Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: International Cement Group Ltd.

Stock code: KUO

Meeting details:
Date: 26 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The group owns and operates the largest cement plant with an annual capacity of 1.2 million metric tonnes in the Khatlon Region in Tajikistan, along with a grinding station that has an annual capacity of 0.6 million metric tonnes.

It also owns and operates 1.2 million MT cement plant in the Almaty region of Kazakhstan that commenced operations in April 2020.

In Singapore, the group retains an established business in manufacturing and marketing aluminum extrusions used for the construction industry.

(i) **Can management help shareholders better understand the ground sentiments in Tajikistan and Kazakhstan, especially the impact COVID-19 has on the economy?** It is noted that Kazakhstan is highly dependent on the export of oil. The prolonged and depressed oil prices have led to a severe depreciation of the Kazakhstani Tenge against the United States dollar while the Tajikistan Somoni depreciated by 10%.

(ii) **What is the level of management oversight and control over the operating subsidiaries in Central Asia, especially as international travel is highly restricted due to COVID-19?**

(iii) **What is the profile of the management team in Tajikistan and in Kazakhstan?**

(iv) **Has the border between Tajikistan and Afghanistan been re-opened?**

Q2. For FY2020, the group achieved revenue of $141.6 million. Cash in-flow from operating activities amounted to $49.9 million. Cash and cash equivalent decreased to $10.0 million as at 31 December 2020 due to cash used in investing activities of $(26.1) million and cash used in financing activities of $(25.8) million.

The group is expanding its Tajikistan cement plant with a gypsum plasterboard production line that has a planned annual production capacity of 30 million square metres at a cost of US$15 million (approximately S$19.8 million).

(i) **How is the group going to fund the expansion?**

(ii) **What is the role of the non-controlling interest, Dastoni Mohir LLC, in the running of the cement plant?** Dastoni Mohir LLC holds 35% participation interest in the operating company in Tajikistan.

(iii) **What was the rationale to pay out a dividend of $16.1 million to the non-controlling interest by the operating company in Tajikistan when funds are required to build the drywall production line?**

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(iv) **Has the board evaluated the optimal capital structure in the company and in the group to support the group's strategic growth objectives?**

Q3. The group has outsourced the internal audit function to BDO LLP for FY2020. The audit committee (AC) is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals and meets the International Professional Practices Framework established by the Institute of Internal Auditors.

(i) **Can the AC confirm that the group's operating subsidiaries in Tajikistan and Kazakhstan were included in the internal audit plan?**

(ii) **Would the AC disclose the scope of the internal audit?**

(iii) **What were the main findings from the internal audit?**

[1^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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[1^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)