

ANNOUNCEMENT OF JOINT VENTURE AND ACQUISITION OF AN INDIRECT SUBSIDIARY IN KAZAKHSTAN

1. INTRODUCTION

The Board of Directors of the Company (the “**Board**”) of International Cement Group Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, International Cement Korday Pte. Ltd. (“**ICKorday**”) had entered into a joint venture agreement (“**JV agreement**”) with Mr Nurzhan Shakirov (“**Mr Shakirov**”) for the construction of a cement plant in Jambyl, Kazakhstan and thereafter, for the production and/or sales of cement.

2. INFORMATION ON MR SHAKIROV

Mr Shakirov is a Kazakhstan Citizen. He was the CEO and stakeholder of JSC Air Kazakhstan from 2014 to 2016 and is the local partner for the Group’s two existing cement plants in Kazakhstan, namely Alacem LLP and Sharcem LLP.

3. THE JOINT VENTURE

The Joint Venture shall be undertaken through a limited liability partnership incorporated in Kazakhstan, Korcem LLP (the “**JV Company**”), the shares of which will be held by ICKorday and Mr Shakirov in a shareholding proportion of 87.5:12.5, as detailed in section 4 below. Both parties have agreed that ICKorday shall be principally responsible for managing the JV Company’s day-to-day operations as it has the relevant expertise.

Under the terms of the JV Agreement:

- (a) it is intended that the principal business activities of the JV Company will include the construction of a new dry process cement clinker production line with a daily production of 3,500 tons of clinker in the Jambyl Region, Kazakhstan, and carrying out the business of production and/or sale of the produced cement upon completion of the construction of the production line (the “**Project**”); and
- (b) ICKorday will acquire 87.5% shareholdings in Korcem LLP from Mr Shakirov which will be the JV Company for this joint venture (the “**Acquisition**”).

4. SALIENT TERMS OF THE JV AGREEMENT

The Group wishes to highlight the following salient terms of the JV Agreement:

4.1 Share capital and shareholding proportion

Pursuant to the JV Agreement, the share capital and shareholding proportions of the JV Company (refer to section 7 below on the Acquisition) will be as follows:

- (i) The initial share capital of the JV Company shall be KZT 300,000 (approximately SGD 1,000) comprising 300,000 ordinary shares of KZT 1.00 each; and
- (ii) The shareholding structure of the JV Company shall be:

Shareholder	Shareholding Proportion (%)	No. of shares
ICKorday	87.5	262,500
Mr Shakirov	12.5	37,500
Total	100	300,000

(For the purposes of this announcement, the exchange rate of SGD 1 : KZT 314 has been used.)

4.2 Rights and Responsibilities of the JV Parties

ICKorday shall:

- (i) make overall plans for the Project, arrange, coordinate, and lead the construction, operation, and management of the production line, and shall be responsible for the management of the investment and operation of the JV Company;
- (ii) provide construction funds based on the JV Agreement;
- (iii) take charge of the design of the cement plant, the installation of the equipment, as well as providing the technical service for the Project; and
- (iv) be responsible for the operation and management of the JV Company through a management company(ies) designated by ICKorday.

Mr Shakirov shall:

- (i) provide the land for construction of the Project, with its area no less than 50 hectares and land use right no less than 5 years at the time of acquisition;
- (ii) provide the exploration and mining rights of the limestone mine and its land use right attached, with its reserve no less than 50 million tons of limestone and sufficient for business operation of the Project for no less than 30 years; and
- (iii) assist to obtain all the licenses and permits issued by the government authorities or other organisation for the Project and the JV Company as required under Kazakhstan Laws.
- (iv) assist to apply for the preferential policy for the Company as provided according to Kazakhstan laws.

5. SOURCE OF FUNDS FOR THE PROJECT

The total investment for the Project will be approximately US\$150 million to be funded by the Group from internal sources and third-party financing.

6. RATIONALE AND BENEFITS FOR THE JV AGREEMENT

Following the Group's successful diversification into the cement business in Central Asia since 2016, the Group has decided to expand its footprint within the same region.

