THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Huaxin Cement Co., Ltd.**, you should at once hand this circular together with the accompanying proxy form and reply slip to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

華新水泥股份有限公司
HUAXIN CEMENT CO., LTD.

HUAXIN CEMENT CO., LTD.*
華 新 水 泥 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

(1) PROPOSAL ON THE MAJOR AND CONNECTED TRANSACTION OF THE ACQUISITION OF HOLCIM'S ASSETS IN NIGERIA
(2) PROPOSAL ON PUBLIC ISSUE OF CORPORATE BONDS
(3) PROPOSAL ON ISSUING MEDIUM-TERM NOTES
(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2025

Capitalised terms used in this lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed "Definitions" of this circular.

The notice convening the first EGM in 2025 to be held at the Company's Conference Room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China on Wednesday, 19 March 2025 at 2:00 p.m. is set out on pages 299 to 301 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to read the notice and to complete and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by hand or by post 24 hours before the time designated for holding the EGM or any adjournment thereof in any event; otherwise, it will be deemed invalid. For the EGM, the proxy form shall be returned before 2:00 p.m. on Tuesday, 18 March 2025. The completion and submission of the proxy form shall not preclude you from attending and voting at the EGM in person or its adjournment (as the case may be) if you so wish. In the event that you subsequently attend and vote at the EGM, your proxy appointment shall be deemed to be revoked.

* *For identification purposes only*

27 February 2025

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In this circular, unless the context otherwise requires, the following terms have the following meanings:

"A share(s)"	means	Ordinary shares issued by the Company with a par value of RMB1.00 each, which are listed on the SSE and traded in RMB
"A shareholder(s)"	means	Holders of A shares
"Acquisition"	means	The acquisition by Purchaser A and Purchaser B of 100% of the issued shares of Target Company A and Target Company B respectively in accordance with the Share Purchase Agreement, following which (subject to Closing) the Purchasers shall collectively and indirectly hold 83.81% of issued shares of the Ultimate Target Company
"AICL"	means	Associated International Cement Limited, registered in England and Wales, which as of the date hereof holds 27.77% of issued shares of the Ultimate Target Company
"Articles of Association"	means	The articles of association of the Company
"Associate(s)"	means	As that ascribed to it under the Listing Rules
"Board of Directors"	means	Board of Directors of the Company
"Business Days"	means	A day other than a Saturday or Sunday or public holiday in England, Switzerland, Nigeria, Hong Kong SAR, China or the Netherlands on which banks are open in London, Zurich, Abuja, Hong Kong, Beijing and Amsterdam for general commercial business
"China" or "PRC"	means	The People's Republic of China, excluding, for the purpose of this circular, Hong Kong SAR, Macao SAR and Taiwan, PRC
"Closing"	means	The completion of the Acquisition in accordance with the provisions of the Share Purchase Agreement
"Closing Date"	means	Date of Closing
"Closing Deferral Period"	means	A date not later than six months after the 31 August 2025 which the Vendor shall have the right to defer Closing to if the Reorganization is not completed prior to the Unconditional Date
"Connected Person(s)"	means	As that ascribed to it under the Listing Rules

"Consideration"	means	Pursuant to the Share Purchase Agreement, the total consideration for the acquisition of Target Company A and Target Company B, being USD838.13 million (subject to customary downward adjustments for any leakage pursuant to the terms of the Share Purchase Agreement)
"Controlling Shareholders"	means	As that ascribed to it under the Listing Rules
"Director(s)"	means	Directors of the Company
"EGM"	means	The first Extraordinary General Meeting in 2025 to be held on Wednesday, 19 March 2025 at 2:00 p.m. at the Company's conference room on 2F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China, to consider, and if appropriate, the resolutions contained in the notice of the meeting, which is set out on pages 299 to 301 of this circular
"Enlarged group"	means	The Group as enlarged by the proposed Acquisitions immediately after Completion
"Ernst & Young Hua Ming"	means	Ernst & Young Hua Ming LLP
"Escrow Agent"	means	The applicable agent to provide the escrow services to the Purchasers and the Vendor pursuant to the Escrow Agreement
"Escrow Agreement"	means	The escrow agreement to be entered into between the Vendor, the Purchasers and the Escrow Agent, in the agreed form, to be executed and effective at Closing
"EUR"	means	Euros, the lawful currency of the European Union Member States
"EV/EBITDA" or "Enterprise Value Multiple"	means	The enterprise value multiple, being EV/EBITDA = EV(Enterprise Value) ÷ EBITDA (EBITDA being earnings before interest, tax, depreciation and amortization)
"GBP"	means	British Pound Sterling, the lawful currency of the United Kingdom
"H share(s)"	means	Foreign shares listed on the SEHK with a nominal value of RMB1.00 per share in the Company's share capital, subscribed and traded in Hong Kong dollars
"H-share holder(s)"	means	Holders of H shares

"HKD"	means	Hong Kong dollars, the lawful currency of Hong Kong SAR
"HKEX" or "Hong Kong Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"Holcim"	means	Holcim Limited, a limited liability company registered in Switzerland and the Controlling Shareholder of the Company
"Hong Kong"	means	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	means	A committee comprising all the independent non-executive Directors (namely Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong) of the Company, formed to consider the terms of the Share Purchase Agreement and the transactions contemplated under it and to make recommendations thereon to the Independent Shareholders
"Independent Financial Adviser" or "Maxa Capital"	means	Maxa Capital Limited, a licensed corporation qualified to conduct Type 1 and Type 6 regulated activities under Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong), to be the independent financial adviser for the Independent Board Committee and Independent Shareholders on matters regarding the Share Purchase Agreement and the Acquisition
"Independent Shareholder(s)"	means	Shareholders excluding Holcim, its associates and persons with major interests, any interests in the Share Purchase Agreement or participating in the Acquisition and the Connected Persons of such persons
"Independent Valuer"	means	King Kee Appraisal and Advisory Limited, Hong Kong licensed independent valuer
"Latest Practicable Date"	means	26 February 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
"Listing Rules"	means	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Locked Box Accounts"	means	the financial information in respect of the Target Companies as at the Locked Box Accounts Date
"Locked Box Accounts Date" or "Locked Box Date"	means	31 December 2023

"Long Stop Date"	means	31 August 2025, unless extended pursuant to the Share Purchase Agreement
"MTO"	means	A mandatory takeover offer to be made by a Purchaser (or one of its affiliates) in respect of shares in the Ultimate Target Company not otherwise acquired pursuant to the Share Purchase Agreement, in accordance with the applicable law in Nigeria and the requirements of the Nigerian Stock Exchange
"NGN"	means	Nigerian Naira, the lawful currency of Nigeria
"PE"	means	The price-to-earnings ratio, being PE = Market Price per Share/Earnings per Share (EPS)
"Purchaser A"	means	Hainan Huaxin Pan-Africa Investment Co. Ltd., a limited liability company registered in China as a purchaser under the Share Purchase Agreement
"Purchaser B"	means	Huaxin (Hong Kong) International Holdings Limited, a private company limited by shares registered in Hong Kong as a purchaser under the Share Purchase Agreement
"Purchaser(s)"	means	Collectively refers to Purchaser A and Purchaser B, and "Purchaser" refers to either Purchaser A or Purchaser B
"Purchase Price Allocation" or "PPA"	means	An acquisition accounting process of assigning a fair value to all of the acquired assets and liabilities
"Reorganization"	means	The transfer of the entire authorized and issued share capital and voting rights of the Ultimate Target Company then held by AICL from AICL to Target Company B, such that immediately prior to Closing, Target Company B will own 27.77% of the Ultimate Target Company
"Resolution Period"	means	if the Reorganisation is not completed prior to the expiry of the Closing Deferral Period, the period of 15 Business Days following the Closing Deferral Period where the Purchasers and the Vendor will work together in good faith to identify and agree on a mutually acceptable alternative to the transfer of the remaining shares in the Ultimate Target Company held by AICL through an MTO
"RMB"	means	Renminbi, the lawful currency of China

"Share Purchase Agreement"	means	The share purchase agreement concluded between Purchasers and Vendor on 1 December 2024, regarding the acquisition of 100% of issued shares of Target Company A and 100% of issued shares of Target Company B by Purchaser A and Purchaser B respective, which shall result in the Purchasers collectively and indirectly holding 83.81% of issued shares of Ultimate Target Company
"Share(s)"	means	Shares of the Company with a par value of RMB1.00 each,
"Shareholder(s)"	means	Shareholders of the Company, including A-share holders
"Shareholder Approval"	means	Shareholders of the Company approved the acquisition according to the regulations as set out by HKEX and SSE
"SSE"	means	Shanghai Stock Exchange
"Target Companies"	means	Collectively refers to Target Company A and Target Company B
"Target Company A"	means	Caricement B.V., a limited liability company registered in the Netherlands
"Target Company B"	means	Davis Peak Holdings Limited, a limited liability company registered in Hong Kong
"The Company" or "Company"	means	Huaxin Cement Co., Ltd. (stock code: 6655), a joint stock limited company incorporated in China, whose H shares and A shares have been listed on the Main Board of the HKEX and the SSE, respectively
"The Group"	means	Huaxin Cement Co., Ltd. and its subsidiaries
"Ultimate Target Company" or "LAP" or "Lafarge Africa"	means	Lafarge Africa Plc., a company incorporated in Nigeria, listed on the Nigerian Exchange Limited
"Unconditional Date"	means	The first Business Day on or by which all conditions to Closing have been fulfilled
"USD"	means	U.S. Dollar, the lawful currency of the United State of America
"Valuation Report"	means	The valuation report issued by the Independent Valuer on the valuation of the 100% equity interest of the Ultimate Target Company as at 30 September 2024

"Vendor"	means	Holderfin B.V., the seller under the Share Purchase Agreement, being a limited liability company registered in the Netherlands, which holds 100% of the issued shares of Target Company A, indirectly holds 56.04% of issued shares of the Ultimate Target Company, and holds 100% of the issued share of Target Company B, and will indirectly hold 27.77% of the issued shares of the Ultimate Target Company following completion of the Reorganization, and will accordingly, immediately prior to Closing, indirectly hold 83.81% of the Ultimate Target Company

HUAXIN CEMENT CO., LTD.*
華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Executive directors:
Mr. Li Yeqing *(President)*
Mr. Liu Fengshan *(Vice President)*

Non-executive directors:
Mr. Xu Yongmo *(Chairman)*
Mr. Martin Kriegner
Mr. Lo Chi Kong
Ms. Tan Then Hwee

Independent non-executive directors:
Mr. Wong Kun Kau
Mr. Zhang Jiping
Mr. Jiang Hong

Headquarters and principal place of business in China:
Block B, Huaxin Building,
No. 426 Gaoxin Avenue,
East Lake High-Tech
Development Zone,
Wuhan City,
Hubei Province
China

Principal place of business in Hong Kong:
Room 1917, 19/F, Lee Garden One,
33 Hysan Avenue, Causeway Bay
Hong Kong

To whom it may concern,

(1) PROPOSAL ON THE MAJOR AND CONNECTED TRANSACTION OF THE ACQUISITION OF HOLCIM'S ASSETS IN NIGERIA
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AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2025

* *For identification purposes only*

A. INTRODUCTION

On behalf of the Board of Directors, I would like to invite you to attend the EGM to be held on Wednesday, 19 March 2025 at 2:00 p.m. at the Company's conference room on 2F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China.

The purpose of this circular is to send you notice on the EGM and to provide you with the information reasonably necessary to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

B. AFFAIRS TO BE DEALT WITH AT THE EGM

The resolutions that the Company will propose at the EGM for the Shareholders' consideration and approval include the following:

(1) Proposal on the Major and Connected Transaction of the Acquisition of Holcim's assets in Nigeria;

(2) Proposal on Public Issue of corporate bonds;

(3) Proposal on Issuing Medium-term Notes; and

(4) Proposed Amendments to the Articles of Association.

C. PROPOSAL ON THE MAJOR AND CONNECTED TRANSACTION OF THE ACQUISITION OF HOLCIM'S ASSETS IN NIGERIA

Reference is made to the announcement of the Company dated 1 December 2024 in relation to the Share Purchase Agreement and Acquisition.

In light of the benefits of entering into the Share Purchase Agreement, the Board hereby recommends seeking approval from Independent Shareholders pertaining to the Share Purchase Agreement and the Acquisition.

1. Introduction

On 1 December 2024, the Purchasers and the Vendor entered into a Share Purchase Agreement. Accordingly, subject to and in accordance with the terms and conditions of the Share Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchasers conditionally agreed to acquire, 100% of the issued shares of the Target Companies for an aggregate purchase price of USD838.13 million (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement). According to the Share Purchase Agreement, upon completion of the Acquisition, the Purchasers shall collectively and indirectly hold 13,500,410,592 issued shares of LAP, representing an indirect ownership of 83.81% of the total issued shares of LAP, amounting to 16,107,795,721 shares.

As the Ultimate Target Company is listed on the Nigerian Stock Exchange, under the relevant rules of the Securities and Exchange Commission of Nigeria, the Closing of the Acquisition will trigger the obligation to make a MTO to the other shareholders of the Ultimate Target Company. The maximum consideration to be paid for the remaining 16.19% interest in LAP under the MTO is USD161.9 million, the offer price under the MTO will be no more than USD0.062072 per share(subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement), and the MTO is expected to be completed within one year from the Closing Date. The MTO may result in the Company indirectly holding up to 100% of the shares of the Ultimate Target Company. In accordance with Nigeria Investment and Securities Act and Nigeria Securities and Exchange Commission Rules respectively, the direct or indirect acquisition of 30% or more stake in a public company would require the Company to submit an application to Nigeria Securities and Exchange Commission for its "Authority-to-Proceed" with making an MTO for all or a portion of the shares held by the other shareholders of LAP within 3 business days of completing the Acquisition, at a price no lower than the Acquisition price. So, the price under the MTO will be the consideration per share under the Share Purchase Agreement.

Upon Closing of the Acquisition, the Target Companies and the Ultimate Target Company will become subsidiaries of the Company, and the financial results of the Target Companies and the Ultimate Target Company will therefore be consolidated into those of the Group.

2. Key terms of the Share Purchase Agreement

Date: 1 December 2024

Parties

(1) Vendor
(2) Purchaser A
(3) Purchaser B

Targets

Purchaser A conditionally agreed to acquire, and the Vendor conditionally agreed to sell 100% of the issued shares of Target Company A, subject to the terms and conditions of the Share Purchase Agreement. Target Company A holds 56.04% of the issued shares of Ultimate Target Company.

On the pre-condition that the Vendor procures the transfer of 27.77% of the issued shares of the Ultimate Target Company held by AICL to Target Company B, Purchaser B conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 100% of the issued shares of Target Company B, subject to the terms and conditions of the Share Purchase Agreement.

Consideration

Pursuant to the Share Purchase Agreement, the total consideration for the acquisition of Target Company A and Target Company B is USD838.13 million (subject to customary downward adjustments for any leakage, such as any dividends paid by the Ultimate Target Company between the Locked Box Date and the Closing Date, pursuant to the terms of the Share Purchase Agreement), of which the consideration in respect of Target Company A will be up to USD560.44 million, and the consideration in respect of Target Company B will be up to USD277.69 million, which shall be paid by the Purchasers to the Vendor on the Closing of the Acquisition under the Share Purchase Agreement.

As of the Latest Practicable Date, LAP's market capitalization was NGN 1,248.4 billion (equivalent to USD834.5 million based on the exchange rate of the Bank Central of Nigeria on that date), and the closing price per share was NGN 77.50 (equivalent to USD0.051741 per share based on that exchange rate). The consideration per share of LAP to be acquired by acquiring Target Company A and B is no more than USD0.062072 (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement), which represents a premium of approximately 19.97% over the closing price of LAP as of the Latest Practicable Date.

The consideration was determined through arm's length negotiations between the Vendor's ultimate controller Holcim and the Company (the Purchasers' ultimate controller) based on fair commercial terms, and finalized with reference to the valuation of USD 1.0 billion of the entire shareholders' equity in the Ultimate Target Company as at 30 September 2024 according to the valuation prepared by the Independent Valuer based on the market approach.

The consideration is to be funded by the Group's internal funds, bank loans and other external financing sources such as the issuance of bonds.

The Purchasers shall pay the consideration to the Vendor in cash in USD.

Leakage

Leakage refers to an impermissible transfer of value from the Ultimate Target Company (and its subsidiaries) to the Vendor or its related parties between Locked Box Date and the Closing Date.

The Vendor shall indemnify and hold the Purchasers harmless with respect to any leakage that has occurred or does occur in the period between the Locked Box Date and the Closing Date which is not taken into account in the close price and which is notified to the Vendor by the Purchasers within 6 months after Closing.

If any Party becomes aware of any leakage, such party shall, by written notice, notify the other parties as soon as reasonably practicable, and in any event, no later than 10 Business Days, upon becoming aware of any leakage having taken place and provide reasonable details and the amount of such leakage. The Vendor will then be required to pay the Purchasers an amount equal to the value of the leakage.

In the event that the leakage was incurred in a currency other than USD, any payment in accordance with clause 4.1 of Share Purchase Agreement shall be made to the Purchasers in USD.

Between the Locked Box Date and the Closing Date, any dividends declared or paid by LAP shall be deemed leakage. During the first half of 2024, a dividend of NGN30,604 million (equivalent to approximately USD20.28 million based on the exchange rate published by the Central Bank of Nigeria on the Latest Practicable Date) was declared and paid by LAP for the year 2023. It is expected that during the first half of 2025, a dividend will be declared and paid by LAP for the year 2024. Both of the aforementioned dividends will be deducted from the Consideration in proportion to the underlying shares of LAP to be acquired under the Acquisition.

Permitted Leakage

(1) any matter undertaken by or on behalf of the Target Companies at the written request or with the written agreement of the Purchasers;

(2) any payment made or agreed to be made or transaction to be entered by or on behalf of the Target Companies pursuant to the express provisions of any ancillary agreement;

(3) repayment or settlement of any intra-group trading debt or any intra-group non-trading payables, with all interest accrued, to the extent such intra-group trading debt or intra-group non-trading payables have been fairly disclosed;

(4) any payments made (including management fees) or any assets transferred by the Target Companies to the Vendor in the aggregate amount not exceeding USD750,000, through a single or a series of related transactions, provided that such transactions are on arm's length terms;

(5) settlement of any liabilities with the Vendor to the extent such liabilities were identified in the Locked Box Accounts;

(6) any payment undertaken by or on behalf of the LAP and the Subsidiaries to the legacy service providers for the migration service charges; and

(7) any Tax paid or incurred in relation to any of the matters referred to in (1) to (6) above.

The leakage adjustment would generally be applicable in the event of a transfer of value from the Ultimate Target Company (and its subsidiaries) to the Vendor or its related parties between the Locked Box Date and the Closing Date.

For example, the consideration would need to be adjusted in the event any of the following were to occur between Locked Box Date and the Closing Date: (1)the Ultimate Target Company or its subsidiaries makes payments to or for the benefit of the Vendor outside the ordinary course of business; (2)the Ultimate Target Company or its subsidiaries pays fees (such as management fees or director fees) to the Vendor; (3) the Ultimate Target Company or its subsidiaries forgive any liabilities owed by the Vendor to the Ultimate Target Company or its subsidiaries.

Closing and Payment Arrangement

Closing shall take place on the date which is the first to occur of:

(1) if the Reorganization is completed prior to the Unconditional Date, the tenth Business Day after the Unconditional Date;

(2) if the Reorganization is not completed prior to the Unconditional Date but occurs prior to the expiry of the Closing Deferral Period, the tenth Business Day after the date on which the Vendor notifies the Purchasers in writing that the Reorganization has been completed;

(3) if the Reorganization is not completed prior to the expiry of the Closing Deferral Period, the tenth Business Day after the expiry of the Resolution Period;

or such other date as the Purchasers and the Vendor may agree in writing.

At Closing, the Purchasers shall:

(1) pay the sum of USD20 million into a designated escrow account in the joint names of the Purchasers and the Vendor in accordance with the terms set out in the Share Purchase Agreement and the Escrow Agreement; and

(2) pay the purchase price (to be adjusted downward for any leakage, pursuant to the terms of the Share Purchase Agreement) minus the USD20 million paid into the escrow account and any amount paid to the Vendor in respect of any Earnest Money Bank Guarantee, to the Vendor’s bank account.

The funds in the escrow account shall be retained for a period of 12 months from Closing. At the end of the escrow period, the Purchasers and the Vendor shall issue joint written instructions to the Escrow Agent to release to the Vendor the funds in the escrow account.

The consideration payment will be made on the Closing Date, which is expected to occur in the second half of 2025.

Conditions to Closing

Closing shall be conditional on the following conditions having been fulfilled. None of the conditions below can be waived.

(1) clearance of the record filing of the Acquisition with the Ministry of Commerce of the PRC;

(2) clearance of the record filing of the Acquisition with the National Development and Reform Commission of the PRC;

(3) filing of the overseas direct investment foreign exchange registration of the Acquisition with a bank under the State Administration of Foreign Exchange of the PRC;

(4) Shareholder Approval being obtained; and

(5) clearance of the Acquisition by the Federal Competition and Consumer Protection Commission of the Federal Republic of Nigeria.

As of the date of this circular, the Company has submitted preliminary filings to the National Development and Reform Commission and the Ministry of Commerce. The formal filings will be submitted after the Acquisition is approved by EGM. The filing of the overseas direct investment foreign exchange registration of the Transaction with a bank under the supervision of the State Administration of Foreign Exchange of the People's Republic of China will be done after the fillings of the National Development and Reform Commission and the Ministry of Commerce. The application with the Nigerian Federal Competition and Consumer Protection Commission has been submitted in December 2024 and clearance is expected to be obtained in the first half of 2025.

Reorganization

Prior to Closing, the Vendor shall procure that all the shares of the Ultimate Target Company held by AICL be transferred to Target Company B, such that immediately prior to Closing, the Vendor shall hold 100% of the issued shares of Target Company B and Target Company B shall hold 27.77% of the issued shares of the Ultimate Target Company (the "**Reorganization**").

If the Reorganization is not completed prior to the Unconditional Date, the Vendor shall have the right to defer Closing to a date not later than six months after 31 August 2025 (the "**Closing Deferral Period**"). If the Reorganization is not completed prior to the expiry of the Closing Deferral Period, the Purchasers and the Vendor shall work together in good faith for a period of 15 Business Days following the Closing Deferral Period (the "**Resolution Period**") to identify and agree on a mutually acceptable alternative to the transfer of the remaining shares in the Ultimate Target Company held by AICL through an MTO ("**an MTO Alternative**").

If the Purchasers and the Vendor are unable to agree on an MTO Alternative within this Resolution Period, the Purchasers and the Vendor shall proceed to Closing with respect to Target Company A only. Where Closing has occurred in respect of Target Company A, the Purchasers shall proceed to conduct the MTO and shall acquire the shares in the Ultimate Target Company held by AICL in the course of the MTO (and the Vendor has undertaken to procure that such shares are tendered as part of the MTO).

The Reorganization is expected to be completed within three months after completing the National Development and Reform Commission's and the Ministry of Commerce's fillings. If AICL fails to transfer its 27.77% equity interest in LAP to Target Company B prior to closing, the Purchasers will compulsorily acquire, and AICL undertakes to sell, the LAP shares held by AICL during the MTO (the "**MTO Alternative**"). The MTO Alternative is designed to ensure that the Purchasers can complete the acquisition of the 27.77% equity interest in LAP held by AICL at the same price per share under the Share Purchase Agreement. The MTO Alternative is identical in all respects to the MTO, except for the AICL's undertaking to sell all the equity interest in LAP. If the MTO alternative is applicable, the Purchasers shall not bear any costs other than the taxes and fees that the Purchasers are required to bear under the Nigeria Exchange regulations (the Purchasers will pay the SEC fee 0.30% and Stamp Duty 0.08% of the share price as the rules of Nigeria Stock Exchange).

Pre-Closing Undertakings

From the effective date of the Share Purchase Agreement until Closing, in order to preserve the value of the Target Companies and the Ultimate Target Company, the Vendor, as the sole shareholder of each of the Target Companies, shall procure that the business of the Ultimate Target Company is operated in the ordinary course of business (in the manner conducted as at the date of the Share Purchase Agreement) and consistent with past practice. In particular, the Ultimate Target Company must not, without approval by the Purchasers, engage in specific conducts stipulated in the Share Purchase Agreement.

Performance Guarantee

Within 3 Business Days of the date of the Share Purchase Agreement, Purchaser B shall provide the Vendor with an irrevocable on-demand bank guarantee, in the amount of USD25.14 million (the "**Earnest Money Bank Guarantee**").

If Shareholder Approval is not obtained by the Long Stop Date, the Purchasers shall, immediately pay to the Vendor an amount equal to the Earnest Money Bank Guarantee.

If Shareholder Approval is obtained prior to the Long Stop Date the Purchasers shall procure that Purchaser B shall provide the Vendor with a further irrevocable on-demand bank guarantee in the amount of USD24.86 million (together with the Earnest Money Bank Guarantee, the "**Bank Guarantees**").

If, after Shareholder Approval has been obtained, the Share Purchase Agreement terminates as a result of one or several of the conditions to Closing of the Share Purchase Agreement not being fulfilled by the Long Stop Date, the Purchasers shall pay the Vendor an amount equal to the amount under the Bank Guarantees, failure of which the Vendor shall be entitled to exercise the Bank Guarantees.

Immediately after Closing, the Bank Guarantees shall be returned by the Vendor to Purchaser B by providing the consent for early cancellation of bank guarantees.

Long Stop Date and Termination

If any of the conditions to Closing has not been satisfied by the Long Stop Date, Long Stop Date shall be automatically extended by 15 Business Days. If, following the end of this 15 Business Day period, neither party has subsequently extended the Long Stop Date, the Share Purchase Agreement shall automatically terminate.

Each of the Purchasers and the Vendor shall have the right to extend the Long Stop Date through written notice to the other, provided that:

(1) there shall be no more than two extensions of the Long Stop Date;

(2) each extension shall not exceed 3 months for each; and

(3) the Purchasers may only exercise their right to extend the Long Stop Date if:

  [1] only one condition to Closing remains outstanding;

  [2] there is a reasonable likelihood of satisfying such condition within the extended period; and

  [3] Shareholder Approval has already been obtained.

Leakage and Liability Breach

The Vendor shall indemnify the Purchasers with respect to any leakage that has occurred in the period between 31 December 2023 and the Closing Date which is not taken into account in the consideration paid and which is notified to the Vendor by the Purchasers within 6 months after the Closing Date.

If, upon Closing,

(1) despite being able to do so, the Vendor does not fulfill its obligation to transfer the shares of the Target Companies to the Purchasers;

(2) such failure by the Vendor to transfer such shares to the Purchasers is not a consequence of any actions or omissions of the Purchasers; and

(3) the Purchasers have fulfilled all of their obligations in connection with Closing:

the Purchasers may terminate the Share Purchase Agreement with immediate effect and the Vendor shall: (i) return the Bank Guarantees to Purchaser B; and (ii) pay an amount of USD50 million to the Purchasers.

Governing Law

The Share Purchase Agreement shall be governed in accordance with English law.

3. Information of the Company and Purchasers

The Company

The Company is a joint stock company incorporated in the PRC. The Company's A shares and H shares are listed and traded on the main board of SSE and HKEX respectively. The Company has nearly 300 subsidiaries which are mainly located in 14 provinces and cities in China and 12 overseas countries being Tajikistan, Kyrgyzstan, Uzbekistan, Cambodia, Nepal, Oman, Tanzania, Zambia, Malawi, Zimbabwe, Mozambique and South Africa making it a global building materials corporation with integrated development of the entire industry chain in the fields of cement, concrete, aggregates, environmental protection, equipment manufacturing and engineering, and new building materials. The Company is ultimately controlled as to 41.81% by Holcim.

Purchasers

Purchaser A: Hainan Huaxin Pan-Africa Investment Co. Ltd, a limited liability company registered in PRC on 30 May 2024, is a wholly-owned subsidiary of the Company. The legal representative of the company is Mr. Xu Gang. The registered capital of the company is RMB10 million. The registered address is 705 Window to Global Trade, Lantian sub-district, Meilan District, Haikou, Hainan Province, China. The business scope of the company includes investment, financing counseling and assets management.

Purchaser B: Huaxin (Hong Kong) International Holdings Limited, a private company limited by shares registered in Hong Kong, is a wholly-owned subsidiary of the Company, and was registered in Hong Kong on September 17, 2012. The registered company number is 1801251. The registered address is 402 Jardine House, 1 Connaught Place, Central, Central District, Hong Kong. The business scope of the company includes investment, engineering, trading and environmental protection.

4. Information of Vendor

Vendor

Holderfin B.V, a limited liability private company registered in Amsterdam under Dutch law. The registered address is Roemer Visscherstraat 41B, EW 1054 Amsterdam, Netherlands. The registered company number at the Dutch Chamber of Commerce is 33155025, with a registered capital of EUR3,771,500. The business scope of the company includes equity investment. As of the Latest Practicable Date, the Vendor holds 100% of the issued shares of Target Company A and Target Company B. The Vendor is the Controlling Shareholder of the Company.

The Ultimate Beneficial Owner of the Vendor

Holcim Limited is a company incorporated and listed in Switzerland in February 1912. The business scope of the company includes manufacturing, trading of building materials and products in related fields of business in Switzerland and abroad, as well as financial services. Holcim Limited is also the controlling shareholder of the Company, holding 41.81% of the Company's shares.

Its major shareholders and number of shares are as follows:

Investor	**Number of shares**	**Percentage of shares outstanding**
Thomas Schmidheiny	37,140,253	6.41%
UBS Fund Management (Switzerland) AG	32,692,833	5.65%
Black Rock, Inc.	29,875,786	5.16%
Martin and Rosmarie Ebner	18,120,000	3.13%

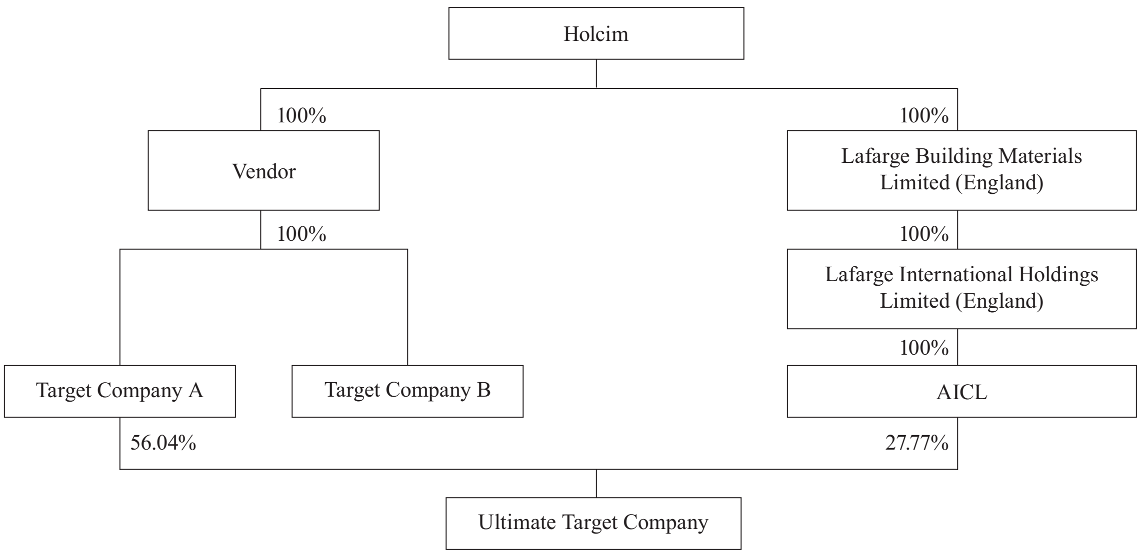
5. Information of the Target Companies

Target Company A: Caricement B.V., a limited liability private company registered in Amsterdam under Dutch Law. The registered address is Roemer Visscherstraat 41B, EW 1054 Amsterdam, Netherlands, with a registered capital of EUR20,000. The registered company number at the Dutch Chamber of Commerce is 34111988. The business scope of Target Company A consists of holding shares in the Ultimate Target Company.

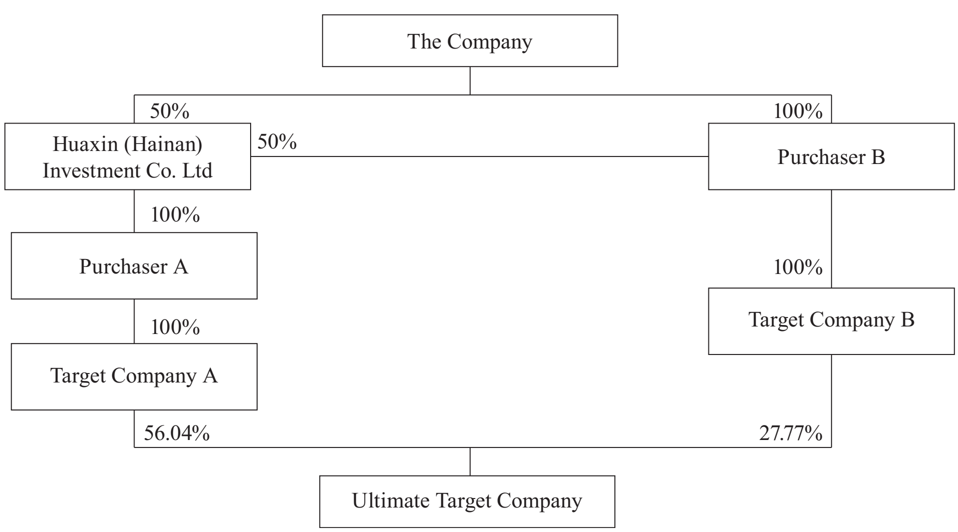
Target Company B: Davis Peak Holding Limited, a private company limited by shares incorporated in Hong Kong on 12 November 2024. The registered address is 5/F, Manulife Place 348 Kwun Tong Road, Kowloon, Hong Kong, with a registered capital of EUR1. Its registration number at the Hong Kong Companies Registry is 77312559. The business scope of the company is that of a holding of the Ultimate Target Company shares.

Ultimate Target Company: Lafarge Africa Plc is a public limited company incorporated in Nigeria on 26 February 1959 and listed in 1979 in Nigeria. The registered address of the company is 27B Gerrard Road, Ikoyi, Lagos, Nigeria. The business scope of the company includes the manufacturing and selling of building materials including cement and concrete. The company is in possession of 4 major cement factories and 6 concrete factories in Nigeria, with a cement production capacity of 10.5 million tons per year and a concrete production capacity of 0.4 million cubic meter per year.

The shareholder structure of the Target Companies and the Ultimate Target Company as of the date of this circular is as follows:



The shareholder structure of the Target Companies and the Ultimate Target Company after Closing will be as follows:



6. Historical Financial Information of the Target Companies and the Ultimate Target Company

Target Company A

Based on the financial statements of Target Company A audited in accordance with the International Standards on Auditing and prepared in accordance with International Financial Reporting Standards, the net asset of Target Company A as of 31 December, 2023 and September 30, 2024 was EUR699.57 million and EUR503.21 million, respectively.

The profit before tax and profit after tax of Target Company A for the three financial years ended 31 December, 2021, 31 December, 2022 and 31 December, 2023 and the nine months ended September 30, 2024 are as follows:

EUR

	For the Financial Years Ended 31 December audited			For the Nine Months ended 30 September audited
	2021	**2022**	**2023**	**2024**
Net Profit/Loss Before Taxation	(156,750,298)	(78,219,596)	20,866,342	(59,620,971)
Net Profit/Loss After Taxation	(157,088,521)	(78,671,196)	20,419,367	(59,653,229)

The loss of Target Company A in the relevant period is mainly due to the provision for impairment of investments made in the relevant period, amounting to EUR187.82 million, EUR98.22 million for the year ended 2021 and 2022 respectively, and EUR77.72 million for the period ended 30 September 2024. As of the end of 2021, 2022 and 2023, Target Company A performed impairment tests on its investment in LAP based on the future operational prospects and accordingly recognized impairment losses. As of the nine months ended 30 September 2024, Target Company A determined the recoverable amount of the investment in LAP by reference to the consideration of the Proposed Acquisitions, which represents the fair value of the investment. Consequently, an impairment loss of EUR77.72 million was recognized on the investment in LAP, bringing the cumulative impairment loss to EUR146.32 million and the carrying value of Target Company A's investment in LAP to EUR501.77 million (equivalent of USD560.44 million) as at 30 September 2024, in connection with the aforesaid acquisition.

From 2017 to 2019, Caricement B.V. acquired 9,027,365,874 shares of LAP (representing approximately 56.04% of the total issued shares of LAP as at the Latest Practicable Date) at a total cost of approximately USD814 million (Caricement's functional currency is the Euro). From 2002 to 2019, AICL acquired 4,473,044,718 shares of LAP (representing approximately 27.77% of the total issued shares of LAP as at the Latest Practicable Date) at a total cost of approximately USD249 million (AICL's functional currency is the Great Britain Pound).

Target Company B

Target Company B was incorporated on 12 November, 2024 in Hong Kong. Based on the financial statements of Target Company B audited in accordance with the China Standards on Auditing and prepared in accordance with Accounting Standards for Business Enterprises, net asset of Target Company B as of 30 November 2024 was zero.

There was no profit before tax and no profit after tax for the period from November 12, 2024 (the date of incorporation of the Company) to November 30, 2024.

Ultimate Target Company

The financial statements of the Ultimate Target Company, audited in accordance with International Standards on Auditing and prepared in accordance with International Financial Reporting Standards, for the three financial years ended 31 December, 2021, 31 December, 2022 and 31 December, 2023 and for the nine months ended September 30, 2024, are set out below:

USD'000

	For the Financial Years Ended 31 December			For the Nine Months Ended 30 September
	2021	**2022**	**2023**	**2024**
Revenue	709,669	832,114	450,863	299,493
Profit Before Taxation	149,611	152,293	87,594	58,916
Net Profit	123,498	119,602	56,862	37,523

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
Total Assets	1,275,668	1,339,229	757,590	506,075
Total Liabilities	359,034	411,570	273,873	215,935
Shareholders' Equity	916,634	927,659	483,717	290,140

Note:

As per the Central Bank of Nigeria, the exchange rates for USD/NGN were 412.990 as at 31 December 2021, 448.550 as at 31 December 2022, 899.393 as at 31 December 2023 and 1601.028 as at 30 September 2024, respectively.

The significant decline in the assets and profit, when converted to US dollars in 2023, was mainly due to the substantial depreciation of the Nigerian Naira. However, the exchange rate has essentially remained stable from March 2024 to the present.

7. Determination of the consideration

The Target Companies are special purpose vehicles, and their major assets are shares that they hold in LAP. Therefore, the determination of the consideration analyzes the value of the LAP.

The consideration was determined through arm's length negotiations between the Vendor's ultimate controller Holcim and the Company (the Purchasers' ultimate controller) based on fair commercial terms and finalized with reference to the valuation of the LAP as explained below.

The estimate approach, selection basis of comparable companies and valuation multiples in the Valuation Report of the LAP are as follows:

Method of the valuation

As discussed in the Valuation Report of the LAP, among three common valuation methods, (i) the cost approach does not directly reflect the scarcity of LAP and the benefits brought about by the Acquisition, and furthermore, the LAP's long history leads to a lack of documentation in relation to the cost and the cost appraisal in a short term can not be satisfied; and (ii) the income approach relies on long term financial forecast and multiple assumptions and parameters, which are difficult to be quantify, hence it's also not the best approach. Thus, the Independent Valuer adopted the iii) market approach to conclude the LAP's 100% equity value as USD1,002 million as at 30 September 2024 ("**Valuation Date**"), as the comparable companies market data is public and can be searched and can fairly reflect the value of LAP equity.

The LAP is a listed company in Nigerian Stock Exchange, and LAP's market capitalization was USD372 million as at Valuation Date. Valuer did not notice any contingent debts or litigation of LAP, but Valuer noticed LAP's passive development strategy, affecting the significant underperformance in LAP's share price as compared to other industry peers. The difference in equity value between the valuation report and the market capitalization of USD630 million mainly reflects LAP's injected growth potential, the reasons as follows:

(1) The low turnover rate of LAP

As of 30 September 2024, the total number of outstanding shares of the Ultimate Target Company is 16.108 billion, the average daily trading volume is 10.04 million from June to September, the turnover rate is only 0.06%, which is too low to fully reflect the whole market's expectation on the LAP.

(2) Materially affected by Naira's significant devaluation

Due to Nigeria's exchange rate reform, the Naira experienced a significant devaluation over the 9-month period ended 31 March 2024. As a result of the currency devaluation, the market capitalization of LAP, when converted into US dollars, was materially affected, as detailed below table.

