

ACQUISITION OF A 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 an indirect subsidiary, Sharcem LLP has entered into a sale and purchase agreement to acquire the entire share capital of Shygys Zharyq LLC (the “**Target Company**”) which is incorporated in Kazakhstan (the “**Acquisition**”).

Upon completion of the Acquisition, the Group will hold an effective stake of 60% in the Target Company.

2. INFORMATION ON THE TARGET COMPANY

2.1 Principal activities. Supply of electricity to consumers. The Target Company is currently dormant.

2.2 Assets. Licence to carry out activities for the purchase and further sale of electricity to consumers.

2.3 Liabilities. Short-term trade and other payables amounting to KZT 463,000 (approximately SGD 1,000).

2.4 Net tangible assets. KZT 463,000 (approximately SGD 1,000).

(For the purposes of this announcement, the exchange rates of SGD 1 = KZT 317 and USD 1 = SGD 1.34 have been used.)

3. KEY TERMS OF THE SALE AND PURCHASE AGREEMENT

3.1 Sellers. Kultaeva Svetlana Amanbekovna and Kunafin Toktabolat Kunafyanovich (collectively the “**Sellers**”), both of whom are citizens of Kazakhstan.

3.2 Consideration. USD 1,800,000 (approximately SGD 2,412,000) which is payable upon signing of the sale and purchase agreement.

The Consideration was arrived at, after arm’s length negotiations, on a willing-seller and willing-buyer basis, and was determined after taking into account an independent valuation performed on the Target Company in accordance with International Valuation Standards. The Consideration will be satisfied by the Group from internal sources.

3.3 Conditions precedent.

- (a) Registration of the change in shareholders; and
- (b) Full payment of the Consideration.

3.4 Completion. Completion took place on 14 September 2021, upon registration of the change in shareholders and payment of the consideration.

4. RATIONALE AND BENEFITS FOR THE ACQUISITION

The proposed acquisition of cement-related assets by Sharcem LLP, previously made by the Group on 12 April 2021, 31 May 2021, 1 July 2021 and 27 August 2021, is expected to be completed in mid-September 2021.

The purpose of acquiring the Target Company is for its license to carry out activities for the purchase and further sale of electricity to Sharcem LLP. Corporations in Kazakhstan are not allowed to purchase electricity directly from the electric power stations in Kazakhstan. Instead, they will have to purchase electricity from energy-producing organisations (with the relevant licences) that are able to purchase electricity directly from electric power stations.

With this Acquisition, Sharcem LLP will be able to purchase electricity from the electric power stations in Kazakhstan, through the Target Company. This presents cost savings for the Group as they do not have pay for the mark-up on electricity tariffs charged by energy-producing organisations. Based on internal estimates, the cost savings arising from this Acquisition will greatly outweigh the purchase consideration paid by the Group.

5. 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.

5.1 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

5.2 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

6. 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%
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.	1.3% ⁽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 ⁽³⁾
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 ⁽⁴⁾

Notes:

- (1) Not applicable as the Acquisition is not a disposal of assets.
(2) Based on the Consideration of SGD 2,412,000. Market capitalisation of the Company is SGD 189,246,000, based on the closing price as at 14 September 2021.
(3) No equity securities will be issued by the Company as consideration for the Acquisition.
(4) Not applicable as the Acquisition is not a disposal of mineral, oil or gas assets.

As the relative figures under Rule 1006 of the Listing Manual are lesser than 5%, the Acquisition constitutes a non-disclosable transaction under Chapter 10 of the Listing Manual. Accordingly, the disclosure requirements of this announcement have been made in accordance with Rule 1010 of the Listing Manual for the voluntary announcement of "non-disclosable" transactions.

7. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

8. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Acquisition and no service contracts in relation thereto is proposed to be entered into by the Group.

9. 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.

BY ORDER OF THE BOARD

Ma Zhaoyang
Chairman and Executive Director

15 September 2021