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

INCREASE IN EFFECTIVE STAKE IN A SUBSIDIARY IN THE REPUBLIC OF KAZAKHSTAN

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1. INTRODUCTION

The Board of Directors (the "**Board**") of International Cement Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that a wholly-owned subsidiary of the Group, International Cement Shar Pte. Ltd. ("**ICS**"), had entered into a sale and purchase agreement ("**SPA**") with Mr Nurzhan Shakirov ("**Mr Shakirov**") to acquire 15% of the total amount of the charter capital of Sharcem LLP ("**Sharcem**") which is incorporated in the Republic of Kazakhstan (the "**Step-Up Acquisition**").

Prior to the Step-Up Acquisition, the Group holds an effective stake of 60% in Sharcem. Upon completion of the Step-Up Acquisition, the Group will hold an effective stake of 75% in Sharcem.

2. KEY TERMS OF THE SALE AND PURCHASE AGREEMENT

As part of the SPA, ICS will purchase 15% of the total amount of the charter capital of Sharcem from Mr Shakirov. Following the Step-Up Acquisition, ICS will hold an effective stake of 75% in Sharcem.

2.1 **Seller:** Mr Shakirov owns 40% of the total amount of the charter capital of Sharcem prior to this Step-Up Acquisition.

2.2 **Sale Shares:** 15% of the total amount of the charter capital of Sharcem with a nominal value of KZT150,000 (approximately SGD446), comprising 150,000 ordinary shares of KZT1 each, all of which are held and fully paid by Mr Shakirov free from any encumbrances.

2.3 **Consideration:** USD17,000,000 (approximately SGD23,800,000) payable in cash in 3 instalments:

(a) USD5,000,000 (approximately SGD7,000,000), on or before 30 September 2022;

(b) USD7,000,000 (approximately SGD9,800,000), on or before 31 October 2022; and

(c) USD5,000,000 (approximately SGD7,000,000), on or before 31 March 2023,

unless otherwise agreed by ICS and Mr Shakirov in writing.

The Consideration was arrived at based on arm's length negotiations, and on a 'willing-buyer and willing-seller' basis, taking into account internal five-year cash flow projections of Sharcem. The Consideration will be satisfied by the Group from internal sources.

2.4 **Taxes to be paid by Mr Shakirov:** Mr Shakirov shall be responsible to complete all required procedures for any capital gains tax or income tax due and payable in connection with the sale of the Sale Shares under the applicable laws and such capital gains tax or income tax incurred by Mr Shakirov shall be paid by ICS to Mr Shakirov.

The amount of taxes expected to be incurred in connection with this Step-Up Acquisition is USD1,700,000 (approximately SGD2,380,000). Therefore, the total consideration ("**Purchase Consideration**") for this Step-Up Acquisition is USD18,700,000 (approximately SGD26,180,000).

2.5 **Transfer of Sale Shares:** The transfer of Sale Shares shall occur simultaneously with the execution of the SPA by ICS, Mr Shakirov and Sharcem. Mr Shakirov shall instruct Sharcem to update its register of members to reflect the latest equity interest proportion for ICS and Mr Shakirov immediately upon execution of the SPA, to reflect the transfer of Sale Shares. All parties shall proceed with necessary government and legal formalities to fulfil the re-registration of the Sale Shares based upon the Kazakhstan laws and regulations, including without limitation, signing the shareholder's resolutions, update the Charter of the Company, and execution all the necessary related documents.

2.6 **Conditions precedent:** Registration of the transfer of Sale Shares.

2.7 **Completion:** Completion is expected to take place by 31 October 2022.

(For the purposes of this Announcement, the exchange rate of SGD1 = KZT336 and USD1 = SGD1.40 have been used).

3. RATIONALE AND BENEFITS FOR THE STEP-UP ACQUISITION

The Sharcem cement plant, with an annual production capacity of 1.0 million metric tonnes, is located in a strategically important region in East Kazakhstan. With this cement plant, the Group will be able to reach out to a boarder market in the east of Kazakhstan and demand for cement in Kazakhstan is expected to remain strong.

The Group commenced its acquisition of the cement-related assets in East Kazakhstan in March 2021. All legal proceedings in connection with this acquisition have been completed and the risk of asset ownership has been significantly reduced.

Upgrading works for this cement plant was completed in June 2022. The risk of equipment malfunction arising from the purchase of an existing cement production line (instead of a newbuild) has been eliminated.

The necessary operating licences have been obtained and cement sales commenced in August 2022.

The increase in shareholdings in Sharcem will generate more profits attributable to shareholders of the Group.

4. FINANCIAL EFFECTS OF THE STEP-UP ACQUISITION

The financial effects of the Step-Up 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 2021 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 Step-Up Acquisition.

4.1 Net Tangible Assets ("NTA")

Assuming that the Step-Up Acquisition was completed on 31 December 2021, the financial effects of the Step-Up Acquisition on the consolidated NTA of the Group are set out below. The NTA is determined to be total equity attributable to equity holders of the Company.

	Before the Step-Up Acquisition	**After the Step-Up Acquisition**
NTA of the Group as at 31 December 2021 (SGD'000)	224,258	197,888
Number of issued and paid-up shares ('000)	5,734,733	5,734,733
NTA per share (cents)	3.91	3.45

4.2 Earnings Per Share ("EPS")

Assuming that the Step-Up Acquisition was completed on 1 January 2021, the financial effects of the Step-Up Acquisition on the consolidated EPS of the Company are as follows:

	Before the Step-Up Acquisition	**After the Step-Up Acquisition**
Profit attributable to shareholders of the Company (SGD'000)	26,350	26,350
Weighted average number of issued and paid-up shares ('000)	5,734,733	5,734,733
EPS for FY2021 (cents)	0.46	0.46

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

The relative figures for the Step-Up 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 2021 are as follows:

Rule	Bases	Relative Figures (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group'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 Group's consolidated net profits.	< 1.0% (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.	17.6% (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 and 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 Step-Up Acquisition is not a disposal of assets.

(2) Inconsequential net profits attributable to the assets acquired as Sharcem was incorporated in 2021 and its cement plant was undergoing upgrading works in 2021 with no operations.

(3) Based on the Purchase Consideration of SGD26,180,000. Market capitalisation of the Company was SGD149,103,000, based on the closing price as at 21 September 2022.

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

(5) Not applicable as the Step-Up Acquisition is not a disposal of mineral, oil and gas assets.

6. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interest in the Company (if any), none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Step-Up Acquisition (other than through their capacity as Directors or shareholders, where applicable).

7. DOCUMENTS FOR INSPECTION

A copy of the SPA 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.

8. CAUTIONARY STATEMENT

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

BY ORDER OF THE BOARD

Zhang Zengtao
Executive Director and Chief Executive Officer

22 September 2022