End of each month	**LAP Market Cap*** *(billion NGN)*	**LAP Market Cap.** *(million USD)*	**CBN Central Rate**** *USDNGN*
17 Feb. 2025	1,265	838.99	1,508.09
Dec-24	1,127	733.88	1,535.32
Sep-24	596	372.25	1,601.03
Jun-24	548	373.06	1,470.19
Mar-24	613	460.74	1,330.26
Dec-23	507	564.16	899.39
Sep-23	482	627.54	768.76
Jun-23	475	616.81	770.38
Mar-23	419	909.74	460.35
Dec-22	387	861.87	448.55
Sep-22	395	912.74	432.37
Jun-22	425	1,025.39	414.72
Mar-22	382	918.22	415.75

Note:

* the LAP market capitalization data is from Stock Analysis, https://stockanalysis.com/quote/ngx/WAPCO/market-cap/

** the central rate of USDNGN is from Central Bank of Nigeria, https://www.cbn.gov.ng/rates/ExchRateByCurrency.html

However, Naira has generally maintained a stable trend since March 2024, and the exchange rate(relative to the US dollar) as of the Latest Practicable Date has appreciated by approximately 9.8% compared to the exchange rate at the end of November 2024. Goldman Sachs report titled “Nigeria — Turning the Corner” highlights the potential for the Naira to appreciate based on several factors, including the Central Bank of Nigeria’s (CBN) interest rate adjustments, forex market reforms, and increased external financing. Additionally, Nigeria’s relatively high forex reserves are noted as a significant support for the currency. The report suggests that these measures will contribute to Naira’s strength and stability in the medium to long term. Based on the above factors, we maintain an optimistic outlook for Naira.

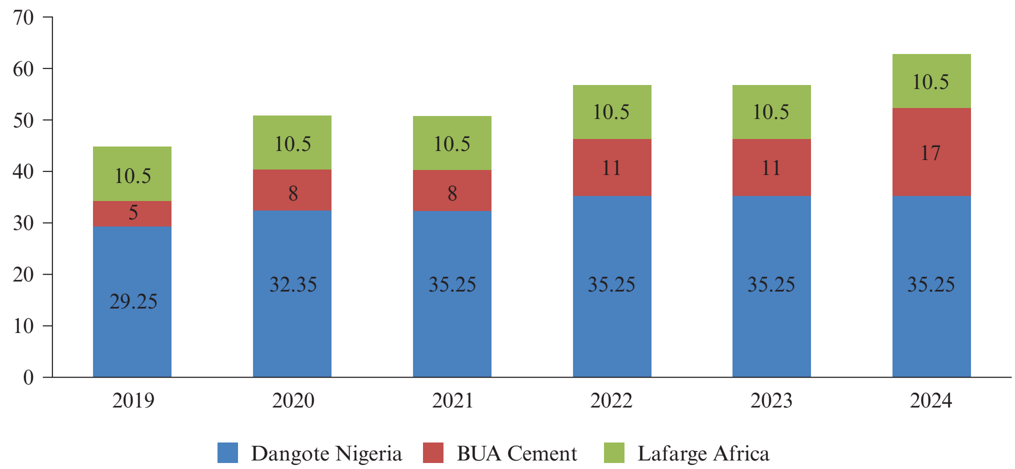
The devaluation of Naira has had a negative impact on the financial performance and market capitalization of LAP as at Valuation Date. After the Closing, the cement and the clinker will be exported to neighboring countries as the Company strategy, by leveraging their geographical advantages of the four plants of LAP, to secure a stable source of hard currency and mitigate the impact of the Naira depreciation.

(3) The lack of growth in the LAP

There are only three major cement players in Nigeria. Apart from LAP, the other two cement players continue to expand capacity to capture increasing demand in Nigerian market. For context, BUA Cement commissioned in the first half of 2024 Line 3 with a capacity of 3 million tons of cement at its Obu plant and Line 5 with a capacity of 3 million tons of cement at its Sokoto plant. BUA has also announced that plans for a new plant with a cement capacity of 3 million tons of cement in Adamawa State are currently underway. Elsewhere, Dangote’s Itori plant with a cement capacity of 3 million tons is expected to be completed in 2025. Meanwhile, since the second line of Mfamosing plant was put into operation in 2016, LAP hasn’t commissioned any new capacity and hasn’t disclosed any plans to expand. Moreover LAP has mothballed its Sagamu plant’s clinker 2*700 TPD production lines recently as the production line needs to be improved and upgraded.

The main cement players' cement capacities and production volumes over the past six years are shown in the following figures.

Main Cement Players' Cement Capacity (million ton)

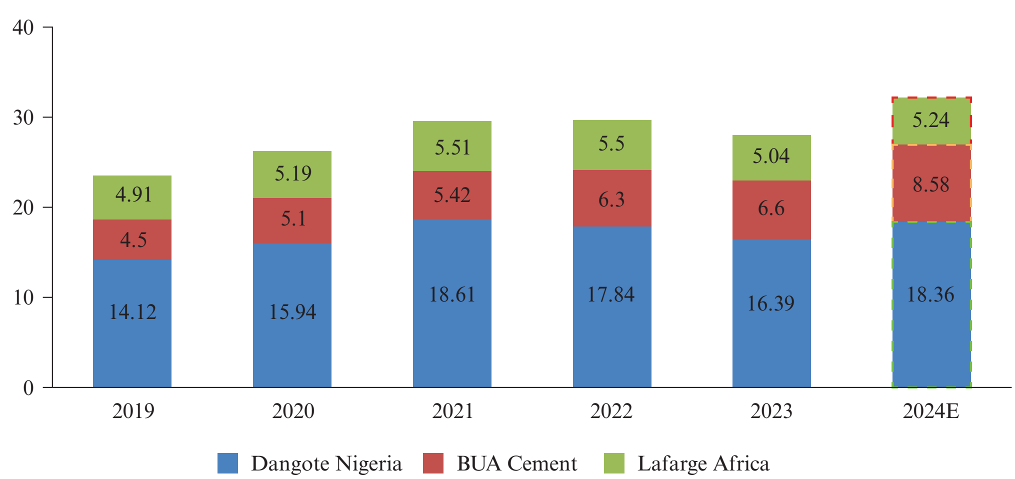


Source: Cardinal Stone Research

Note:

CardinalStone is an independent, multi-asset investment management firm offering an assortment of financial services to a diverse institutional, high net worth and retail clientele base. The company began operations in June 2008 and its business is conducted across six divisions — Investment Banking, Asset Management, Securities Trading, Trust Services, Registrar Services, Financing and Pension Management. https://cardinalstone.com/

Main Cement Players' Sales Volume (million ton)



Source: Cardinal Stone Research

On the backdrop of growing market demand, LAP's lack of capacity expansion resulted in LAP losing market share which contributed to the significant underperformance of LAP's share price. However, following the announcement of the signed agreement to acquire LAP, the market has recognised LAP's potential for growth through capacity expansion as well as realizing the potential from synergies with the Company arising from the Acquisition. As a result, LAP's market capitalisation has increased significantly to approximately USD826.18 million as at the Latest Practicable Date.

(4) The excellent foundation for development

LAP is in Nigeria, a country with the largest population in Africa. With an abundance of natural resources, Nigeria is the most developed economy in West Africa and a major producer and exporter of oil in Africa. With its low per capita consumption of cement of only 140 kilograms, the favorable industry structure, and the positive outlook of the construction industry, Nigeria offers attractive growth perspectives for the cement industry. As the oldest cement company in Nigeria, LAP has four large cement plants in key markets of Nigeria and holds vast high-quality limestone resources. Additionally, LAP possesses significant brand premiums and a stable customer base.

(5) Strategic considerations and Huaxin's successful track record of increasing value

The Company has a successful track record of increasing the value of acquired companies in general and in particular in achieving significant increases in market capitalization of publicly listed companies where it acquired controlling stakes.

Example Chilanga Cement Plc in Zambia: From the Company's acquisition of a controlling stake in June 2021 until Last Practicable Date the share price had risen by more than 400% (from ZMK 5.0 to ZMK 25.5). Over the same period, a cumulative dividend distribution of ZMK 6.6 per share was paid out.

Example Oman Cement Company SAOG in Oman: From the Company's acquisition of a controlling stake in March 2023 until the Last Practicable Date the share price had risen by more than 36% (from OMR 0.30 to OMR 0.41). Over the same period, a cumulative dividend distribution of OMR 0.12 per share was paid out.

The Company's strategy for LAP will leverage the key strengths of LAP which are its excellent locations relative to key markets of the country, significant limestone resources, and a strong brand as the country's oldest cement company. Furthermore, LAP will serve as the Company's platform for further expansions into attractive markets in West Africa and it will benefit from synergies with the Company's other African operations (South Africa, Tanzania, Zambia, Mozambique, etc) as well as with the Company's operation in China.

The Company is confident in its ability to realize a substantial increase in market capitalization of LAP through the envisaged growth strategy and the realization of the potential for synergies.

(6) The control premium

The control premium normally ranges from around 25% to 30%, but it can vary substantially from deal-to-deal and be as high as 50% above the target's share price. As per the Mergerstat Review (FactSet), long term average control premium is 30~35% (pre-2020 data), the recent trends (2020~2023), median premium hovered was around 25~30%. As the Bloomberg/Thomson Reuters data, global M&A premiums average 28% from 2015 to 2023. The control premium typically depends on various factors such as the strategic fit, financial health, and growth, as well as market conditions.

Overall, the Independent Valuer applied the comparable companies' method of market approach, which considers the overall industry situation and the long-term value of the local industry, rather than the short-term stock price fluctuations of a single stock. The comparable companies method can provide more stable and comprehensive valuation. Under the market approach, the Independent Valuer concluded that the 100% equity value of the LAP is approximately USD1,002 million as at Valuation Date. The Board believes the market approach is consistent with the market practice and is reasonable and fair.

Selection Basis for Comparable Companies

As stated in the Valuation Report, the Independent Valuer selected the comparable companies mainly based on the criteria: (i) the companies are publicly listed; (ii) the companies engaged in the cement production industry; (iii) the companies operated in Africa; (iv) the companies have positive net income; and (v) the companies' market capitalization is no less than USD300 million (as the Ultimate Target Company's market capitalization is higher than USD300 million) as at the Valuation Date. These criteria are in line with the nature and characteristics of the business of the Ultimate Target Company, and the main industries of the comparable companies are similar to that of the Ultimate Target Company. More, the selected 6 comparable companies' main financial indicators are comparable to those of Ultimate Target Company as below. Therefore, the Board considers the selection criteria to be complete, reasonable and appropriate.

Comparable companies and Ultimate Target Company's main financial indicators

Comparable companies	Tickers	EBITDA%	EBIT%	NP%
BUA Cement Plc	NGSE:BUACEMENT	27.1%	22.7%	6.0%
Ciments du Maroc Société Anonyme	CBSE:CMA	41.1%	33.3%	23.2%
Dangote Cement Plc	NGSE:DANGCEM	34.3%	28.2%	14.0%
Lafarge Africa Plc	**NGSE:WAPCO**	**31.3%**	**27.1%**	**12.1%**
LafargeHolcim Maroc S.A.	CBSE:LHM	47.0%	37.8%	19.0%
PPC Ltd	JSE:PPC	12.0%	6.6%	4.0%

Benchmark and multiples of the valuation

As stated in the Valuation Report, the Independent Valuer used the last twelve months P/E multiples to calculate as the Ultimate Target Company has positive net income in FY2023 and nine months ended in 2024, and P/E multiple can eliminate the impact of inconsistent depreciation and amortization policies of comparable companies and eliminate the impact of adjustments between enterprise value to equity value.

As shown below, BUA Cement Plc's market capitalization is relatively higher than that of other comparable companies. This is primarily due to its newly commissioned plants, which have raised market expectations for its future production and profitability. These positive long-term expectations are reflected in its market capitalization. However, BUA Cement Plc remains a significant local competitor to the Ultimate Target Company in the Nigerian market, with same scales in capacity, revenue and sales volume. Meanwhile, with the technology and management support from Huaxin Cement, the Ultimate Target Company also demonstrates strong potential for development. Thus, the Independent Valuer has retained BUA Cement Plc in the selection of comparable companies. Thus, the Independent Valuer did not remove BUA Cement Plc out of comparable companies selection. However, the Independent Valuer applied the median of the comparable companies' P/E multiple to reduce the influence of outliers on calculation. The comparable companies' last twelve months P/E multiples are as below:

Comparable companies	**Tickers**	**Last twelve months P/E multiple**
BUA Cement Plc	NGSE:BUACEMENT	87.9
Ciments du Maroc Société Anonyme	CBSE:CMA	26.7
Dangote Cement Plc	NGSE:DANGCEM	19.7
Lafarge Africa Plc	NGSE:WAPCO	8.3
LafargeHolcim Maroc S.A.	CBSE:LHM	29.4
PPC Ltd	JSE:PPC	16.2
Median		23.2

Overall, the Independent Valuer applied the median of the comparable companies' P/E multiple of 23.2 times and the net profit for the trailing twelve months ended 30 September 2024 of the Ultimate Target Company of approximately USD43.18 million to arrive at the final fair value of 100% equity interest in Ultimate Target Company of approximately USD1,002 million.

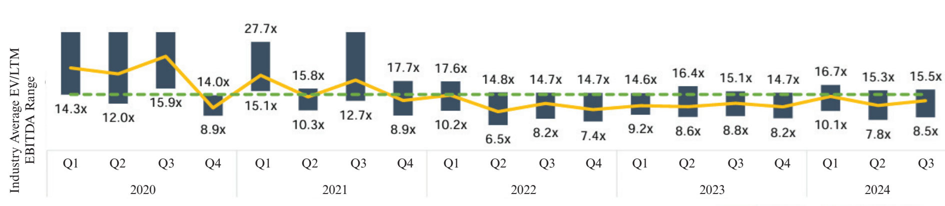
During the twelve-month period ended 30 September 2024, Nigeria undertook foreign exchange reforms, which caused a significant depreciation of the exchange rate. As a direct result, LAP sustained substantial foreign exchange losses. Moreover, the increase in sales prices during this period failed to keep pace with the rate of currency depreciation, thereby yielding a net profit of approximately US43.18 million for the period. Taking into account the rapid depreciation of the exchange rate within one year prior to the Valuation Date, the Ultimate Target Company's lack of growth in the past, and the expected value enhancement following the acquisition, the Board believe that the premium of the consideration to the current market capitalization is reasonable. For further detailed information on valuation, please refer to Appendix VII.

In addition, during the process of determining the consideration in the Share Purchase Agreement, the Company also considered the Enterprise Value/EBITDA multiple and Enterprise Value/Capacity as the cross-check methods, which are commonly used metrics and are widely adopted in the cross-border acquisition of cement assets.

As per the Construction Materials Q3 2024 Review and Year End Outlook issued by Founders Advisors in December 2024, the world Construction Materials main players' mean of Enterprise Value/EBITDA was 12.8x, the details as follows.

Valuation and Trading Statistics for Major Players

Ticker	Company Name	Stock Price	% of 52-Week		Market Cap	Enterprise Value	LTM Revenue	LTM EBITDA	Enterprise Value/	
									LTM Revenue	LTM EBITDA
		12/18/2024	High	Low						
(All $ in millions, expect for Stock Price)										
Construction Materials										
Product Index										
NYS: ACA	Arcosa	$100.8	89%	139%	$4,915	$5,395	$2,486	$403	2.2x	13.4x
NYS: CX	Cemex	$5.5	60%	111%	$8,154	$8,045	$17,249	$3,141	0.5x	2.6x
NAS: ROAD	Construction Partners	$89.1	86%	224%	$4,997	$5,476	$1,824	$221	3.0x	24.8x
LON: CRH	CRH	$97.7	88%	149%	$63,535	$77,192	$35,387	$6,740	2.2x	11.5x
NYS: EXP	Eagle Materials	$257.1	80%	131%	$8,624	$9,628	$2,268	$840	4.2x	11.5x
NYS: GVA	Granite Construction	$89.2	85%	203%	$3,897	$4,172	$3,964	$367	1.1x	11.4x
ETR: HEI	Heidelberg Materials	$129.6	97%	151%	$23,476	$31,901	$22,394	$4,263	1.4x	7.5x
SWX: HOLN	Holcim Group	$99.8	94%	138%	$54,847	$53,662	$30,152	$7,799	1.8x	6.9x
NYS: KNF	Knife River	$100.9	93%	164%	$5,713	$6,172	$2,889	$454	2.1x	13.6x
NYS: MLM	Martin Marietta	$535.6	85%	112%	$32,737	$37,121	$6,513	$2,024	5.7x	18.3x
NYS: SUM	Summit Materials	$50.4	94%	147%	$8,845	$10,992	$3,755	$869	2.9x	12.7x
NYS: VMC	Vulcan Materials Company	$264.9	89%	121%	$34,982	$38,406	$7,398	$1,983	5.2x	19.4x
	Statistics									
	Min	$5.5	60%	111%	$3,897	$4,172	$1,824	$221	0.5x	2.6x
	Median	$100.3	88%	143%	$8,735	$10,310	$5,239	$1,426	2.2x	12.1x
	Mean	**$151.7**	**87%**	**149%**	**$21,227**	**$24,013**	**$11,357**	**$2,425**	**2.7x**	**12.8x**
	Max	$535.6	97%	224%	$63,535	$77,192	$35,387	$7,799	5.7x	24.8x



Source: https://foundersib.com/core/uploads/2024/12/Founders-Advisors-Construction-Materials-Sector-Update-Q3–2024.pdf

The average Enterprise Value/EBITDA of major cement companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange is approximately 8, as detailed in the table below.

Unit: RMB 100 million

Players	600801.SH Huaxin Cement	600585.SH Conch	000877.SZ Xinjiang Tianshan Cement	000401.SZ Jidong Cement	000789.SZ Wannianqing Cement	600449.SH Ningxia Building Materials
Date	12/6/2024	12/6/2024	12/6/2024	12/6/2024	12/6/2024	12/6/2024
Total Market Cap. (100 million RMB)	267.2	1,351.3	460.8	156.3	44.7	71.7
Free-float Market Cap. (100 million RMB)	172.7	1,019.9	118.1	91.0	44.7	71.7
EV/EBITDA	5.36	5.32	7.83	12.59	6.53	10.37

Sources: https://stock.us/cn/compare/valuation

As Exhibit C of the Valuation Report, for global cement transactions with a deal size of USD100 million or more over the two-year period ending 31 December 2024, the average and median Enterprise Value/EBITDA multiples were 11.9 and 9.8, respectively. Meanwhile, the average and median Enterprise Value per ton of capacity were USD159.2 and USD121.5, respectively.

For the Transaction, the valuation of LAP's total equity is approximately USD1 billion. Based on the actual cash and liabilities of LAP as of 30 September 2024, converted at the exchange rate of the Central Bank of Nigeria on that day, LAP's Enterprise Value is approximately USD948.50 million. The LAP's EBITDA for the full year of 2023 was USD152 million, and for the first three quarters of 2024 was USD107 million (the average exchange rate of the period). The EBITDA for 2024 is expected to be leveled off compared to the same period of the previous year, namely, the 2023 results of the LAP are sustainable and indicative. As the cross-validation method, based on the average EBITDA of LAP over the past two years, the Enterprise Value/EBITDA multiple of the Transaction is approximately 6.24. Additionally, LAP has an annual cement production capacity of 10.5 million tons, and the Enterprise Value/Capacity of the Transaction is approximately USD90.33 per ton.

As stated in the Valuation Report, the Independent Valuer adopted P/E ratio (refer to the Report for the definition) due to the neutral ratio of the asset structure for the purpose of comparing companies with different benchmarks. Enterprise Value/EBITDA multiple and Enterprise Value/Capacity are cross-checked by Independent Valuer in the Valuation Report. Considering the features of the equity acquisition, the Board is of opinion that the valuation multiples are in line with the Target Companies and comparable companies, which is reasonable and appropriate. Therefore, the Board believes the methods, benchmark for the selection of comparable companies, parameters and assumptions adopted in the Valuation Report are reasonable and appropriate.

In light of the above, and the equity transfer consideration is below the aggregate assessed market value of the Ultimate Target Company's complete equity holdings as outlined in the Valuation Report, the Board believes that the consideration equity transfer is both equitable and justified.

8. Reasons for, and Benefits of the Acquisition

For more than 10 years, overseas expansion — by greenfield developments or acquisitions has been one of the key strategies of the Company. The Company has established a track record in successfully integrating and developing acquired companies, achieving post-acquisition performance improvements of acquired companies, and achieving targeted returns on overseas investments. The benefits of the overseas expansion are two-fold. First, this strategy allows the Company to pursue growth based on its talent base and on the accumulated know-how and abilities with regard to industrial technology and production chain integration. Second, it effectively counter balances the decline in the domestic market.

As of the Latest Practicable Date, the Company has an operational presence in 12 countries, the Company's overseas clinker capacity has reached 16.7 million tons per year, and the cement grinding capacity has reached 23.7 million tons per year. From January to September 2024, the Company's overseas cement and clinker sales volume reached 12.0 million tons, constituting a year-on-year increase of 41%, and achieved sales revenues of RMB5.936 billion, constituting a year-on-year increase of 49%; with a net profit of RMB847 million, constituting a year-on-year increase of 32%. The overseas business has thus become a strong contributor to the performance of the Company which is facing severe headwinds in the domestic cement business.

The Ultimate Target Company is located in Nigeria, a country with the largest population in Africa. With an abundance of natural resources, Nigeria is the most developed economy in West Africa and a major producer and exporter of oil in Africa. With its low per capita consumption of cement of only 140 kilograms, the favorable industry structure, and the positive outlook of the construction industry, Nigeria offers attractive growth perspectives for the cement industry. The Ultimate Target Company in Nigeria has four large cement plants in key markets of Nigeria, and holds vast high-quality limestone resources. Leveraging its significant experience in successfully integrating acquired companies as well as its industrial, technological, and management abilities, the Company is poised to further improve the operational performance of the Ultimate Target Company and achieve substantial benefits from the Acquisition.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interests of the Company, and the terms of the Share Purchase Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

9. The Financial Impact to the Company

Following the Closing of the Acquisition, the Target Companies will be integrated as wholly-owned subsidiaries of the Company. The financial performances of both the Target Companies and the Ultimate Target Company will be consolidated into the Company's comprehensive financial statements.

Impact to the asset value

As of September 30, 2024, the asset value of the Company was RMB68,831 million. According to the pro forma financial data, the asset value of the Enlarged Group will increase to RMB75,118 million as at September 30, 2024, an increase of RMB6,287 million compared with that of the Company as at September 30, 2024.

Impact to the liabilities

As of September 30, 2024, the total liabilities of the Company were approximately RMB35,461 million. As per the pro forma financial data, the total liabilities of the Enlarged Group are projected to be around RMB41,448 million as of September 30, 2024, representing an increase of approximately RMB5,987 million over the same period.

Impact to the profit

For the nine months ended 30 September 2024, the Company recorded a consolidated total comprehensive income of approximately RMB1,580 million. As detailed in the accountant's report for the Ultimate Target Company appended as Appendix IV to this circular, covering the nine-month period ending 30 September 2024, Ultimate Target Company's net profit after tax was about RMB132 million. The completion of the Acquisition is anticipated to positively influence the long-term financial performance of the Enlarged Group.

Impact to the cash and working capital

As of September 30, 2024, the Company's cash and cash equivalents stood at approximately RMB5,521 million. As per the pro forma financial information, the Enlarged Group's cash and cash equivalents as of September 30, 2024, are projected to be approximately RMB4,495 million, representing an decrease of about RMB1,026 million from the Company's cash and cash equivalents as of the same date.

Following a thorough and diligent review, the Board is of the opinion that, considering the impact of the Acquisition and the financial resources available to the Enlarged Group (including its current bank credit, funds generated from operations, cash, and bank balances), the Enlarged Group will have adequate working capital to support its operations for at least twelve months from the date of this circular, subsequent to the Closing of the Acquisition.

Leverage ratio and working capital

As set out in this circular, the consideration for the Acquisition is approximately RMB5,873 million and will be paid with internal resources and external finance. As of September 30, 2024, the Company's cash and cash equivalents stood at approximately RMB5,521 million. It is anticipated that these will decrease after the Acquisition. The Enlarged Group's cash and cash equivalents are expected to decline from RMB5,521 million to RMB4,495 million. Consequently, the total value of the Enlarged Group's current assets will reduce from approximately RMB15,087 million to approximately RMB14,852 million. The current ratio, which is the ratio of current assets to current liabilities, will also decrease from about 0.89 times to approximately 0.82 times. Nonetheless, despite these changes, the Enlarged Group's overall liquidity is expected to remain stable and robust.

Goodwill

Due to the depreciation of the local currency, the net assets of LAP, when converted at the current exchange rate, are approximately USD290 million (30 September 2024), which generated goodwill of approximately RMB4.2 billion as of the unaudited Pro Forma Financial Information of the Ultimate Target Company. The Directors are of the opinion that the fair value of the assessed identifiable net assets of the Target Group as at the Closing Date will be greater than the number of unaudited net assets of the Enlarged Group as set out above, and therefore the goodwill recognised at the Closing Date will be significantly less than the amount set out above. Since the LAP is not yet a subsidiary of the Company prior to Closing, the Purchase Price Allocation (PPA) cannot be advanced currently. LAP has a cement production capacity of 10.5 million tons, owns scarce limestone resources, and enjoys a favorable market location. Additionally, as the oldest cement company in Nigeria, LAP possesses significant brand premiums and a stable customer base. Based on these factors, the extensive experiences in acquiring numerous companies in the Middle East and Africa over the past few years, and preliminary communication with the asset appraisal firm, following the closing of the transaction, the Company will, in accordance to IFRS, go through the process of Purchase Price Allocation (PPA) procedure and revalue the long-term assets of LAP, including but not limited to quarries, equipment, intangible assets, brands, customer relations, etc. This will lead to higher book value of these long-term assets, and a lower value of goodwill, which is expected to be less than 30% of the maximum acquisition considerations.

10. Listing Rules Implications

The Vendor is a subsidiary of Holcim, the Controlling Shareholder of the Company, and hence an associate of Holcim and a Connected Person of the Company under Rule 14A.07 of the Listing Rules. Therefore, in accordance with Chapter 14A of the Listing Rules, the Acquisition constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements of reporting, announcement, circular, and Independent Shareholders' approval thereunder.

As the applicable percentage ratios for the MTO on a standalone basis is more than 5% but less than 25%, the MTO constitutes a discloseable transaction of the Company under the Listing Rules. Since the transaction contemplated under the MTO, when aggregated with the Acquisition, still remains a major transaction under the Listing Rules, the Company will not be required to reclassify the MTO by aggregating it with the Acquisition. Therefore, the MTO shall only be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules and the Company will comply with the reporting and announcement requirements when and as appropriate.

Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee (each a Director of the Company) have abstained from voting in respect of resolutions regarding the Acquisition due to their office in Holcim. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Director, save for the aforementioned, were found to have any material interest with respect to the Acquisition.

11. Waiver from strict compliance with Rules 14A.36 and 14A.39 of the Hong Kong Listing Rules

The Company has applied to the Stock Exchange for waiver from strict compliance with Rule 14.67(6)(a)(i) regarding certain disclosures under Chapter 4 of the Listing Rules on the following grounds:

a. The Ultimate Target Company is a company incorporated in Nigeria, and its shares are listed on the Nigerian Stock Exchange. For the years ended 31 December 2021 and 2022, the auditor of Ultimate Target Company were KPMG Professional Services ("**KPMG Nigeria**"), whereas the auditor for the year ended 31 December 2023 was Ernst & Young Professional Services ("**EY Nigeria**"). Both KPMG Nigeria and EY Nigeria are member firms of EY group and KPMG group respectively, each being "big four" international professional accounting firms, and have a sound reputation and are registered with a recognized body of accountants

b. The Ultimate Target Company published audited financial statements on a yearly basis to enable investors to assess its activities and financial position. As a company listed on the Nigerian Stock Exchange, the financial disclosures of the Ultimate Target Company were subject to supervision by both the Securities and Exchange Commission, Nigeria ("**NSEC**") and the Nigerian Stock Exchange, and were required to comply with the NSEC's rules and regulations in this respect. Given that the Nigerian Stock Exchange is a well-recognised stock exchange that is regulated, regularly operating and open, and that the financial disclosures of the Ultimate Target Company are globally recognised and regulated according to internationally recognised standards, it is unlikely that relying on such financial disclosures would result in any undue risk to the Shareholders

c. The Ultimate Target Company's accounts were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which fulfils the requirements under the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2023/the Financial Reporting Council of Nigeria Act, 2011 (as applicable), as well as the requirements under Rule 4.11 of the Listing Rules which requires an accountants' report be prepared in accordance with Hong Kong Financial Reporting Standards or IFRS for non-PRC companies. The granting of the waiver would unlikely result in any undue risk to the Shareholders, given that the Shareholders can easily access the business and financial positions of the Ultimate Target Company from those published accounts with globally recognized accounting standards; and

d. If the Company is required to comply with the requirements of Rule 14.67(6)(a)(i) of the Listing Rules by engaging professional accountants to prepare accountants' report on the Ultimate Target Company in accordance with PRC GAAP, being the accounting standards as used by the Company for its regular financial reports, it would be unduly burdensome for the Company in light of the substantial time and costs required.

In order to facilitate the Shareholders and potential investors of the Company to evaluate the Acquisition, the Company has included the following in this circular:

a. The published audited financial statements of the Ultimate Target Company for the two years ended 31 December 2022 prepared under IFRS and audited by KPMG Nigeria in accordance with International Standards on Auditing, and the published audited financial statements of the Ultimate Target Company for the year ended 31 December 2023 and its latest published unaudited financial statements for the nine months ended 30 September 2024 prepared under IFRS and audited or reviewed by EY Nigeria in accordance with International Standards on Auditing;

b. A line-by-line reconciliation pursuant to the Chinese Certified Public Accountants Standards for Other Assurance Engagements No. 3101 — Assurance Engagements other than Auditing or Reviewing Historical Financial Information of the Ultimate Target Company's financial information for the differences between its accounting policies under the IFRS and the accounting policies of the Company under PRC GAAP, with an explanation of the differences. Ernst & Young Huaming would review the reconciliation in accordance with the applicable standards; and

c. Additional information which was required for an accountants' report under Rule 14.67(6)(a)(i) of the Listing Rules but not disclosed in the published accounts as mentioned above has been disclosed in this circular for the Acquisition to bridge the gap between the abovementioned financial information of the Ultimate Target Company and an accountants' report required by the Listing Rules and to ensure the Shareholders are provided the required information under the Listing Rules.

Based on the information provided by the Company and the alternative disclosure above, the Stock Exchange granted the waiver from strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules.

Ernst & Young Huaming conducted a review in accordance with the Chinese Certified Public Accountants Standards for Other Assurance Engagements 3101 — "Assurance Engagements Other Than Auditing or Reviewing Historical Financial Information" and has concluded that, for the years ended 31 December 2021, 2022 and 2023, and the nine-month period ended 30 September 2024, there were no material differences between the accounting policies adopted by Lanfarge Africa Plc in its consolidated financial statements under the IFRS (as set out in Appendix IV) and the accounting policies adopted by the Company under the Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance.

12. Independent Board Committee and Independent Financial Adviser

The Company has established an Independent Board Committee consisting of all independent non-executive Directors (namely, Mr. Wong Kun Kau, Mr. Zhang Jiping, and Mr. Jiang Hong) to advise the Independent Shareholders whether the terms of the Share Purchase Agreement and the Acquisition are fair and reasonable, whether the entering into the Share Purchase Agreement and Acquisition is on normal commercial terms, in the ordinary course of business of the Group, and in the interests of the Company and its shareholders as a whole, and how to vote on the relevant resolution in relation to the Share Purchase Agreement and the Acquisition at the EGM.

The Company has appointed Maxa Capital as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Share Purchase Agreement and the Acquisition.

D. PROPOSAL ON PUBLIC ISSUE OF CORPORATE BONDS

In order to meet the medium and long term capital needs of the Company, further optimize the debt structure and reduce financing costs, the Company intends to publicly issue corporate bonds in accordance with relevant laws and regulations and in light of the domestic and foreign bond market conditions. The plan is as follows:

1. Issuance scale

The size of the corporate bonds is no more than RMB3 billion (including RMB3 billion), which may be issued by installments depending on market conditions. The specific type and scale of issuance is subject to the decision of the Board and authorized representative of the Board to be authorized by the shareholders' general meeting within the aforementioned range, taking into account the capital needs of the Company and market conditions at the time of issuance.

2. Issuance Method

The corporate bonds will be publicly issued in China by installments after being registered in the CSRC.

3. Arrangement of placement to shareholders of the Company

The corporate bonds are issued to professional institutional investors in the bond market (except purchasers prohibited by national laws and regulations), and there is no preferential placement arrangement to the original shareholders of the Company.

4. Term of bonds

The maturity of the corporate bonds to be issued this time is not more than 10 years, which may be a single maturity or a mixture of maturities. The specific maturity composition and the issuance scale of each maturity variety are to be determined by the Board and the authorized representative of the Board to be proposed at the shareholders general meeting within the aforementioned range, taking into account of the market conditions and the capital needs of the Company prior the issuance.

5. Par price, bond interest rate and determination method, principal and interest repayment method

The face value of the corporate bonds issued this time is 100 RMB/piece, which will be issued at par value. The coupon rate will be determined separately according to the results of book-entry exercise. The corporate bonds will bear simple interest on an annual basis without compound interest. The interest shall be paid annually and the principal shall be repaid in one lump sum on the maturity date of the bond. The final installment of interest payable shall be paid together with the principal.

6. Redemption terms or resale terms

Whether the bonds to be issued are subject to redemption or resale provision, and the specific terms of such provisions, will be determined by the Board and authorized representative of the Board to be authorized by the shareholders' general meeting.

7. Use of Proceeds

The proceeds raised from the issuance of corporate bonds, after deducting the issue costs, are intended to be used for domestic and overseas investment, project construction, repayment of domestic and overseas liabilities with interest, and replenishment of working capital. The specific purposes of the proceeds raised are to be determined by the Board and authorized representative of the Board to be authorized by the shareholders' general meeting within the aforementioned scope according to the Company's capital needs.

The first issuance of corporate bond will be in May-June of 2025 for debt repayment, and other issuance will be align with the progress of oversea capital expenditures. The ratio of use of funds for debt repayment will be no more than 70%, and the actual ratio will be in line with the actual fund demand and the approval of regulatory authority.

8. Listing venue

Subject to the satisfaction of the listing conditions, the Company will apply to SSE for the listing of corporate bonds as soon as possible after the issuance of the corporate bonds.

9. Credit enhancement

The corporate bonds will be issued without any credit enhancement.

10. Underwriting method

The corporate bonds to be issued shall be underwritten by the lead underwriter or the underwriting syndicate organized by the lead underwriter on a stand-by underwriting basis.

11. Validity of the resolution

The resolution of the shareholders' general meeting on the issue of corporate bonds shall take effect from the date of the approval by the Shareholders at general meeting and shall be valid until the expiry of 24 months from the date of CSRC's approval to the registration of the bonds.

12. Measures of safeguard for bond repayment

It will be proposed at the shareholders' general meeting to authorize the Board to take at least the following measures when the principal and interest of the corporate bonds are not expected to be paid on time or are in default when due:

(1) not to distribute dividends to Shareholders;

(2) suspend the implementation of capital expenditures such as major external investments and acquisitions and mergers etc.;

(3) reduce or suspend the salaries and bonus of the Directors and the Senior Management; and

(4) prohibit transfer of key responsible persons.

13. Matters to be authorized for the bond issuance

In order to enhance the efficiency of this issuance of corporate bonds, the Board shall propose to the Shareholders at general meeting to authorize the Board, and agree that the Board to authorize Mr. Li Yeqing, a Director, as the authorized representative for the bond issuance, to handle all matters related to the issuance of corporate bonds in accordance with the resolution of the shareholders' general meeting and the authorization of the Board, including but not limited to:

(1) formulate and adjust the specific plan for the issuance of the corporate bonds in accordance with the relevant laws, regulations, the relevant provisions of the regulatory authorities and the resolution of the shareholders' general meeting, taking into account the actual situation of the Company and the market, including but not limited to the specific issuance scale, maturity of the bonds, bond variety, the interest rate of the bonds and its determination method, the timing of the issuance, whether to issue by installments and the number of issuance periods, and guarantee plan etc.;

(2) employ intermediary agency for the issuance of corporate bonds;

(3) select the bond trustee, sign the Bond Trustee Management Agreement and formulate the Rules of the Bondholders Meeting;

(4) apply for the issuance of the corporate bonds;

(5) formulate, approve, sign, modify and announce various legal documents related to the issuance of the corporate bonds, and make corresponding supplements or adjustments to the filing documents in accordance with the requirements of the approval authority;

(6) make corresponding adjustment to matters relating to the issuance of corporate bonds in accordance with the views of the regulatory authorities in the case of any change in the policy of the regulatory authorities on the issuance of corporate bonds or changes in the market conditions, except for matters that are required to be re-voted at the shareholders' general meeting as stipulated in the relevant laws, regulations and the Articles of Association;

(7) determine the specific arrangements for use of proceeds raised based on the actual situation;

(8) disclose the issuance of the corporate bonds in a timely manner in accordance with the relevant laws and regulations; and

(9) handle other matters relating to the corporate bonds.

This proposal shall be submitted to the Shareholders' General Meeting of the Company for approval. Upon being approved by the Shareholders general meeting, the Company will apply to CSRC in accordance with relevant procedures, and the final plan approved by CSRC for registration shall prevail.

E. PROPOSAL ON ISSUING MEDIUM-TERM NOTES

In order to meet the medium and long-term capital needs of the Company, further optimize the debt structure and reduce financing costs, the Company intends to issue medium-term notes (hereinafter referred to as the "**Issue**") in accordance with relevant laws and regulations and in light of the domestic and foreign bond market conditions. The plan is as follows:

1. Issuance scale

The size of the medium-term notes will not exceed RMB3 billion (including RMB3 billion) and may be issued in installments depending on market conditions. The specific type and scale of issuance is subject to the decision of the Board and authorized representative of the Board to be authorized by the shareholders' general meeting within the aforementioned range, taking into account the capital needs of the Company and market conditions at the time of issuance.

2. Issuance Method

The medium-term notes will be publicly issued in China in installments after being registered in China Association of Interbank Market Dealers.

3. Arrangement of placement to shareholders of the Company

The medium-term notes are issued to institutional investors in the national inter-bank bond market (except purchasers prohibited by national laws and regulations), and there is no preferential placement arrangement to the original shareholders of the Company.

4. Term of medium-term notes

The term of medium-term notes issued this time is not more than 10 years (including 10 years), which may be a single maturity or a mixture of maturities. The specific term composition and the issuance scale of each maturity variety are to be determined by the Board and the authorized representative of the Board to be proposed at the shareholders general meeting within the aforementioned range, taking into account of the market conditions and the capital needs of the Company prior the issuance.

5. Par price, coupon rate and determination method, principal and interest repayment method

The face value of the medium-term notes issued this time is 100 RMB/piece and will be issued at par value. The coupon rate will be determined separately according to the result of book-entry exercise. The medium-term notes are issued with simple interest on an annual basis without compound interest. The interest shall be paid once a year and the principal shall be repaid in one lump sum on the maturity date of the notes. The final installment of interest payable shall be paid together with the principal.

6. Redemption clause or resale clause

Whether the medium-term notes to be issued are subject to redemption or resale provision, and the specific terms of such provisions, will be determined by the Board and authorized representative of the Board to be authorized by the shareholders' general meeting.

7. Use of raised funds

The funds raised from the registration of medium-term notes this time, after deducting issuance expenses, are intended to be used for supplementing the working capital of the group and its subsidiaries, repaying principal and interest on loans from financial institutions, repaying principal and interest on various types of bonds, project construction, and other purposes in compliance with the regulations of the Association of Interbank Market Dealers and relevant laws and regulations. They may also be used for green projects, innovative projects in the field of science and technology, and other innovative purposes in compliance with the regulations of the Association of Interbank Market Dealers. The specific use of the funds raised are to be determined by the Board and authorized representative of the Board to be authorized by the shareholders' general meeting within the aforementioned scope according to the Company's capital needs.

The first issuance of medium-term notes will be in July of 2025 for debt repayment, and other issuance will be align with the progress of oversea capital expenditures and general enterprise operation. The ratio of use of funds for debt repayment will be no more than 30%, and the actual ratio will be in line with the actual fund demand and the approval of regulatory authority.

8. Credit enhancement

The medium-term notes will be issued without any credit enhancement.

9. Underwriting method

The medium-term notes to be issued shall be underwritten by the lead underwriter or the underwriting syndicate organized by the lead underwriter on a stand-by underwriting basis.

10. Validity of the resolution

The resolution of the shareholders' general meeting for the registration and issuance of medium-term notes this time shall take effect from the date of approval by the shareholders' general meeting and shall be valid until the expiry of 24 months from the date when China Association of Interbank Market Dealers agrees to the registration of the medium-term notes.

