INTERNATIONAL CEMENT GROUP LTD.
(Incorporated in Singapore)
(Company Registration No. 201539771E)

PROPOSED ACQUISITION OF A 100% EQUITY INTEREST OF A COMPANY IN NAMIBIA

1. INTRODUCTION

The board of directors of the Company (the ***Board***) wishes to announce its intention to acquire a 100% equity interest of SCHWENK Namibia (Pty) Ltd (***Sale Company***) which is incorporated in Namibia (***Proposed Acquisition***).

In connection with the Proposed Acquisition, the Company has entered into a conditional sale and purchase agreement dated 8 March 2019 (***Agreement***) with SCHWENK Zement International Gmbh & Co Kg (***Vendor***) for the (a) sale and purchase of 1,530,000 cumulative redeemable preference shares and 100 ordinary shares (***Sale Shares***) of the Sale Company representing the entire issued and paid-up capital of the Sale Company; and (b) the acquisition and transfer of the outstanding shareholders' loans that have been extended by the Vendor to the Sale Company and outstanding as at the date of completion of the Proposed Acquisition.

The Vendor's holding company, SCHWENK Zement KG (***SCHWENK Zement***), is an established producer of construction materials, including cement.

1.1 Sale Company

The Sale Company is a private company incorporated in Namibia and is wholly owned by the Vendor.

The Sale Company has a 69.83% equity interest in Ohorongo Cement (Pty) Limited (***Ohorongo Cement***) which is incorporated in Namibia. The Sale Company also owns 100% equity interest in Energy For Future (Pty) Limited (***EFF***), a company incorporated in Namibia.

As at 31 December 2018, the unaudited net tangible liabilities value of the Sale Company is Namibian Dollars (***NAD***) 25,053,000.

1.2 Ohorongo Cement

Ohorongo Cement owns and operates in an operational cement plant at North Otavi, Namibia (***Cement Plant***) with an annual production capacity of approximately 1,000,000 metric tonnes. This subsidiary is principally engaged in the business of the sale and production of cement. The subsidiary's key asset is the Cement Plant.

As at the date of this Announcement, the total subscribed, issued and fully paid up share capital of Ohorongo Cement is NAD 2,028,655,133, the lawful currency of Namibia.

1.3 EFF

EFF is a private company incorporated in Namibia with limited liability. It is principally engaged in the business of sourcing of alternative energy sources and any related business thereto. As at the date of this Announcement, the total subscribed, issued and fully paid up share capital of EFF is NAD 3,731,100, the lawful currency of Namibia.

On completion of the Proposed Acquisition (***Completion***), the Company shall hold a 100% equity interest in the Sale Company which directly holds a 69.83% equity interest in Ohorongo Cement and a 100% equity interest in EFF (collectively known as the ***Sale Group***). More details of the Proposed Acquisition can be found at paragraph 2 of this Announcement.

The Company will be seeking specific approval from shareholders of the Company (***Shareholders***) at an extraordinary general meeting of the Company to be convened (***EGM***) to approve the Proposed Acquisition. A circular setting out, amongst other things, the details of, and other relevant information pertaining to the Proposed Acquisition (***Circular***), together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. KEY TERMS OF THE AGREEMENT

The Agreement contains customary provisions relating to the Proposed Acquisition, including representations and warranties relating to the Sale Shares, indemnities and other commercial terms. The following are some of the key terms of the Agreement:

2.1 Sale and Purchase of Sale Shares

Pursuant to the Agreement, the Company will acquire the Sale Shares representing 100% of the issued and paid-up capital of the Sale Company free from all encumbrances and together with all rights attaching thereto. Following Completion, the Sale Company will become an indirect wholly-owned subsidiary of the Company through International Cement Investment Pte. Ltd..

2.2 Sale and Purchase of Shareholders' Loans

The Vendor has extended shareholders' loans to the Sale Company (***Shareholders' Loans***). As at 31 December 2018, the aggregate amount outstanding owing by the Sale Company to the Vendor under the Shareholders' Loans is €87,785,112.21 (including accrued interest).

2.3 Conditions Precedent

The obligations of the Vendor and the Company (the ***Parties***) under the Agreement are subject to the fulfilment of the following conditions precedent (***Conditions Precedent***):

(a) the approval of Shareholders as required under the listing rules of Singapore Exchange Securities Trading Limited (***SGX-ST***);

(b) the transactions contemplated in the Proposed Acquisition being approved by the relevant competent governmental authority; and

(c) in connection with the loan agreements entered into by the Sale Group, the necessary prior written consents to the transfer of the Sale Shares being obtained from the financial institutions.

Pursuant to the Agreement, in the event that the Condition Precedents set out above are not obtained on or before 31 July 2019, where:

(a) if applicable, the Condition Precedent set out at (a) is not obtained due to the SGX-ST not granting the requisite approvals or due to matters not within the Company's control and influence; or

(b) if applicable, the Condition Precedent set out at (b) is not obtained due to matters beyond the Company's control and influence,

the Company shall pay to the Vendor United States Dollars (***USD***) 10,441,077.48 being 10% of the aggregate of the Share Purchase Price and the Loan Purchase Price (both as defined below). If any of the Conditions Precedent set out at above are not obtained on or before 31 July 2019 (or such other date as may be mutually agreed in writing) (***Longstop Date***), the Agreement shall lapse and cease to have further effect and all obligations and liabilities of the Parties shall cease and determine and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise save as provided above.

