the justification to recommend the above-mentioned executive officer?**
- (ii) How did the NC evaluate the potential candidates? Did the NC carry out a robust search and nominating process to find the best person for the job?**
- (iii) What are the roles and responsibilities of Mr Chng Tze Sian Milton? Is there a significant overlap with the executive directors?**