11. Measures of safeguard for repayment

It will be proposed at the shareholders' general meeting to authorize the Board to take at least the following measures when the principal and interest of the medium-term notes are not expected to be paid on time or are in default when due:

(1) not to distribute dividends to Shareholders;

(2) suspend the implementation of capital expenditures such as major external investments and acquisitions and mergers etc.;

(3) reduce or suspend the salaries and bonus of the Directors and the Senior Management; and

(4) prohibit transfer of key responsible persons.

12. Matters to be authorized for the issuance of medium-term notes

In order to enhance the efficiency of this issuance of medium-term notes, the Board shall propose to the Shareholders at general meeting to authorize the Board, and agree that the Board to authorize Mr. Li Yeqing, a Director, as the authorized representative for the issuance of medium-term notes, to handle all matters related to the issuance of medium-term notes in accordance with the resolution of the shareholders' general meeting and the authorization of the Board, including but not limited to:

(1) formulate and adjust the specific plan for the issuance of the medium-term notes in accordance with the relevant laws, regulations, the relevant provisions of the regulatory authorities and the resolution of the shareholders' general meeting, taking into account the actual situation of the Company and the market, including but not limited to the specific issuance scale, maturity, variety, the interest rate and its determination method, the timing of the issuance, whether to issue by installments and the number of issuance periods, and guarantee plan etc.;

(2) employ intermediary agency for the issuance of medium-term notes;

(3) apply for the issuance of the medium-term notes;

(4) formulate, approve, sign, modify and announce various legal documents related to the issuance of the medium-term notes, and make corresponding supplements or adjustments to the filing documents in accordance with the requirements of the approval authority;

(5) make corresponding adjustment to matters relating to the issuance of medium-term notes in accordance with the views of the regulatory authorities in the case of any change in the policy of the regulatory authorities on the issuance of medium-term notes or changes in the market conditions, except for matters that are required to be re-voted at the shareholders' general meeting as stipulated in the relevant laws, regulations and the Articles of Association;

(6) determine the specific arrangements for use of proceeds raised based on the actual situation;

(7) disclose the issuance of the medium-term notes in a timely manner in accordance with the relevant laws and regulations; and

(8) handle other matters relating to the medium-term notes.

This proposal shall be submitted to the Shareholders' General Meeting of the Company for approval. Upon being approved by the Shareholders general meeting, the Company will apply to China Association of Interbank Market Dealers in accordance with relevant procedures, and the final plan approved by China Association of Interbank Market Dealers for registration shall prevail.

F. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

We refer to the announcement of the Company dated 25 December 2024 in relation to, among other things, the proposed amendments to the corresponding articles in the Articles of Association and its annexes ("**Proposed Amendments**"), which shall become effective after the approval of the Shareholders at the EGM.

Details of the Proposed Amendments are set out in Appendix IX to this circular. The new Articles of Association are compiled in Chinese and there is no official English version. Therefore, the English version of the new Articles of Association is only a translated copy. In case of any ambiguity, the Chinese version shall prevail.

The Company's legal adviser's have confirmed that the Proposed Amendments are in compliance with the requirements of the Listing Rules and the relevant PRC laws and regulations. The Company also confirmed that there is nothing unusual about the Proposed Amendments for a company listed in Hong Kong.

The above proposal shall be submitted to the EGM for consideration and approval by a special resolution.

G. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Wednesday, 19 March 2025 at 2:00 p.m. at the Company's conference room on 2F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China, to consider, and if appropriate, the resolutions contained in the notice of the meeting, which is set out on pages 299 to 301 of this circular.

A proxy form of the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to read the notice and to complete and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by hand or by post 24 hours before the time designated for holding the EGM or any adjournment thereof in any event; otherwise, it will be deemed invalid. For the EGM, the proxy form shall be returned before 2:00 p.m. on Tuesday, 18 March 2025. The completion and submission of the proxy form shall not preclude you from attending and voting at the EGM in person or its adjournment (as the case may be) if you so wish. In the event that you subsequently attend and vote at the EGM, your proxy appointment shall be deemed to be revoked.

H. CLOSURE OF H-SHARE REGISTER

To determine the name list of H-share holders eligible to attend the EGM, the Company will close registration for H Share transfers from 14 March 2025 to 19 March 2025 (both days inclusive). In order to be eligible to attend and vote at the EGM, all share transfer documents together with the relevant share certificates must reach the Company's H-share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Thursday ,13 March 2025.

I. VOTING BY POLL

In accordance with Rule 13.39 (4) of the Listing Rules, all resolutions submitted at the EGM shall be voted on by poll. The voting results will be uploaded onto the Company's website (https://www.huaxincem.com) and the website of HKEx news of the Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) after the EGM.

As at the Latest Practicable Date, the Vendor holds 100% of the issued shares of Target Company A and the Target Company B. The Vendor is also a Controlling Shareholder of the Company. The Vendor and Holpac Limited, a party acting-in-concert with the Vendor, shall abstain from voting on the resolution in relation to the proposal on the major and connected transaction of the Acquisition of Holcim's Assets in Nigeria at the EGM. Save as disclosed above, to the best of the Directors' knowledge, there are no other shareholders who have any material interest in the above resolutions to be proposed at the EGM and therefore are not required to abstain from voting on the resolutions at the EGM.

J. RECOMMENDATION

Having considered the circumstances as set out above, the Board of Directors is of the opinion that all the resolutions to be presented at the EGM are in the best interests of the Company and the Shareholders as a whole. As such, the Board of Directors recommends that the Shareholders vote in favor of all the resolutions as set out in the notice of the EGM.

Yours faithfully
By order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
27 February 2025

HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Dear Sir or Madam,

PROPOSAL ON THE MAJOR AND CONNECTED TRANSACTION OF THE ACQUISITION OF HOLCIM'S ASSETS IN NIGERIA

We refer to the circular of the Company dated 27 February, 2025 (the "**Circular**") despatched to the Shareholders of which this letter forms a part. Unless the context otherwise requires, capitalised terms and expressions used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the entering into of the Share Purchase Agreement and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Maxa Capital has been appointed to advise the Independent Board Committee and Independent Shareholders in respect of the abovementioned matters.

We wish to draw your attention to the letter from the Board set out on pages 7 to 43 of the Circular and the letter from Maxa Capital set out on pages 46 to 71 of the Circular.

Having considered the terms of the Share Purchase Agreement and the advice given by Maxa Capital, we are of the opinion that (i) the terms of the Share Purchase Agreement and the Acquisition is fair and reasonable; and (ii) although not in the ordinary and usual course of business of the Group, the Acquisition is on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the entering into of the Share Purchase Agreement and the Acquisition at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Wong Kun Kau	**Mr. Zhang Jiping**	**Mr. Jiang Hong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

27 February 2025

The following is the full text of the letter from Maxa Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the Acquisition, which has been prepared for the purpose of inclusion in this circular.

邁時資本
MAXA CAPITAL

Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

27 February 2025

To the Independent Board Committee and the Independent Shareholders

PROPOSAL ON THE MAJOR TRANSACTION AND CONNECTED TRANSACTION OF THE ACQUISITION OF HOLCIM'S ASSETS IN NIGERIA

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 27 February 2025 issued by the Company ("the **Circular**") of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 1 December 2024, the Purchasers and the Vendor entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchasers conditionally agreed to acquire, 100% of the issued shares of the Target Companies for an aggregate purchase price of USD838.13 million (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement). According to the Share Purchase Agreement, upon completion of the Acquisition, the Purchasers shall collectively and indirectly hold 13,500,410,592 issued shares of the Ultimate Target Company (the "**LAP Share(s)**"), representing an indirect ownership of 83.81% equity interest in the Ultimate Target Company.

Upon Closing of the Acquisition, the Target Companies and the Ultimate Target Company will become subsidiaries of the Company, and the financial results of the Target Companies and the Ultimate Target Company will therefore be consolidated into those of the Group.

As the Ultimate Target Company is listed on the Nigerian Stock Exchange, under the relevant rules of the Securities and Exchange Commission of Nigeria, the Closing of the Acquisition will trigger the obligation to make a MTO to the other shareholders of the Ultimate Target Company. In accordance with the Nigeria Investment and Securities Act and the Nigeria Securities and Exchange Commission Rules, the direct or indirect acquisition of 30% or more stake in a public company would require the Company to submit an application to Nigeria Securities and Exchange Commission for its "Authority-to-Proceed" with making an MTO for all or a portion of the shares held by the other shareholders of the Ultimate Target Company within 3 business days of completing the Acquisition, at a price no lower than the Acquisition price. So, the price under the MTO will be the consideration per share under the Share Purchase Agreement. The maximum consideration to be paid for the remaining 16.19% equity interest in the Ultimate Target Company under the MTO is approximately USD161.9 million. The offer price under the MTO will be no more than USD0.062072 per share (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement), and the MTO is expected to be completed within one year from the Closing Date. The MTO may result in the Company indirectly holding up to 100% of the equity interest in the Ultimate Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further, the Vendor is a subsidiary of Holcim, the Controlling Shareholder of the Company, and hence an associate of Holcim and a Connected Person of the Company under Rule 14A.07 of the Listing Rules. Therefore, in accordance with Chapter 14A of the Listing Rules, the Acquisition constitutes a connected transaction of the Company. Accordingly, the Acquisition is subject to the requirements of reporting, announcement, circular, and Independent Shareholders' approval.

As the highest applicable percentage ratio for the MTO on a standalone basis is more than 5% but less than 25%, the MTO constitutes a discloseable transaction of the Company under the Listing Rules. Since the transaction contemplated under the MTO, when aggregated with the Acquisition, still remains a major transaction under the Listing Rules, the Company will not be required to reclassify the MTO by aggregating it with the Acquisition. Therefore, the MTO shall only be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules and the Company will comply with the reporting and announcement requirements when and as appropriate.

The Independent Board Committee comprising Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, being all of the independent non-executive Directors, has been established to advise the Independent Shareholders on the Share Purchase Agreement and the Acquisition. We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the Acquisition. Save for this appointment, there was no other engagement between the Company and us in the past two years. Apart from normal advisory fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the Share Purchase Agreement; (ii) the annual reports of the Company for the year ended 31 December 2022 (the "**2022 AR**") and the year ended 31 December 2023 (the "**2023 AR**"); (iii) the third quarterly report of the Company for the nine months ended 30 September 2024 (the "**2024 3QR**"); (iv) the auditor's reports of Target Company A for the three years ended 31 December 2023 and the nine months ended 30 September 2024; (v) the auditor's report of Target Company B; (vi) the annual reports of the Ultimate Target Company for the three years ended 31 December 2023 (the "**LAP Annual Reports**") and the auditor's report of the Ultimate Target Company for the nine months ended 30 September 2024 (the "**LAP 3Q Auditor's Report**"); and (vii) the valuation report of the Ultimate Target Company. We consider that we have reviewed sufficient and relevant information and documents, and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the "**Management**"). We have reviewed, *inter alia*, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM.

We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company, Holcim, the Target Companies, the Ultimate Target Company and each of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Group mainly engages in the production and sales of cement, ready-mixed concrete, aggregates, and cement-based high-tech building materials, cement technical services, research, manufacturing, installation, and maintenance of cement equipment, and cement import-export trade. It has also ventured into environmental businesses such as cement kiln co-processing of wastes, domestic and international cement engineering general contracting, and equipment and engineering contracting for cement kiln co-processing technology. Set out below is the summarised consolidated financial information of the Group for the three years ended 31 December 2021, 2022, and 2023 (“**FY2021**”, “**FY2022**”, and “**FY2023**”, respectively) and for the nine months ended 30 September 2023 and 2024 (“**3Q2023**” and “**3Q2024**”, respectively), as extracted from the 2022 AR, 2023 AR and 2024 3QR:

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	32,464	30,470	33,757	24,165	24,719
Net profit	5,805	3,024	3,218	2,224	1,580

The revenue of the Group was approximately RMB30.5 billion for FY2022, representing a decrease of approximately RMB2.0 billion or 6.1% as compared to approximately RMB32.5 billion for FY2021, whereas the net profit was approximately RMB3.0 billion for FY2022, representing a decrease of approximately RMB2.8 billion or 47.9% as compared to approximately RMB5.8 billion for FY2021. Such decrease in revenue was primarily attributable to the year-on-year decrease in sales volume of cement and clinker, and the decrease in average cement price. The decrease in the net profit was primarily attributable to (i) the aforementioned decrease in revenue; and (ii) the significant increase in financial expenses mainly due to the increase in foreign exchange loss and interest expenses.

The revenue of the Group was approximately RMB33.8 billion for FY2023, representing an increase of approximately RMB3.3 billion or 10.8% as compared to approximately RMB30.5 billion for FY2022, whereas the net profit was approximately RMB3.2 billion for FY2023, representing an increase of approximately RMB0.2 billion or 6.4% as compared to approximately RMB3.0 billion for FY2022. Such increase in revenue was primarily attributable to the increase in revenue generated from the sales of aggregate and ready-mixed concrete by approximately RMB2.3 billion and approximately RMB2.5 billion, respectively, primarily due to the year-on-year increase in the sales volume of aggregate and ready-mixed concrete of approximately 65.6 million tons and approximately 10.9 million cubic meters, respectively. The increase in the net profit was primarily attributable to (i) the increase in the overseas' revenue, primarily due to expansion of business to the Middle East and Southern Africa by the Group following the successful completion of the acquisition of 64.66% equity of Oman Cement Company SAOG and 100% equity of Natal Portland Cement Company (Pty) Ltd.; and (ii) the significant increase in revenue generated from the sales of aggregate and ready-mixed concrete.

The revenue of the Group was approximately RMB24.7 billion for 3Q2024, representing an increase of approximately RMB0.6 billion or 2.3% as compared to approximately RMB24.2 billion for 3Q2023, whereas the net profit was approximately RMB1.6 billion for 3Q2024, representing a decrease of approximately RMB0.6 billion or 28.9% as compared to approximately RMB2.2 billion for 3Q2023. The decrease in net profit was primarily attributable to the decrease in selling price of domestic cement.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB million	*RMB million*	*RMB million*	*RMB million*
	(audited)	(audited)	(audited)	(unaudited)
Total assets	52,550	64,242	68,800	68,831
Total liabilities	23,172	33,403	35,505	35,461
Total equity	29,378	30,838	33,295	33,370

The Group's total assets increased by approximately RMB11.7 billion or 22.2% from approximately RMB52.6 billion as at 31 December 2021 to approximately RMB64.2 billion as at 31 December 2022, while the Group's total liabilities increased by approximately RMB10.2 billion or 44.2% from approximately RMB23.2 billion as at 31 December 2021 to approximately RMB33.4 billion as at 31 December 2022. The Group's total equity increased from approximately RMB29.4 billion as at 31 December 2021 to approximately RMB30.8 billion as at 31 December 2022, representing an increase of approximately RMB1.5 billion or 5.0%.

The Group's total assets increased by approximately RMB4.6 billion or 7.1% from approximately RMB64.2 billion as at 31 December 2022 to approximately RMB68.8 billion as at 31 December 2023, while the Group's total liabilities increased by approximately RMB2.1 billion or 6.3% from approximately RMB33.4 billion as at 31 December 2022 to approximately RMB35.5 billion as at 31 December 2023. The Group's total equity increased from approximately RMB30.8 billion as at 31 December 2022 to approximately RMB33.3 billion as at 31 December 2023, representing an increase of approximately RMB2.5 billion or 8.0%.

The Group's total assets increased by approximately RMB30.6 million or 0.04% from approximately RMB68.80 billion as at 31 December 2023 to approximately RMB68.83 billion as at 30 September 2024, while the Group's total liabilities decreased by approximately RMB44.1 million or 0.1% from approximately RMB35.51 billion as at 31 December 2023 to approximately RMB35.46 billion as at 30 September 2024. The Group's total equity increased from approximately RMB33.29 billion as at 31 December 2023 to approximately RMB33.37 billion as at 30 September 2024, representing a slight increase of approximately RMB74.7 million or 0.2%.

2. Background information of the Target Companies and the Ultimate Target Company

2.1 Target Company A

Target Company A is a private limited liability company registered in March 1999 under Dutch law, with its registered place of business in Amsterdam, the Netherlands. The principal business of Target Company A is holding investment in the Ultimate Target Company.

Based on the financial statements of Target Company A audited in accordance with the International Standards on Auditing and prepared in accordance with International Financial Reporting Standards, the net asset of Target Company A as at 31 December 2023 and 30 September 2024 was approximately EUR699.57 million and approximately EUR503.21 million, respectively.

The net profit before tax and net profit after tax of Target Company A for FY2021, FY2022, FY2023 and 3Q2024 are as follows:

	For the financial years ended 31 December			For the nine months ended 30 September
	2021	2022	2023	2024
	EUR	*EUR*	*EUR*	*EUR*
	(audited)	(audited)	(audited)	(audited)
Net profit/loss before taxation	(156,750,298)	(78,219,596)	20,866,342	(59,620,971)
Net profit/loss after taxation	(157,088,521)	(78,671,196)	20,419,367	(59,653,229)

2.2 Target Company B

Target Company B is a private limited liability company incorporated in Hong Kong on 12 November 2024. Its principal business is to act as a special purpose company that holds investment in the Ultimate Target Company. Pursuant to the Share Purchase Agreement, Target Company B is expected to hold the 27.77% equity interest in Ultimate Target Company prior to the Closing.

Pursuant to the financial statements of Target Company B prepared in accordance with Accounting Standards for Business Enterprises and audited in accordance with the China Standards on Auditing, the details of which are set out in the Appendix III to the Circular, the net asset of Target Company B as at 30 November 2024 was zero.

Target Company B has no historical accounting records for the period from its date of incorporation to 30 November 2024.

2.3 Ultimate Target Company

The Ultimate Target Company is a public limited company, was incorporated in Nigeria on 26 February 1959 and listed in 1979 on The Nigerian Exchange Group (NGX). The Ultimate Target Company and its subsidiaries (together, the "**Ultimate Target Group**") mainly engage in manufacturing and sale of building materials including cement and concrete. It owns 4 major cement factories and 6 concrete factories in Nigeria, with a cement production capacity of 10.5 million tons per year and a concrete production capacity of 0.4 million cubic meter per year. Set out below is the summarised financial information of the Ultimate Target Group for FY2021, FY2022, FY2023, 3Q2023, and 3Q2024, as extracted from the Appendix IV to the Circular and the LAP Annual Reports:

	For the year ended 31 December			**For the nine months ended 30 September**	
	2021	**2022**	**2023**	**2023**	**2024**
	NGN million	*NGN million*	*NGN million*	*NGN million*	*NGN million*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Total revenue	293,086	373,245	405,503	289,081	479,942
Profit after taxation	51,004	53,647	51,141	39,305	57,298

The total revenue of the Ultimate Target Group was approximately NGN373.2 billion for FY2022, representing an increase of approximately NGN80.2 billion or 27.3% as compared to approximately NGN293.1 billion for FY2021, whereas the profit after taxation was approximately NGN53.6 billion for FY2022, representing an increase of approximately NGN2.6 billion or 5.2% as compared to approximately NGN51.0 billion for FY2021. Such increase in total revenue was primarily attributable to the increase in revenue from cement. The increase in the profit after taxation was primarily attributable to the aforementioned increase in the total revenue, and was partially offset by the increase in variable costs.

The total revenue of the Ultimate Target Group was approximately NGN405.5 billion for FY2023, representing an increase of approximately NGN32.3 billion or 8.6% as compared to approximately NGN373.2 billion for FY2022, whereas the profit after taxation was approximately NGN51.1 billion for FY2023, representing a decrease of approximately NGN2.5 billion or 4.7% as compared to approximately NGN53.6 billion for FY2022. Such increase in total revenue was primarily attributable to the increase in revenue from cement. The decrease in the net profit was primarily attributable to the impact of finance expenses due to currency devaluation and higher effective tax rate.

The total revenue of the Ultimate Target Group was approximately NGN479.9 billion for 3Q2024, representing an increase of approximately NGN190.9 billion or 66.0% as compared to approximately NGN289.1 billion for 3Q2023, whereas the profit after taxation was approximately NGN57.3 billion for 3Q2024, representing an increase of approximately NGN18.0 billion or 45.8% as compared to approximately NGN39.3 billion for 3Q2023. Such increase in total revenue was primarily attributable to the recovery of sales and the rise in cement price due to inflation. The increase in profit after taxation was primarily attributable to the aforementioned increase in the total revenue, and was partially offset by the decrease in gross profit margin due to (i) currency devaluation; (ii) high inflation; and (iii) rapid increases in the costs of fuel, electricity, raw materials and spare parts.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	NGN million	*NGN million*	*NGN million*	*NGN million*
	(audited)	(audited)	(audited)	(audited)
Total assets	526,838	600,711	681,372	808,019
Total liabilities	148,278	184,609	246,320	346,274
Total equity	378,561	416,102	435,052	461,745

The Ultimate Target Group's total assets increased by approximately NGN73.9 billion or 14.0% from approximately NGN526.8 billion as at 31 December 2021 to approximately NGN600.7 billion as at 31 December 2022, while the Ultimate Target Group's total liabilities increased by approximately NGN36.3 billion or 24.5% from approximately NGN148.8 billion as at 31 December 2021 to approximately NGN184.6 billion as at 31 December 2022. The Ultimate Target Group's total equity increased from approximately NGN378.6 billion as at 31 December 2021 to approximately NGN416.1 billion as at 31 December 2022, representing an increase of approximately NGN37.5 billion or 9.9%.

The Ultimate Target Group's total assets increased by approximately NGN80.7 billion or 13.4% from approximately NGN600.7 billion as at 31 December 2022 to approximately NGN681.4 billion as at 31 December 2023, while the Ultimate Target Group's total liabilities increased by approximately NGN61.7 billion or 33.4% from approximately NGN184.6 billion as at 31 December 2022 to approximately NGN246.3 billion as at 31 December 2023. The Ultimate Target Group's total equity increased from approximately NGN416.1 billion as at 31 December 2022 to approximately NGN435.1 billion as at 31 December 2023, representing an increase of approximately NGN18.9 billion or 4.6%.

The Ultimate Target Group's total assets increased by approximately NGN126.6 billion or 18.6% from approximately NGN681.4 billion as at 31 December 2023 to approximately NGN808.0 billion as at 30 September 2024, while the Ultimate Target Group's total liabilities increased by approximately NGN100.0 billion or 40.6% from approximately NGN246.3 billion as at 31 December 2023 to approximately NGN346.3 billion as at 30 September 2024. The Ultimate Target Group's total equity increased from approximately NGN435.1 billion as at 31 December 2023 to approximately NGN461.7 billion as at 30 September 2024, representing an increase of approximately NGN26.7 billion or 6.1%.

In respect of the original acquisition costs of the Ultimate Target Company paid by the Target Companies, we noted from the Letter from the Board that from 2017 to 2019, Target Company A acquired 9,027,365,874 LAP Shares (representing approximately 56.04% of the total issued LAP Shares as at the Latest Practicable Date) at a total cost of approximately USD814 million. From 2002 to 2019, AICL, being the shareholder of the Ultimate Target Company prior to the Reorganisation, acquired 4,473,044,718 LAP Shares (representing approximately 27.77% of the total issued LAP Shares as at the Latest Practicable Date) at a total cost of approximately USD249 million. As discussed with the Management, we noted that such costs were recognised at the time of the relevant transactions under the functional currencies of Target Company A and AICL, which are EUR and GBP, respectively. Therefore, the abovementioned historical acquisition costs would not be affected by the significant devaluation of NGN since 2023.

3. Background information of the Vendor

The Vendor is a limited liability private company registered in Amsterdam under Dutch law. The business scope of the Vendor includes equity investment. As of the Latest Practicable Date, the Vendor holds 100% of the issued shares of Target Company A and Target Company B. The Vendor is wholly owned by Holcim, which is a company incorporated in Switzerland and listed on the SIX Swiss Exchange.

4. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, for more than 10 years, overseas expansion by greenfield developments or acquisitions has been one of the key strategies of the Company. The Company has established a track record in successfully integrating and developing acquired companies, achieving post-acquisition performance improvements of acquired companies, and achieving targeted returns on overseas investments. The benefits of the overseas expansion are two-fold. First, this strategy allows the Company to pursue growth based on its talent base and on the accumulated know-how and abilities with regard to industrial technology and production chain integration. Second, it effectively counter-balances the decline in the domestic market.

To understand the domestic cement market, we have reviewed data released by the National Bureau of Statistics of the PRC, and noted the national total cement output for the years ended 31 December 2023 and 31 December 2024 was approximately 2,022.9 million tons and approximately 1,825.2 million tons, representing a year-on-year decrease of approximately 0.7% and 9.5%, respectively. Such declining trend reflects the unsatisfactory performance of the domestic cement market.

As of the Latest Practicable Date, the Company has an operational presence 12 countries, the Company's overseas clinker capacity has reached 16.7 million tons per year, and the cement grinding capacity has reached 23.7 million tons per year. From January to September 2024, the Company's overseas cement and clinker sales volume reached 12.0 million tons, constituting a year-on-year increase of 41%, and achieved sales revenues of RMB5.936 billion, constituting a year-on-year increase of 49%; with a net profit of RMB847 million, constituting a year-on-year increase of 32%. The overseas business has thus become a strong contributor to the performance of the Company which is facing severe headwinds in the domestic cement business.

Based on our review of the announcements published by the Company on the website of the Stock Exchange in the past three years prior to the date of the Share Purchase Agreement, we noted that the Company has successfully completed two acquisitions in overseas markets, including the acquisition of 64.66% equity interest of Oman Cement Company SAOG and the acquisition of 100% equity interest of Natal Portland Cement Company (Pty) Ltd. Such acquisitions are in line with the Company's strategy and reflect the Company's determination in expanding its business into overseas market, in particular in undeveloped countries with growth potential. According to the 2024 IR, we further noted that the Company has made various progresses on its investment projects in overseas countries, such as Malawi, Zambia, South Africa and Zimbabwe, in the first half of 2024, which is expected to increase the clinker capacity and cement grinding capacity of the Company by approximately 3 million tons per annum and approximately 2.7 million tons per annum, respectively, upon the completion and operation of the aforementioned overseas investment projects.

The Ultimate Target Company is located in Nigeria, a country with the largest population in Africa. With an abundance of natural resources, Nigeria is the most developed economy in West Africa and a major producer and exporter of oil in Africa. With its low per capita consumption of cement of only 140 kilograms, the favourable industry structure, and the positive outlook of the construction industry, Nigeria offers attractive growth perspectives for the cement industry. The Ultimate Target Company in Nigeria has four large cement plants in key markets of Nigeria, and holds vast high-quality limestone resources. Leveraging its significant experience in successfully integrating acquired companies as well as its industrial, technological, and management abilities, the Company is poised to further improve the operational performance of the Ultimate Target Company and achieve substantial benefits from the Acquisition.

As part of our due diligence work, we have conducted research on the cement industry outlook of Nigeria. We noted from the data released by the National Bureau of Statistics of Nigeria that Nigeria has achieved consecutive growth in its gross domestic product ("**GDP**") in the first three quarters of 2024, and the GDP contribution from the manufacturing of cement counted for approximately 3.07% of the total GDP of Nigeria for the year of 2023 and fell within the range of 2% to 4% for the first three quarters of 2024. It is expected the contribution from cement to the GDP will grow further following the increase in the demand side as a result of the government focus on infrastructure development and construction projects. According to the National Integrated Infrastructure Master Plan prepared by the Federal Ministry of Finance, Budget and National Planning of Nigeria, the federal government of Nigeria aims to raise Nigeria's infrastructure stock to at least 70% by the year of 2043 and more investments will be made on infrastructure development such as roads, electricity, housing, agriculture, water, healthcare and education amongst others, across all sectors of the economy. In addition, other initiatives were carried out, such as (i) the creation of the infrastructure support fund, which is managed by the Nigeria Sovereign Investment Authority, to help enhance the development of infrastructure in the 36 states of Nigeria; (ii) the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme, which is a tax incentive scheme established in 2019 that seeks to encourage private sector participation in funding the construction and refurbishment of eligible road infrastructure projects in Nigeria. In view of the above, we consider the cement industry of Nigeria will benefit from the resurgence of the construction industry, which in turn would stimulate demand for cement products.

In order to capture the aforementioned increasing demand in the cement market in Nigeria, we understood from the Management that the Ultimate Target Company proposed to upgrade and improve its current production lines, with the aim to increase its production capacity from approximately 10.5 million tons to 13.0 million, representing an increase of approximately 23.8% during the upcoming three years. Such upgrades are expected to be funded by the internal resources of the Ultimate Target Company. As part of our due diligence, we have reviewed the financial position of the Ultimate Target Company and noted that, as at 30 September 2024, the Ultimate Target Group had cash and cash equivalents of approximately NGN85.2 billion and loans and borrowings of approximately NGN2.2 billion. In addition, the Ultimate Target Company recorded profit over NGN51 billion for each of FY2021, FY2022, FY2023 and 3Q2024. Therefore, we consider that the Ultimate Target Company has sufficient internal resources to implement the abovementioned upgrade plans.

Having considered that (i) the unsatisfactory of the domestic cement market; (ii) the positive financial and operational results of the overseas segment of the Group; (iii) the Acquisition is in line with the key strategy of the Company to expand its business in overseas and its successful overseas investment track record; and (iv) the growth potential of Nigeria's cement industry and the Ultimate Target Company's capacity expansion plan to capture such growth, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

5. Principal Terms of the Share Purchase Agreement

Date:	1 December 2024
Parties:	a. Vendor; b. Purchaser A; and c. Purchaser B
Targets	Purchaser A conditionally agreed to acquire, and the Vendor conditionally agreed to sell 100% of the issued shares of Target Company A, subject to the terms and conditions of the Share Purchase Agreement. Target Company A holds 56.04% of the issued shares of Ultimate Target Company. On the pre-condition that the Vendor procures the transfer of 27.77% of the issued shares of the Ultimate Target Company held by AICL to Target Company B, Purchaser B conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 100% of the issued shares of Target Company B, subject to the terms and conditions of the Share Purchase Agreement.
Consideration	Pursuant to the Share Purchase Agreement, the total consideration (the "**Consideration**") for the acquisition of Target Company A and Target Company B is USD838.13 million (subject to customary downward adjustments for any leakage, such as any dividends paid by the Ultimate Target Company between the Locked Box Date and the Closing Date, pursuant to the terms of the Share Purchase Agreement), of which the consideration in respect of Target Company A will be up to USD560.44 million, and the consideration in respect of Target Company B will be up to USD277.69 million, which shall be paid by the Purchasers to the Vendor on the Closing of the Acquisition under the Share Purchase Agreement. As at the Latest Practicable Date, the Ultimate Target Company's market capitalisation was NGN1,248.35 billion (equivalent to USD834.51 million based on the exchange rate of the Bank Central of Nigeria on the same date), and the closing price per share was NGN77.50 (equivalent to USD0.051741 per share based on the aforementioned exchange rate).

The consideration per share of the Ultimate Target Company to be acquired by acquiring Target Companies is no more than USD0.062072 (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement), which represents a premium of approximately 19.97% over the closing price of LAP Shares as at Latest Practicable Date.

The consideration was determined through arm's length negotiations between the Vendor's ultimate controller Holcim and the Company (the Purchasers' ultimate controller) based on fair commercial terms, and finalized with reference to the valuation of USD 1.0 billion of the entire shareholders' equity in the Ultimate Target Company as at 30 September 2024 according to the valuation prepared by the Independent Valuer based on the market approach.

The consideration is to be funded by the Group's internal funds, bank loans and other external financing sources such as the issuance of bonds.

The Purchasers shall pay the consideration to the Vendor in cash in USD.

Closing and Payment Arrangement: Closing shall take place on the date which is the first to occur of:

a. if the Reorganization is completed prior to the Unconditional Date, the tenth Business Day after the Unconditional Date;

b. if the Reorganization is not completed prior to the Unconditional Date but occurs prior to the expiry of the Closing Deferral Period, the tenth Business Day after the date on which the Vendor notifies the Purchasers in writing that the Reorganization has been completed;

c. if the Reorganization is not completed prior to the expiry of the Closing Deferral Period, the tenth Business Day after the expiry of the Resolution Period;

or such other date as the Purchasers and the Vendor may agree in writing.

At Closing, the Purchasers shall:

a. pay the sum of USD20 million into a designated escrow account in the joint names of the Purchasers and the Vendor in accordance with the terms set out in the Share Purchase Agreement and the Escrow Agreement; and

b. pay the purchase price (to be adjusted downward for any leakage, pursuant to the terms of the Share Purchase Agreement) minus the USD20 million paid into the escrow account and any amount paid to the Vendor in respect of any Earnest Money Bank Guarantee, to the Vendor's bank account.

The funds in the escrow account shall be retained for a period of 12 months from Closing. At the end of the escrow period, the Purchasers and the Vendor shall issue joint written instructions to the Escrow Agent to release to the Vendor the funds in the escrow account.

The consideration payment will be made on the Closing Date, which is expected to occur in the second half of 2025.

Performance Guarantee

Within 3 Business Days of the date of the Share Purchase Agreement, Purchaser B shall provide the Vendor with an irrevocable on-demand bank guarantee, in the amount of USD25.14 million (the "**Earnest Money Bank Guarantee**").

If Shareholder Approval is not obtained by the Long Stop Date, the Purchasers shall, immediately pay to the Vendor an amount equal to the Earnest Money Bank Guarantee.

If Shareholder Approval is obtained prior to the Long Stop Date the Purchasers shall procure that Purchaser B shall provide the Vendor with a further irrevocable on-demand bank guarantee in the amount of USD24.86 million (together with the Earnest Money Bank Guarantee, the "**Bank Guarantees**").

If, after Shareholder Approval has been obtained, the Share Purchase Agreement terminates as a result of one or several of the conditions to Closing of the Share Purchase Agreement not being fulfilled by the Long Stop Date, the Purchasers shall pay the Vendor an amount equal to the amount under the Bank Guarantees, failure of which the Vendor shall be entitled to exercise the Bank Guarantees.

Immediately after Closing, the Bank Guarantees shall be returned by the Vendor to Purchaser B.

Leakage and Liability Breach

The Vendor shall indemnify the Purchasers with respect to any leakage that has occurred in the period between 31 December 2023 and the Closing Date which is not taken into account in the consideration paid and which is notified to the Vendor by the Purchasers within 6 months after the Closing Date.

If, upon Closing,

(1) despite being able to do so, the Vendor does not fulfill its obligation to transfer the shares of the Target Companies to the Purchasers;

(2) such failure by the Vendor to transfer such shares to the Purchasers is not a consequence of any actions or omissions of the Purchasers; and

(3) the Purchasers have fulfilled all of their obligations in connection with Closing:

the Purchasers may terminate the Share Purchase Agreement with immediate effect and the Vendor shall: (i) return the Bank Guarantees to Purchaser B; and (ii) pay an amount of USD50 million to the Purchasers.

For further details of the terms of the Share Purchase Agreement, such as conditions to closing, leakage, reorganisation, pre-closing undertakings, long stop date and termination, governing law, please refer to the section headed "2. Key terms of the Share Purchase Agreement" in the Letter from the Board.

6. Assessment of the Consideration

We have discussed with the Management regarding the basis of the Consideration and understood that the Consideration was determined with reference to (i) the valuation of the Ultimate Target Company; (ii) the Target Companies' equity interest in the Ultimate Target Company as at the Closing Date; and (iii) the net asset value of the Target Companies.

As advised by the Management, Target Companies are mainly acted as holding companies for the investments in the Ultimate Target Company and the shares of Ultimate Target Company are the core assets in both Target Companies. We have reviewed the auditor's reports of the Target Companies (the "**Auditor's Reports**"), the details of which are set out in Appendix II and Appendix III to the Circular, to verify such statements. Based on our review of the Auditor's Reports, we noted that (i) the financial investment in Ultimate Target Company accounted for approximately 99.7% of Target Company A's total assets as at 30 September 2024; (ii) as at 30 September 2024, an impairment of approximately EUR146.3 million (the "**Impairment**") was recognised in respect of the investment in the 56.04% equity interest of Ultimate Target Company by Target Company A. We have discussed with the auditor of Target Companies and understood that the Impairment reflects the difference between the historical acquisition cost paid by Target Company A and the consideration payable by the Company for the acquisition of Target Company A under the Share Purchase Agreement; and (iii) Target Company B has no asset or liabilities as of 30 November 2024, and it is set up solely as a holding vehicle of the 27.77% equity interest of the Ultimate Target Company prior to the Closing. As such, to facilitate our assessment on the fairness and reasonableness of the Consideration, we have conducted the following work in respect of the Valuation Report.

Ultimate Target Company Valuation Report

The Company has engaged the Independent Valuer to prepare the Valuation Report on the 100% equity interest in Ultimate Target Company as at 30 September 2024. We have reviewed the Valuation Report and noted that the fair value of 100% equity interest in Ultimate Target Company (the "**Valuation**") as at 30 September 2024 (the "**Valuation Date**") amounted to approximately USD1,002 million.

In order to assess the expertise and independence of the Independent Valuer, we have obtained and reviewed the engagement letter of the Independent Valuer and the relevant licenses, qualifications and experience of the Independent Valuer. We have also discussed with the working team of the Independent Valuer to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the valuation reports as well as the steps and measures taken by the Independent Valuer in conducting the Valuation. We also understood from the Independent Valuer that it has carried out on-site inspections and made relevant enquiries and searches for preparing the Valuation Report and no irregularities were noted. The Independent Valuer confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that the Independent Valuer is qualified and possesses relevant experience in conducting the Valuation, and the terms and scope of the engagement between the Company and the Independent Valuer are appropriate to the opinion the Independent Valuer is required to give.

We noted from the Valuation Report that such report is conducted in accordance with International Valuation Standards issued by the International Valuation Standards Council. The Independent Valuer has considered three generally accepted approaches, namely, market approach, cost approach and income approach. The Independent Valuer considered that the cost approach is inappropriate as it does not capture the future cash inflow value of the business and there are practical difficulties in obtaining all the asset information materials due to the location and size of the Ultimate Target Company. Given the uncertainty of implementation of the financial projection provided by the Management, the Independent Valuer considered that the income approach is not the most appropriate valuation approach to rely on in determining its opinion of value. The Independent Valuer considered that the market approach to be the most appropriate method to rely on in determining its opinion of value of the Ultimate Target Company as there are sufficient public traded comparable companies and available public data, which can fairly reflect the market value of listed companies engaged in the cement industry of Africa. Under the market approach, it is noted that the Independent Valuer has adopted price-to-earnings ("**P/E**") multiple in valuing the 100% equity interest in Ultimate Target Company. In this regard, we have discussed with the Independent Valuer and understood that (i) the market capitalisation of the Ultimate Target Company (the "**LAP Market Capitalisation**") is not directly adopted as the fair value of 100% equity value of the Ultimate Target Company due to its low liquidity and the absence of significant business growth and developments in recent years; and (ii) P/E multiple is suitable for valuing continuously profitable companies and P/E multiple can eliminate the impact of inconsistent depreciation and amortisation policies of comparable companies and eliminate the impact of adjustments between enterprise value to equity value. In light of the above and taking into account that (i) there are certain limitations on adopting the cost approach and income approach for the Valuation; (ii) the market approach is based on more up-to-date public market information, reflecting the latest market sentiment for investing in listed companies comparable to the Ultimate Target Company; (iii) the historical financial performance of the Ultimate Target Company, in particular the profit after taxation of the Target Company, has remained fairly stable for the past three financial years; (iv) the price-to-book and price-to-sales multiples could not reflect the value of the profitability of the Target Company's business; and (v) our further analysis performed below in respect of the difference between the LAP Market Capitalisation and the Valuation, which substantiate the inappropriateness of directly adopting the LAP Market Capitalisation as the fair value of 100% equity interest in the Ultimate Target Company under the circumstance of the Acquisition, we concur with the Independent Valuer that the adoption of market approach and P/E multiple is fair and reasonable for the purpose of the Valuation.

We have reviewed the exhaustive list of six comparable companies (the "**Comparable Companies**") identified by the Independent Valuer based on the following selection criteria: (i) the companies are publicly listed; (ii) the companies engaged in the cement production industry; (iii) the companies operated in the Africa; (iv) the companies have positive net income; and (v) the companies' market capitalisation is no less than USD300 million. Having considered that (i) the business nature, operating location and profitability of the Ultimate Target Company are comparable to those of the Comparable Companies; (ii) the Comparable Companies covered two major competitors of the Ultimate Target Company in Nigeria, namely BUA Cement Plc and Dangote Cement Plc; and (iii) the Independent Valuer has applied the median of the P/E multiples of the Comparable Companies in calculating the Valuation to reduce the influence of extreme values, we consider that the selection criteria adopted by the Independent Valuer as well as the list of Comparable Companies are fair and reasonable.

During our review, we have cross-checked the key inputs used in the Valuation and the calculation process to derive at the Valuation. In particular, we have (i) obtained and reviewed the historical financial information of the Ultimate Target Company, and confirmed such information is in line with the financial inputs applied in the Valuation; and (ii) verified the exchange rates adopted in the Valuation. Regarding the assumptions for the Valuation, details of which are set out in the sub-section headed "Major Assumptions" of the Valuation Report contained in the Appendix VII to the Circular, we noted such assumption are general assumptions commonly used in business valuation and in line with the market practice.