2.4 Purchase Consideration

Under the Agreement, the aggregate purchase consideration payable for all the Sale Shares (after adjustments) (***Share Purchase Price***) is USD 19,341,515.80.

The Share Purchase Price will be payable in cash by the Company to the Vendor on Completion.

The Share Purchase Price was agreed upon after taking into consideration, *inter alia*, the following: (a) the unaudited net profit of the Sale Group; (b) the unaudited net asset value and net tangible assets of the Sale Group as at 31 December 2018; (c) the operating track record of the Sale Group; and (d) the rationale for the Proposed Acquisition as set out at paragraph 3 below.

2.5 Purchase of Shareholders' Loan

Pursuant to the Agreement, the Vendor will sell and the Company will purchase the Shareholders' Loan free from all encumbrances and together with all rights attaching thereto. The aggregate consideration payable for the Shareholders’ Loan (after adjustments) (***Loan Purchase Price***) is USD 85,069,259.00.

The Loan Purchase Price was agreed upon after taking into consideration, *inter alia*, the aggregate amount outstanding by the Sale Company to the Vendor.

The Loan Purchase Price will be payable in cash by the Company to the Vendor on Completion.

The Company intends to fund the Proposed Acquisition through third party financing or borrowings.

3. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

Following the Company's successful diversification into the cement business in Central Asia in 2017, the Company has decided to expand its cement business into Africa.

As compared to a new cement plant to be constructed by the Group, a completed and commercially operational cement plant will obviate the need for the Group to undertake project risk during the construction period. As the Cement Plant has been in commercial operations for the past few years, the Proposed Acquisition presents an attractive opportunity to the Group to expand and quickly establish a foothold in Africa so as to seize growing business opportunities in Africa arising from the building and construction of infrastructure there and or generated from the Belt and Road initiative of the People's Republic of China.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Company as set out in this paragraph 4 are based on the latest announced unaudited financial results of Compact Metal Industries Ltd (being the listed entity prior to the internal restructuring exercise) for the financial year ended 31 December 2018 and are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Company immediately after Completion.

For more information on the internal restructuring exercise undertaken by Compact Metal Industries Ltd, please refer to Compact Metal Industries Ltd's announcement dated 4 March 2019 and its letter to shareholders dated 6 July 2018.

4.1 Net Tangible Assets (*NTA*)

Assuming that the Proposed Acquisition was completed on 31 December 2018, the financial effects of the Proposed Acquisition on the consolidated NTA of the Company are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA of the Company as at 31 December 2018 (S$'000)	197,107	339,106
Number of issued and paid-up shares ('000)	5,663,816	5,663,816
NTA per share (cents)	3.48	5.99

4.2 Earnings per Share (*EPS*)

Assuming that the Proposed Acquisition was completed on 1 January 2018, the financial effects of the Proposed Acquisition on the consolidated NTA of the Company are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders of the Company (S$'000)	16,004	9,230
Weighted average number of issued and paid-up shares ('000)	5,663,816	5,663,816
EPS for FY2018 (cents)	0.28	0.16

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE MAINBOARD LISTING RULES

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 and based on the latest announced unaudited financial results of Compact Metal Industries Ltd as at 31 December 2018 are as follows:

Rule	Bases	Relative Figure (%)(1)
1006(a)	The net asset value of the assets to be disposed of, compared with the Company's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	The net profits attributable to the assets acquired, compared with the Company's net profits.	-10%(2)
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	68%(3)
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable(4)
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

(1) Based on the latest announced unaudited financial results of Compact Metal Industries Ltd as at 31 December 2018.

(2) Based on the Sale Group's unaudited net loss after tax for FY2018 being NAD 26,891,000 as against the Compact Metal Industries Ltd's unaudited net profit after tax for FY2018 being S$26,274,000 (based on an exchange rate of 1 NAD : S$0.094).

(3) Based on the aggregate of the Share Purchase Price and Loan Purchase Price of USD 104,410,774.80. The market capitalisation of the Company is USD 154,089,123 (based on an exchange rate of USD1 : S$1.36).

(4) No equity securities will be issued by the Company as consideration for the Proposed Acquisition.

6. FURTHER INFORMATION

6.1 Directors' Service Contracts

No person will be appointed to the Board in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

6.2 Interests of Directors and Controlling Shareholders of the Company

None of the directors or controlling shareholders of the Company has any interest, director or indirect (other than through their shareholdings in the Company), in the Proposed Acquisition.

7. FUTURE ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition as appropriate or when there are further developments on the same.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

9. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated in this Announcement.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Ma Zhaoyang
Chairman and Executive Director

11 March 2019