Construction of a new cement plant in Kazakhstan presents an attractive opportunity for the Group to establish a stronger foothold in Central Asia where demand for cement remains strong. The construction of this new cement plant will grow the Group's current annual cement production capacity by 1.5 million tonnes, to 5.5 million tonnes in total. Construction is slated to commence by end of 2021 and is expected to be completed within 18 to 24 months.

The new cement plant located in a strategically important region in the southern part of Kazakhstan with direct export routes to Kyrgyzstan will complement the Group's existing operations in the southeastern region.

7. ACQUISITION OF 87.5% SHAREHOLDINGS IN KORCEM LLP

As part of the JV Agreement, ICKorday will purchase 87.5% shareholdings in Korcem LLP from Mr Shakirov, which will be the JV Company for purposes of the joint venture. Following the acquisition, Korcem LLP will become an indirect subsidiary of the Company.

7.1 Seller. Mr Shakirov who owns 100% shareholdings in Korcem LLP prior to the completion of this Acquisition.

7.2 Principal activities and assets. Korcem LLP has no business activities and owns land use rights for a piece of land with a size of 50 hectares and mining rights for an area of 11 hectares. The assets located in Korday District, Jambyl Region, Kazakhstan.

7.3 Consideration. KZT 262,500 (approximately SGD 1,000) payable within thirty (30) business days from the signing of the JV Agreement:

The Consideration was arrived at, after arm's length negotiations, on a willing-seller and willing-buyer basis, taking into the consideration the share capital of Korcem LLP of KZT 300,000. The Consideration will be satisfied by the Group from internal sources.

7.4 Completion. Completion took place on 23 September 2021, upon registration of change in shareholders.

8. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Acquisition on the Company as set out in this section are based on the latest audited financial results of the Group for the financial year ended 31 December 2020 and are purely for illustrative purposes only and may not reflect the actual future financial performance or position of the Group immediately after completion of the Acquisition.

9.1 Net Tangible Assets (“NTA”)

Assuming that the Acquisition was completed on 31 December 2020, the financial effects of the Acquisition on the consolidated NTA of the Company are set out below. The NTA is determined to be total equity attributable to equity holders of the Company.

	Before the Acquisition	After the Acquisition
NTA of the Group as at 31 December 2020 (S\$’000)	192,744	192,744
Number of issued and paid-up shares (’000)	5,734,733	5,734,733
NTA per share (cents)	3.36	3.36

9.2 Earnings per Share (“EPS”)

Assuming that the Acquisition was completed on 1 January 2020, the financial effects of the Acquisition on the consolidated EPS of the Company are as follows:

	Before the Acquisition	After the Acquisition
Profit attributable to shareholders of the Company (S\$’000)	8,788	8,788
Weighted average number of issued and paid-up shares (’000)	5,734,733	5,734,733
EPS for FY2020 (cents)	0.15	0.15

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

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest audited financial results of the Group for the financial year ended 31 December 2020 are as follows:

Rule	Bases	Relative Figures (%)
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 ⁽¹⁾
1006(b)	The net profits attributable to the assets acquired, compared with the Company's net profits.	<0.1%
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.	<0.1% ⁽²⁾
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 ⁽⁵⁾

Notes:

- (1) Not applicable as the Acquisition is not a disposal of assets.
(2) Based on the Consideration of SGD 1,000. Market capitalisation of the Company is SGD 177,777,000, based on the closing price as at 24 September 2021.
(4) No equity securities will be issued by the Company as consideration for the Acquisition.
(5) Not applicable as the Acquisition is not a disposal of mineral, oil or gas assets.

As the relative figure under Rule 1006 of the Listing Manual is lesser than 5%, the Acquisition constitutes a non-disclosable transaction under Chapter 10 of the Listing Manual.

10. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company has any interest, direct or indirect in the Acquisition (other than their capacity as Directors or Shareholders, where applicable).

11. DOCUMENTS FOR INSPECTION

A copy of the JV Agreement will be made available for inspection during normal business hours at the registered office of the Company, 100 Tras Street, #18-01 100 AM, Singapore 079027 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Ma Zhaoyang
Chairman and Executive Director

27 September 2021