Based on our review of the P/E multiples of the Comparable Companies, we noted that BUA Cement Plc ("**BUA Cement**") has a relatively high P/E multiple as compared with that of other Comparable Companies. In this regard, we have conducted relevant research on BUA Cement, and noted that (i) according to the equity research articles released by CardinalStone[1] in 2024, BUA Cement and the Ultimate Target Company had similar scale in terms of cement production capacity, revenue size and sales volume in 2023; and (ii) BUA Cement is frequently referred as a benchmark for the Ultimate Target Company, as both are key players in Nigeria's cement market. Therefore, we consider BUA Cement should remain in the list of Comparable Companies, despite its relatively high P/E multiple. The Independent Valuer applied the median of the P/E multiple of 23.2 times and the net profit for the trailing twelve months ended 30 September 2024 of the Ultimate Target Company of approximately USD43.2 million to arrive at the final fair value of 100% equity interest in Ultimate Target Company of approximately USD1,002 million. For cross-check purpose, we have reviewed the EV/EBITDA multiples of the Comparable Companies, the median of which is approximately 11.2 times. Based on the earnings before interest, tax, depreciation and amortisation (i.e., EBITDA) for the trailing twelve months ended 30 September 2024 of the Ultimate Target Company, the median EV/EBITDA multiple of the Comparable Companies, the surplus cash, non-operating assets or liabilities as well as debt of the

[1] CardinalStone is an independent, multi-asset investment management firm offering an assortment of financial services to a diverse institutional, high net worth and retail clientele base. As advised by the Management, CardinalStone is independent to the Company and its connected person.

Ultimate Target Company as at 30 September 2024, the fair value of 100% equity interest in Ultimate Target Company would be approximately USD1,408 million. Having considered that the adoption of EV/EBITDA multiple would result in a higher valuation, we consider the adoption of P/E multiple to assess the fair value of the Ultimate Target Company is more cautious and conservative.

In addition, we have conducted an independent research on comparable transactions based on the following selection criteria: (i) the transaction being announced since the Locked Box Date and up to the date of the Share Purchase Agreement; (ii) the target company being principally engaged in the cement production industry and operated in the Africa; and (iii) sufficient data, including the EV/EBITDA multiple, of the comparable transactions are available in Dealogic database. Based on the aforementioned criteria, we have identified, on a best effort basis, an exhaustive list of two comparable transactions (the "**Comparable Transactions**"), which form a representative sample to provide us with the recent market sentiment on valuation of the companies with similar business nature and operation location as the Ultimate Target Company. Based on our review of the Comparable Transactions, we noted that the EV/EBITDA of the Comparable Transactions ranged from approximately 7.1 times to 7.8 times, and the implied EV/EBITDA of approximately 7.7 times (which is calculated based on the Valuation of approximately USD1,002 million and the EBITDA of the Ultimate Target Company for the trailing twelve months ended 30 September 2024 of approximately USD115.9 million) falls within such range.

Taking into account the above work and steps we have conducted in relation to the Valuation Report, including but not limited to (i) interviewing the Independent Valuer as to its expertise and its independence; (ii) reviewing the terms of engagement of the Independent Valuer and assessing the appropriateness of its scope of work; (iii) assessment on the reasonableness of the valuation methodologies, basis and assumptions being adopted in the Valuation Report; and (iv) cross-checking the result adopted in the Valuation with the Comparable Transactions, we consider that the Valuation Report is an appropriate reference for determining the valuation of the Ultimate Target Company.

Difference between the LAP Market Capitalisation and the Valuation

As advised by the Independent Valuer, the LAP Market Capitalisation could not reflect the fair value of the 100% equity interest in Ultimate Target Company given the low trading liquidity of its shares and the lack of business growth in recent years. In assessing the appropriateness of the direct adoption of LAP Market Capitalisation as the fair value of 100% equity interest in the Ultimate Target Company under the circumstance of the Acquisition,

i. we have independently reviewed the trading volume of the LAP Shares from the Locked Box Date and up to the last trading day prior to the announcement of the Acquisition (the "**Last Trading Day**"), and noted the average daily trading volume of the LAP Shares amounted to approximately 3.1 million, which means it is not feasible for the

Purchasers to purchase 13,500,410,592 LAP Shares on market in a short period. On the one hand, based on such relatively low liquidity of the LAP Shares and the controlling interest to be acquired under the Acquisition, it would take over 10 years to complete such Acquisition if the Purchasers purchase such LAP Shares on market. On the other hand, the continuous purchase of LAP Shares would gradually drive up both the share price and the LAP Market Capitalisation during such period. We also noted that for the period from the date of the announcement of the Acquisition and up to the Latest Practicable Date, the average daily trading volume of the LAP Share increased to approximately 5.3 million;

ii. we have independently reviewed the price performance of the LAP Share and noted that during the period from the Locked Box Date and up to the Last Trading Day prior to the announcement of the Acquisition, the closing price of the LAP Shares reached a high point of NGN47.3 on 16 January 2024, and subsequently declined and fluctuated under NGN40 until November 2024. The average closing price of the LAP Shares during the Locked Box Date and up to the Last Trading Day amounted to approximately NGN37.3 (the "**Pre-announcement Average Price**"). For the period from the date of the announcement of the Acquisition and up to the Latest Practicable Date, we noted that the price of the LAP Shares have significantly increased, demonstrating a general upward trend with an average closing price of approximately NGN71.7, representing a premium of approximately 92.5% as compared with the Pre-announcement Average Price. We consider that such substantial increase in both trading volume and price of the LAP Shares reflects the investors' positive outlook on the Ultimate Target Company's potential growth following the completion of the Acquisition, while the discount of approximately 16.7% of the closing price of LAP Share on the Latest Practicable Date to the Valuation per LAP Share is attributable to the control premium and the uncertainty on the completion of the Acquisition; and

iii. we have independently searched and reviewed a research report published by Moore Hong Kong[2] in November 2024 regarding the control premiums adopted by companies listed on the Stock Exchange in valuing their transactions for the trailing twelve months ended 30 September 2024, and noted that it has identified a total of 15 circulars which included the valuation reports with the adoption of control premium and such control premium (the "**Comparable Control Premium**") ranged from 11.0% to 34.2%, with an average of 22.5%.

[2] Moore Hong Kong is a member of Moore Global Network Limited, a worldwide network of independent firms. It provides a comprehensive range of services including audit, assurance, accounting, outsourcing, tax and other advisory services. As advised by the Management, Moore Hong Kong is independent to the Company and its connected person.

In light of the above and having further considered that (i) it is impractical for the Purchasers to acquire a substantial amount of LAP Shares on the market within a short timeframe without influencing the market capitalisation of the Ultimate Target Company, considering the size of the Acquisition and the liquidity of the LAP Shares; (ii) the LAP Share prices have increased significantly after the announcement of the Acquisition, narrowing the difference between the LAP Market Capitalisation as at the Latest Practicable Date and the Valuation to approximately USD167.5 million; (iii) the Group is expected to gain a controlling interest in the Ultimate Target Company after the Closing, which provides the Group with the authority to influence strategic decisions, unlock synergies, and access cash flows and assets, while such benefits are not available to the minority shareholders; (iv) the discount of approximately 16.7% of the closing price of LAP Share on the Latest Practicable Date to the Valuation per LAP Share falls within the range and below the average of the Comparable Control Premium; and (v) there is still certain uncertainty on the completion of the Acquisition such as regulation approvals and Shareholders' approval, we are of the view that the difference between the LAP Market Capitalisation and the Valuation is justifiable and the Valuation is more representative than the Ultimate Target Company's own market capitalisation under the circumstance of the Acquisition.

Difference between the Consideration and the Ultimate Target Company's net asset value

According to the LAP 3Q Auditor's Report, we noted that the Consideration represents a significant premium to the net asset value of the Ultimate Target Company. As part of our due diligence, we have reviewed the price-to-book ("**P/B**") multiples of the Comparable Companies, and noted that 4 out of 6 of such P/B multiples are above 4 times and such P/B multiples ranged from approximately 1.1 times to 10.2 times, with an average of approximately 5.0 times and a median of approximately 4.2 times. In light of the above and taking into account that (i) the implied P/B multiples of the Ultimate Target Company of approximately 3.5 times (which is calculated based on (a) the implied 100% equity value of the Ultimate Target Company of USD1 billion as deduced from the Consideration for 83.81% equity interest of the Ultimate Target Company of USD838.13 million; and (b) the net asset value of the Ultimate Target Company as at the Valuation Date of approximately USD288.4 million) falls within the range of the P/B Multiples of the Comparable Companies, and below the average and median of P/B Multiples of the Comparable Companies; and (ii) the potential growth of the Ultimate Target Company as mentioned under the section headed "4. Reasons for and benefits of the Acquisition", we consider that the premium of the Consideration over the net asset value of the Ultimate Target Company is justifiable.

Conclusion

Based on our review of the Valuation Report and the Auditor's Reports, we noted that the fair value of the Ultimate Target Company, after taking into account the equity interest to be held by Target Company A in the Ultimate Target Company as at the Closing Date, is slightly higher than its book value as recorded in the Auditor's Reports of Target Company A. Therefore, prior to the assessment of the fairness and reasonableness of the Consideration, we have made adjustment on the net asset value of the Target Company A with reference to the difference between the book value and fair value of the Ultimate Target Company. Based on (i) Target Company A's equity interest in the Ultimate Target Company as at the Closing Date; (ii) the exchange rate of EUR1.00 to RMB7.8267 and the exchange rate of USD1.00 to RMB7.0074, which were announced by the State Administration of Foreign Exchange of the People's Republic of China on 30 September 2024; and (iii) the aforementioned difference, Target Company A's adjusted net asset value would be approximately USD563.1 million. For Target Company B, since it is a holding vehicle with no asset or liabilities as of 30 November 2024, we therefore directly applied the fair value of the 27.77% equity interest of the Ultimate Target Company as derived from the Valuation as the adjusted net asset value of Target Company B for our analysis purpose. In light of the above and having considered that (i) the aggregated adjusted net asset value of Target Companies of approximately USD841.3 million is slightly above the Consideration; (ii) the Consideration of approximately USD838 million represents a discount of approximately 21.2% compared to the aggregate historical costs of approximately USD1,063 million incurred by the Target Companies to acquire the relevant LAP Shares, details of which are set out under the section headed "2.3 Ultimate Target Company" above, and such difference is also reflected in the Impairment; (iii) given the Ultimate Target Company has distributed dividends after the Locked Box Date and intends to distribute further dividends prior to the Closing Date, which constitute an act of leakage under the terms of the Share Purchase Agreement, the Consideration will be adjusted downward accordingly; (iv) the difference between the LAP Market Capitalisation and the Valuation as well as the difference between the Consideration and the Ultimate Target Company's net asset value are justifiable as analysed above; and (v) the discount of approximately 19.97% of the closing price of LAP Share on the Latest Practicable Date (i.e., USD0.051741 per share based on the exchange rate of the Bank Central of Nigeria on the Latest Practicable Date) to the Consideration per LAP Share (i.e., USD0.062072) falls within the range and below the average of the Comparable Control Premium, we are of the view that the Consideration is fair and reasonable as far as the Independent Shareholders are concerned.

7. Assessment of other key terms of the Share Purchase Agreement

As discussed with the Management, we understood that the other key terms of the Share Purchase Agreement are negotiated on an arm's length basis between the Vendor and Purchasers on normal commercial terms based on the market practice, with the aim to safeguard their own interests in the transaction. In assessing the fairness and reasonableness of such terms, we have considered the following factors:

(1) in respect of the terms in relation to the performance guarantee and the leakage and liability breach, we have reviewed such terms and noted that (i) both the Vendor and the Purchasers share an identical maximum amount of payment obligation (i.e., USD50 million) under the Share Purchase Agreement; and (ii) such amount can be viewed as a compensation and payable by the breaching party to the compliant party in the event that the breaching party has not fulfilled its obligation and caused the termination of the Share Purchase Agreement;

(2) in respect of the terms in relation to the leakage and downward adjustments to the Consideration, we have reviewed such terms and noted that (i) the establishment of the downward adjustments to the Consideration is to safeguard the Company's interest from actions taken by the Vendor during the period between the Locked Box Date and the Closing Date which may affect the value of the Target Companies and Ultimate Target Company as well as their subsidiaries; and (ii) the Consideration will only be adjusted downward in the event that any leakage incurred; and

(3) in respect of the terms in relation to the Reorganisation, we have reviewed such terms and noted that the such arrangement is to ensure the transfer of the LAP Shares held by AICL to Target Company B. As advised by the Management, the establishment of Reorganisation is to safeguard the interest of the Company, given that the Company would prefer to acquire the Ultimate Target Company through a new entity, namely Target Company B, instead of AICL, which has an unclear history. In the event that the Purchasers are left with the option to acquire the shares in the Ultimate Target Company held by AICL in the course of the MTO, we understood from the Management that the maximum consideration to be paid for such portion of the interest (i.e., approximately 27.77% of the equity interest of the Ultimate Target Company) would not exceed USD277.69 million (subject to customary downward adjustments for any leakage in accordance with the terms of the Share Purchase Agreement), which is in line with the consideration payable for the acquisition of Target Company B under the Share Purchase Agreement. Having considered that the offer price under the MTO will be in line with the consideration per LAP Share (i.e., USD0.062072) payable under the Share Purchase Agreement by the Purchasers, we are of the view that the terms of the MTO are fair and reasonable.

In view of the above and taking into account that (i) the performance guarantee and leakage and liability breach are in place with the aim to safeguard the interest of both the Vendor and the Purchasers, with identical amount of payment obligation born by both the Vendors and the Purchasers, and to facilitate them to complete the Acquisition in good faith; (ii) the Company is able to secure the value of the Target Companies during the prolonged period of time between the Locked Box Date and the Closing Date; and (iii) the consideration payable for the shares in the Ultimate Target Company held by AICL will not be affected by the results of the Reorganisation, we consider the abovementioned key terms of the Share Purchase Agreement are fair and reasonable as far as the Independent Shareholders are concerned.

8. Financial effects of the Acquisition on the Group

Following the Closing of the Acquisition, the Target Companies will become wholly-owned subsidiaries of the Company. Therefore, the financial results of both the Target Companies and the Ultimate Target Company will be consolidated into those of the Group.

The analysis below is based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix VI to the Circular (the "**Pro Forma Financial Information**"). It should be noted that such analysis is for illustrative purposes only and does not purport to represent how the financial position of the Enlarged Group will be upon the Closing of the Acquisition.

8.1 Effects on net assets

As at 30 September 2024, the Group had net assets of approximately RMB33.4 billion. Based on the Pro Forma Financial Information, the net assets of the Enlarged Group would increase to approximately RMB33.7 billion as at 30 September 2024, representing an increase of approximately 0.9% as compared to the net assets of the Group as at 30 September 2024.

8.2 Effects on liabilities

As at 30 September 2024, the Group had total liabilities of approximately RMB35.5 billion. Based on the Pro Forma Financial Information, the total liabilities of the Enlarged Group would be approximately RMB41.4 billion as at 30 September 2024, representing an increase of approximately 16.9% as compared to the total liabilities of the Group as at 30 September 2024, which is because the Consideration will be primarily satisfied by external bank facility obtained by the Group.

8.3 Effects on cash and working capital

As at 30 September 2024, the Group had cash and cash equivalent of approximately RMB5.5 billion. Based on the Pro Forma Financial Information, the cash and cash equivalent of the Enlarged Group would be approximately RMB4.5 billion as at 30 September 2024, representing a decrease of approximately 18.6% as compared to that of the Group as at 30 September 2024 due to the payment of part of the Consideration in cash.

As stated in Appendix I to the Circular, the Directors, after due and careful enquiries, are of the opinion that, after taking into account the impact of the Acquisition, the financial resources available to the Enlarged Group, including the presently available banking facilities, the internally generated funds from operations, and cash and bank balances of the Enlarged Group, the Enlarged Group has sufficient working capital to satisfy its requirements for at least 12 months from the publication date of the Circular.

8.4 Effects on earnings

For the nine months ended 30 September 2024, the Group recorded net profit of approximately RMB1,580.2 million. As stated in Appendix IV to the Circular, the Ultimate Target Company recorded positive net profit for the nine months ended 30 September 2024. Even taking into account the potential interest expenses for the loans in respect of the Consideration, it is expected the net profit of the Enlarged Group would increase by the profit contribution of the Target Companies and the Ultimate Target Company following the Closing of the Acquisition.

Based on our review of the NGN against the USD, the primary foreign currency to which the Ultimate Target Company is exposed, we noted that the exchange rate of NGN to USD has demonstrated a substantial declining trend from the Locked Box Date and up to the date of the Share Purchase Agreement; while following the date of the Share Purchase Agreement, such exchange rate has remained relatively stable with a slight upward trend. Since the functional currency of Ultimate Target Company is NGN, which differs from the Group's reporting currency, Shareholders should be aware that the actual financial impact may be influenced by fluctuations in the NGN exchange rate and differ from the above analysis.

Based on the above analysis, we are of the view that the Acquisition has overall positive financial effects on the Group and are in the interest of the Company and its Shareholders as a whole.

RECOMMENDATION

Taking into account of the above factors and reasons, we are of the view that (i) the terms of the Share Purchase Agreement and the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although not conducted in the ordinary and usual course of business of the Group, the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Share Purchase Agreement and the Acquisition.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in corporate finance industry.

1. FINANCIAL RESULTS OF THE COMPANY

Details of the audited financial results of the Company for each of the financial years ended 31December 2021, 31 December 2022 and 31 December 2023 and the unaudited financial results of the Company for the nine months ended 30 September 2024, with its notes are available on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.huaxincem.com) in the following documents:

i. for the year ended 31 December 2021, the annual report of the Company for the year ended 31 December 2021:

   https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042702060.pdf

ii. for the year ended 31 December 2022, the annual report of the Company for the year ended 31 December 2022:

   https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703715.pdf

iii. for the year ended 31 December 2023, the annual report of the Company for the year ended 31 December 2023:

   https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603409.pdf

iv. for the nine months ended 30 September 2024, the Third Quarterly Report of the Company:

   https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1025/2024102501010.pdf

2. SUFFICIENT WORKING CAPITAL

With consideration of the impact of the Acquisition, the financial resources available to the Enlarged Group (including the bank credit available to the Enlarged Group, internal capital from the operation, cash and bank balances), and after due and careful inquiry, the Directors are of the opinion that the Company has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular. The Company has obtained a letter on the working capital statement from its auditor, Ernst & Young Hua Ming, as required under Rule 14.66(12) of the Listing Rules.

3. INDEBTEDNESS STATEMENT

As of 31 December, 2024, the bank loan, bond and financial institute leasing of the Company are as follows:

Unit: million RMB

Expiry	Working capital loan	Fixed asset loan	Bond	Financial institute leasing	Total
Short term borrowing	297	—	—	—	297
Within one year	526	2,565	2,547	59	5,696
1–2 years	1,386	2,048	—	61	3,495
2–3 years	1,390	1,777	799	21	3,987
3–4 years	—	1,127	550	—	1,676
4–5 years	—	1,513	1,097	—	2,609
Over 5 years	—	402	—	—	402
Total	3,598	9,432	4,993	140	18,163

As at the close of business on 31 December, 2024, being the latest practicable date for the purpose of this indebtedness statement of this circular, the details of the Enlarged Group's outstanding loans and leasing liabilities are 18,170,959,970 RMB including:

i. Mortgaged bank loans about RMB20,280,000

ii. Unsecured bank loans about RMB13,010,065,666

iii. Unsecured other interest bearing liabilities about RMB4,993,828,619 and

iv. Leasing liability about RMB146,785,685

Save as disclosed in this circular and apart from intra-group liabilities, as at the close of business on 31 December 2024, the Enlarged Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any mortgages or charges or any other contingent liabilities or guarantees.

In relation to this indebtedness statement, the foreign currency amounts have been translated into RMB at the approximate exchange rates as of the end of the business day on 31 December, 2024.

The Directors have no knowledge of any material changes of the indebtedness of the Enlarged Group since 31 December, 2024.

4. MATERIAL CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Company from 31 December 2023 (the date to which the latest published audited financial statements of the Company were made up) until the Latest Practicable Date).

5. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

Since its Listing, the Company has been engaged in the manufacture and sale of cement, cement technology service, the research, production, installation and maintenance of cement equipment and the import and export of cement. For over 20 years, the Company has implemented the business development strategies including the Integration Strategy, Eco Transformation Strategy, Overseas Expansion Strategy and New Material Building Materials Strategy,. This has led to the addition of RMX, aggregate, cement based High-Tech building materials, cement kiln co-processing waste disposal, domestic and international cement engineering general contracting and technical equipment and engineering services. These strategic moves have propelled the Company from a regional cement manufacturer to a leading corporate group recognized among China's top 500 most valuable brands.

The Company's international presence now spans 12 countries, with an annual clinker production capacity of 15.4 million tons and a cement grinding capacity of 22.54 million tons. From January to September 2024, the Company's overseas cement and clinker sales volume reached 12.05 million tons, representing a year-on-year increase of 41%. During the same period, the Company achieved a sales revenue of 59.36 billion yuan, a year-on-year increase of 49%, and a net profit of 8.47 billion yuan, a year-on-year increase of 32%. Despite severe test in domestic cement, the overseas business became a major contributor to the performance.

Through the acquisition of the Target Companies, Nigeria is expected to be the gateway to West Africa, facilitate the speedy expansion of the market and launch a new ground for development. The overseas cement capacity will be hence enhanced, marking a new breakthrough in the overseas strategy.

Currently, the Chinese economy is still in a crucial period of economic recovery and upgrade, however, the favorable conditions for domestic development gained an upper hand. The momentum of steady growth and positive growth in the long term remain unchanged. The countries where the Company's overseas business operates are expected to lead in terms of economic development with bright prospects, and the demand for cement maintain a growth trend in most of those countries.

Based on the forecast and judgement of the future economic situation, policies and development of the industry and our business, the Company will continue to prioritize strategies of "overseas diversified business development", "domestic integrated synergy" "carbon reduction and value-added innovation", and "digital AI-driven", further enhance its operational thinking and accelerate the transformation towards green, intelligent, and internationalization. In the domestic market, adhering to the concept of "profit is the goal, price (income) is the foundation", the Company will intensify market expansion, reduce costs, strive to stabilize markets, operations and performance. In the overseas market, while enhancing our production and operation and striving to improve performance, the Company will actively seek to expand its business scale.

The following is the full text of the report issued by the Company's reporting accountants, Ernst & Young Hua Ming.

Ernst & Young Hua Ming LLP
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Plaza,1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

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Independent auditor's report
To the Board of Directors of Huaxin Cement Co., Ltd.
(Incorporated in Netherlands with limited liability)

OPINION

We have audited the financial statements of Caricement B.V. (the "**Company**"), which comprise the statement of financial position as at December 31, 2021, 2022 and 2023 and September 30, 2024, and the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year/period then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, 2022 and 2023 and September 30, 2024, and of its financial performance and its cash flows for the year/period then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Boards ("**IASB**").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") issued by the International Accounting Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with Code of Ethics for Certification Public Accountants (the "**Code**") issue by Chinese Institute of Certification Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

Without modifying our opinion, we draw attention to the fact that the financial information for the nine months ended September 30, 2023 is not audited or reviewed.

RESPONSIBILITIES OF THE MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Hua Ming LLP

Beijing, the People's Republic of China

February 26, 2025

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

		Year ended December 31,			Nine months ended September 30,	
		2021	2022	2023	2023	2024
	Notes	*EUR*	*EUR*	*EUR*	*EUR*	*EUR*
					(Unaudited)	
REVENUE		—	—	—	—	—
Cost of sales		—	—	—	—	—
Gross profit		—	—	—	—	—
Other income and gains	4	34,110,039	31,512,679	31,444,922	27,428,254	19,689,208
Administrative expenses		(150,724)	(144,711)	(434,030)	(297,221)	(244,106)
Other expenses	5	(189,871,121)	(102,092,055)	(5,061,735)	(3,756,200)	(77,716,421)
Finance costs	7	(838,492)	(7,495,509)	(5,082,815)	(3,980,430)	(1,349,652)
PROFIT/(LOSS)BEFORE TAX	6	(156,750,298)	(78,219,596)	20,866,342	19,394,403	(59,620,971)
Income tax	8	(338,223)	(451,600)	(446,975)	80,269	(32,258)
PROFIT FOR THE YEAR/ PERIOD		(157,088,521)	(78,671,196)	20,419,367	19,474,672	(59,653,229)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		(157,088,521)	(78,671,196)	20,419,367	19,474,672	(59,653,229)

STATEMENT OF FINANCIAL POSITION

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

		As at December 31,			As at September 30,
		2021	2022	2023	2024
	Notes	*EUR*	*EUR*	*EUR*	*EUR*
NON-CURRENT ASSETS					
Investments in subsidiaries	9	673,408,397	585,111,429	588,985,471	501,773,067
Investment in an associate	10	82,748,345	72,819,573	72,819,573	—
Loans to related parties	11	31,062,326	46,339,556	62,062,759	—
Total non-current assets		787,219,068	704,270,558	723,867,803	501,773,067
CURRENT ASSETS					
Other receivables	12	15,195,852	16,832,533	514,124	586,212
Cash and cash equivalents	13	67,165,681	810,559,630	22,697,252	877,030
Total current assets		82,361,533	827,392,163	23,211,376	1,463,242
CURRENT LIABILITIES					
Loans from related parties	14	65,652,867	802,994,760	3,519,875	24
Other payables and accruals		120,022	22,000	32,109	30,846
Total current liabilities		65,772,889	803,016,760	3,551,984	30,870
NET CURRENT ASSETS		16,588,644	24,375,403	19,659,392	1,432,372
TOTAL ASSETS LESS CURRENT LIABILITIES		803,807,712	728,645,961	743,527,195	503,205,439
NON-CURRENT LIABILITIES					
Loans from related parties	14	12,318,184	27,595,413	43,956,519	—
Total non-current liabilities		12,318,184	27,595,413	43,956,519	—
Net assets		791,489,528	701,050,548	699,570,676	503,205,439
EQUITY					
Share capital	15	20,000	20,000	20,000	20,000
Share premium		1,090,141,613	1,078,373,829	1,056,474,590	919,762,582
Retained earning		(298,672,085)	(377,343,281)	(356,923,914)	(416,577,143)
Total equity		791,489,528	701,050,548	699,570,676	503,205,439

Name of director
Director

Name of director
Director

STATEMENT OF CHANGES IN EQUITY

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

	Share Capital	Share premium	Retain earning	Total equity
At January 1, 2021	20,000	1,354,996,346	(141,583,564)	1,213,432,782
Profit for the year	—	—	(157,088,521)	(157,088,521)
Change of share premium	—	(264,854,733)	—	(264,854,733)
At December 31, 2021	20,000	1,090,141,613	(298,672,085)	791,489,528
At January 1, 2022	20,000	1,090,141,613	(298,672,085)	791,489,528
Profit for the year	—	—	(78,671,196)	(78,671,196)
Change of share premium	—	(11,767,784)	—	(11,767,784)
	—			
At December 31, 2022	20,000	1,078,373,829	(377,343,281)	701,050,548
At January 1, 2023	20,000	1,078,373,829	(377,343,281)	701,050,548
Profit for the year	—	—	20,419,367	20,419,367
Change of share premium	—	(21,899,239)	—	(21,899,239)
At December 31, 2023	20,000	1,056,474,590	(356,923,914)	699,570,676
At January 1, 2024	20,000	1,056,474,590	(356,923,914)	699,570,676
Profit for the year	—	—	(59,653,229)	(59,653,229)
Change of share premium	—	(136,712,008)	—	(136,712,008)
At September 30, 2024	20,000	919,762,582	(416,577,143)	503,205,439
At January 1, 2023	20,000	1,078,373,829	(377,343,281)	701,050,548
Profit for the period (Unaudited)	—	—	19,474,672	19,474,672
Change of share premium	—	(21,899,242)	—	(21,899,242)
At September 30, 2023 (Unaudited)	20,000	1,056,474,587	(357,868,609)	698,625,978

STATEMENT OF CASH FLOWS

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

	Notes	Year ended December 31, 2021	2022	2023	Nine months ended September 30, 2023 (Unaudited)	2024
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		(156,750,298)	(78,219,596)	20,866,342	19,394,403	(59,620,971)
Adjustments for:						
Finance costs	7	838,492	7,495,509	5,082,815	3,980,430	1,349,652
Interest income	4	(1,740,105)	(15,019,326)	(7,588,285)	(5,724,563)	(2,070,699)
Dividend income from:						
A subsidiary	4	(31,335,227)	(14,433,792)	(21,703,691)	(21,703,691)	(11,044,262)
An associate	4	(1,034,707)	(2,059,561)	(2,152,946)	—	—
Impairment of investments	5					
Subsidiaries		187,823,805	88,296,968	—	—	77,715,120
An associate		—	9,928,772	—	—	—
Foreign exchange loss/(gain)	5	2,042,057	3,860,572	5,059,674	3,754,402	(172,410)
Gain of disposal	5	—	—	—	—	(6,401,837)
		156,594,315	78,069,142	(21,302,433)	(19,693,422)	59,375,564
(Increase)/Decrease in other receivables	12	(661,344)	2,865,569	(2,807,828)	(2,808,743)	417,693
Increase/(Decrease) in other payables and accruals		120,022	(98,022)	10,109	(5,846)	(1,263)
Cash generated from operations		(697,305)	(2,617,093)	(3,233,810)	(3,113,608)	(171,023)
Interest received		136,997	12,080,905	1,329,315	1,134,529	274,549
Tax paid		(348,647)	(451,599)	(446,985)	(8,735)	(570,034)
Net cash flows from operating activities		(908,955)	14,246,399	(2,351,480)	(1,987,814)	(124,462)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		1,495,959	2,781,593	6,390,110	2,048,386	2,141,755
Loans to a subsidiary		(997,661)	(15,277,230)	(15,723,203)	(15,718,210)	—
Withdraw loans from related parties						
Other related parties		29,973,709	—	—	—	18,106,102
A subsidiary		—	—	—	—	43,956,657
Dividends received from:	4					
A subsidiary		27,955,103	15,819,508	35,083,132	32,827,330	11,044,262
An associate		1,034,707	2,059,561	2,152,946	—	—
Proceeds from disposal of investment	4					
A subsidiary		—	—	—	—	5,641,591
An associate		—	—	—	—	89,775,119
Net cash flows from investing activities		59,461,817	5,383,432	27,902,985	19,157,506	170,665,486

STATEMENT OF CASH FLOWS (continued)

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

		Year ended December 31,			Nine months ended September 30,	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
					(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES	16					
Interest paid		(838,492)	(7,374,835)	(1,731,218)	(1,731,228)	(4,869,503)
New loans from related parties		66,005,104	742,906,737	16,359,802	16,359,802	—
Repayment loans from related parties		—	—	(806,143,228)	(801,616,793)	(50,779,735)
Capital contribution from the Parent		30,927,835	2,333,645,736	—	—	—
Capital distribution to the Parent		(295,782,568)	(2,345,413,520)	(21,899,239)	(21,899,242)	(136,712,008)
Net cash flows from/(used in) financing activities		(199,688,121)	723,764,118	(813,413,883)	(808,887,461)	(192,361,246)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(141,135,259)	743,393,949	(787,862,378)	(791,717,769)	(21,820,222)
Cash and cash equivalents at beginning of year		208,300,940	67,165,681	810,559,630	810,559,630	22,697,252
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	67,165,681	810,559,630	22,697,252	18,841,861	877,030
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	13	67,165,681	810,559,630	22,697,252	18,841,861	877,030

NOTES TO FINANCIAL STATEMENTS

Each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024

1. CORPORATE INFORMATION

Caricement B.V. ("**the Company**") is a private company with limited liability established on 3 March 1999. Its registered office is located in Amsterdam, The Netherlands. The address of the Company is Roemer Visscherstraat 41, 1054 EW Amsterdam. At the Chamber of Commerce, the Company is registered with the following number: 34111988. The principal activity of the Company is to act as a holding and finance company.

The Company is a fully owned subsidiary of Holderfin B.V. (the "**Parent Company**") in Amsterdam, which is a fully owned subsidiary of Holcim Ltd, Zug, Switzerland (the "**Ultimate Parent Company**"). The consolidated accounts of the Ultimate Parent Company can be found at https://www.holcim.com and are published at the Chamber of Commerce separately.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board("**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by the Company throughout the reporting periods and the period covered by the interim comparative financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. These financial statements are presented in EUR ("€"), which is the Company's functional currency. Since 2023, the currency of the main investment activities and financing transactions changed from US dollar to EUR, which is better reflect the Company's operating results. Therefore, starting from January 1, 2023, the Company's functional currency has been changed to EUR. With the assessment of management, the impact of the change in the functional currency of accounts on the financial statements is not material.

Consolidated financial statements have not been prepared and the equity method has not been applied in respect of the Company's interests in an associate as the Company is a wholly-owned subsidiary of the Ultimate Parent Company, which prepares consolidated financial statements in accordance with International Financial Reporting Standards, which can be obtained at https://www.holcim.com.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised IFRSs that have been issued but are not yet effective in these financial statements. Among these new and revised IFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]

1 Effective for annual/reporting periods beginning on or after January 1, 2027

2 Effective for annual periods beginning on or after January 1, 2026

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The amendments are not expected to have any significant impact on the Company's financial statements

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investment in an associate

An associate is an entity in which the Company has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of an associate is included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in an associate is treated as non-current assets and are stated at cost less any impairment losses. When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. If such an indication exists, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognized in the statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversal of the impairment loss is credited to the statement of profit or loss in the year in which it arises.

Financial assets

All the other financial assets are initially recognized at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

For other financial assets, impairment allowances are recognized under the general approach where expected credit losses are recognized in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default. The Company considers that there has been a significant increase in credit risk when contractual payments are past due.

The Company considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

(c) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities include bank and other borrowings, other payables and accruals. They are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognized when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short- term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

Borrowing costs

Borrowing costs are expensed in the statement of profit or loss in the year in which they are incurred, except to the extent that they are capitalised as the costs directly attributable to the financing of the construction of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognized in the financial statements.

(a) Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. OTHER INCOME AND GAINS

Other income and gains include the following:

		Year ended December 31,			Nine months ended September 30,	
		2021	2022	2023	2023	2024
	Notes	*EUR*	*EUR*	*EUR*	*EUR*	*EUR*
					(Unaudited)	
Bank interest income		136,997	12,080,905	1,329,315	1,134,529	274,549
Dividend income from:						
A subsidiary		31,335,227	14,433,792	21,703,691	21,703,691	11,044,262
An associate		1,034,707	2,059,561	2,152,946		
Interest income from related parties		1,603,108	2,938,421	6,258,970	4,590,034	1,796,150
Foreign exchange gain		—	—	—	—	172,410
Gain of disposal of investments		—	—	—	—	6,401,837
		34,110,039	31,512,679	31,444,922	27,428,254	19,689,208

As of September 30, 2024, the Company has completed the disposal of 100% of the equity interests in its subsidiary Lafarge South Africa Holdings (Pty) Ltd and recognized loss of EUR10,553,709.

5. OTHER EXPENSES

	Year ended December 31,			Nine months ended September 30,	
	2021	2022	2023	2023	2024
	EUR	*EUR*	*EUR*	*EUR*	*EUR*
				(Unaudited)	
Impairment of investments					
A subsidiary	187,823,805	88,296,968	—	—	77,715,120
An associate	—	9,928,772	—	—	—
Foreign exchange loss	2,042,057	3,860,572	5,059,674	3,754,402	—
Bank charges	5,259	5,743	2,061	1,798	1,301
	189,871,121	102,092,055	5,061,735	3,756,200	(77,716,421)

6. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended December 31,			Nine months ended September 30,	
	2021	2022	2023	2023	2024
	EUR	*EUR*	*EUR*	*EUR* (Unaudited)	*EUR*
Board fees	2,384	2,747	2,500	2,500	10,525
Dividend income from:					
A subsidiary	31,335,227	14,433,792	21,703,691	21,703,691	11,044,262
An associate	1,034,707	2,059,561	2,152,946)	—	—
Finance costs	(838,492)	(7,495,509)	(5,082,815)	(3,980,430)	(1,349,652)
Impairment of investments					
Subsidiaries	(187,823,805)	(88,296,968)	—	—	(77,715,120)
An associate	—	(9,928,772)	—	—	—
Foreign exchange differences, net	(2,042,057)	(3,860,572)	(5,059,674)	(3,754,402)	172,410

7. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2021	2022	2023	2023	2024
	EUR	*EUR*	*EUR*	*EUR* (Unaudited)	*EUR*
Interest expenses on loans from other related parties	838,492	7,495,509	5,082,815	3,980,430	1,349,652
	838,492	7,495,509	5,082,815	3,980,430	1,349,652

8. INCOME TAX

	Year ended December 31,			Nine months ended September 30,	
	2021	2022	2023	2023	2024
	EUR	*EUR*	*EUR*	*EUR* (Unaudited)	*EUR*
Provision for the year/period	155,576	135,558	1,679,781	1,679,781	1,227
Overprovision in prior years	—	—	(1,885,938)	(1,885,938)	—
Withholding tax on the dividend income	182,647	316,042	653,132	125,888	31,031
Tax charge/(credit) for the year	338,223	451,600	446,975	(80,269)	32,258

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2021	2022	2023	2023	2024
	EUR	*EUR*	*EUR*	*EUR* (Unaudited)	*EUR*
Profit/(loss) before tax	(156,750,298)	(78,219,596)	20,866,342	19,394,403	(59,620,971)
Tax at the suitable tax rate	40,280,417	20,019,496	(5,473,116)	(5,093,356)	15,292,611
Effect of withholding tax on the dividend income from related parties	182,647	316,042	653,132	125,888	31,031
Adjustments in respect of current tax of previous periods	—	—	(1,885,938)	(1,885,938)	—
Income not subject to tax	8,140,559	3,775,353	12,873,487	6,876,094	2,835,691
Expenses not deductible for tax	(499,654)	—	—	—	—
Effect on unrecognized tax loss	(47,765,746)	(23,659,290)	(5,720,590)	(102,957)	(18,127,074)
Tax charge/(credit) at the effective rate	338,223	451,600	446,975	(80,269)	32,258

From 2021 to 2022, the portion of taxable income that does not exceed EUR395,000 will be taxed at a preferential tax rate of 15.00% of the taxable income, and the portion exceeding it will be taxed at a preferential tax rate of 25.80%. From 2023 onwards, the portion of taxable income that does not exceed EUR200,000 will be taxed at a preferential tax rate of 19.00% of the taxable income, and the portion exceeding it will be taxed at a preferential tax rate of 25.80%.

9. INVESTMENTS IN SUBSIDIARIES

	As at December 31,			As at September 30,
	2021	2022	2023	2024
	EUR	*EUR*	*EUR*	*EUR*
Investment cost				
Lafarge Africa PLC	648,094,559	648,094,559	648,094,559	648,094,559
Lafarge South Africa Holdings (Pty) Ltd	421,662,479	421,662,479	425,536,521	—
Less: Accumulated impairment				
Lafarge Africa PLC	(68,606,373)	(68,606,373)	(68,606,373)	(146,321,492)
Lafarge South Africa Holdings (Pty) Ltd	(327,742,268)	(416,039,236)	(416,039,236)	—
	673,408,397	585,111,429	588,985,471	501,773,067

With taking into account the operating conditions of subsidiaries, the Company determined the recoverable amount and made a corresponding provision/reversal for impairment of investment in subsidiaries, by taking the higher of the asset's fair value, net of disposal costs, and the present value of its estimated future cash flows, which were determined based on cash flow projections based on the 5-year financial budgets proposed by the management.

Particulars of the subsidiaries during the reporting period are as follows:

Name	**Place of incorporation**	**Percentage of ordinary shares directly held by the Company**	**Principal activities**
Lafarge Africa PLC	Nigeria	56.04%	Manufacturing and marketing of cement
Lafarge South Africa Holdings (Pty) Ltd	South Africa	100.00%	Buildings materials industry

The Company has completed the disposal of 100% of the equity interests in its subsidiary Lafarge South Africa Holdings (Pty) Ltd on April 22, 2024.

10. INVESTMENT IN AN ASSOCIATE

	As at December 31,			**As at September 30,**
	2021	**2022**	**2023**	**2024**
	EUR	*EUR*	*EUR*	*EUR*
An investment, at cost	82,748,345	82,748,345	82,748,345	—
Less: Accumulated impairment	—	(9,928,772)	(9,928,772)	—
	82,748,345	72,819,573	72,819,573	—

Particulars of the associate during the reporting period are as follows:

Name	**Place of incorporation**	**Percentage of ordinary shares directly held by the Company**	**Principal activities**
Holcim (Colombia) S.A	Colombia	24.12%	Manufacturing and marketing of cement

The Company has completed the disposal of 100% of the equity interests in its associate Holcim (Colombia) S.A. on March 27, 2024.

With taking into account the operating conditions of associate, the Company determined the recoverable amount and made a corresponding provision/reversal for impairment of investment in subsidiaries, by taking the higher of the asset's fair value, net of disposal costs, and the present value of its estimated future cash flows, which were determined based on cash flow projections based on the 5-year financial budgets proposed by the management.

11. LOANS TO RELATED PARTIES

	As at December 31,			As at September 30,
	2021	**2022**	**2023**	**2024**
	EUR	*EUR*	*EUR*	*EUR*
A loan to other related parties	18,744,612	18,743,961	18,108,862	—
A loan to subsidiaries	12,317,714	27,595,595	43,953,897	—
	31,062,326	46,339,556	62,062,759	—

i) The loans to the related parties were paid on demand and made according to the interest rates 3 months USD Libor+4%.

ii) The loan to subsidiaries is unsecured and made according to the fixed interest rates 2.38%. and the term of the loan is 5 years.

12. OTHER RECEIVABLES

	As at December 31,			As at September 30,
	2021	**2022**	**2023**	**2024**
	EUR	*EUR*	*EUR*	*EUR*
Receivable from related parties				
Subsidiaries	14,816,456	13,555,997	—	—
Other related parties	268,618	300,189	345,605	—
Receivable from third parties	110,778	2,976,347	168,519	586,212
	15,195,852	16,832,533	514,124	586,212

Impairment of other receivables

The carrying amount of other receivables approximated to their fair value as at December 31, 2021, 2022, 2023 and 30 September 2024. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at December 31, 2021, 2022, 2023 and September 30, 2024 were considered to be minimal.

The balances with related parties are unsecured, interest-free and repayable on demand.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at December 31,			As at September 30,
	2021	**2022**	**2023**	**2024**
	EUR	*EUR*	*EUR*	*EUR*
Cash and bank balances	67,165,681	810,559,630	22,697,252	877,030
	67,165,681	810,559,630	22,697,252	877,030

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

14. LIABILITIES TO RELATED PARTIES

	Notes	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at September 30, 2024
		EUR	EUR	EUR	EUR
Non-current:					
Loans from related parties		12,318,184	27,595,413	43,956,519	—
Current:					
Loans from related parties		65,652,867	802,994,760	3,519,875	24
		77,971,051	830,590,173	47,476,394	24

i) The current loans from the related parties were paid on demand and made according to the interest rates USD Libor.

ii) The non current loan from the related parties is unsecured and made according to the fixed interest rates 1.93%. and the term of the loan is 5 years.

15. SHARE CAPITAL

	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at September 30, 2024
	EUR	EUR	EUR	EUR
Issued and fully paid:				
40 ordinary shares of EUR500 each	20,000	20,000	20,000	20,000

16. CONTINGENT LIABILITIES

At the end of each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, the Company had no significant contingent liabilities.

17. RELATED PARTY TRANSACTIONS

Name of related parties	Related party relationships
Lafarge South Africa Holdings (Pty) Ltd	Subsidiary
Lafarge Africa PLC	Subsidiary
Holcim (Colombia) S.A	Associate
Hima Cement Limited	Controlled by the same ultimate controller
Larfarge Holcim International Finance Ltd	Controlled by the same ultimate controller
Larfarge Holcim Helvetia Finance Ltd	Controlled by the same ultimate controller
Holcim Helvetia Finance Ltd	Controlled by the same ultimate controller

Refer to the notes listed above for information about related party transaction.

18. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024 are as follows:

	As at December 31,			As at September 30,
	2021	**2022**	**2023**	**2024**
	EUR	*EUR*	*EUR*	*EUR*
Financial assets				
Financial assets at amortised cost:				
Other receivables	15,195,852	16,832,533	514,124	586,212
Loans to related parties	31,062,326	46,339,556	62,062,759	—
Cash and cash equivalents	67,165,681	810,559,630	22,697,252	877,030
	113,423,859	873,731,719	85,274,135	1,463,242
Financial liabilities				
Financial liabilities at amortised cost:				
Loans from related parties	77,971,051	830,590,173	47,476,394	24
Other payables and accruals	120,022	22,000	32,109	30,846
	78,091,073	830,612,173	47,508,503	30,870

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in other receivables and other assets, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Company's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The changes in fair value during each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024 were assessed to be insignificant.

The fair values of the non-current portion of interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of interest-bearing bank loans are assessed to be approximate to its carrying amount as at December 31, 2022, 2023 and September 30, 2024. The changes in fair values as a result of the Company's own non-performance risk for interest-bearing bank loans as at December 31, 2021, 2022, 2023 and September 30, 2024. were assessed to be insignificant.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Company has transactional currency exposures. The foreign currency risk is mainly the ZAR loans borrowed and lend to related parties. The foreign currency risk is low.

Credit risk

The Company has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other receivables and other assets included in the statements of financial position represent the Company's maximum exposure to credit risk in relation to its financial assets.

As at the end of each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, cash and cash equivalents were deposited in banks of high quality without significant credit risk. Management does not expect any loss to arise from non-performance by these banks.

Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Company to finance the operations and mitigate the effects of fluctuations in cash flows.

As at December 31, 2021

	Less than 12 months or on demand	After 1 year but within 5 years	Total
	EUR	*EUR*	*EUR*
Loans from related parties	65,652,867	27,084,652	92,737,519
Other payables and accruals	120,022	—	120,022
	65,772,889	27,084,652	92,857,541

As at December 31, 2022

	Less than 12 months or on demand	After 1 year but within 5 years	Total
	EUR	*EUR*	*EUR*
Loans from related parties	802,994,760	41,523,389	844,518,149
Other payables and accruals	22,000	—	22,000
	803,016,760	41,523,389	844,540,149

As at December 31, 2023

	Less than 12 months or on demand	After 1 year but within 5 years	Total
	EUR	*EUR*	*EUR*
Loans from related parties	3,519,875	50,388,986	53,908,861
Other payables and accruals	32,109	—	32,109
	3,551,984	50,388,986	53,940,970

As at September 30, 2024

	Less than 12 months or on demand	After 1 year but within 5 years	Total
	EUR	*EUR*	*EUR*
Loans from related parties	24	1,349,652	1,349,676
Other payables and accruals	30,846	—	30,846
	30,870	1,349,652	1,380,522

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

The Company uses the gearing ratio which is net debt divided by the capital plus net debt to monitor its capital structure. The gearing ratio as at the end of each of the end of each of the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024 were as follows:

	As at December 31,			As at September 30,
	2021	**2022**	**2023**	**2024**
Loans from related parties	77,971,051	830,590,173	47,476,394	24
Less: Cash and cash equivalents	(67,165,681)	(810,559,630)	(22,697,252)	(877,030)
Net debt	10,805,370	20,030,543	24,779,142	(877,006)
Equity attributable to owners of the parent	791,489,528	701,050,548	699,570,676	503,205,439
Capital and net debt	802,294,898	721,081,091	724,349,818	502,328,433
Gearing ratio	1.35%	2.78%	3.42%	(0.17%)

21. EVENTS AFTER THE END OF EACH OF THE YEARS ENDED DECEMBER 31, 2021, 2022 AND 2023 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024

According to the announcement of Huaxin Cement Co., Ltd. about "Major Transaction and Related Party Transaction — Acquisition of Equity Interests in the Subject Company" dated December 1, 2024, Huaxin Cement Co., Ltd. intends to purchase from Holderfin B.V. its holdings in Caricement B.V. and Davis Peak Holdings for a consideration of USD838.13 million Limited 100%, realizing the acquisition of 83.81% of the ultimate target company, Lafarge Africa Plc. As part of the transaction, Huaxin Cement Co., Ltd. intends to acquire 100% of the equity of the Company held by Holderfin B.V. through its wholly owned subsidiary Hainan Huaxin Pan-African Investment Co., Ltd. for USD$560.44 million (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement signed by the parties to the transaction) in cash (the "**Transaction**"). The Transaction has been reviewed and approved by the 6th Meeting of the 11th Board of Directors of Huaxin Cement Co., Ltd. on November 29, 2024, and is subject to review and approval by EGM before implementation. It is also subject to the approval of the National Development and Reform Commission and the Ministry of Commerce, the filling of foreign exchange registration with the State Administration of Foreign Exchange of China, and the approval of the Federal Competition and Consumer Protection Commission of Nigeria.

The following is the full text of the report issued by the Company's reporting accountants, Ernst & Young Hua Ming.

AUDITOR'S REPORT

EY Hua Ming (2025) Shen Zi No. 70009578_C02

Davis Peak Holdings Limited

To Huaxin Cement Co., Ltd.

(I) AUDIT OPINION

We have audited the financial statements of Davis Peak Holdings Limited (the "**Company**"), which comprise the company balance sheets as at 30 November 2024, and the company income statements, the company statements of changes in equity and the company statements of cash flows for the period from November 12, 2024 (the date of establishment of the company) to 30 November, 2024.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Company's financial position as at 30 November 2024, and the Company's financial performance and cash flows for the period from November 12, 2024 (the date of establishment of the company) to 30 November, 2024 in accordance with Accounting Standards for Business Enterprises ("**ASBEs**").

(II) BASIS FOR AUDIT OPINION

We conducted our audit in accordance with China Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

(IV) AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chinese Certified Public Accountant: He Pei

Ernst & Young Huaming LLP

Chinese Certified Public Accountant: Wang Cui

Beijing, the People's Republic of China

February 26, 2025

Important Notice

This illustrative auditor's report is an English translation of the auditor's report for the audit engagements which adopt CSAs. In the case where the English version does not conform to the Chinese version, the Chinese version shall prevail.

FINANCIAL STATEMENTS

Income Statement
as at 30 November 2024 *Expressed in Renminbi Yuan*

Asset	**30 November 2024**
Current assets	—
Total current assets	—
Non-current assets	
Total non-current assets	—
Total assets	—
LIABILITIES AND EQUITY	
Current liabilities	—
Total current liabilities	—
Non-current liabilities	—
Total non-current liabilities	—
Equity	—
Total equity	—
Total liabilities and equity	—

These financial statements are signed by:

Name of director
Director

Name of director
Director

The accompanying notes to the financial statements form an integral part of these financial statements.

FINANCIAL STATEMENTS

Income Statement
as at 30 November 2024 *Expressed in Renminbi Yuan*

	The period from November 12, 2024 (the date of establishment of the company) to 30 November, 2024
Revenue	—
Less: Cost of sales	—
Taxes and surcharges	—
Administrative expenses	—
Finance expenses	—
Including: Interest expenses *(expressed with positive value)*	—
Interest income *(expressed with positive value)*	—
Add: Other income	—
Investment income	—
Operating profit	
Add: Non-operating income	—
Less: Non-operating expenses	—
Profit before income tax	
Less: Income tax expenses	—
Profit	—
Total comprehensive income	—

The accompanying notes to the financial statements form an integral part of these financial statements.

FINANCIAL STATEMENTS

Statements of changes in equity *Expressed in Renminbi Yuan*

	Paid-in capital	Capital reserves	Unappropriated profit	Total equity
I. Balance at beginning of year	—	—	—	—
II. Changes for the year				
1. Total comprehensive income	—	—	—	—
2. Owners' contributions and reduction in capital	—	—	—	—
(1) Capital contributions by owners	—	—	—	—
III. Balance at end of year	—	—	—	—

FINANCIAL STATEMENTS

Statements of cash flows *Expressed in Renminbi Yuan*

	The period from November 12, 2024 (the date of establishment of the company) to 30 November, 2024
1. CASH FLOWS FROM OPERATING ACTIVITIES	
Total cash inflows from operating activities	—
Total cash outflows from operating activities	—
Net cash flows from operating activities	—
2. CASH FLOWS FROM INVESTING ACTIVITIES	
Total cash inflows from investing activities	—
Total cash outflows from investing activities	—
Net cash flows from investing activities	—
3. CASH FLOWS FROM FINANCING ACTIVITIES	
Total cash inflows from financing activities	—
Total cash outflows from financing activities	—
Net cash flows from financing activities	—
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	—
Add: Cash and cash equivalents at beginning of year	—
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	—

NOTES TO THE FINANCIAL STATEMENT

I BASIC INFORMATION

1. Basic information of Davis Peak Holdings Limited

Davis Peak Holdings Limited ("**the Company**" or "**Davis**") is a limited liability company established in Hong Kong on November 12, 2024. Its registered office address is 5/F, Manulife Plaza, 348 Kwun Tong Road, Kowloon, Hong Kong. Its registered capital is 1 Euro. Its registration number with the Hong Kong Companies Registry is 77312559. Its main business is a special purpose company holding platform.

The parent company of the Company is Holderfin B.V. established in the Netherlands, with a shareholding ratio of 100%; the ultimate parent company of the Company is Holcim Limited established in Switzerland.

2. Basic information about the transaction related to the Company

According to the announcement of Huaxin Cement Co., Ltd. about "Major Transaction and Related Party Transaction — Acquisition of Equity Interests in the Subject Company" dated December 1, 2024, Huaxin Cement Co., Ltd. intends to purchase from Holderfin B.V. its holdings in Caricement B.V. and Davis Peak Holdings for a consideration of USD838.13 million Limited 100%, realizing the acquisition of 83.81% of the ultimate target company, Lafarge Africa Plc. As part of the transaction, Huaxin Cement Co., Ltd. intends to acquire 100% of the equity of the Company held by Holderfin B.V. through its wholly-owned subsidiary Huaxin (Hong Kong) International Holdings Co., Ltd. for USD277.69 million (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement signed by the parties to the transaction) in cash after Associated International Cement Limited transfers its 27.77% equity interest in Lafarge Africa Plc to the Company (the "**Transaction**"). The Transaction has been approved by the 6th Meeting of the 11th Board of Directors of Huaxin Cement Co., Ltd. on November 29, 2024, and is subject to approval by the Company's EGM before implementation. It is also subject to approval by the National Development and Reform Commission and the Ministry of Commerce, the filling of foreign exchange registration with the State Administration of Foreign Exchange of China, and approval by the Federal Competition and Consumer Protection Commission of Nigeria.

II BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the "**MOF**").

Those financial statements are presented on a going concern basis.

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of Accounting Standards for Business Enterprises and give a true and complete view of the financial position of the Company as at 30 November 2024 and of its operating results and cash flows for the period from 12 November 2024 (date of incorporation) to 30 November 2024.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The financial information contained in the Company's financial statements for the period from 12 November, 2024 (the date of incorporation of the Company) to 30 November, 2024 was prepared based on the following significant accounting policies and accounting estimates formulated in accordance with the Accounting Standards for Business Enterprises.

1. Accounting Period

The accounting year of the Company is a calendar year, i.e., from 1 January to 31 December of each year.

2. Functional currency

The Company's accounting currency is US dollars. The reason why the Company has determined US dollars as the accounting currency is that the currency obtained from financing activities and the currency used to save the funds received from investment activities are mainly US dollars. This financial report is presented in CNY as presentation currency is Renminbi ("**RMB**").

3. Cash and cash equivalents

Cash comprises the Company's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

4. Long-term equity investment

Long-term equity investment includes equity investment in joint ventures. Long-term equity investment is initially measured at the initial investment cost on acquisition.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

5. Impairment of Assets

Impairment of assets (other than the impairment of financial assets) is determined in the following way: the Company assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset and performs impairment testing.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Company. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

6. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of non-current assets other than financial assets

The Company assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

IV NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS

The company's registered capital is 1 Euro

V RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Criteria for identifying related parties

The following parties constitute the Company's related parties:

- The Company's parent company.

Entities that are only controlled by the state and do not have other related party relationships do not constitute related parties.

2. Parent company

Parent Company Name	Place of Registration	Nature of business	Shareholding ratio of the company *(%)*	Voting rights ratio of the company *(%)*
Holderfin B.V.	Netherlands	Investment	100%	100%

The ultimate controlling party of the Company is Holcim Limited.

VI APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2025.

The audited annual financial statements as of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the related notes for each of the three annual periods are disclosed in the following documents, which have been published on the website of Nigeria Stock Exchange (www.ngxgroup.com) and the website of the company (www.lafarge.com.ng) as follows:

i. Annual Report of the company for the year ended 31 December 2021:

   https://www.lafarge.com.ng/sites/nigeria/files/2022–03/Lafarge%202021%20Financial%20Statements.pdf

ii. Annual Report of the company for the year ended 31 December 2022

   https://www.lafarge.com.ng/sites/nigeria/files/2023–02/lafarge-africa-plc-2022-audited-financial-statements.pdf

iii. Annual Report of the company for the year ended 31 December 2023

   https://www.lafarge.com.ng/sites/nigeria/files/2024–04/lafarge-africa-plc-2023-annual-report-accounts.pdf

iv. The audited financial statements of the Ultimate Target Company for the nine-month period ended 30 September 2024 are provided on the following pages.

The following is the full text of the report issued by the Company's reporting accountants, Ernst & Young (Practicing in Nigeria).

Lafarge Africa Plc

Audited Interim Consolidated Financial Statements
for the nine months ended 30 September 2024

DIRECTORS' AND OTHER CORPORATE INFORMATION

Company registration number

RC 1858
TIN-01057508–0001

Directors

Mr. Gbenga Oyebode, MFR	Chairman
Mr. Lolu Alade-Akinyemi	Group Managing Director/CEO
Mrs. Elenda Giwa-Amu	Non-Executive Director
Mrs. Adenike Ogunlesi	Independent Non-Executive Director
Mr. Khaled Abdel Aziz El Dokani (Egyptian)	Non-Executive Director
Mrs. Oyinkan Adewale (FCA)	Independent Non-Executive Director
Mr. Kaspar Theiler (Swiss)	Non-Executive Director
Mr. Grant Earnshaw (British) (appointed w.e.f 27 February 2024)	Non-Executive Director
Mrs. Claudia Albertini (Italian)	Non-Executive Director
Mrs. Olusola Oworu (appointed w.e.f 25 July 2024)	Independent Non-Executive Director
Mr. Taner Demir (appointed w.e.f 26 July 2024)	Non-Executive Director
Mrs. Karine Uzan Mercie (French) (resigned w.e.f 25 July 2024)	Non-Executive Director

Chief Financial Officer

Mr. Puneet Sharma

Company Secretary

Mrs. Adewunmi Alode

Company Registered Office

Lafarge Africa Plc
27B, Gerrard Road, Ikoyi,
Lagos

Registrar

Cardinal Stone (Registrars) Limited
formerly City Securities (Registrars) Limited
335/337 Herbert Macaulay Road, Yaba,
Lagos

Independent Auditor

Ernst & Young
UBA House Marina Road
Lagos-Island
Lagos

Principal Bankers

Access Bank Plc
Citibank Nigeria Limited
Ecobank Nigeria Plc
First Bank of Nigeria Ltd
Globus Bank Limited
Guaranty Trust Bank Plc
Standard Chartered Bank Nigeria Ltd
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc

REPORT OF THE DIRECTORS

The Directors are pleased to present the consolidated and separate financial statements of Lafarge Africa Plc ("the Company") and its subsidiaries (together, "the Group") for the nine months period ended 30 September 2024.

Legal form

Lafarge Africa Plc, a public quoted company on The Nigerian Exchange Group (NGX), was incorporated in Nigeria under the Companies Act (now Companies and Allied Matters Act (CAMA) 2020) on the 24th of February 1959. The Company became listed on the Nigerian Stock Exchange in 1979. The name of the Company was changed from Lafarge Cement WAPCO Nigeria Plc to Lafarge Africa Plc on the 9th of July 2014.

Subsidiaries

The Company has full ownership of AshakaCem Limited and Wapsila Nigeria Limited. The principal activities of AshakaCem Limited are the manufacturing and marketing of cement. The principal activity of Wapsila Limited is the generation and sale of power.

Principal activities

During the year under review, the principal activities of the Group and the Company remained manufacturing and marketing of cement, concrete and aggregates products, the provision of building solutions and sale of power.

Results and dividends

The results of the Group and the Company for the nine months period ended 30 September 2024 are presented below.

	The Group		The Company	
	9 months ended	9 months ended	9 months ended 30/09/2024	9 months ended 30/09/2023
	N'000	*N'000*	*N'000*	*N'000*
Revenue	479,941,897	289,081,398	445,730,179	264,967,798
Profit before taxation	91,547,833	61,156,355	89,587,568	59,098,082
Income tax expense	(34,250,071)	(21,851,700)	(33,444,633)	(21,098,065)
Profit for the period	57,297,762	39,304,655	56,142,935	38,000,017
Total comprehensive income for the period	57,297,762	39,304,655	56,142,935	38,000,017

Shareholding and substantial shareholders

The issued and fully paid-up Share Capital of the Company as at 30 September 2024 was 16,107,795,721 ordinary shares of 50 kobo each (31 December 2023: 16,107,795,721 ordinary shares of 50 kobo each). The Register of Members shows that two companies: Associated International Cement Limited (AIC UK) and CariCement BV, each held more than 5% of the Company's Issued share capital.

Holcim Limited is an international investor holding its shares in the names of its subsidiaries: AIC UK (27.77%) and CariCement BV (56.04%). Total shareholding of Holcim Limited in the Company was 83.81% as at 30 September 2024. The remaining 16.19% of the issued shares were held by other individuals and institutions.

Aside the aforementioned two companies, no other shareholder held more than 5% of the issued share capital of the Company as at 30 September 2024.

Shareholding analysis

The Registrars have advised that the range of shareholding as at 30 September 2024 was as follows:

Range	No of Holders	Percent	Unit	Percent
1 — 500	48,752	39.34	12,028,172	0.07
501 — 5000	59,426	47.96	95,346,981	0.59
5001 — 50000	13,000	10.49	185,066,439	1.15
50001 — 500000	2,335	1.88	337,120,460	2.09
500001 — 5000000	351	0.28	490,940,123	3.05
5000001 — 50000000	48	0.04	656,280,713	4.07
50000001 — 500000000	5	0.00	830,602,241	5.16
500000001 — 5000000000	1	0.00	4,473,044,718	27.77
5000000001 — 16107795721	1	0.00	9,027,365,874	56.04
Grand Total	**123,919**	**100**	**16,107,795,721**	**100**

Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 130 to 223 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

The Directors further accept responsibility for maintaining accounting records as required by the Companies and Allied Matters Act (CAMA) 2020 and for such internal control as the Directors determine is necessary to ensure adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds, errors and other irregularities.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.

Directors

The names of Directors at the date of this report and those who held office during the year as follows:

Mr. Gbenga Oyebode, MFR	Chairman
Mr. Lolu Alade-Akinyemi	Group Managing Director/CEO
Mrs. Elenda Giwa-Amu	Non-Executive Director
Mrs. Adenike Ogunlesi	Independent Non-Executive Director
Mr. Khaled Abdel Aziz El Dokani (Egyptian)	Non-Executive Director
Mrs. Oyinkan Adewale (FCA)	Independent Non-Executive Director
Mr. Kaspar Theiler (Swiss)	Non-Executive Director
Mr. Grant Earnshaw (British) (appointed w.e.f 27 February 2024)	Non-Executive Director
Mrs. Claudia Albertini (Italian)	Non-Executive Director
Mrs. Olusola Oworu (appointed w.e.f 25 July 2024)	Independent Non-Executive Director
Mr Taner Demir (appointed w.e.f 26 July 2024)	Non-Executive Director
Mrs. Karine Uzan Mercie (French) (resigned w.e.f 25 July 2024)	Non-Executive Director

Directors' interests in shares

In accordance with sections 301 and 385 of the Companies and Allied Matters Act, (CAMA) 2020 and in compliance with the Listing Rules of the Nigerian Exchange Group, the interests of Directors in the issued share capital of the Company, as recorded in the Register of Members and/or notified by them are as follows:

Directors	No of shares 30.09.2024	No of shares 31.12.2023
Mr. Gbenga Oyebode, MFR	—	—
Mr. Lolu Alade-Akinyemi	—	—
Mrs. Elenda Giwa-Amu	203,550	203,550
Mrs. Adenike Ogunlesi	—	—
Mr. Khaled Abdel Aziz El Dokani (Egyptian)	—	—
Mrs. Oyinkan Adewale (FCA)	—	—
Mr. Kaspar Theiler (Swiss)	—	—
Mr. Grant Earnshaw (British) (appointed w.e.f 27 February 2024)	—	—
Mrs. Claudia Albertini (Italian)	—	—
Mrs. Olusola Oworu (appointed w.e.f 25 July 2024)	—	—
Mr Taner Demir (appointed w.e.f 26 July 2024)	—	—
Mrs. Karine Uzan Mercie (French) (resigned w.e.f 25 July 2024)	—	—
Total	**203,550**	**203,550**

Except as disclosed above, none of the Directors has notified the Company of any disclosable interests in the Company's share capital and none of the Directors has an indirect shareholding in the Company.

Directors' interests in contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act 2020 to the effect that they were members or held shareholding of some specified companies, which could be regarded as interested in any contracts with which the Company was involved as at 30 September 2024.

Donations and charitable gifts

In accordance with the provisions of Section 43 (2) of Companies and Allied Matters Act 2020 and the Holcim Group Donations Policy, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year in review (2023: Nil).

Property, plant and equipment

Information relating to changes in property, plant & equipment is disclosed in Note 15 to the interim consolidated and separate financial Statements. In the opinion of the Directors, the recoverable amount of the Group's property, plant and equipment are not less than the value shown in the interim consolidated and separate financial statements.

Whistle blowing

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviour costs the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders.

All ethical abuses and fraud are reported through the Company's internal and external whistle blowing processes.

Health and Safety

In Lafarge Africa Plc, Health and Safety is our core value. In 2024, significant progress was made with the initiative, which started in 2016, to imbibe health and safety as a core value for every employee, contractor and stakeholders we interact with as a business.

Employment of physically challenged persons

Lafarge Africa Plc is an equal opportunity employer and does not discriminate on any grounds. Therefore, the company provide employment opportunities to physically challenged persons, bearing in mind the respective abilities of the applicants concerned. In the event that an employee becomes physically challenged while in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them.

Employees' involvement and training

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills to enhance the productivity of its employees. The Company continuously organizes training for its employees. This has broadened opportunities for career development within the Company.

Sustainability

The Group believes that as a responsible Group it must contribute to the society, play an active role in the development of the communities within which it operates; and that the implementation of proactive measures in favour of sustainability creates value not only for its shareholders, but also for its teams, its customers and all its stakeholders.

Learning and development

As the organisation continues to evolve, it continue to equip its employees with both technical and management skills to hone their competencies, to prepare them to cope with challenging environments and a sustainable future.

Independent Auditor

Messrs Ernst & Young having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors of the Company. In accordance with Section 401(2) of CAMA 2020, the auditors were re-appointed at the last annual general meeting of the Company.

A resolution was proposed empowering the Directors to determine the remuneration of the Auditors.

BY ORDER OF THE BOARD

Adewunmi Alode (Mrs.)
Company Secretary
FRC/2018/ICSAN/00000017796

Date: 19 December 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Amendment Act, 2023.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the Directors determine is necessary to enable the preparation of Consolidated and Separate financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the ability of the Group and the Company to continue as a going concern and have no reason to believe the Group and the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gbenga Oyebode, MFR	**Lolu Alade-Akinyemi**
FRC/2013/NBA/00000002546	FRC/2020/001/00000020157
Date: December 2024	Date: December 2024

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Further to the provisions of Section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director and Chief Financial Officer, hereby certify the interim consolidated and separate financial statements of Lafarge Africa Plc for the period ended 30 September 2024 as follows:

(a) That we have reviewed the audited consolidated and separate financial statements of the Group and the Company for the period ended 30 September 2024.

(b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

(c) That the audited consolidated and separate financial statements and all other financial information included in the consolidated and separate financial statements fairly present, in all material respects, the financial condition and results of operation of the Group and the Company as of and for, the period ended 30 September 2024.

(d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to the principal officer by other officers of the companies, during the period ended 30 September 2024.

(e) That we have evaluated the effectiveness of the Group's the Company's internal controls within 90 days prior to the date of the audited consolidated and separate financial statements, and certify that the Group's and the Company's internal controls are effective as of that date.

(f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

(g) That we have disclosed the following information to the Group's Independent Auditors and Audit Committee:

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and we have identified for the Group's independent auditors any material weaknesses in internal controls, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Group's internal control.

Lolu Alade-Akinyemi	**Puneet Sharma**
Group Managing Director	Chief Financial Officer*
FRC/2020/001/00000020157	FRC/2024/PRO/ANAN/001/999568
Date: December 2024	Date: 19th December 2024

Ernst & Young
10th & 13th Floors
UBA House
57 Marina, Lagos
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Email: service@ng.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Lafarge Africa Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Lafarge Africa Plc ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 30 September 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the period then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 30 September 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matters	**How the matter was addressed in the audit**
Inventory Obsolescence for off-spec clinker The Group and the Company have significant volume of 'off-spec' clinker arising from power fluctuations and other factors in the production process. The off-spec clinker has accumulated across all plants and continue to suffer deterioration due to weather impact and low consumption. Management judgment is applied in the determination of obsolescence allowance for the off-spec clinker by assessing the reasonableness of the pattern of production and consumption of the off-spec clinker.	Our audit procedures in response to the key audit matter included, among others: • We made inquiries of management and evaluated management's processes and procedures for the identification of off-spec clinker within its production process. • We observed the physical measurement of the off-spec clinker at year end by the specialist and ascertained that the quantities used in the estimation are appropriate.

Key Audit Matters	How the matter was addressed in the audit
Consequently, management has performed an obsolescence assessment of the off-spec clinker across all plants and made an allowance of ₦8.5 billion and ₦714.8 million for the Group and the Company respectively in the consolidated and separate financial statements. Refer to Note 20 (Inventories) to the Consolidated and Separate Financial Statements This is considered a key audit matter due to the significance of the amount and the judgement exercised by management in the determination of the allowance.	● We obtained management's assessment of obsolescence allowance and checked the basis of the amount recognized as obsolescence allowance of 'off-spec' clinker including the mathematical accuracy. ● We evaluated management's judgment applied in determining the amount of obsolescence allowance by checking the reasonableness of the pattern of production and consumption of off-spec clinker applied by management in its assessment of its obsolescence allowance. ● We considered the adequacy of the Group and the Company's disclosures in relation to the obsolescence allowance for off-spec clinker in line with the relevant accounting standards.

Other Matter

The corresponding figures for the interim consolidated and separate statements of profit or loss and other comprehensive income, the interim consolidated and separate statements of changes in equity and the interim consolidated and separate statements of cash flows of Lafarge Africa Plc ("the Company") and its subsidiaries (together "the Group") for the nine months period ended 30 September 2024 are unaudited.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Lafarge Africa Plc Annual Report for the period ended 30 September 2024", which includes the Corporate Information, Report of the Directors, Audit Committee's Report, Statement of Directors' Responsibilities in Relation to the preparation of Consolidated and Separate Financial Statements, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements, and Other National Disclosures. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do So.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. we are responsible for the direction, supervision and performance of the group audit. we remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

- In our opinion, proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books;

- The consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account; and

- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

Funmi Ogunlowo

FRC/ 2013/ PRO/ ICAN/ 004/ 00000000681

For Ernst & Young

Lagos, Nigeria

December 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the nine months period ended 30 September 2024

		Group		Company	
		9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	Notes	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Revenue	6	479,941,897	289,081,398	445,730,179	264,967,798
Cost of sales	7	(246,588,915)	(141,018,646)	(217,246,511)	(128,007,473)
Gross profit		**233,352,982**	**148,062,752**	**228,483,668**	**136,960,325**
Selling and distribution costs	8	(79,713,463)	(60,834,982)	(76,351,515)	(53,367,638)
Administrative expenses	9	(29,061,900)	(18,410,276)	(28,726,946)	(17,180,587)
Other income	10	2,270,079	540,706	1,420,687	421,000
Impairment loss on receivables	11	(250,621)	(8,909)	(75,718)	(6,626)
Operating profit		**126,597,077**	**69,349,291**	**124,750,176**	**66,826,474**
Finance income	12(a)	1,028,738	3,373,884	725,398	3,183,544
Finance costs	12(b)	(36,077,982)	(11,566,820)	(35,888,006)	(10,911,936)
Profit before taxation		**91,547,833**	**61,156,355**	**89,587,568**	**59,098,082**
Income tax expense	13	(34,250,071)	(21,851,700)	(33,444,633)	(21,098,065)
Profit after taxation		**57,297,762**	**39,304,655**	**56,142,935**	**38,000,017**
Total comprehensive income for the period		**57,297,762**	**39,304,655**	**56,142,935**	**38,000,017**
Profit attributable to:					
— Owners		57,297,762	39,304,655	56,142,935	38,000,017
		57,297,762	**39,304,655**	**56,142,935**	**38,000,017**
Total comprehensive income for the period is attributable to:					
— Owners		57,297,762	39,304,655	56,142,935	38,000,017
		57,297,762	**39,304,655**	**56,142,935**	**38,000,017**
Earnings per share attributable to the ordinary equity holders of the Company:					
Basic earnings per share (Kobo)	24	356	244	349	236

The accompanying notes form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the board of directors on 19th December 2024 and were signed on its behalf by:

Gbenga Oyebode, MFR	**Lolu Alade-Akinyemi**	**Puneet Sharma**
Chairman	Group Managing Director/CEO	Chief Financial Officer*
FRC/2013/NBA/00000002546	FRC/2020/001/00000020157	FRC/2024/PRO/ANAN/001/999568

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 30 September 2024

		Group		Company	
		30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Notes	*₦'000*	*₦'000*	*₦'000*	*₦'000*
ASSETS					
Non-current assets					
Property, plant and equipment	15	390,674,681	360,219,496	320,860,573	295,361,723
Intangible assets	16	1,674,105	1,743,322	35,611	42,733
Investments in subsidiaries	17.1	—	—	63,906,867	63,906,867
Other assets	19	145,404,581	80,349,982	136,955,280	73,855,897
Total non-current assets		**537,753,367**	**442,312,800**	**521,758,331**	**433,167,220**
Current assets					
Inventories	20	100,597,173	54,340,615	80,634,641	41,380,869
Trade and other receivables	21	8,927,571	7,869,839	59,920,790	49,229,247
Other assets	19	20,735,483	8,222,664	19,696,361	7,508,475
Other financial assets	18	49,545,220	256,050	43,777,187	248,356
Cash and cash equivalents	22	90,460,501	168,369,604	85,229,744	158,246,383
Total current assets		**270,265,948**	**239,058,772**	**289,258,723**	**256,613,330**
Total assets		**808,019,315**	**681,371,571**	**811,017,054**	**689,780,550**
LIABILITIES					
Non-current liabilities					
Loans and borrowings	26	643,834	1,253,406	630,965	1,042,554
Employee benefit obligations	29	2,517,082	2,194,303	2,234,483	1,941,498
Deferred income	28	—	872,966	—	867,313
Provisions	27.1	3,933,884	2,859,365	2,805,706	1,492,476
Deferred tax liabilities	13.5	58,140,594	30,176,337	49,605,447	21,656,781
Total non-current liabilities		**65,235,394**	**37,356,377**	**55,276,601**	**27,000,622**

		Group		Company	
		30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	Notes	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Current liabilities					
Loans and borrowings	26	855,776	24,991,106	1,607,429	23,656,807
Deferred income	28	53,934	162,110	—	113,829
Trade and other payables	30	165,108,001	100,955,004	169,650,003	113,198,553
Contract liabilities	31	106,952,425	74,982,644	102,000,702	68,958,839
Provisions	27.2	1,765,097	2,212,705	1,505,246	1,895,936
Current tax liabilities	13.3	6,303,871	5,659,760	5,318,616	4,835,627
Total current liabilities		**281,039,104**	**208,963,329**	**280,081,996**	**212,659,591**
Total liabilities		**346,274,498**	**246,319,706**	**335,358,597**	**239,660,213**
EQUITY					
Share capital	23	8,053,899	8,053,899	8,053,899	8,053,899
Share premium	23.1	435,148,731	435,148,731	435,148,731	435,148,731
Retained earnings		272,671,244	245,978,292	226,133,807	200,595,685
Other reserves arising on business combination and re-organisations	25	(254,129,057)	(254,129,057)	(193,677,979)	(193,677,979)
Capital and reserves attributable to owners		**461,744,817**	**435,051,865**	**475,658,458**	**450,120,336**
Total equity		**461,744,817**	**435,051,865**	**475,658,458**	**450,120,336**
Total equity and liabilities		**808,019,315**	**681,371,571**	**811,017,054**	**689,780,550**

The accompanying notes form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the board of directors on 19 December 2024 and were signed on its behalf by:

Gbenga Oyebode, MFR	**Lolu Alade-Akinyemi**	**Puneet Sharma**
Chairman	Group Managing Director/CEO	Chief Financial Officer*
FRC/2013/NBA/00000002546	FRC/2020/001/00000020157	FRC/2024/PRO/ANAN/001/999568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine month period ended 30 September 2024

Group	Attributable to equity holders of the parent				
	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Other reserves arising on business combination and re-organisations** ₦'000	Total equity ₦'000
Balance as at 1 January 2023	**8,053,899**	**435,148,731**	**227,028,432**	**(254,129,057)**	**416,102,005**
Profit for the period ended 30 September 2023	—	—	39,304,655	—	39,304,655
Total comprehensive income for the period	—	—	39,304,655	—	39,304,655
Balance as at 30 September 2023	**8,053,899**	**435,148,731**	**266,333,087**	**(254,129,057)**	**455,406,660**
Profit for the period (1 October 2023 to 31 December 2023)	—	—	11,836,415	—	11,836,415
Other comprehensive income (net of tax)	—	—	3,688	—	3,688
Total comprehensive income for the period	**—**	**—**	**11,840,103**	**—**	**11,840,103**
Profit arising from business combination	—	—	20,696	—	20,696
Transaction with owners:					
Dividends declared	—	—	(32,215,592)	—	(32,215,592)
Total transaction with owners	**—**	**—**	**(32,194,896)**	**—**	**(32,194,896)**
Balance as at 31 December 2023	**8,053,899**	**435,148,731**	**245,978,294**	**(254,129,057)**	**435,051,868**
Balance as at 1 January 2024	**8,053,899**	**435,148,731**	**245,978,294**	**(254,129,057)**	**435,051,868**
Profit for the period ended 30 September 2024	—	—	57,297,762	—	57,297,762
Total comprehensive income for the period	**—**	**—**	**57,297,762**	**—**	**57,297,762**
Transaction with owners:					
Dividends declared	—	—	(30,604,812)	—	(30,604,812)
Total transaction with owners	**—**	**—**	**(30,604,812)**	**—**	**(30,604,812)**
Balance as at 30 September 2024	**8,053,899**	**435,148,731**	**272,671,244**	**(254,129,057)**	**461,744,817**

** *Other reserves arising on business combination relates to profit originated from business combination.*

*** *Profit arising from business combination is attributable to the retained earnings of Wapsila.*

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the nine month period ended 30 September 2024

Company

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Other reserves arising on business combination and re-organisations** ₦'000	Total equity ₦'000
Balance as at 1 January 2023	**8,053,899**	**435,148,731**	**184,751,152**	**(193,677,979)**	**434,275,803**
Profit for the period ended 30 September 2023	—	—	38,000,017	—	38,000,017
Total comprehensive income for the period	**—**	**—**	**38,000,017**	**—**	**38,000,017**
Balance as at 30 September 2023	**8,053,899**	**435,148,731**	**222,751,169**	**(193,677,979)**	**472,275,820**
Profit for the period (1 October 2023 to 31 December 2023)	—	—	10,056,419	—	10,056,419
Other comprehensive income (net of tax)	—	—	3,688	—	3,688
Total comprehensive income for the period	**—**	**—**	**10,060,108**	**—**	**10,060,108**
Transaction with owners:					
Dividends declared	—	—	(32,215,592)	—	(32,215,592)
Total transaction with owners	**—**	**—**	**(32,215,592)**	**—**	**(32,215,592)**
Balance as at 31 December 2023	**8,053,899**	**435,148,731**	**200,595,685**	**(193,677,979)**	**450,120,335**
Balance as at 1 January 2024	**8,053,899**	**435,148,731**	**200,595,685**	**(193,677,979)**	**450,120,335**
Profit for the period ended 30 September 2024	—	—	56,142,935	—	56,142,935
Total comprehensive income for the period	**—**	**—**	**56,142,935**	**—**	**56,142,935**
Transaction with owners:					
Dividends declared	—	—	(30,604,812)	—	(30,604,812)
Total transaction with owners	**—**	**—**	**(30,604,812)**	**—**	**(30,604,812)**
Balance as at 30 September 2024	**8,053,899**	**435,148,731**	**226,133,807**	**(193,677,979)**	**475,658,458**

** *Other reserves arising on business combination relates to profit originated from business combination.*

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the 9 month period ended 30 September 2024

		Group		Company	
		30 September 2024	**30 September 2023**	**30 September 2024**	**30 September 2023**
	Notes	*₦'000*	*₦'000*	*N'000*	*₦'000*
Cash flows from operating activities:					
Profit for the period		57,297,762	39,304,655	56,142,935	38,000,017
Adjustments to reconcile profit for the period to net cash flows:					
Depreciation	15.5	21,557,775	20,457,391	19,145,832	18,208,865
Amortization of intangible assets	16	69,216	14,994	7,122	14,993
Other non-cash items	32.3	(1,052,941)	521,808	164,895	7,871
Net unrealized foreign exchange movement		520,812	231,020	520,812	17,296
Finance costs	12(b)	15,498,554	2,142,731	15,367,225	1,656,722
Finance income	12(a)	(1,028,738)	(3,373,884)	(725,398)	(3,183,544)
Income tax expense	13	34,250,071	21,851,700	33,444,633	21,098,065
Provisions and net movement on employee benefits	32.2	(332,546)	1,916,633	(379,682)	3,537,733
Change in net working capital	32.1	(79,182,141)	14,202,142	(80,453,212)	16,613,263
Cash flows generated from operations		**47,597,824**	**97,269,190**	**43,235,163**	**95,971,281**
Income taxes paid	13.3	(5,518,556)	(3,802,646)	(4,424,692)	(3,077,583)
Net cash flows generated from operating activities		**42,079,268**	**93,466,544**	**38,810,471**	**92,893,698**
Cash flows from investing activities					
Acquisition of property, plant and equipment	15.1	(49,948,048)	(22,788,652)	(42,714,246)	(20,334,799)
Interest income received		1,028,738	3,373,884	725,398	3,183,544
Proceeds from disposal of property, plant and equipment	32.3	1,587,315	577,291	95,000	577,291
Net cash flows used in investing activities		**(47,331,995)**	**(18,837,477)**	**(41,893,848)**	**(16,573,964)**

		Group		Company	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
	Notes	*₦'000*	*₦'000*	*N'000*	*₦'000*
Cash flows from financing activities					
Interest paid		(13,521,680)	(1,584,203)	(13,344,394)	(1,307,051)
Dividend paid to equity holders of the company	30.3	(30,604,812)	(35,906,456)	(30,604,812)	(35,906,456)
Proceeds from loans and borrowings	26.4	685,310	7,889,209	685,310	7,014,412
Repayment of lease liabilities	26.4	(1,134,340)	(1,721,097)	(1,134,340)	(1,721,097)
Repayment of loans and borrowings	26.4	(25,955,210)	(3,434,194)	(23,753,765)	(2,784,843)
Net cash flows used in financing activities		**(70,530,732)**	**(34,756,741)**	**(68,152,001)**	**(34,705,035)**
Net (decrease)/increase in cash and cash equivalents		**(75,783,459)**	**39,872,326**	**(71,235,378)**	**41,614,699**
Cash and cash equivalents at the beginning of the period		165,844,333	116,761,553	156,410,557	105,264,175
Effects of exchange rate changes on cash and cash equivalents		(2,172,717)	(1,993,667)	(1,781,261)	(1,855,725)
Cash and cash equivalents at the end of the period	22.2	87,888,157	154,640,212	83,393,918	145,023,149

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the nine months ended 30 September 2024

1 REPORTING ENTITY

Lafarge Africa Plc (Lafarge Africa) was incorporated in Nigeria on 24 February 1959 and commenced business on 10 January 1961. The Company, formerly known as Lafarge Cement WAPCO Nigeria Plc, changed its name after a special resolution was passed by the shareholders at an Annual General Meeting held on Wednesday 9 July 2014. The change of name became effective with the acquisition of shares in Lafarge South Africa Holdings (Proprietary) Limited (LSAH), United Cement Company of Nigeria Limited (UNICEM), AshakaCem Ltd (AshakaCem) and Atlas Cement Company Limited (Atlas). The Company's shares in Lafarge South Africa Holdings (Proprietary) Limited (LSAH) were subsequently disposed off in 2019. The Company's corporate head office is situated at 27B Gerrard Road, Ikoyi, Lagos which is the same as the registered office.

Lafarge Africa is in the business of manufacturing and marketing of cement and other cementitious products such as Ready-Mix Concrete, Aggregates, Fly-Ash etc. On 15 July 2016, Lafarge S.A. France and Holcim Limited, Switzerland, two large global players, merged to form LafargeHolcim Group, based in Zug, Switzerland. Consequently Lafarge Africa is now a subsidiary company of LafargeHolcim (now Holcim Group, by virtue of a name change resolution passed by the shareholders at an Annual General Meeting held on 4 May 2021).

The Group's subsidiaries are as stated below;

30 September 2024	31 December 2023	30 September 2023
AshakaCem Limited	AshakaCem Limited	AshakaCem Limited
Wapsila Nigeria Limited	Wapsila Nigeria Limited	Wapsila Nigeria Limited

These consolidated and separate financial statements cover the financial period from 1 January 2024 to 30 September 2024, with 30 September 2023 and 31 December 2023 as comparative for Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position, respectively.

1.1 Shareholding structure

Description	30 September 2024		30 September 2023	
	Units	*Percentage*	*Units*	*Percentage*
Issued Share Capital	16,107,795,721	100%	16,107,795,721	100%
Substantial Shareholdings (5% and above)				
Names of Shareholders				
Caricement BV	9,027,365,874	56.04%	9,027,365,874	56.04%
Associated Intl Cement Ltd U.K.	4,473,044,718	27.77%	4,473,044,718	27.77%
Total Substantial Shareholdings	**13,500,410,592**	**83.81%**	**13,500,410,592**	**83.81%**

Description	**30 September 2024**		**30 September 2023**	
	Units	*Percentage*	*Units*	*Percentage*
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
Name(s) of Directors				
Mr. Gbenga Oyebode, MFR	—	—	—	—
Mr. Lolu Alade-Akinyemi	—	—	—	—
Mrs. Elenda Giwa-Amu	203,550	0.0015%	203,550	0.0015%
Mrs. Adenike Ogunlesi	—	—	—	—
Mr. Khaled Abdel Aziz El Dokani (Egyptian)	—	—	—	—
Mrs. Oyinkan Adewale (FCA)	—	—	—	—
Mr. Kaspar Theiler (Swiss)	—	—	—	—
Mr. Grant Earnshaw (British) (appointed w.e.f 27 February 2024)	—	—	—	—
Mrs. Claudia Albertini (Italian)	—	—	—	—
Mrs. Olusola Oworu (appointed w.e.f 25 July 2024)	—	—	—	—
Mr Taner Demir (appointed w.e.f 26 July 2024)	—	—	—	—
Mrs. Karine Uzan Mercie (French) (resigned w.e.f 25 July 2024)	—	—	—	—
Total Directors' Shareholdings	203,550	0.0015%	203,550	0.0015%
Total Other Influential Shareholdings	5,093,271	0.03%	5,093,271	0.03%
Free Float in Unit and Percentage	2,602,088,308	16.16%	2,602,088,308	16.16%
Free Float in Value (NGN)	₦94,455,805,580		₦76,501,396,255	

Declaration:

(A) Lafarge Africa Plc with a free float value of ₦94,455,805,580 as at 30 September 2024 is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) Lafarge Africa Plc with a free float value of ₦76,501,396,255 as at 30 September 2023 is compliant with The Exchange's free float requirements for companies listed on the Main Board.

1.2 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), Lafarge Africa Plc maintains a Security Trading Policy which guides directors, audit committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the policy during the period under review.

2.1 Basis of accounting

i) Compliance with IFRS

These consolidated and separate financial statements of Lafarge Africa Plc have been prepared to comply with the requirements of IAS 34 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Standards) and in a manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Amendment Act, 2023. Details of the Group and Company's accounting policies, including changes thereto are included in Note 2.2.2.

ii) Functional and presentation currency

The financial information is presented in Naira, which is the Company's functional currency, and all values are rounded to the nearest thousand (₦'000), except where otherwise indicated. The accounting policies are applicable to both the Company and Group.

2.2 Use of judgements and accounting estimates

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group/Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is disclosed in Note 3.1

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 September 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is disclosed in Note 3.2.

Measurement of Fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses.

The evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values in Note 2.3.11 — Financial Instrument.

2.2.1 Going concern

These consolidated and separate financial statements have been prepared on a going concern basis. Management believes that the going concern assumption is appropriate.

2.2.2 Changes in accounting policies and disclosures

i) New and amended standards and interpretations adopted by the Group

Below are the standards, amendments and interpretation which are effective 1 January 2024 together with the assessment of their impact on the Group's consolidated financial statements.

1 Amendments to IFRS 16: Lease Liability in a sale and Leaseback

The amendments became effective for annual reporting periods beginning on 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

2 Amendments to IAS 1: Classification of Liabilities as current or non-current

The amendments became effective for annual reporting periods beginning on 1 January 2024. Under the amendments to IAS 1 Presentation of Financial Statements the classification of certain liabilities as current or non-current may change (e.g., convertible debt). In addition, companies may need to provide new disclosures for liabilities subject to covenants. The amendment does not have a significant impact on the Group's financial statements.

3 Supplier Finance Arrangements-Amendments to IAS 7 and IFRS 7

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.

Early adoption is permitted, but will need to be disclosed. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cashflows and exposure to liquidity risk. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

ii) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group will assess the impact of the adoption of these amendments on the financial statements in their year of initial application.

A. Lack of Exchangeability — Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The Amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

These disclosures might include: the nature and financial impacts of the currency not being exchangeable; the spot exchange rate used; the estimation process; and risks to the company because the currency is not exchangeable.

B. Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:

The Amendments apply for reporting periods beginning on or after 1 January 2026. Early adoption is permitted. The highlights of the Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

Derecognition of a financial liability settled through electronic transfer: The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system. Classification of financial assets:

Contractual terms that are consistent with a basic lending arrangement. The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets with non-recourse features. The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures:

Investments in equity instruments designated at fair value through other comprehensive income. The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period. Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

C. IFRS 18 Presentation and Disclosure in Financial Statements

The amendment apply for reporting periods on or after 1 January 2027. Early adoption is permitted.

Assess the impacts on your financial statements — including new judgements.

— Communicate the impacts with investors.

— Consider how the new requirements impact financial reporting systems, processes and controls.

— Monitor any changes in the local reporting landscape.

D. IFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendment apply for reporting periods on or after 1 January 2027. Early adoption is permitted. The IASB intends to update IFRS 19 on an ongoing basis as new or amended disclosure requirements in IFRS Accounting Standards are issued. IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date.

E. Annual Improvements to IFRS Accounting Standards — Volume 11.

This contains amendments to five standards as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

Amendments to:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash flows

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.

Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price — e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

Amendments to IFRS 10 and IAS 28:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments do not include transition requirements, other than that an entity is required to apply the amendment to IFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

2.3 Summary of material accounting policies

The note provides a list of the material accounting policies adopted in the preparation of these consolidated and separate financial statements to the extent they have not already been disclosed in other notes. These policies have been consistently applied to all the years presented unless otherwise stated. Lafarge Africa Plc Group has consistently apply the same accounting policies and method of computation in its interim consolidated and separate financial statements as in its annual financial statements.

2.3.1 Principles of consolidation and equity accounting

The financial statements of the consolidated subsidiaries were used to prepare the consolidated financial statements as at the parent company's reporting date.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Common control business combination and re-organization:

Business combination in which all of the entities or businesses are ultimately controlled by the Group both before and after the combination and that control is not transitory are recognised as common control transaction. The Group uses the acquisition method to account for business combinations involving entities ultimately controlled by Holcim group. A business combination is a "common control combination" if:

— The combining entities are ultimately controlled by the same party both before and after the combination, and

— Common control is not transitory

iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Interest in equity-accounted investees

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Interests in the joint ventures are derecognised when the Group loses joint control over the joint venture. Any resulting gain or loss is recognised in profit or loss.

vi) Impairment assessment of investments in subsidiary

Interests in the equity of subsidiaries not attributable to the parent are reported in equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported as profit or loss attributable to non-controlling interests.

In the separate financial statements of Lafarge Africa Plc (the Company) investments in subsidiaries are recognised at cost and dividend income is recognised in other income in the statement of profit or loss.

The Group assesses at the end of each reporting period whether there is objective evidence that an investment is impaired. An investment is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3.2 Revenue recognition

The specific recognition criteria described below must be met before revenue is recognised:

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

A performance obligation is satisfied at a point in time (typically for promises to transfer goods to a customer.

The Group determine the transaction price as the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties (e.g. VAT) or discounts and rebate given.

2.3.3 Investment income

Investment income arising on dividends from subsidiaries and un-listed investments are usually classified as part of other income. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.3.4 Finance income and finance costs

The Group's finance income and finance costs include: — interest income — interest expense — the foreign currency gain or loss on financial assets and financial liabilities. For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss. Foreign exchange gains and losses on transactions are presented in net finance income or finance expense.

Finance expense is recognised in profit or loss and would normally include; bank charges, interest expense calculated using the effective interest rate method, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and the unwinding of the effect of discounting provisions.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.3.5 Government grants

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The unwinding of the discount is recognised each year as a finance cost in the profit or loss.

The Group's government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

2.3.6 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income in which case the related tax is recognised in other comprehensive income.

The Group had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

— Company income tax is computed on Taxable profits

— Tertiary education tax is computed on assessable profits

— Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Group during the Year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

b) Minimum tax

The Group and Company are subject to the Company Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.5% of the gross turnover of the Group and Company). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

The Group offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

c) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising on the initial recognition of goodwill.

— profit or loss, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met if, and only if:

a. The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either;

   i. the same taxable entity; or

   ii. Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3.7 Leases

A) Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

B) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected to separate non-lease components from lease component and account for the non-lease components in operating profit on a cost incurred basis.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right- of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changed as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

In the cash flow statement, the portion of the lease payments reflecting the repayment of the lease liability and interest portion is presented within financing activities.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs.

An impairment loss is recognised if the carrying amount of an asset or CGUs exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.3.9 Cash and cash equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand, bank balances, deposit held at call with banks and time deposits which are readily convertible to cash with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group and Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

2.3.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, other supplies (consumables) and purchased finished goods is the actual cost less amount written down to net realizable value while the value of spare parts is the weighted average cost less amount written down to net realizable value.

In the case of manufactured inventories and work in progress, these are valued based on actual cost of goods produced, including depreciation, and certain distribution costs (i.e. freight for transportation to terminals and warehouses and bagging costs). However, for convenience, standard cost can be used during the year (and only during the year) for the valuation of own products (work in progress and finished products) under the condition that the standard cost closely approximates actual cost.

Net realisable value of inventories is the estimated selling price of the inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

An obsolescence allowance is provided for slow moving and obsolete inventory items.

2.3.11 Financial instruments

2.3.11.1 Financial assets

Non-Derivative financial assets:

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model — Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets — Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.3.11.2 Financial liabilities

Non-Derivative financial liabilities:

i) Classification

Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

a) Financial liabilities at amortised cost

These includes trade and other payables, loan payables and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are spilt into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

ii) Recognition & measurement

Financial liabilities are recognised initially at fair value, net of any transaction costs. Loan payables and borrowings are recognised on the date when they are originated. All other financial liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the instrument. Subsequently, they are measured at amortised cost using the effective interest method.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis — i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Derecognition

Financial liabilities are derecognised when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

2.3.11.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3.11.4 Impairment of financial assets

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to the 12 month ECLs.

The ECLs for trade and other receivables are estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current as well as the forecast direction of conditions at the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group has identified the change in annual gross domestic product (GDP) to be the most relevant factors and accordingly adjusts the historical loss rates if a significant change in GDP is expected within the next 12 months.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when:

— the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

— significant financial difficulty of the borrower or issuer;

— a breach of contract such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.3.12 Property, plant and equipment

Recognition and measurement

Items of property, plant, and equipment are recognised as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The Group require minimum levels of inventory to be able to operate the plant, such inventories were capitalised in line with recognition criteria in IAS 16.16(b) as costs that are necessary to bring the assets to its working condition.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation:

Spares expected to be in use for more than one year with material values as determined by the Directors are capitalised and depreciated over a period of 3–10 years.

Construction work in progress (Construction expenditure) is not depreciated, it is carried at cost less any recognised impairment losses. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company accounting policies. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

Freehold or leasehold land with indefinite extension is not depreciated by the Group. Depreciation of property, plant and equipment is calculated using the straight-line method to write down the cost to the residual values over the estimated useful lives, as follows:

	Useful life
Leasehold land	Depreciated over the lease term (years)
Buildings	20–35
Production plant	20–30
Capitalised spares	3–10
Furniture	3–10
Motor vehicles	3–10
Computer equipment	4–10
Ancillary plant & machinery	10–20

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting date.

Impairment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.3.13 Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

2.3.14 Intangible assets

Initial recognition and measurement

In accordance with criteria set in IAS 38, intangible assets are recognised only if:

— they are identifiable,

— they are controlled by the entity because of past events, and

— It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent recognition

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortisation methods and periods

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Software

Intangible assets primarily include software costs and are amortized using the straight-line method over their estimated useful life of 3years which is based on management estimation. This expense is recorded in administrative expenses based on the function of the underlying assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Mining rights

Mining rights acquired as a form of lease are capitalized at its cost less any accumulated amortization and any accumulated impairment losses. These Mining rights are depleted based on volume extracted and not on a useful life basis. Amortization of these operating intangible assets are classified as amortization of Intangible Assets cost.

2.3.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

The amount of provision is at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.3.15.1 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group and company, or a present obligation that arise from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.3.15.2 Site restoration provisions

In accordance with the Group's policy and general commitment to respect the environment, the Group has a constructive obligation to restore all quarry sites. The provision for such site restoration is recorded in Statement of financial position and charged to finance cost on commencement of mining activities. This provision is recorded over the operating life of the quarry on the basis of production levels and depletion rates. The estimated future costs for known restoration requirements are determined on a site-by-site basis.

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are included in profit or loss.

2.3.16 Exploration and evaluation assets

(a) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(b) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

— Researching and analysing historical exploration data

— Gathering exploration data through geophysical studies

— Exploratory drilling and sampling

— Determining and examining the volume and grade of the resource

— Surveying transportation and infrastructure requirements

— Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

2.3.17 Employee benefits

a) Short-term employee benefits

This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. These benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognised for the amount that is expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group ensures that each employee is paid his/her annual leave entitlement at the end of each reporting period.

b) Other long-term employee benefits (Long service award)

The group provides employees with two (2) Long Service Award Benefits. The benefits are gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate. The liability recognised in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognised in full within other income/administrative expense in the profit or loss.

Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

c) Post-employment benefit obligations

i) Defined contribution scheme

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls ’in substance’ on the employee. For Nigerian entities, the employee contributes 8% while the Group contributes 10% of the emoluments (basic, housing and transport allowance). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. The contributions are recognised as employee benefit expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Defined benefit plans

The Group discontinued the gratuity scheme for all qualifying staff on 31 December 2015. Prior to this time, the Group operates defined benefit plans for certain qualifying employees. The scheme includes retirement gratuity benefits. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The balance in the statement of financial position represents the remaining liability due to existing qualifying staffs that are still with the Group until the reporting period. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high- quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

The estimated cost of providing such benefits is charged to the statement of profit or loss on a systematic basis over the employees' working lives.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognised in other comprehensive income in the period in which they arise and accumulated in retained earnings.

Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.3.18 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.3.19 Dividends

Dividends are recognised as liability in the period they are declared.

Dividends which remain unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 432 of the Companies and Allied Matters Act (CAMA), 2020, are included in the profits that should be distributed to the other shareholders of the Company.

*2.3.20 **Earnings per share***

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

*2.3.21 **Prepayment for gas***

The Company has a gas supply contract which requires that on a monthly basis, an agreed sum, known as the base amount, is paid by the Company for the supply of a specified quantity of gas in future, regardless of the Company's ability to utilise the gas. Any excess of the base amount over the value of actual gas utilised is recognised as prepaid gas assets, which is included in other assets in the financial statements.

Prepaid gas are capitalised when it is determined that the company will be able to utilise such amounts in the future. As the prepaid gas assets are utilised, they are expensed and recorded in the income statement in the period in which they are utilised.

*2.3.22 **Statement of cash flows***

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts but excluding any form of restricted cash which is not readily available for business operations.

The cash flows from investing and financing activities are determined by using the direct method.

*2.3.23 **Operating profit***

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit or loss of equity accounted investees and income taxes.

*2.3.24 **Foreign currency***

Transactions in foreign currencies are translated into the respective functional currencies of Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (P)(v)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

2.3.25 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price — i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make certain judgements, accounting estimates and assumptions that affect the amounts reported for the assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. The key source of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below.

3.1 Judgements

i) Leases

The Judgement on whether the Group is reasonably certain to exercise extension options is disclosed in Note 2.3.7.

ii) Third party claim and litigation

The Group has applied judgement in determining an outflow of resources regarding third party claim and litigation. A litigation provision is recognized if, and only if:

The Group has a present obligation (legal or constructive) to another party as a result of a past event.

It is probable (i.e. likelihood greater than 50%) that an outflow of resources to settle the obligation will be required and a reliable estimate can be made of the amount of the obligation. The likelihood of the third party claim and litigation was based on solicitor's assessment. See further details in Note 34.

iii) Deferred tax assets

The Group also applied judgement in determining the recognition of deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The future taxable profit assessment is based on historical trend analysis and financial performance forecast. See further details in Note 13.5.

iv) Inventories

The Group and Company have significant volume of 'off-spec' clinker arising from power fluctuations and other factors in the production process. The off-spec clinker has accumulated across all plants and continue to suffer across all plants and continue to suffer deterioration due to weather impact and low consumption.

Judgment is applied in determining the amount of write down by assessing the reasonableness of the pattern of production and consumption of off-spec clinker in the determination of its obsolescence allowance. See Note 20 for further details.

3.2 Assumptions

3.2.1 Site restoration provisions

Where the Group is legally, contractually or constructively required to restore a site, the estimated costs of site restoration are accrued for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the site. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the site. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of future activities. See further details in Note 27.1.

3.2.2 Trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 21.2.

3.2.3 Staff gratuities and Long Service awards

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. Further information is provided in Note 29.

3.2.4 Impairment of Property, Plant and Equipment

The Group assesses its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

The assessment for impairment entailed comparing the carrying value of the cash generating unit with its recoverable amount. The recoverable amount is based on the higher of fair value less costs of disposal and value in use of these assets. Value in use is determined on the basis of discounted estimated future net cash flows. During the year, the Group recognised impairment loss in respect of Sagamu Plant. The value in use for all impaired items during the period is estimated to be zero as the Group does not expect any positive net cash flows arising from use or abandonment. These assets cannot be sold or transferred. See further details in Notes 15.2.

3.2.5 Exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

3.2.6 Provisions and Contingencies

The Group makes judgements in recognition and measurement of provisions and contingencies especially relating to key assumptions about the likelihood and magnitude of an outflow of resources. See Note 2.3.15.

3.2.7 Prepayment for Gas

The Company has a gas supply contract with a vendor. The contract requires that a base amount is paid (take-or-pay (TOP)) by the Company regardless of its gas utilisation. The excess of the base amount over the value of actual gas utilised is recognised in the financial statements as prepayment for gas. Based on the contract, any quantities of Gas forming part of the TOP quantity paid for by the Company and not utilised during a contract year shall be designated as Make-up Gas (MUG) and the Company shall be entitled to utilise the remaining balance of the accrued Make-up Gas in any subsequent period in the chronological order in which it is accrued during the contract period. See Note 19.1.

The Company performs an assessment to determine whether the prepaid gas asset is recoverable within the contract period. This assessment contains elements based on judgments and assumptions that are impacted by future production volumes, forecasted growth rates and gas utilisation levels as well as the ability of the vendor to fulfill its obligations under the terms of the contract. There is a risk that actual outcomes may differ from expectations. Further details are included in Note 19.1 on Prepayment for Gas.

4 FINANCIAL RISK MANAGEMENT

The Group has exposure to credit, liquidity and market risk arising from financial instruments.

4.1 Financial risk management framework

The Corporate Investment and Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit and liquidity risk.

The Group seeks to minimise the effects of these risks by aligning to parent company's policies as approved.

Compliance with policies and established controls is reviewed by the internal auditors on a continuous basis.

The Corporate Investment and Treasury function reports monthly to the executive committee and periodically to the Risk and Ethics committee of the Board of Directors, for monitoring and implementation of mitigating policies.

(a) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The credit limit is determined on an individual customer basis and as approved by the Credit Committee based on a assessment of each customer's credit worthiness. Bank guarantees are required from every customer that is granted credit.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.

	Group		**Company**	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**3 months ended 30/09/2024**	**3 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Impairment loss on trade receivables arising during the period	(223,146)	31,714	(75,718)	63,160
	(223,146)	**31,714**	**(75,718)**	**63,160**

The average credit period on sales of goods is 30 days. No interest is charged on trade receivable by the Group.

Before accepting a new customer with no historical information on their credit worthiness, the Group ensures that bank guarantees are in place in order to limit its credit risk exposure. The bank guarantees mitigates 90% of the credit risk exposure.

The financial assets of the Group and Company are stated below:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Trade receivables — Net *(Note 21)*	4,113,489	5,068,706	12,357,915	4,898,218
Other receivables *(Note 21)*	4,814,082	2,801,133	47,562,875	44,331,029
Other financial assets *(Note 18)*	49,545,220	256,050	43,777,187	248,356
Cash and cash equivalents *(Note 22)*	90,460,501	168,369,604	85,229,744	158,246,383
	148,933,292	**176,495,493**	**188,927,721**	**207,723,986**

Financial assets exclude prepayment, VAT receivable and withholding tax recoverable as these are non financial assets.

Trade receivables:

Trade receivables are further broken down into:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Neither past due nor impaired				
0–30 days	2,548,009	2,963,984	8,754,632	2,971,752
Past due				
The ageing of amounts past due is as follows:				
31–60 days	516,226	1,334,713	1,550,868	1,277,272
61–90 days	287,076	456,352	862,445	339,987
91–120 days	105,197	246,980	316,037	242,218
121–150 days	108,247	19,154	325,199	66,989
above 150 days	548,734	47,523	548,734	—
	1,565,480	2,104,722	3,603,283	1,926,466

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Impaired				
Credit impaired	903,095	679,949	689,125	613,407
Total amount exposed to credit risk (Gross)	**5,016,584**	**5,748,655**	**13,047,040**	**5,511,625**
Impairment allowance *(Note 21.2)*	(903,095)	(679,949)	(689,125)	(613,407)
Total amount exposed to credit risk (Net)	**4,113,489**	**5,068,706**	**12,357,915**	**4,898,218**

Management believes that the unimpaired amounts that are past due by less than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings as available.

The Management made assessment of the related party receivables and believes that the unimpaired amounts are still collectible in full based on the payment behaviour and extensive analysis of the related party credit risk and applicable credit ratings.

The expected ECL on cash at bank is assessed to be immaterial.

Impairment of trade receivables

An impairment analysis is performed at each reporting date and the calculation is based on actual incurred historical data adjusted for current conditions and future expectations. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

— significant financial difficulties of the debtor

— probability that the debtor will enter bankruptcy or financial reorganisation, and

— default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Reconciliation of changes in the allowance for credit losses impairment account is disclosed in Note 21.2.

Expected credit loss assessment for corporate customers as at 30 September 2024

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Expected Credit Loss Assessment

Group

As at 30 September 2024	Historical loss rate	Gross carrying amount	Loss Allowance	Credit Impaired
		N'000	*N'000*	
0–30	0.13%	2,924,479	3,703	No
31–60	1.90%	629,561	11,961	No
61–90	11.31%	350,102	39,612	No
91–120	52.00%	128,292	66,712	No
121–150	62.40%	132,014	82,372	No
Over 150 days	82.00%	852,138	698,734	Yes
		5,016,584	**903,095**	

As at 31 December 2023	Historical loss rate	Gross carrying amount	Loss Allowance	Credit Impaired
		N'000	*N'000*	
0–30	0.11%	2,997,026	3,416	No
31–60	0.15%	1,307,018	1,931	No
61–90	0.72%	459,683	3,331	No
91–120	1.02%	249,513	2,534	No
121–150	60.66%	81,548	49,465	No
Over 150 days	94.71%	653,867	619,273	Yes
		5,748,655	**679,949**	

Company

As at 30 September 2024	Weighted average loss rate	Gross carrying amount *N'000*	Loss Allowance *N'000*	Credit Impaired
0–30	0.02%	9,242,823	1,911	No
31–60	0.38%	1,637,350	6,174	No
61–90	2.25%	910,538	20,447	No
91–120	10.32%	333,660	34,436	No
121–150	22.55%	343,334	77,424	No
Over 150 days	94.72%	579,334	548,734	Yes
		13,047,040	**689,125**	

As at 31 December 2023	Weighted average loss rate	Gross carrying amount *N'000*	Loss Allowance *N'000*	Credit Impaired
0–30	0.10%	2,974,731	2,979	No
31–60	0.15%	1,279,138	1,866	No
61–90	0.71%	342,417	2,430	No
91–120	1.01%	244,700	2,482	No
120–150	32.24%	77,996	25,148	No
Over 150 days	97.61%	592,643	578,502	Yes
		5,511,625	**613,407**	

The Group holds bank guarantees to cover its credit risks associated with its financial assets.

Impairment on cash and cash equivalent has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The Group uses a similar approach for assessment of ECL for cash and cash equivalent to those used for debt securities. The impairment loss was immaterial and hence not recognised (2023: Nil) at year end.

4.1.2 Liquidity risk

(a) Management of liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Group

30 September 2024	Carrying amount	Contractual cash flows	0–12 months	1–3 years	Above 3 years
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Non derivative financial instruments					
Interest-bearing loans and borrowings*	651,225	659,334	659,334	—	—
Accrued interest on short term loan	—	—	—	—	—
Lease liabilities	790,727	941,680	654,298	170,519	116,863
Trade and other payables**	155,396,685	155,396,685	155,396,685	—	—
	160,286,345	160,478,018	160,190,636	170,519	116,863

31 December 2023	Carrying amount	Contractual cash flows	0–12 months	1–3 years	Above 3 years
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Non derivative financial instruments					
Interest-bearing loans and borrowings*	24,636,238	27,329,407	27,030,581	11,699	287,127
Lease liabilities	1,406,453	1,608,274	481,538	1,036,058	90,678
Trade and other payables**	99,628,818	99,628,818	99,628,818	—	—
	125,671,509	128,566,499	127,140,937	1,047,757	377,805

* *Interest-bearing loan and borrowings exclude related party loan.*

** *Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.*

Company

30 September 2024	Carrying amount	Contractual cash flows	0–12 months	1–3 years	Above 3 years
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Non derivative financial instruments					
Interest-bearing loans and borrowings*	—	—	—	—	—
Lease liabilities	707,547	902,372	614,990	170,519	116,863
Trade and other payables**	159,896,441	159,896,441	159,896,441	—	—
	161,646,542	161,841,367	161,553,985	170,519	116,863

31 December 2023	Carrying amount	Contractual cash flows	0–12 months	1–3 years	Above 3 years
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Non derivative financial instruments					
Interest-bearing loans and borrowings*	21,889,006	24,651,222	24,364,095	—	287,127
Lease liabilities	1,397,417	1,599,238	674,323	834,237	90,678
Trade and other payables**	111,990,491	111,990,491	107,261,684	—	—
	135,276,914	138,240,951	132,300,102	834,237	377,805

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

* *Interest-bearing loan and borrowings exclude related party loan.*

** *Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.*

4.1.3 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to interest rate risk and foreign exchange rate risk.

(I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

Exposure to interest rate risk

The Group is not exposed to fair value interest rate risk because its fixed interest rate borrowings are not carried at fair value. Interest rate risk is managed by the Group by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Fixed and Floating interest rate:

The financial liabilities with fixed interest rates are shown below:

	Group		**Company**	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Naira denominated fixed rates				
Power Fund (7%, 5%)	651,225	1,082,251	—	—
Accrued interest on short term loan	—	—	—	—
Lease liabilities (7.95%–17.8%)	848,385	1,608,274	809,077	1,599,238
Short term bank loans (7%–12.0% p.a)	—	23,553,987	—	21,889,006
Total	**1,499,610**	**26,244,512**	**809,077**	**23,488,244**

(ii) *Currency risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira. The Group is mainly exposed to USD.

Foreign currency denominated balances

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	000	*000*	*000*	*000*
US Dollar				
Financial assets				
Cash and cash equivalents	28,229	7,222	23,054	7,126
Financial liabilities				
Borrowings	—	(14,572)	—	(14,099)
Trade and other payables	(13,715)	(13,266)	(13,715)	(8,976)
Net financial (liabilities)/ asset	14,514	(20,616)	9,339	(15,949)
Euro				
Financial assets				
Cash and cash equivalents	14,289	(21)	14,289	(21)
Financial liabilities				
Borrowings	—	(2,577)	—	(1,949)
Trade and other payables	(5,772)	(4,696)	(5,772)	(4,369)
Net financial (liabilities)/ asset	8,517	(7,294)	8,517	(6,339)
GBP				
Financial assets				
Cash and cash equivalents	729	5	729	5
Financial liabilities				
Borrowings	—	(506)	—	(381)
Trade and other payables	(398)	(295)	(384)	(123)
Net financial (liabilities)/ asset	331	(795)	345	(499)
CHF				
Financial liabilities				
Trade and other payables	(865)	(165)	(865)	(165)
	(865)	(165)	(865)	(165)
ZAR				
Financial liabilities				
Trade and other payables	(437)	(378)	(437)	100
Net financial (liabilities)/ asset	(437)	(378)	(437)	100

Sensitivity analysis for foreign exchange risk

The following table details the Group's sensitivity to a 21%, increase and decrease in Naira against US dollar, Euro, Great Britain's Pound (GBP), Swiss Franc (CHF) and South Africa Rand (ZAR). Management believes that a 21% movement in either direction is reasonably possible at the 30 September 2024. A positive number indicates an increase in profit where Naira strengthens by 21% against the currencies. For a 21% weakening of Naira against the currencies there would be an equal and opposite impact on profit, and the balances below would be negative.

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Group's earnings to fluctuations in USD, Euro, GBP, CHF and ZAR exchange rates is reflected by varying the exchange rates as shown below:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
US Dollar				
Increase in exchange rate by 21%	4,565,680	(3,774,478)	2,937,806	(2,919,949)
Decrease in exchange rate by 21%	(4,565,680)	3,774,478	(2,937,806)	2,919,949
Euro				
Increase in exchange rate by 21%	2,912,905	(1,444,389)	2,912,905	(1,255,221)
Decrease in exchange rate by 21%	(2,912,905)	1,444,389	(2,912,905)	1,255,221
GBP				
Increase in exchange rate by 21%	133,520	(181,076)	139,087	(113,733)
Decrease in exchange rate by 21%	(133,520)	181,076	(139,087)	113,733
CHF				
Increase in exchange rate by 21%	(1,912)	(365)	(1,912)	(365)
Decrease in exchange rate by 21%	1,912	365	1,912	365
ZAR				
Increase in exchange rate by 21%	(7,492)	(3,749)	(7,492)	995
Decrease in exchange rate by 21%	7,492	3,749	7,492	(995)

4.2 Capital management

4.2.1 Risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings', as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position plus net debt.

The gearing ratios at 30 September 2024 and 31 December 2023 were as follows:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Total borrowings	1,499,610	26,244,512	2,238,394	24,699,361
Less: Cash and cash equivalents excluding bank overdrafts	90,460,501	168,369,604	85,229,744	158,246,383
Net (cash)/debt	(88,960,891)	(142,125,092)	(82,991,350)	(133,547,022)
Total equity	461,744,817	435,051,865	475,658,458	450,120,336
Total capital	**372,783,926**	**292,926,773**	**392,667,108**	**316,573,314**
Gearing ratio	**(0.19)**	**(0.33)**	**(0.17)**	**(0.30)**

4.3 Accounting classification and fair values

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

At the reporting date, the Directors believe that the book values of the financial assets and liabilities, except borrowings, are not materially different from the fair value.

Trade and other receivables, cash and cash equivalents and trade and other payables are the Group's short term financial instruments. Management believes that the impact of discounting will not be material and therefore their carrying values are reasonable approximations of their fair values, accordingly no further fair value disclosures have been made. The fair values were determined on the same basis in prior year and there have been no transfers between levels during the year.

	Group			
	30 September 2024		31 December 2023	
	N'000	*N'000*	*N'000*	*N'000*
	Fair value	**Carrying Value**	**Fair value**	**Carrying Value**
Financial Assets				
Financial Assets classified at amortised cost				
Trade and other receivables	4,113,489	4,113,489	12,357,915	12,357,915
Financial assets	49,545,220	49,545,220	256,050	256,050
Cash and cash equivalents	90,460,501	90,460,501	168,369,604	168,369,604
Financial Assets classified at fair value through profit or loss:				
Derivative assets	—	—	—	—
Financial Liabilities				
Financial liabilities classified as amortised cost				
Trade and other payables**	155,396,685	155,396,685	94,900,011	99,628,818
Bank overdraft	—	—	—	—
Borrowings	1,499,610	1,499,610	26,244,512	26,244,512
Financial liabilities classified at fair value through profit or loss				
Derivative liabilities	—	—	—	—

	Company			
	30 September 2024		31 December 2023	
	N'000	*N'000*	*N'000*	*N'000*
	Fair value	**Carrying Value**	**Fair value**	**Carrying Value**
Financial Assets				
Financial Assets classified at amortised cost				
Trade and other receivables*	57,154,877	57,154,877	49,229,247	49,229,247
Financial assets	43,777,187	43,777,187	6,321,709	248,356
Cash and cash equivalents	85,229,744	85,229,744	158,246,383	158,246,383
Financial Assets classified at fair value through profit or loss				
Derivative assets	—	—	—	—
Financial Liabilities				
Financial liabilities classified at amortised cost				
Trade and other payables**	159,896,441	159,896,441	107,261,684	111,990,491
Bank overdraft	—	—	—	—
Borrowings	2,238,394	2,238,394	24,699,361	24,699,361
Financial liabilities classified at fair value through profit or loss				
Derivative liabilities	—	—	—	—

* *Trade and other receivables excludes WHT receivables, staff receivables and receivables from registrar*

** *Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non non-financial instruments.*

The financial assets and liabilities have their carrying amount approximating fair value.

4.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5 SEGMENT REPORTING

The Board of Directors (BOD) are the chief operating decision makers who reviews the internal reporting to assess performance and allocate resources. The Directors have identified operating segments based on these internal reports. The BOD considers business from the range of product perspective.

The BOD assesses the performance of the operating segments based on a measure of total assets and liabilities, revenue, gross profit and other directly attributable expenses. These operating segments are:

Cement	Established for the business of cement production. This segment has three major business operations within Nigeria which are the South-West operations, the Southern Nigeria operations and the Northern Nigeria operations.
Readymix products	Established for the business of concrete. This segment has operations currently in Lagos, Abuja, Port-Harcourt, and Ewekoro and is expected to expand to other states of Nigeria in the near future.

The segments identified meet the recognition criteria as a reportable segment under IFRS 8.

The amounts provided to the Board of Directors with respect to total income and expense are measured in a manner consistent with that of the consolidated and separate financial statements. Assets are allocated based on the use of the segment and the physical location of the asset.

* *Deferred tax assets and liabilities are not assessed for the purpose of segment reporting.*

No single customer contributed revenue in excess of 10% of the total revenue of any segment.

5.1 Segment Information by Product line

	External revenue		Elimination	Gross revenue	
	30 September 2024	31 December 2023		30 September 2024	31 December 2023
	N'000	N'000	N'000	N'000	N'000
Cement	432,694,822	392,571,558	(4,564,104)	437,542,932	397,769,120
Readymix and other products	12,894,315	12,931,154	(141,043)	12,894,315	12,931,154
Wapsila	445,986	—	—	445,986	—
Total	**446,035,123**	**405,502,712**	**(4,705,147)**	**450,883,233**	**410,700,274**

Revenue from internal customers of N4.7 billion (2023:N5.2 billion) has been eliminated on consolidation.

	30 September 2024		
	Cement	Readymix and other products	Total
	N'000	N'000	N'000
Revenue	**432,694,822**	**13,340,301**	**446,035,123**
Cost of sales	(240,991,908)	(5,597,007)	(246,588,915)
Other Income	2,236,076	34,004	2,270,080
Other expenses	(74,056,252)	(1,062,959)	(75,119,211)
Operating profit	**119,882,739**	**6,714,338**	**126,597,077**

	31 December 2023		
	Cement	Readymix and other products	Total
	N'000	N'000	N'000
Revenue	**392,571,558**	**12,931,154**	**405,502,712**
Production cost of sales	(192,079,382)	(6,707,507)	(198,786,889)
Other Income	810,891	80,813	891,704
Other expenses	(104,165,536)	(1,418,670)	(105,584,206)
Operating profit	**97,137,531**	**4,885,790**	**102,023,321**

	30 September 2024		
	Cement	**Readymix and other products**	**Total**
	N'000	*N'000*	*N'000*
Statement of financial position by segment:			
Property, plant & equipments	389,318,850	1,355,831	390,674,681
Other non current assets	148,752,791	—	147,078,686
Current assets	266,401,047	3,864,901	270,265,948
Total assets	**804,472,688**	**5,220,732**	**808,019,315**
Non current liabilities	64,430,547	804,847	65,235,394
Current liabilities	284,393,824	(3,354,720)	281,039,104
Net assets/(liabilities)	**1,153,297,058**	**2,670,859**	**1,154,293,812**

	31 December 2023		
	Cement	**Readymix and other products**	**Total**
	N'000	*N'000*	*N'000*
Statement of financial position by segment:			
Property, plant & equipments	358,863,665	1,355,831	360,219,496
Other non current assets	82,093,304	—	82,093,304
Current assets	235,193,871	3,864,901	239,058,772
Total assets	**676,150,840**	**5,220,732**	**681,371,572**
Non current liabilities	(38,161,224)	804,847	(37,356,377)
Current liabilities	(205,608,609)	(3,354,720)	(208,963,329)
Net assets/(liabilities)	**432,381,008**	**2,670,859**	**435,051,867**

6 REVENUE

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Sale of goods	479,941,897	289,081,398	445,730,179	264,967,798

The following is an analysis of revenue by product

	Timing of revenue recognition				
Cement	Point in time	466,266,181	279,768,480	432,500,449	255,915,793
Aggregates and concrete	Point in time	12,894,315	8,874,987	12,894,315	8,874,987
Other products *(Note 6.1)*	Point in time	781,401	437,931	335,415	177,018
		479,941,897	289,081,398	445,730,179	264,967,798

6.1 Other products represent revenue earned from the sale of mortar for the Company.

7 COST OF SALES BY NATURE

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Production variable costs *(Note 7.1)*	163,650,466	87,125,108	147,430,332	81,630,403
Production fixed costs *(Note 7.2)*	32,080,724	19,706,419	23,781,627	15,118,409
Maintenance fixed costs *(Note 7.3)*	30,641,597	14,297,404	27,997,094	13,489,206
Depreciation *(Note 15.5)*	20,216,128	19,889,715	18,037,458	17,769,455
	246,588,915	**141,018,646**	**217,246,511**	**128,007,473**

7.1 Production variable costs

Included in production variables costs are costs of fuel, power, raw materials and consumables.

7.2 Production fixed costs

Included in production fixed costs are personnel expenses and electrical energy expenses.

7.3 Maintenance fixed costs

Included in maintenance fixed costs are of preventive maintenance of equipment, trucks etc.

8 SELLING AND DISTRIBUTION COSTS

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Distribution variable costs *(Note 8.1)*	67,596,329	48,479,772	65,390,671	44,393,892
Distribution fixed costs	7,301,493	7,819,098	6,152,025	4,437,634
Advertising expenses	1,137,909	1,077,971	1,137,909	1,077,971
Campaign and innovation expenses	18,608	9,758	18,608	9,758
Marketing staff salaries and other costs	3,659,124	3,448,383	3,652,302	3,448,383
	79,713,463	**60,834,982**	**76,351,515**	**53,367,638**

8.1 Distribution variable costs

Included in distribution variable costs are diesel/gasoline, outbound freight and outsourced mining activities.

9 ADMINISTRATIVE EXPENSES BY NATURE

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Salaries and other staff related costs	7,529,066	5,721,233	7,529,067	5,724,973
Advance payment of taxes and levies	2,350,000	1,386,413	2,349,999	1,386,413
Office and general expenses	9,561,277	5,753,114	9,521,690	4,647,951
Rent	370,591	118,409	370,591	118,409
Depreciation *(Note 15.5)*	1,341,647	567,676	1,108,374	439,410
Amortization of intangible assets	69,216	11,244	7,122	11,244
Technical service fees *(Note 9.1)*	7,840,103	4,852,187	7,840,103	4,852,187
	29,061,900	**18,410,276**	**28,726,946**	**17,180,587**

9.1 Technical service fees

Technical service fees are computed based on the ongoing technical service agreement. The technical service fee agreement is based on 3% of net sales subject to 5% of Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA). The total technical service fees for the period ended 30 September 2024 for the Group and Company amounted to ₦7.8 billion and ₦7.8 billion, respectively (30 September 2023: ₦4.8 billion and ₦4.8 billion).

10 OTHER INCOME

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Gain on disposal of property, plant and equipment *(Note 10.1)*	923,172	104,188	91,475	104,188
Government grants *(Note 10.2)*	981,142	202,754	981,142	83,049
Sale of scraps and other miscellaneous income *(Note 10.3)*	365,765	233,764	348,070	233,763
	2,270,079	**540,706**	**1,420,687**	**421,000**

10.1 Gain on disposal of property, plant and equipment

This represents gain on disposal of the Company's motor vehicles and land held by the Company.

10.2 Government grants

Government grants arise from below-market interest rate government loan (CBN/BOI Intervention Fund loan) received in July 2011 and in March 2018. There are no unfulfilled conditions or contingencies attached to these grants.

10.3 Sale of scrap and other miscellaneous income

This comprises of the total income earned on miscellaneous activities not related to cementitious products including income from sale of scrap and product shortage recoveries (haulers).

11 IMPAIRMENT OF RECEIVABLES

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Impairment loss/(reversal) on trade receivables *(Note 21.2)*	(223,146)	31,714	(75,718)	63,160
Write back of other receivables over provision	(27,475)	(40,623)	—	(69,786)
	(250,621)	**(8,909)**	**(75,718)**	**(6,626)**

12 FINANCE INCOME AND COSTS

a) Interest income under the effective interest method and other finance income:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Interest income from short term fixed deposits and current accounts	1,028,738	3,373,884	725,398	3,183,544
	1,028,738	**3,373,884**	**725,398**	**3,183,544**

b) Finance costs:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Interest on borrowings *(Note 26.4)*	(1,820,370)	(562,397)	(1,741,828)	(540,951)
Interest cost on employees' long service awards	(84,283)	(188,025)	(49,544)	(152,481)
Interest cost on defined benefit obligations	(364,288)	(14,700)	(364,288)	(14,700)
Bank charges**	(13,229,613)	(1,377,609)	(13,211,565)	(948,590)
Finance costs per Statement of Cash Flows	**(15,498,554)**	**(2,142,731)**	**(15,367,225)**	**(1,656,722)**
Foreign exchange loss	(20,579,428)	(9,424,089)	(20,520,781)	(9,255,214)
Finance costs per Statement of Profit or Loss and Other Comprehensive Income	**(36,077,982)**	**(11,566,820)**	**(35,888,006)**	**(10,911,936)**

** *Bank charges represent letters of credit charges and other bank account operational charges.*

13 INCOME TAX EXPENSE

This note provides an analysis of the Group and Company's income tax expense.

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Current taxation				
Company income tax	624,315	837,947	—	—
Minimum tax	2,322,074	1,473,407	2,322,074	1,473,407
Education tax	3,129,683	2,196,258	3,041,277	2,077,957
Capital gains tax	83,585	—	6,550	—
Police trust fund levy *(Note 13.1)*	3,010	2,589	2,920	2,544
Total current tax expense	6,162,667	4,510,201	5,372,820	3,553,908
Deferred taxation				
Origination of temporary differences	28,087,404	17,341,499	28,071,813	17,544,157
Tax expense	**34,250,071**	**21,851,700**	**33,444,633**	**21,098,065**

13.1 * The Nigerian Police Trust Fund Act (the "Act") was signed into law by the President on 24 June 2019. The Act establishes a Fund, proceeds from which will be used to train police personnel and procure security machinery and equipment. The Act imposes a levy of 0.005% of the "net profit" of companies 'operating business' in Nigeria.

13.2 Reconciliation of effective tax to statutory tax

The tax on the Company's profit before tax differs from the amount that would arise using the statutory income tax rate, as follows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Profit before taxation	91,547,833	61,156,355	89,587,568	59,098,082
Tax calculated at statutory tax rate of 30%	27,464,350	18,346,907	26,876,271	17,729,425
Impact of disallowable expenses	3,569,443	1,305,946	3,517,616	1,288,139
Police trust fund levy	3,010	2,589	2,920	2,544
Capital gains tax	83,585	—	6,550	—
Education tax	3,129,683	2,196,258	3,041,277	2,077,957
Income tax expense recognized in profit or loss	34,250,071	21,851,700	33,444,633	21,098,065
Effective tax rate	37%	36%	37%	36%

13.3 Current tax liabilities

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Opening Balance	5,659,760	3,887,507	4,835,627	3,171,530
Charge for the period:				
Company income tax	624,315	1,067,574	—	—
Education tax	3,129,683	2,979,043	3,041,277	2,806,559
Capital gains tax	83,585	21,519	6,550	19,990
Police trust fund levy	3,010	2,439	2,920	2,326
Minimum tax	2,322,074	1,912,805	2,322,074	1,912,805
Under provision during the period	—	(408,481)	(465,139)	—
	11,822,427	9,462,406	9,743,308	7,913,210
Payment during the period	(5,518,556)	(3,802,646)	(4,424,692)	(3,077,583)
Closing Balance	**6,303,871**	**5,659,760**	**5,318,616**	**4,835,627**

13.4 In the statement of cash flows, Income taxes paid comprise:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Current income tax liabilities paid *(Note 13.3)*	(5,518,556)	(3,802,646)	(4,424,692)	(3,077,583)
Total current income taxes paid	**(5,518,556)**	**(3,802,646)**	**(4,424,692)**	**(3,077,583)**

13.5 Deferred taxation

The analysis of deferred tax assets/(liabilities) is as follows:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Deferred tax assets	—	—	—	—
Deferred tax liabilities	(58,140,594)	(30,176,337)	(49,605,447)	(21,656,781)
Deferred tax liabilities net	**(58,140,594)**	**(30,176,337)**	**(49,605,447)**	**(21,656,781)**

Group

Deferred tax assets/(liabilities):

	At 1 January 2024	Reclassification	(Charge)/ credit to P/L	(Charge)/ credit to OCI	At 30 September 2024
	N'000		*N'000*	*N'000*	*N'000*
Property, plant and equipment	(41,133,689)	—	(26,296,645)	—	(67,430,334)
Provisions and other liabilities	5,309,985	—	1,357,696	—	6,667,682
Employee benefit obligation	(306,040)	—	182,892	123,148	—
Unrealised exchange differences	5,953,407	—	(3,331,349)	—	2,622,058
Total deferred tax assets/ (liabilities)	**(30,176,337)**	**—**	**(28,087,404)**	**123,148**	**(58,140,594)**

Deferred tax assets/(liabilities):

	At 1 January 2023	Reclassification	(Charge)/ credit to P/L	(Charge)/ credit to OCI	At 31 December 2023
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Property, plant and equipment	(19,791,477)	—	(21,342,212)	—	(41,133,689)
Provisions and other liabilities	4,867,270	—	442,715	—	5,309,985
Employee benefit obligation	(153,505)	(150,955)	—	(1,580)	(306,040)
Unrealised exchange differences	8,636,803	—	(2,683,397)	—	5,953,407
Total deferred tax assets/ (liabilities)	**(6,440,909)**	**(150,955)**	**(23,582,893)**	**(1,580)**	**(30,176,337)**

Company

Deferred tax assets/(liabilities):

	At 1 January 2024	Reclassification	(Charge)/ credit to P/L	(Charge)/ credit to OCI	At 30 September 2024
	N'000		*N'000*	*N'000*	*N'000*
Property, plant and equipment	(31,738,192)	—	(26,796,528)	—	(58,534,720)
Provisions and other liabilities	4,193,118	—	1,466,017	—	5,659,135
Employee benefit obligation	(176,704)	—	53,558	123,146	—
Unrealised exchange differences	6,064,997	—	(2,794,859)	—	3,270,138
Total deferred tax assets/ (liabilities)	**(21,656,781)**	**—**	**(28,071,813)**	**123,146**	**(49,605,447)**

Deferred tax assets/(liabilities):

	At 1 January 2023	Reclassification	(Charge)/ credit to P/L	(Charge)/ credit to OCI	At 31 December 2023
	N'000		*N'000*	*N'000*	*N'000*
Property, plant and equipment	(9,936,028)	—	(21,802,164)	—	(31,738,192)
Provisions and other liabilities	3,819,394	—	373,724	—	4,193,118
Employee benefit obligation	(51,975)	(123,149)	—	(1,580)	(176,704)
Unrealised exchange differences	8,200,027	—	(2,135,030)	—	6,064,997
Total deferred tax assets/ (liabilities)	**2,031,419**	**(123,149)**	**(23,563,470)**	**(1,580)**	**(21,656,781)**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. There are no unrecognised deferred tax assets.

14 PROFIT BEFORE TAXATION

	Group		Company	
	9 months ended	**9 months ended**	**9 months ended**	**9 months ended**
	N'000	*N'000*	*N'000*	*N'000*
Profit before tax is stated after charging/ (crediting):	91,547,833	61,156,355	89,587,568	59,098,082
Depreciation of property, plant and equipment *(Note 15)*	21,557,775	20,457,391	19,145,832	18,208,865
Amortisation of intangible assets *(Note 9)*	69,216	11,244	7,122	11,244
Technical service fees *(Note 9)*	7,840,103	4,852,187	7,840,103	4,852,187
Gain on disposal of PPE *(Note 10)*	923,172	104,188	91,475	104,188
Foreign exchange loss *(Note 12b)*	20,579,428	9,424,089	20,520,781	9,255,214
Interest income on current account *(Note 12a)*	(1,028,738)	(3,373,884)	(725,398)	(3,183,544)
Salaries and other staff related costs	7,529,066	5,721,233	7,529,067	5,724,973

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold Land	Buildings	Production Plant	Furniture	Motor Vehicles	Computer Equipment	Construction Work in Progress	**Right of use assets	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:									
As at 1 January 2023	15,107,938	118,308,191	365,568,958	1,872,759	7,382,575	1,981,857	54,980,466	35,089,326	600,292,070
Construction expenditure	—	—	—	—	—	—	47,932,391	—	47,932,391
Reclassification from CWIP	35,387	3,839,560	19,100,489	116,713	5,388,265	—	(28,480,414)	—	—
Addition to right of use assets	—	—	—	—	—	—	—	1,549,123	1,549,123
Right of use asset prepaid	—	—	—	—	—	—	—	170,807	170,807
Reclassification to inventories*	—	—	(1,341,895)	(36,846)	—	—	—	—	(1,378,741)
Disposals	(20,001)	—	(724,815)	—	(219,823)	—	—	—	(964,639)
Modification of right of use assets	—	—	—	—	—	—	—	(505,000)	(505,000)
As at 31 December 2023	15,123,324	122,147,751	382,602,737	1,952,626	12,551,018	1,981,857	74,432,443	36,304,256	647,096,011
As at 1 January 2024	15,123,324	122,147,751	382,602,737	1,952,626	12,551,018	1,981,857	74,432,443	36,304,256	647,096,011
Construction expenditure	—	—	—	—	—	—	51,510,890	—	51,510,890
Reclassification from CWIP	—	16,280,198	9,150,668	—	8,554,303	—	(33,985,169)	—	—
Addition to right of use assets	—	—	—	—	—	—	—	720,651	720,651
Reclassification from inventories	—	—	—	—	—	—	445,561	—	445,561
Disposals	(457,280)	(197,841)	(28,908)	—	(61,134)	—	—	—	(745,163)
As at 30 September 2024	14,666,044	138,230,108	391,724,497	1,952,626	21,044,187	1,981,857	92,403,725	35,243,646	697,246,689
Accumulated depreciation/ Impairment:									
As at 1 January 2023	4,951,090	40,415,770	160,315,227	1,256,977	3,649,931	1,837,758	16,144,134	31,993,863	260,564,751
Depreciation charge for the period	76,788	4,144,722	19,292,829	159,682	1,059,714	51,125	—	2,430,104	27,214,964
Disposals	—	—	(683,378)	—	(219,823)	—	—	—	(903,201)
As at 31 December 2023	5,027,879	44,560,492	178,924,678	1,416,659	4,489,822	1,888,883	16,144,134	34,423,967	286,876,515
As at 1 January 2024	5,027,879	44,560,492	178,924,678	1,416,659	4,489,822	1,888,883	16,144,134	34,423,967	286,876,515
Depreciation charge for the period	730,233	4,604,917	13,311,617	98,965	1,897,090	28,555	—	886,398	21,557,775
Disposals	(2,298)	—	(17,588)	—	(61,134)	—	—	—	(81,020)
As at 30 September 2024	5,755,814	49,165,409	192,218,707	1,515,624	6,325,778	1,917,438	16,144,134	35,310,365	308,353,270
Net book value:									
As at 30 September 2024	8,910,230	89,064,699	199,505,790	437,002	14,718,409	64,419	76,259,591	(66,720)	388,893,419
As at 31 December 2023	10,095,445	77,587,259	203,678,059	535,967	8,061,195	92,974	58,288,308	1,880,290	360,219,496
As at 1 January 2023	10,156,848	77,892,421	205,253,730	615,782	3,732,644	144,099	38,836,332	3,095,463	339,727,319

* *Reclassification of spares initially classified as plant and machinery to inventory*

** *See Note 15.6 for details on right of use assets*

Company

	Leasehold Land	Buildings	Production Plant	Furniture	Motor Vehicles	Computer Equipment	Construction Work in Progress	**Right of use assets	Total
	₦'000	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Cost:									
As at 1 January 2023	7,847,125	99,086,890	329,161,393	1,252,205	6,019,417	1,587,753	27,724,581	34,427,214	507,106,578
Construction expenditure	—	—	—	—	—	—	43,098,711	—	43,098,711
Reclassification from CWIP	35,388	3,839,453	16,970,589	116,713	5,080,274	—	(26,042,417)	—	—
Addition to right of use assets	—	—	—	—	—	—	—	1,549,123	1,549,123
Right of use asset prepaid	—	—	—	—	—	—	—	170,807	170,807
Reclassification to inventories*	—	—	(1,341,891)	—	—	—	—	—	(1,341,891)
Disposals	(20,001)	—	(268,458)	—	(218,113)	—	—	—	(506,571)
Modification of right of use assets	—	—	—	—	—	—	—	(505,000)	(505,000)
As at 31 December 2023	7,862,512	102,926,343	344,521,634	1,368,918	10,881,579	1,587,753	44,780,875	35,642,144	549,571,757
As at 1 January 2024	7,862,512	102,926,343	344,521,633	1,368,918	10,881,579	1,587,753	44,780,875	35,642,144	549,571,757
Capital expenditure	—	—	—	—	—	—	43,943,738	—	43,943,738
Construction expenditure capitalized	—	16,280,198	9,020,428	—	8,554,303	—	(33,854,929)	—	—
Addition to right of use assets	—	—	—	—	—	—	—	699,410	699,410
Reclassification from inventories	—	—	—	—	—	—	5,059	—	5,059
Disposals	(2,498)	—	(20,914)	—	(61,134)	—	—	—	(84,545)
As at 30 September 2024	7,860,014	119,206,541	353,521,147	1,368,918	19,374,748	1,587,753	54,874,743	36,341,554	594,135,419
Accumulated depreciation/ Impairment:									
As at 1 January 2023	4,933,199	32,651,510	143,987,226	728,170	3,001,548	1,330,130	12,394,270	31,383,889	230,409,942
Depreciation charge for the period	54,087	3,356,727	17,352,974	125,874	926,718	50,869	—	2,377,977	24,245,226
Disposals	—	—	(227,021)	—	(218,113)	—	—	—	(445,134)
As at 31 December 2023	4,987,286	36,008,237	161,113,179	854,044	3,710,153	1,380,999	12,394,270	33,761,866	254,210,034
As at 1 January 2024	4,987,286	36,008,237	161,113,179	854,044	3,710,153	1,380,999	12,394,270	33,761,866	254,210,034
Depreciation charge for the period	35,401	3,011,971	13,311,617	84,182	1,787,718	28,555	—	886,387	19,145,832
Disposals	(2,298)	—	(17,588)	—	(61,134)	—	—	—	(81,020)
As at 30 September 2024	5,020,389	39,020,208	174,407,208	938,226	5,436,737	1,409,554	12,394,270	34,648,253	273,274,846
Net book value:									
As at 30 September 2024	2,839,625	80,186,333	179,113,939	430,692	13,938,011	178,199	42,480,473	1,693,301	320,860,573
As at 31 December 2023	2,875,226	66,918,106	183,408,455	514,874	7,171,426	206,754	32,386,605	1,880,278	295,361,723
As at 1 January 2023	2,913,926	66,435,380	185,174,167	524,035	3,017,869	257,623	15,330,311	3,043,325	276,696,636

* *Reclassification of spares initially classified as plant and machinery to inventory*

** *See Note 15.6 for details on right of use assets*

15.1 Reconciliation of acquisition of property. plant and equipment in the Statements of Cash Flows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Acquisition of property, plant and equipment	51,510,890	22,994,076	43,943,738	21,105,178
Property, plant and equipment accrual movement	(1,562,842)	(205,424)	(1,229,492)	(770,379)
Cash paid for additional property, plant and equipments during the year	**49,948,048**	**22,788,652**	**42,714,246**	**20,334,799**

15.2 Impairment of property, plant and equipment

There is no impairment loss recognized during the period (2023: Nil).

15.3 Assets pledged as security

The Group has no assets pledged as security as at 30 September 2024 (31 December 2023: Nil).

15.4 Breakdown of construction work in progress

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Buildings	5,184,521	10,124,708	4,946,660	10,124,708
Production plant	68,841,102	34,302,531	35,369,067	8,443,690
Motor vehicles	968,474	108,061	899,252	108,061
Computer equipment	121,090	226,873	121,090	184,012
Exploration and evaluation assets	1,144,404	13,526,134	1,144,404	13,526,134
	76,259,591	**58,288,308**	**42,480,473**	**32,386,605**

* *For capital commitments, refer to Note 33. Construction work in progress are the Group's projects on maintaining and developing the plants and the office structure. There was no borrowing cost capitalized during the period.*

15.5 Depreciation

Depreciation for the period, including that charged on right of use assets, has been allocated as follows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Cost of sales *(Note 7)*	20,216,128	19,889,715	18,037,458	17,769,455
Administrative expenses *(Note 9)*	1,341,647	567,676	1,108,374	439,410
	21,557,775	**20,457,391**	**19,145,832**	**18,208,865**

15.6 Right of Use Assets

Group

	Leasehold Land	Buildings	Production Plant	Motor Vehicles	Total
	₦'000	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Cost:					
As at 1 January 2023	744,767	3,157,556	6,114,371	25,072,632	35,089,326
Additions**	17,480	108,178	—	1,423,465	1,549,123
Additions to Right of use assets	170,807	—	—	—	170,807
Modification of leases***	(505,000)	—	—	—	(505,000)
As at 31 December 2023	**428,054**	**3,265,734**	**6,114,371**	**26,496,097**	**36,304,256**
As at 1 January 2024	428,054	3,265,734	6,114,371	26,496,097	36,304,256
Additions**	—	—	—	720,651	720,651
Disposals	—	—	—	—	—
As at 30 September 2024	**(1,694,003)**	**(3,343,339)**	**6,114,371**	**27,216,748**	**35,243,646**
Accumulated depreciation:					
As at 1 January 2023	124,608	2,180,602	4,987,676	24,700,977	31,993,863
Depreciation charge for the period	27,188	588,913	775,895	1,038,108	2,430,104
As at 31 December 2023	**151,797**	**2,769,514**	**5,763,571**	**25,739,085**	**34,423,967**
As at 1 January 2024	151,797	2,769,514	5,763,571	25,739,085	34,423,967
Depreciation charge for the period	35,487	380,440	128,456	342,004	886,398
As at 30 September 2024	**187,284**	**3,149,954**	**5,892,027**	**26,081,089**	**35,310,365**
Net book value:					
As at 30 September 2024	**(1,881,298)**	**(6,493,293)**	**222,344**	**1,135,659**	**(7,016,588)**
As at 31 December 2023	**276,257**	**496,220**	**350,800**	**757,012**	**1,880,290**
As at 1 January 2023	**620,159**	**976,954**	**1,126,695**	**371,655**	**3,095,462**

Company

	Leasehold Land ₦'000	Buildings ₦'000	Production Plant ₦'000	Motor Vehicles ₦'000	Total ₦'000
Cost:					
As at 1 January 2023	744,767	3,140,532	5,469,282	25,072,633	34,427,214
Additions**	17,480	108,178	—	1,423,465	1,549,123
Additions to Right of use assets	170,807	—	—	—	170,807
Modification of leases***	(505,000)	—	—	—	(505,000)
As at 31 December 2023	**428,054**	**3,248,710**	**5,469,282**	**26,496,098**	**35,642,144**
As at 1 January 2024	428,054	3,248,710	5,469,282	26,496,098	35,642,144
Additions**	—	—	—	699,410	699,410
As at 30 September 2024	**428,054**	**3,248,710**	**5,469,282**	**27,195,508**	**36,341,554**
Accumulated depreciation:					
As at 1 January 2023	124,609	2,163,578	4,394,725	24,700,977	31,383,888
Depreciation charge for the period	27,188	588,913	723,768	1,038,108	2,377,977
As at 31 December 2023	**151,797**	**2,752,491**	**5,118,493**	**25,739,085**	**33,761,865**
As at 1 January 2024	151,797	2,752,491	5,118,493	25,739,085	33,761,865
Depreciation charge for the period	35,487	380,440	128,456	342,004	886,387
As at 30 September 2024	**187,284**	**3,132,931**	**5,246,949**	**26,081,089**	**34,648,252**
Net book value					
As at 30 September 2024	**240,770**	**115,779**	**222,333**	**1,114,419**	**1,693,302**
As at 31 December 2023	**276,257**	**496,219**	**350,789**	**757,013**	**1,880,278**
As at 1 January 2023	**620,158**	**976,954**	**1,074,557**	**371,656**	**3,043,325**

The Group and Company lease several assets including cement depots, residential apartments and trucks. The average lease term of the contracts is 3–5 years.

** *Additions relate to new lease contracts entered into during the period.*

*** *In prior year, the Group modified the consideration of its prepaid right of use asset to reflect the appropriate closing balance.*

16 INTANGIBLE ASSETS

	Group		
	Exploration and evaluation assets	**Computer Software**	**Total**
	₦'000	*₦'000*	*₦'000*
Cost			
Balance as at 1 January 2023	1,959,013	4,823,863	6,782,876
Balance as at 31 December 2023	1,959,013	4,823,863	6,782,876
Balance as at 1 January 2024	1,959,013	4,823,863	6,782,876
Balance as at 30 September 2024	1,959,013	4,823,863	6,782,876
Accumulated Amortization			
Balance as at 1 January 2023	227,832	4,732,681	4,960,513
Charge for the period	30,594	48,448	79,042
Balance as at 31 December 2023	258,426	4,781,129	5,039,555
Balance as at 1 January 2024	258,426	4,781,129	5,039,555
Charge for the period	62,094	7,122	69,216
Balance as at 30 September 2024	320,520	4,788,251	5,108,771
Net book Value			
Balance as at 30 September 2024	1,638,493	35,612	1,674,105
Balance as at 31 December 2023	1,700,587	42,734	1,743,322
Balance as at 1 January 2023	1,731,181	91,182	1,822,363

	Company	
	Computer Software	Total
	₦'000	*₦'000*
Cost		
Balance as at 1 January 2023	3,323,900	3,323,900
Balance as at 31 December 2023	3,323,900	3,323,900
Balance as at 1 January 2024	3,323,900	3,323,900
Balance as at 30 September 2024	3,323,900	3,323,900
Accumulated Amortization		
Balance as at 1 January 2023	3,232,719	3,232,719
Charge for the period	48,448	48,448
Balance as at 31 December 2023	3,281,167	3,281,167
Balance as at 1 January 2024	3,281,167	3,281,167
Charge for the period	7,122	7,122
Balance as at 30 September 2024	3,288,289	3,288,289
Net book value		
Balance as at 30 September 2024	35,611	35,611
Balance as at 31 December 2023	42,733	42,733
Balance as at 1 January 2023	91,181	91,181

17 INTERESTS IN OTHER ENTITIES

17.1 Investments in subsidiaries

The Group's principal subsidiaries at 30 September 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation is also their principal place of business.

30 September 2024

Name of entity	Principal activities	Place of Incorporation	Proportion	Cost
AshakaCem Limited	Cement	Nigeria	100	63,896,867
Wapsila Nigeria Limited	Power Generation and Sale	Nigeria	100	10,000
				63,906,867

31 December 2023

Name of entity	Principal Activities	Place of Incorporation	Proportion	Cost
AshakaCem Limited	Cement	Nigeria	100	63,896,867
Wapsila Nigeria Limited	Power Generation and Sale	Nigeria	100	10,000
				63,906,867

18 OTHER FINANCIAL ASSETS

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Cash backed letters of credit*	47,768,609	—	42,027,827	—
Accrued interest on unclaimed dividend	1,776,611	256,050	1,749,360	248,356
	49,545,220	**256,050**	**43,777,187**	**248,356**

* *Note: Cash backed letters of credit represent cash collateral to fund customer's letters of credit*

19 OTHER ASSETS

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Non current	145,404,581	80,349,982	136,955,280	73,855,897
Current	20,735,483	8,222,664	19,696,361	7,508,475
	166,140,064	**88,572,646**	**156,651,641**	**81,364,372**
Advance payment to suppliers	13,135,411	5,618,619	12,254,868	5,175,081
Prepayment for gas *(Note 19.1)*	54,624,710	39,839,960	54,624,710	39,839,960
Prepaid rent	1,275,269	65,804	1,134,211	59,304
Prepaid insurance	4,518,730	2,736,692	4,501,210	2,040,762
Advance payment to transporters	82,353,260	34,015,937	82,353,260	34,015,932
Advance payment of taxes and levies	1,650,000	233,333	1,650,000	233,333
Letters of credit *(Note 19.2)*	8,449,303	6,062,301	—	—
	166,006,683	**88,572,646**	**156,518,259**	**81,364,372**

19.1 Prepayment for gas

The Company has a contract with a vendor for gas supply which has a take-or-pay clause. The prepayment for gas relates to payment made for unutilised gas as at the end of the year. The contract is for a period of 25 years from 2012 to 2037 and the Company is entitled to utilise the amount prepaid anytime within the contract period with an extension of 2 years after the expiration of the contract. The Company finalized the contract re-negotiations with the vendor in November 2020 with an effective date of 1 January 2020. The key changes in the new contract are aimed at further ensuring the prepaid gas balance is fully utilised within the contract period.

The Company has performed an assessment to determine whether the prepaid gas asset is recoverable since the amount has continued to increase over the years and has shown a significant increase in the current year due to additional payments made in line with the terms of the re-negotiated contract. This assessment involved a determination of future gas utilization based on assumptions such as future production volumes, forecasted growth rates and utilisation levels as well as the ability of the vendor to fulfill its obligations under the terms of the contract. Based on the assessment performed, including sensitivity analysis around the key judgments and assumptions, the Company expects to fully recover the prepaid gas asset balance within the contract term.

19.2 Letters of credit

The balance represents funded letters of credit in respect of capital expenditure for which the transaction value still resides with the bank and is awaiting transmission to the foreign supplier. The balance has been classified as non-current due to uncertainty of the timing of the usage of the facility for the Ashaka debottlenecking project, which is currently on hold.

20 INVENTORIES

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Raw materials	11,312,873	4,790,570	10,280,092	4,543,386
Work in progress	2,031,610	2,243,349	1,648,554	1,854,746
Semi finished & finished goods	29,182,824	12,522,752	19,784,978	8,584,960
Spare parts	47,919,786	23,912,799	41,897,888	19,935,984
Other supplies *(Note 20.1)*	10,150,080	10,871,145	7,023,129	6,461,793
	100,597,173	**54,340,615**	**80,634,641**	**41,380,869**

The cost of inventories recognised as an expense during the year and included in 'cost of sales' was N16.2 billion (2023: N43 billion) and N14.1 billion (2023: N38.3 billion) for the Group and Company respectively.

Total inventory write down recognised during the year was N20 billion (2023: N15.1 billion) and N10.8 billion (2023: N9.5 billion) for the Group and Company respectively.

The Company employs the services of the following external valuation specialists for the measurement and valuation of inventories;

— Geofourier systems limited (FRC/2021/003/00000022935);

— Isayinka Olusegun (FRC/2021/004/00000024038).

Included in finished goods is off-spec clinker amounting to N8.5 billion and N 0.71 billion (2023: N4.9 billion and N0.62 billion) for Group and Company respectively and an obsolescence allowance of N11.5 billion and N10 billion (2023: N10.3 billion and N8.9 billion) for Group and Company respectively.

20.1 Other supplies

Other supplies consists of safety equipment, packaging materials, traditional fuel and production materials.

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Trade receivables:				
Third party sales	5,016,584	5,748,655	4,301,718	5,227,619
Related party sales	—	—	8,745,322	284,006
	5,016,584	5,748,655	13,047,040	5,511,625
Impairment allowance on trade receivables *(Note 2)*	(903,095)	(679,949)	(689,125)	(613,407)
Net trade receivables	4,113,489	5,068,706	12,357,915	4,898,218
Other receivables *(Note 21.1)*	2,918,778	1,309,401	2,765,913	1,245,689
Due from related parties *(Note 21.3)*	1,895,304	1,491,732	44,796,962	43,085,340
Other short term receivables	4,814,082	2,801,133	47,562,875	44,331,029
Total trade and other receivables	**8,927,571**	**7,869,839**	**59,920,790**	**49,229,247**

The Group and Company's exposure to credit and foreign exchange risks related to trade and other receivables are disclosed in Note 4.

21.1 Other receivables

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Withholding tax receivable	999,269	999,116	998,629	998,476
Receivable from registrar	942,079	202,096	942,079	202,096
Staff and other related receivables	977,430	108,189	825,205	45,117
	2,918,778	**1,309,401**	**2,765,913**	**1,245,689**

See Note 4.1.1 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

21.2 Impairment allowance on trade receivables

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
At 1 January	679,949	711,663	613,407	676,567
Impairment loss provision/ (write-back)	223,146	(31,714)	75,718	(63,160)
At Closing	**903,095**	**679,949**	**689,125**	**613,407**

21.3 Due from related parties

The balance for the company includes Intra-group and Inter-company receivables from operations ranging from employee recharge costs to other back end expenses. The Intra-group receivables have been eliminated in arriving at the Group figure. See Note 35.5 for reference.

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Restricted cash *(Note 22.1)*	2,572,345	2,525,271	1,835,826	1,835,826
Cash at bank *(Note 22.2)*	87,888,157	165,844,333	83,393,918	156,410,557
Cash and cash equivalents in the Statement of Financial Position	**90,460,501**	**168,369,604**	**85,229,744**	**158,246,383**

22.1 Restricted cash

As at period end, cash and cash equivalents included restricted cash, which represents unclaimed dividend amounting to ₦2.57 billion and ₦1.84 billion (31 December 2023: ₦2.53 billion and ₦1.84 billion) for the Group and Company respectively.

The Group and Company's exposure to credit risk, interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 4.

22.2 Cash and cash equivalents in the Statement of Cash Flows

	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Cash at bank	87,888,157	154,640,212	83,393,918	145,023,149
Cash and cash equivalents in the Statement of Cash Flows	**87,888,157**	**154,640,212**	**83,393,918**	**145,023,149**

23 SHARE CAPITAL

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Minimum Issued share capital:				
16,107,795,721 ordinary shares of 50k each	8,053,899	8,053,899	8,053,899	8,053,899

Issued and fully paid
Ordinary shares of 50k each

	No of shares	Share capital
	'000	*N'000*
As at 1 January 2024	16,107,796	8,053,899
As at 30 September 2024	**16,107,796**	**8,053,899**
As at 1 January 2023	16,107,796	8,053,899
As at 31 December 2023	**16,107,796**	**8,053,899**

23.1 Share premium

	Share premium
	N'000
As at 1 January 2024	435,148,731
As at 30 September 2024	**435,148,731**
At 1 January 2023	435,148,731
As at 31 December 2023	**435,148,731**

24 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group		Company	
	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
Profit attributable to equity holders of the Company *(₦'000)*	57,297,762	39,304,655	56,142,935	38,000,017
Number of ordinary shares in issue (Basic) *('000)*	16,107,796	16,107,796	16,107,796	16,107,796
Basic earnings per share (Kobo)	356	244	349	236

25 The other reserves arising on business combination and re-organisation is used to recognise the adjustments arising from business combination/re-organisation for entities under common control, when the pooling of interest method was adopted.

26 LOANS AND BORROWINGS

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Non-current	643,834	1,253,406	630,965	1,042,554
Current	855,776	24,991,106	1,607,429	23,656,807
Total loans and borrowings	**1,499,610**	**26,244,512**	**2,238,394**	**24,699,361**
Split into:				
Power fund *(Note 26.1)*	651,225	1,082,251	—	—
Bank loans *(Note 26.2)*	—	23,553,987	—	21,889,006
Related party loan *(Note 26.5)*	—	—	1,429,317	1,211,117
Lease liabilities *(Note 26.3)*	848,385	1,608,274	809,077	1,599,238
Total loans and borrowings	**1,499,610**	**26,244,512**	**2,238,394**	**24,699,361**

26.1 Power fund

Lafarge Africa Plc accessed ₦5.3 billion from the CBN/BOI Power and Aviation Intervention Fund in September 2013 through Guaranty Trust Bank Plc (GTB). Principal and Interest are paid quarterly. The facility has a 10-year tenure with a fixed interest rate of 4% per annum and an effective interest rate of 15.23%. per annum The outstanding balance is fully amortized.

Ashakacem Ltd also accessed an additional N6.4 billion from the CBN/BOI intervention fund in March 2019 through Zenith Bank. The loan assessed amounted to ₦6.4 billion. Principal repayment commenced in December 2019. The facility has a 7.5-year tenure and an interest rate of 5% per annum. The outstanding balance, at amortized cost, amounts to ₦0.45 billion (2023: ₦1.08 billion) bringing the total balance in the Group's books to ₦0.45billion (2023:₦1.08 billion).

26.2 Bank loans

Bank loans represents letters of credit funded by banks for which Lafarge Africa Plc has the obligation to repay when the foreign exchange becomes available. There are no outstanding letters of credit facilities as at 30 September 2024.

26.3 Lease liabilities

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Maturity analysis				
Less than 1 year	654,298	481,538	614,990	472,502
Between one and two years	170,519	874,978	170,519	874,978
Between two and five years	102,192	161,080	102,192	161,080
Five years and above	14,671	90,678	14,671	90,678
	941,680	**1,608,274**	**902,372**	**1,599,238**
Analysed as				
Non current	670,953	1,126,736	663,327	1,126,736
Current	270,727	481,538	239,045	472,502
Total lease liabilities	**941,680**	**1,608,274**	**902,372**	**1,599,238**

The Group and Company leases several assets, including cement depots, residential apartments, and trucks. The Group and Company's lease typically run for a period of 3–5 years.

26.4 Movement in loans and borrowings

	Group	Company
	₦'000	*₦'000*
As at 1 January 2024	**26,244,512**	**24,699,361**
Additions:		
Leases	685,310	685,310
	26,929,822	25,384,671
Interest expense	1,820,370	1,741,828
Interest paid on borrowings	(161,032)	—
Principal repaid	(25,955,210)	(23,753,765)
Repayment of lease liabilities	(1,134,340)	(1,134,340)
As at 30 September 2024	**1,499,610**	**2,238,394**
As at 1 January 2023	**36,592,850**	**33,785,424**
Additions:		
Leases	1,646,623	1,646,623
Loans received	25,095,999	24,657,174
	63,335,472	60,089,222
Interest expense	562,397	540,951
Interest paid on borrowings	(160,308)	(13,816)
Interest paid on leases	(304,999)	(304,999)
Principal repaid	(39,296,168)	(37,664,680)
Repayment of lease liabilities	(1,721,097)	(1,721,097)
Impact of modification of leases	(505,000)	(505,000)
Exchange (gain)/loss	4,334,215	4,278,780
As at 31 December 2023	**26,244,512**	**24,699,361**

26.5 Related party loan

The balance represents the accrued interest on a loan from AshakaCem Ltd to Lafarge Africa Plc. The principal was settled in March 2019. See Note 35.6 for details.

27 PROVISIONS

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Non current *(Note 27.1)*	3,933,884	2,859,365	2,805,706	1,492,476
Current *(Note 27.2)*	1,765,097	2,212,705	1,505,246	1,895,936
	5,698,981	**5,072,070**	**4,310,952**	**3,388,412**

27.1 Non current

Site restoration cost	Group ₦'000	Company ₦'000
As at 1 January 2024	2,859,365	1,492,476
Provision made	1,985,354	2,122,962
Payment/Utilized	(910,835)	(809,732)
As at 30 September 2024	**3,933,884**	**2,805,706**
As at 1 January 2023	2,718,462	1,389,034
Provision made	338,373	286,148
Payment/Utilized	(366,020)	(182,706)
Unwinding of discount	168,550	—
As at 31 December 2023	**2,859,365**	**1,492,476**

The provision for site restoration represents an estimate of the costs involved in restoring production sites at the end of the expected life of the quarries. The provision is an estimate based on reclamation closure expert valuation and management's re-assessment. The Company employs the services of the following external valuation specialists for the measurement and valuation of site restoration;

— Geofourier systems limited (FRC/2021/003/00000022935);

— Isayinka Olusegun (FRC/2021/004/00000024038).

The cost would be unwound for a period of 5–15 years for the Group and Company. The long term inflation and discount rates used in the estimate entities within the Group was 30.8% (2023: 29%) and 15% (2023: 15%) respectively.

27.2 Current

Employee related provision	Group ₦'000	Company ₦'000
As at 1 January 2024	2,212,705	1,895,936
Provision made during the period	1,833,590	1,631,932
Payment in the period	(2,281,198)	(2,022,622)
As at 30 September 2024	**1,765,097**	**1,505,246**
As at 1 January 2023	2,353,466	2,108,367
Provision made during the year	1,960,661	1,658,953
Payment in the year	(2,101,421)	(1,871,383)
As at 31 December 2023	**2,212,705**	**1,895,936**

The provision for productivity bonus is based on employee performance during the period.

28 DEFERRED INCOME

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Non-current	—	872,966	—	867,313
Current	53,934	162,110	—	113,829
	53,934	**1,035,076**	**—**	**981,142**

Deferred income results from the benefit received from a below-market-interest rate government loan (CBN/BOI Intervention Fund loan). The revenue is recognized in profit or loss over the useful life of the asset financed with the loan.

29 EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan — Pension

The employees of the Company, (Lafarge Africa Plc, and the subsidiary, AshakaCem Ltd,) are members of a state arranged Pension scheme (Pension Reform Act, 2014) regulated by the Nigerian government but managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions to the third party organizations, which are responsible for the financial and administrative management of the funds.

Defined benefits plan — Gratuity and Long Service Award

At 31 December 2015, the Group discontinued the gratuity scheme for all qualifying staff.

The plans represents an "In-house" gratuity for employees above 50 years of age and service of above 10 years. The retirement age is 60 years and no other post-retirement benefits are provided to these employees. This is a non-funded benefit scheme as the obligation is paid as and when due. The"in house" gratuity will be paid to qualifying staff when the two conditions are fully met. Long service award is granted at first to employees that have spent a minimum of ten years in service and for every multiple five years the employee remains in service. Payments to employees are both in cash and in kind. The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2023 by Deloitte & Touche Nigeria FRC/2022/COY/091021 (Takalani Sikhavhakhavha, FRC/2023/PRO/NAS/004/802144). The present value of the defined benefit obligation were measured using the Projected Unit Credit Method.

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Non current	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Employee long service award scheme	2,212,169	1,953,620	1,929,570	1,700,815
Staff gratuities	304,913	240,683	304,913	240,683
	2,517,082	**2,194,303**	**2,234,483**	**1,941,498**

30 TRADE AND OTHER PAYABLES

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Trade payables	89,703,177	47,916,414	81,811,368	45,523,914
	89,703,177	**47,916,414**	**81,811,368**	**45,523,914**
Other payables:				
Related party — technical service fee *(Note 30.1)*	4,123,572	4,728,807	4,123,572	4,728,807
Related companies *(Note 35.5)*	6,088,829	6,550,237	29,236,382	28,955,034
Withholding tax payable	2,321,320	29,010	2,336,966	29,010
Value added tax payable	7,389,996	1,297,176	7,416,596	1,179,052
Accruals	7,447,075	9,927,625	7,449,529	9,383,282
Other liabilities *(Note 30.2)*	48,034,032	30,505,735	37,275,590	23,399,454
	75,404,824	**53,038,590**	**87,838,635**	**67,674,639**

30.1 LafargeHolcim Technical service fees

This represents the outstanding liability on the Industrial Franchise Agreement with LafargeHolcim of Switzerland. The terms of the agreements include:

— The right for Lafarge Africa Plc to use technical research and development information relating to production and distribution of cement products

— The provision by LafargeHolcim of technical and operational support through the secondment of suitably qualified expatriate personnel, as requested by Lafarge Africa Plc and approved by the Federal Government of Nigeria.

— The guarantee by LafargeHolcim of the achievement of raw material reserves and production targets by Lafarge Africa Plc.

30.2 Other liabilities

Included in the other liabilities are customers rebate provision (₦2.76 billion), litigation provision (₦0.39 billion), non income tax provisions (₦10 billion), capital expenditure (₦17.8 billion) and other provisions (₦6 billion).

30.3 Dividend payable to equity holders of the Company

	Group	Company
At 1 January 2024	*₦'000*	*₦'000*
Dividend declared	30,604,812	30,604,812
Payment to the equity holders of the parent *(Note 30.4)*	(30,604,812)	(30,604,812)
As at 30 September 2024	—	—

30.4 Dividend paid

The following dividend was paid during the period:

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	₦'000	₦'000	₦'000
Equity holders	30,604,812	47,288,742	30,604,812	47,288,742
Total	**30,604,812**	**47,288,742**	**30,604,812**	**47,288,742**

31 CONTRACT LIABILITIES

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	₦'000	₦'000	₦'000	₦'000
Contract liabilities**	**106,952,425**	**74,982,644**	**102,000,702**	**68,958,839**
Opening balance	74,982,644	45,840,044	68,958,839	40,410,912
Additions during the period	553,978,963	464,920,237	544,228,191	445,817,981
Conversion to revenue during the period	(522,009,182)	(435,777,637)	(511,186,328)	(417,270,054)
Closing balance	**106,952,425**	**74,982,644**	**102,000,702**	**68,958,839**

** *This represents advance payment from customers for the supply of cement and readymix products not yet delivered as at period*

32 ADDITIONAL CASH FLOW INFORMATION

32.1 Working capital with adjustments after adjustment for non-cash movements:

	Group		Company	
	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
	₦'000	₦'000	₦'000	₦'000
(Increase)/decrease in inventories	(46,702,119)	(183,926)	(39,253,772)	3,153,203
Increase in trade and other receivables	(834,586)	(818,074)	(10,615,825)	(10,218,909)
Increase in other assets	(78,007,921)	(1,255,453)	(75,727,772)	(21,649)
Increase in other financial assets	(49,289,170)	(3,311)	(43,528,831)	(2,493)
Increase in trade and other payables	62,590,155	25,260,564	54,757,446	27,841,076
Increase/(decrease) in contract liabilities	31,969,781	(8,797,658)	33,041,863	(4,137,965)
Increase in current liabilities	644,111	—	482,989	—
Increase in provision	447,608	—	390,690	—
	(79,182,141)	**14,202,142**	**(80,453,212)**	**16,613,263**

32.1.1 Reconciliation of changes in inventories included in statement of cash flows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Movement in inventories	(46,256,558)	(183,926)	(39,253,772)	3,153,203
Reclassification to Property, plant and equipment	(445,561)	—	—	—
Movement as per the Statement of Cashflows	**(46,702,119)**	**(183,926)**	**(39,253,772)**	**3,153,203**

32.1.2 Reconciliation of changes in trade and other receivables included in statement of cash flows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Movement in trade and other receivables	(1,057,732)	(826,983)	(10,691,543)	(10,225,535)
Reclassification of Impairment provision on trade receivables *(Note 21.2)*	223,146	8,909	75,718	6,626
Movement as per the Statement of Cashflows	(834,586)	(818,074)	(10,615,825)	(10,218,909)

32.1.3 Reconciliation of changes in other assets included in statement of cash flows:

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Movement in other assets	(77,567,418)	(1,255,453)	(75,287,269)	3,117,165
Reclassification of prepayments for construction expenditure	(440,503)	—	(440,503)	—
Movement as per the Statement of Cashflows	**(78,007,921)**	**(5,272,738)**	**(75,727,772)**	**(4,675,023)**

32.1.4 Reconciliation of changes in other financial assets included in statement of cash flows:

	Group		Company	
	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
	N'000	*N'000*	*N'000*	*N'000*
Movement in other financial assets	(49,289,170)	(3,311)	(43,528,831)	(2,493)
Movement as per the Statement of Cashflows	**(49,289,170)**	**(3,311)**	**(43,528,831)**	**—**

32.1.5 Reconciliation of changes in trade and other payables included in statement of cash flows:

	Group		Company	
	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
	N'000	*N'000*	*N'000*	*N'000*
Movement in trade and other payables	64,152,997	21,774,349	56,451,450	24,919,963
Reclassification of dividend payable	—	3,691,012	—	3,690,864
Accruals on Property plant and Equipment	(1,562,842)	(205,425)	(1,229,492)	(770,378)
Movement as per the Statement of Cashflows	**62,590,155**	**25,259,936**	**54,756,819**	**27,840,449**

32.2 Provisions and net movement on employee benefits

	Group		Company	
	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
	₦'000	*₦'000*	*₦'000*	*₦'000*
Retirement benefit obligations — service cost	15,786	15,515	15,786	15,515
Retirement benefit obligations — plan	—	90,272	—	—
Employee long service award — service cost	212,189	106,379	108,135	95,965
Productivity bonus payment during the period *(Note*	(2,281,198)	(2,101,421)	(2,022,622)	(1,871,383)
Staff gratuity benefits paid	(35,937)	(48,690)	(35,937)	(48,690)
Employee long service award benefits paid	(76,976)	(240,242)	(76,976)	(240,242)
Provision for productivity bonus for the period	1,833,590	1,960,661	1,631,932	1,658,953
	(332,546)	**(217,527)**	**(379,682)**	**(389,882)**

32.3 Other non cash items

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Gain on disposal of property, plant and equipment	(923,172)	(104,188)	(91,475)	(104,188)
Impairment loss on trade receivables *(Note 11)*	(223,146)	31,714	(75,718)	63,160
Movement in site restoration provision *(Note 27.1)*	1,074,519	837,659	1,313,230	201,734
Government grants *(Note 10)*	(981,142)	(202,754)	(981,142)	(83,049)
	(1,052,941)	**562,431**	**164,895**	**77,657**

33 COMMITMENTS FOR EXPENDITURE

Capital expenditure contracted for at the reporting period end but not recognised in the financial statements is as follows:

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Capital expenditure commitments				
Approved and contracted for	13,678,234	9,896,370	13,678,234	9,896,370
	13,678,234	**9,896,370**	**13,678,234**	**9,896,370**

34 CONTINGENT LIABILITIES

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
Lafarge Africa Plc				
Various litigations and claims *(Note 34.1)*	1,167,786	390,719	893,055	390,719
Letters of credit *(Note 34.2)*	—	24,657,175	—	23,422,629
Pension audit	2,100,442	2,100,442	2,100,442	2,100,442
	3,268,228	**27,148,336**	**2,993,497**	**25,913,790**

34.1 The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigations and other claims amounted to ₦1.17 billion and ₦893.06 million for the Group and Company respectively.

The Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Thus the possible obligation has not been provided for in the financial statements.

34.2 This represents letters of credit which have been opened but shipment of items has not been initiated and as such risks and rewards have not been transferred to the Group and Company. There are no contingent liabilities with respect to letters of credit as at period end.

35 RELATED PARTY TRANSACTIONS

35.1 Ultimate parent entity

The ultimate parent entity of the Group is Holcim, incorporated in Switzerland.

In the normal course of business, Lafarge Africa Plc sells cement to other subsidiaries of the ultimate shareholder.

The Company receives technical assistance from the majority shareholder which is paid for under the Industrial Franchise Agreement (See Note 9).

35.2 Subsidiaries

Subsidiaries are set out in Note 17.1.

35.3 Transactions with related parties

The following transactions occurred with related parties during the year:

Sales of goods and services

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
AshakaCem Limited	—	—	8,745,322	284,006
Total transaction value	**—**	**—**	**8,745,322**	**284,006**

Purchase of goods and services

	Group		Company	
	9 months ended 30/09/2024	**9 months ended 30/09/2023**	**9 months ended 30/09/2024**	**9 months ended 30/09/2023**
	N'000	*N'000*	*N'000*	*N'000*
Holcim Trading	11,060,441	4,628,434	11,060,441	4,628,434
Total transaction value	**11,060,441**	**4,628,434**	**11,060,441**	**4,628,434**

Goods were sold to related parties during the year based on normal commercial terms and conditions and at market rates.

		Group		Company	
	Nature of transaction	9 months ended 30/09/2024	9 months ended 30/09/2023	9 months ended 30/09/2024	9 months ended 30/09/2023
		N'000	*N'000*	*N'000*	*N'000*
Others					
AshakaCem Limited	Recharges	—	—	8,501,451	3,681,325
Holcim Group Services Ltd	Services Related	8,786	—	8,786	—
Holcim Ltd	IT Services	3,787,890	901,254	3,787,890	901,254
Lafarge Cement Technical Center Vienna GmbH	Services Related	—	—	—	—
Holcim Trading S.A.	Fuel	11,060,441	4,628,434	11,060,441	4,628,434
Lafarge Cement Egypt S.A.E.	Employee Related	9,236	—	9,236.45	—
Holcim Technology Ltd	Technical Fees	7,840,103	4,852,187	7,840,103	4,852,187
Holcim (Maroc) S.A.	Fuel	—	—		
Lafarge Intern Serv Singapore	Employee Related	2,292,889	1,465,573	1,849,959	1,172,220
Lafargeholcim España, S.A.U.	Payroll and other personnel recharges	83,058	102,535	83,058	102,535
LafargeHolcim Investment Ltd	Payroll and other personnel recharges	151,321	216,468	151,321	216,468
Total transaction value		**25,233,726**	**12,166,451**	**33,292,246**	**15,554,423**

35.4 Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Group		Company	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	N'000	*N'000*	*N'000*	*N'000*
Trade receivables:				
AshakaCem Limited	—	—	8,745,322	284,006
	—	**—**	**8,745,322**	**284,006**
Technical fees:				
Lafarge S.A Paris	418,016	418,016	418,016	418,016
Holcim Technology Ltd	3,705,556	4,310,791	3,705,556	4,310,791
	4,123,572	**4,728,807**	**4,123,572**	**4,728,807**

The sale of goods to/from related parties was carried out on commercial terms and conditions. Hence, the Directors are of the opinion that there is no conflict of interests. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

35.5 Other receivables from and payables to related parties

Other receivables

			Group		Company	
			30 September 2024	31 December 2023	30 September 2024	31 December 2023
			N'000	*N'000*	*N'000*	*N'000*
AshakaCem Limited	Subsidiary	Back end expenses and System, application & support cost	—	—	43,469,262	41,826,112
Lafarge S.A.	Fellow subsidiary	Back end expenses.	417,144	153,137	399,242	153,137
LafargeHolcim Energy Solutions	Fellow subsidiary	Back end expenses.				
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	155,800		155,800	
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	921,724	1,188,505	344,547	956,000
Holcim Technology Ltd	Fellow subsidiary	Back end expenses.	428,111		428,111	
Lafarge Industries South Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.	—	150,090	—	150,090
			1,922,779	**1,491,732**	**44,796,962**	**43,085,340**

Other payables

			Group		Company	
			30 September 2024	31 December 2023	30 September 2024	31 December 2023
			N'000	*N'000*	*N'000*	*N'000*
Lafarge S.A	Fellow subsidiary	Back end expenses.	574,743	1,034,639	574,743	1,089,986
Holcim technology limited	Fellow subsidiary	Back end expenses.	1,366,943	2,400,628	68,768	2,084,082
AshakaCem Limited	Subsidiary	Back end expenses.		—	26,003,164	24,353,201
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	—	—	—	—
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	—	309	—	309
Holcim Trading S.A.	Fellow subsidiary	Back end expenses.	2,530,588	1,106,616	1,017,080	378,848
Technical Center Europe–Africa	Fellow subsidiary	Back end expenses.		—		—
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	1,353,766	—	1,353,766	—

			Group		Company	
			30 September 2024	31 December 2023	30 September 2024	31 December 2023
			N'000	*N'000*	*N'000*	*N'000*
Services Singapore Pte Ltd	Fellow subsidiary	Back end expenses.	132,475	860,437	88,546	708,609
Lafarge International Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.		—		—
Lafarge Industries South Holcim España, S.A.U.	Fellow subsidiary	Back end expenses.	111,078	135,956	111,078	135,956
Lafargeholcim Building Materials (China) Co., Ltd	Fellow subsidiary	Back end expenses.	—	—	—	—
LH Trading Ltd	Fellow subsidiary	Back end expenses.	—	—	—	—
Lafargeholcim Maroc	Fellow subsidiary	Back end expenses.	—	176,799	—	176,799
Lafarge Cement Technical Center Vienna Gmbh	Fellow subsidiary	Back end expenses.	—	8,762	—	8,762
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	9,236	215,838	9,236	8,483
Lafarge A&C Technical Service (Beijing) Co Ltd	Fellow subsidiary	Back end expenses.	—	15,641	—	—
Lafarge Asia Sdn Bhd (Asia Technical Center)	Fellow subsidiary	Back end expenses.	—	277,991	—	—
LafargeHolcim Investment Ltd	Fellow subsidiary	Back end expenses.	—	306,622	—	—
Wapsila Nigeria Limited	Fellow subsidiary	Investment	10,000	10,000	10,000	10,000
			6,088,829	**6,550,237**	**29,236,382**	**28,955,034**

*** *Back end expenses relates to charge back of employee related costs, IT services and other administrative expenses.*

35.6 Loans from related parties

	Group		Company	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	N'000	*N'000*	*N'000*	*N'000*
AshakaCem Limited	—	—	1,429,317	1,211,117
	—	**—**	**1,429,317**	**1,211,117**

36 EVENTS AFTER THE REPORTING PERIOD

Holcim announced that it has signed an agreement to sell its entire 83.81% in Lafarge Africa Plc to Huaxin Cement Limited. The transaction is expected to close in 2025, subject to customary and regulatory approvals. Except as disclosed above, there are no events which could have had a material effect on the financial position of the Group and the Company as at 30 September 2024 and Group and the company financial performance for the year ended that have not been adequately provided for or disclosed in these consolidated and separate financial statements.

Other National Disclosures

CONSOLIDATED AND SEPARATE VALUE ADDED STATEMENT
for the period ended 30 September 2024

	9 months ended 30/09/2024		9 months ended 30/09/2023	
Group	*N'000*	*%*	*N'000*	*%*
Revenue				
Bought in materials and services	479,941,897	280	289,081,398	354
Local	(294,044,237)	(172)	(289,131,034)	(274)
Imported	(17,771,971)	(10)	(10,719,970)	18
Other income and finance income	3,298,817	2	3,914,590	2
Value added	171,424,505	100	105,498,238	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	43,268,914	25	23,467,020	23
To pay providers of capital:				
Interest on borrowings	15,049,983	9	1,940,006	1
To pay government:				
Income tax expense	34,250,071	20	21,851,700	2
Retained in the business				
To maintain and replace:				
Depreciation of property, plant and equipment	21,557,775	13	20,457,391	24
To augment reserves	57,297,762	33	39,304,655	51
Value added	171,424,505	100	105,498,238	100

Company	9 months ended 30/09/2024 N'000	%	9 months ended 30/09/2023 N'000	%
Revenue				
Bought in materials and services	445,730,179	281	264,967,798	340
Local	(271,494,092)	(171)	(155,865,542)	(221)
Imported	(17,732,384)	(11)	(9,618,547)	(21)
Other income and finance income	2,146,085	1	3,604,544	2
Value added	158,649,789	100	103,088,253	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	34,962,996	22	24,291,765	21
To pay providers of capital:				
Interest on borrowings	14,953,393	9	1,489,541	1
To pay government:				
Income tax expense	33,444,633	21	21,098,065	2
Retained in the business				
To maintain and replace:				
Depreciation of plant, property and equipment	19,145,832	12	18,208,865	21
To augment reserves	56,142,935	36	38,000,017	55
Value added	158,649,789	100	103,088,253	100

FIVE YEAR FINANCIAL SUMMARY

for the period ended 30 September 2024

Group

	2024	2023	2022	2021	2020
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Financial position					
Capital employed:					
Ordinary share capital	8,053,899	8,053,899	8,053,899	8,053,899	8,053,899
Share premium	435,148,731	435,148,731	435,148,731	435,148,731	435,148,731
Retained earnings	272,671,244	245,978,292	227,028,432	189,487,103	170,579,540
Foreign currency translation reserve	—	—	—	—	(14,611)
Other reserves on business combination and re-organisation	(254,129,057)	(254,129,057)	(254,129,057)	(254,129,056)	(254,129,057)
Total equity	461,744,817	435,051,865	416,102,005	378,560,677	359,638,502
Represented by:					
Property, plant & equipment	390,674,681	360,219,496	341,458,500	338,721,748	348,328,150
Intangible assets	1,674,105	1,743,322	91,182	713,746	1,939,210
Investment in joint ventures	—	—	—	—	379,432
Other financial assets	—	—	—	—	964,796
Other assets	145,404,581	80,349,982	60,851,702	35,535,403	29,127,048
Deferred tax assets	—	—	2,031,419	15,292,417	23,404,073
Net current assets/(liabilities)	(10,773,156)	30,095,443	27,895,840	5,521,795	(24,484,811)
	526,980,211	472,408,243	432,328,643	395,785,109	379,657,898
Borrowings	(643,834)	(1,253,406)	(1,530,387)	(2,482,049)	(5,139,600)
Deferred tax liabilities	(58,140,594)	(30,176,337)	(8,472,328)	(9,116,700)	(9,401,523)
Provisions	(3,933,884)	(2,859,365)	(2,718,463)	(2,103,557)	(1,510,577)
Deferred income	—	(872,966)	(1,094,611)	(1,356,534)	(1,683,008)
Employee benefits obligation	(2,517,082)	(2,194,303)	(2,410,859)	(2,165,592)	(2,284,688)
Net assets	461,744,817	435,051,866	416,102,005	378,560,677	359,638,502
Net assets per share (Kobo)	2,867	2,701	2,568	2,350	2,233

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

Company

	2024	2023	2022	2021	2020
	N'000	*N'000*	*N'000*	*N'000*	*N'000*
Financial position					
Capital employed:					
Ordinary share capital	8,053,899	8,053,899	8,053,899	8,053,899	8,053,899
Share premium	435,148,731	435,148,731	435,148,731	435,148,731	435,148,731
Retained earnings	226,133,807	200,595,685	184,751,152	145,824,819	124,464,893
Foreign currency translation reserve	—	—	—	—	(14,611)
Other reserves on business combination and re-organisation	(193,677,979)	(193,677,979)	(193,677,979)	(193,677,979)	(193,677,979)
Total equity	475,658,458	450,120,336	434,275,803	395,349,470	373,974,933
Represented by:					
Property, plant & equipment	320,860,573	295,361,723	276,696,636	273,704,651	287,447,215
Intangible assets	35,611	42,733	91,181	578,322	1,524,264
Investments in subsidiaries	63,906,867	63,906,867	63,906,867	63,906,867	63,906,867
Investment in joint venture	—	—	—	—	379,432
Other financial assets	—	—	—	—	964,796
Other assets	136,955,280	73,855,897	57,167,949	32,699,442	28,657,973
Deferred tax assets	—	—	2,031,419	15,292,417	23,404,073
Net current assets/(liabilities)	9,176,727	43,953,737	39,356,202	14,016,327	(25,474,680)
	530,935,058	477,120,957	439,250,254	400,198,026	380,809,940
Borrowings	(630,965)	(1,042,554)	(529,850)	(709,077)	(2,774,394)
Provisions	(2,805,706)	(1,492,476)	(1,389,034)	(1,193,962)	(817,124)
Deferred tax liabilities	(58,140,594)	—	—	—	—
Deferred income	—	(867,313)	(1,012,843)	(1,123,575)	(1,234,307)
Employee benefits obligation	(2,234,483)	(1,941,498)	(2,042,726)	(1,821,942)	(2,009,182)
Net assets	467,123,312	471,777,118	434,275,801	395,349,470	373,974,933
Net assets per share (Kobo)	2,900	2,929	2,696	2,454	2,322

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

*The following discussion and analysis should be read in conjunction with financial information of Target Company A, Target Company B and the Ultimate Target Company for the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024 (the "**Relevant Period**"), as set out in Appendices II, III and IV to this circular.*

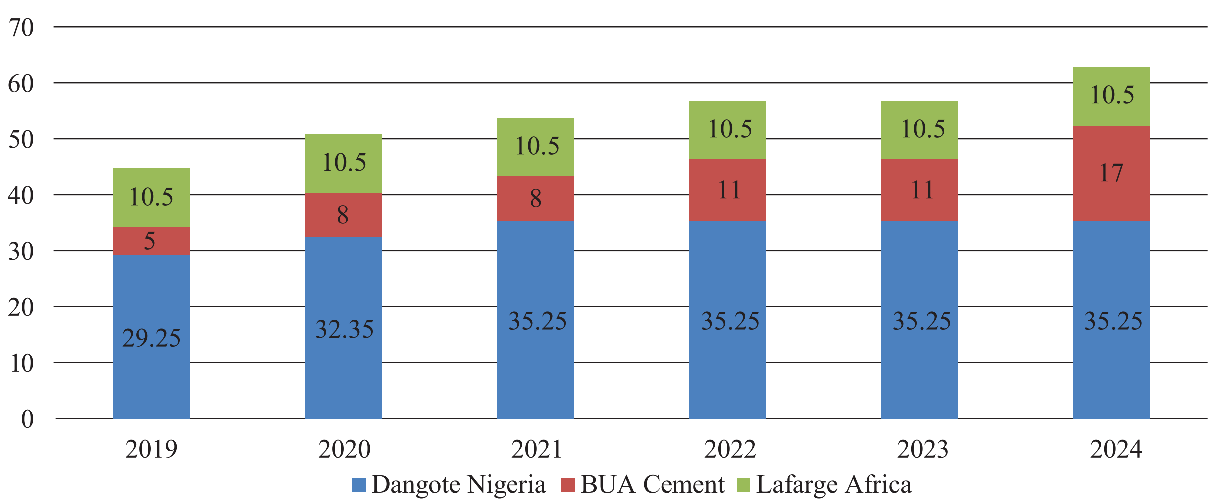
The target of the Acquisition includes Target Company A, Target Company B and the Ultimate Target Company. Target Company A and Target Company B are special purpose companies located in the Netherlands and Hong Kong respectively. Apart from holding equity in the Ultimate Target Company, the two special purpose companies have no other business.

1. INDUSTRY CONDITIONS OF THE ULTIMATE TARGET COMPANY

Brief Introduction to the Industry Environment

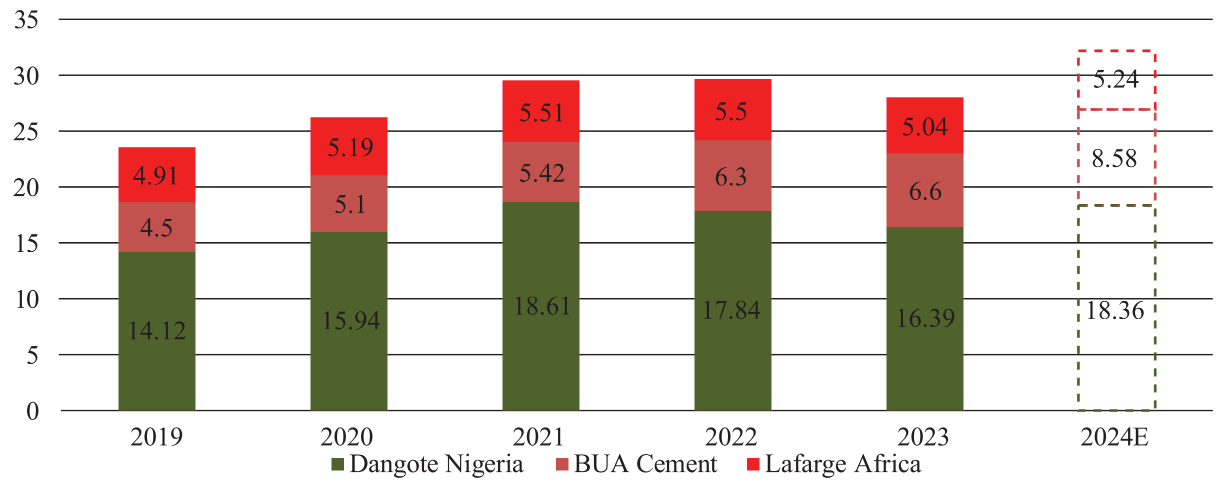
The Nigerian cement industry mainly consists of three players: Dangote Cement, BUA Cement, and Lafarge Africa. Their market share in 2023 is 58%, 24%, and 18% respectively. The production capacity and sales volume in the past five years and forecast 2024 are as follows:

Main Cement Players' Cement Capacity (million ton)



Source: Cardinal Stone Research

Main Cement Players' Sales Volume (million ton)



Source: Cardinal Stone Research

The revenue outlook for the cement sector is biased to the upside in the second half of 2024. Growth in sales is expected to continue mainly due to projected improvements in public sector demand, stemming from the Renewed Hope Infrastructure Development Fund (RHIDF) and other government-led infrastructure projects. In addition, the elevated pricing environment will serve as a boost to topline.

On the contrary, with severe cost pressures projected to linger in 2024 due to higher energy & haulage costs, FX losses, and reversion to a higher effective tax rate for cement players, margins are likely to be pressured.

The cement industry has shown signs of recovery from the challenges faced in 2023, as the production of the three major players increased by 11.3% year-on-year in the first half of 2024, reaching 15.6 million metric tons. Production forecast for the 2024 fiscal year is at 32.26 million tons, mainly due to strong public sector demand and the federal government's commitment to infrastructure development. It is estimated that the Nigerian federal government, had approximately 10.00 trillion naira in capital expenditures (CAPEX), accounting for 34.8% of the total budget in 2024. In addition, the Nigerian Senate has approved a supplementary budget of 6.20 trillion naira, of which 3.20 trillion naira is dedicated to infrastructure projects, particularly through the Renaissance Hope Infrastructure Development Fund (RHIDF) initiative.

Furthermore, the Federal Accounts Allocation Committee (FAAC) has established a special account, "Intervention to States for Infrastructure and Security," where N100 billion is remitted monthly from the federation's gross revenue. Media reports confirm that the Federal Government raised N900 billion through this initiative between November 2023 and July 2024. We expect this strong focus on infrastructure to boost demand for cement, with positive pass-through to construction and cement GDP.

2. BUSINESS & PRODUCTS OF LAP

LAP is listed on the Nigerian Exchange Limited and serves Nigeria with a wide range of building and construction solutions, mainly engaged in the production and sales of cement, commercial concrete, mortar, and environmental waste disposal business (Geocycle).

With four plants in Nigeria spread across Sagamu and Ewekoro, Ogun State (South-West), Ashaka, Gombe State (North-East) and Mfamosing, Cross River State (South-South), Lafarge Africa PIc currently has an installed cement production capacity of 10.5 million tons per annum (mpa).

South-West Operations

LAP has two plants located in Sagamu and Ewekoro, both in Ogun State, with a combined production capacity of 4.5 mpa. The Geocycle and Mortar plants are also located in the South-West.

The product portfolio includes five brands — Elephant Cement, a general purpose cement and multi-use product suitable for majority of the applications: Supaset, a fast-setting and rapid strength gaining cement specifically designed for the needs of the block-makers; Powermax, a high strength cement for the sophisticated contractor segment; Etex, a high performance cement designed to specification for the manufacturing of roof tile; and SRC, a sulphate resistant cement for coastal construction.

South-East Operations

Target's cement plant for the South-Eastern operations is located in Mfamosing, Cross River State. The Mfamosing plant is a modern facility with a cement capacity of 5mpa. It was originally established in 2002 as United Cement Company Nigeria Limited, after the acquisition of the assets of Calabar Cement Company.

In 2012, the plant's product portfolio was expanded to offer customers two cement products catering for general purpose and specialized applications. An additional manufacturing line with a production capacity of 2.5mpa was commissioned in 2016 to bring the plant's total production capacity to 5mpa and is now the single largest cement production site for LAP.

Northern Operations

In the last four decades, Ashaka Cement plant located in Gombe State has contributed immensely to the economic growth and development of North-Eastern Nigeria.

Ashaka Cement with cement capacity 1 mpa, located in Gombe State, was established in August 1974 and started production in 1979. AshakaCem was fully integrated into Holcim Group in July 2002 after the acquisition of Blue Circle Industries, and subsequently in 2018, AshakaCem became a subsidiary of LAP.

3. MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS

Revenue

LAP recorded a revenue of approximately 293.09 billion naira, 373.24 billion Naira, 405.50 billion naira, 479.94 billion naira for each of the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2024. The change in revenue was due to the depreciation of the naira against the US dollar and the increase in cement prices. In the first three quarters of 2024, as the sales recovered, and inflation caused cement prices to rise, the revenue increased by 66.02% year-on-year.

Cost of Sales

The cost of sales for the Relevant Period were approximately 145.81 billion naira, 177.24 billion naira, 199.13 billion naira, and 246.59 billion naira respectively. The change in cost of sales was due to the depreciation of the currency and the increase in raw material and energy prices. In the first three quarters of 2024, increased sales and inflation caused the cost of sales to increase by 74.86% year-on-year.

Gross Profit and Gross Profit Margin

Due to the above reasons, in the Relevant Period, LAP recorded gross profits of approximately 147.28 billion naira, 196.01 billion naira, 206.37 billion naira and 233.35 billion naira respectively. The gross profit margins during the same period were approximately 50.25%, 52.51%, 50.89%, and 48.62% respectively. The main reasons for the decline in gross profit margin in the first three quarters of 2024 were currency depreciation, high inflation, and rapid increases in the costs of fuel, electricity, raw materials and spare parts.

SG&A

In the Relevant Period, the SG&A were approximately 78.13 billion naira, 112.15 billion naira, 105.62 billion naira and 108.7 8 billion naira respectively. In 2022, the sales volume increased by ~10%, and the SG&A increased accordingly; 2023 was the general election year, infrastructure construction slowed down, sales volume's decrease incurred SG&A's decrease. In the first three quarters of 2024, sales recovered, but inflation increased, causing SG&A increased by 37.26% year-on-year.

Other Income

In the Relevant Period, the other incomes were 0.69 billion naira, 0.56 billion naira, 0.89 billion naira, 2.27 billion naira respectively. In the first three quarters of 2024, the income from the disposal of idle land and vehicles was 0.92 billion naira, and in addition, LAP received government grants of 0.98 billion naira.

Operating Profit

In the Relevant Period, LAP recorded operating profits of approximately 65.1 billion naira, 84.19 billion naira, 102.02 billion naira and 126.59 billion naira respectively.

Financial Cost

In the Relevant Period, the financial costs were approximately 5.28 billion naira, 15.98 billion naira, 25.98 billion naira and 36.08 billion naira. In 2023 and the first three quarters of 2024, the increase of financial cost was due to a significant increase in exchange losses. The details are as follows:

	31 Dec 2021	**31 Dec 2022**	**31 Dec 2023**	**30 Sep 2024**
	NGN 000	*NGN 000*	*NGN 000*	*NGN 000*
Interest on borrowings	3,763,760	766,862	562,397	1,820,370
Unwinding of discount on provisions	140,460	174,976	168,550	—
Interest cost on employees long service award	122,262	237,636	—	84,283
Interest cost on staff gratuities	29,400	35,543	–64,332	364,288
Bank charges & other interest cost*	**1,220,427**	**1,639,490**	**4,271,129**	**13,229,613**
Finance costs per statement of cash flows	5,276,309	2,854,507	4,937,744	15,498,554
Foreign exchange loss (net)	—	13,128,577	21,044,508	20,579,428
Finance costs	**5,276,309**	**15,983,084**	**25,982,252**	**36,077,982**

* *Bank charges represent letters of credit charges and other bank account operational charges.*

Profit for the Year/Period

In the Relevant Period, LAP recorded profits of approximately 51.00 billion naira, 53.65 billion naira, 51.14 billion naira and 57.30 billion naira respectively.

Liquidity and Financial Resources

As of 31 December 2021, 2022, 2023 and 30 September 2024, the net asset of LAP were 378.56 billion naira, 416.10 billion naira, 435.05 billion naira, 461.74 billion naira respectively.

As of 31 December 2021, 2022, 2023 and 30 September 2024, the leverage ratios were approximately 0.39, 0.44, 0.57, 0.75 respectively. The increase in leverage ratio is mainly due to inflation in Nigeria in 2023 and the first three quarters of 2024 and rising product prices have led to an increase in trade and other payables.

As of 31 December 2021, 2022, 2023 and 30 September 2024, the balance of cash and cash equivalents were approximately 50.06 billion naira, 118.40 billion Naira, 168.37 billion naira, and 90.46 billion naira respectively. In the first three quarters of 2024, the decrease in cash was mainly due to bank loan repayment and an increase in inventory.

As of 31 December 2021, 2022, 2023 and 30 September 2024, LAP had loans and borrowings of approximately 23.29 billion naira, 36.59 billion naira, 26.24 billion naira and 1.50 billion naira respectively, all of which were denominated in naira. The following table sets out a breakdown of LAP's loans and borrowings as at the dates indicated:

	As of 31 December,			As of 30 September,
	2021	**2022**	**2023**	**2024**
	N'000	*N'000*	*N'000*	*N'000*
Current:				
— Bank Loans	20,805,272	35,062,463	24,991,106	855,776
Non-Current				
— Bank Loans	2,482,049	1,530,387	1,253,406	643,834
Total	**23,287,321**	**36,592,850**	**26,244,512**	**1,499,610**

Please refer to the notes in the accountants' reports of LAP in Appendix IV to this circular for the maturity analysis of LAP's bank borrowings. As of 31 December 2021, 2022, 2023 and 30 September 2024, LAP did not have any other borrowings.

Asset mortgage

During the Relevant Period, the LAP did not have any assets mortgage.

Foreign Exchange Exposure

LAP conducts its business in Nigeria and all transactions are denominated in Naira. Therefore, LAP is exposed to some risks related to fluctuations in foreign exchange rates.

Contingent liabilities

As of 31 December 2021, 2022, 2023 and 30 September 2024, LAP did not have any material contingent liabilities.

Significant Investment, Material Acquisitions and Disposals

During the Relevant Period, there were no significant investments held by LAP and there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by LAP.

Employee and Compensation Policy

As of the 31 December 2021, 2022, 2023 and 30 September 2024, LAP had a total number of approximately had 2,464, 2,472, 2,201 and 2,201 full time employees (own & subcontracted), respectively, based in Nigeria. During the Relevant Period, LAP's staff costs mainly comprised wages and salaries, pension scheme contributions and other staff benefits, and amounted to approximately 25,733 million NGN, 25,429 million NGN, 30,778 million NGN and 47,359 million NGN respectively.

The remuneration of employees of LAP was in line with market trends and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed every year. LAP provided mandatory social insurance and other benefits to its employees.

4. POTENTIAL RISKS

Other players continue to add production capacity to the market, which may lead to fierce market competition. Major players continue to expand their production capacity to meet growing demand. As of the first half of 2024, BUA Cement has put into production Obu Line 3 plant and the Sokoto Line 5 plant. Players also announced that it is currently building a new factory in Adamawa State. In addition, the Dangote Itori project is expected to start construction in 2025. Players' continuous expansion of production capacity will likely lead to fierce competition.

In response to the above possible impacts, LAP plan to start the restoration and production increase plan of the Ashaka Cement plant and the Ewekoro plant to obtain sufficient cost competitiveness.

Rising production costs and foreign exchange losses put pressure on profit margins. The macroeconomic environment has been challenging and the cement industry is no exception as rising production costs and foreign exchange fluctuations continue to put pressure on profit margins. It is worth noting that in the first half of 2024, the industry's average gross profit margin and profit margin before interest, taxes, depreciation, and amortization dropped to 44.2% and 30.5% respectively (53.3% and 41.7% in the first half of 2023). We link the rising costs to rising energy prices as diesel prices averaged over N1,462.98 per liter during the period, a year-on-year increase of 79.3%. This increased the average energy cost portion of production expenses to approximately 48.0% for the period (compared to approximately 41.3% in 1H 23). Currently, industry players are focused on switching to alternative fuel sources to reduce soaring energy costs.

Faced with rising costs, LAP plans to commission alternative fuel and raw material projects at the Mfamosing factory. For distribution costs, LAP plans to switch to compressed natural gas delivery trucks and electric trucks. In the medium to long term, the initiative should reduce energy and transport costs.

Short term foreign exchange losses and exchange rate fluctuations need to be monitored. Foreign-denominated loans, payables, and letters of credit generated ex-change losses for industry players as the domestic currency weakened further by 39.74% at the NAFEM window in H1'24. The three major players combined for a total of N269.19 billion in recorded foreign exchange losses for the period. These losses, alongside the increased interest rate environment, significantly propelled finance costs. Consequently, the average PBT margin in H1'24 declined to 14.5% (vs 29.3% in Q1'23). In the medium to long term, we expect the sustained efforts of the Central Bank of Nigeria to drive stability in the currency market to ease bottom line pressure from FX volatility.

The following information does not form part of the auditor's reports included in Appendices II, III, and IV of this circular, and is included in this circular for reference purposes only. The unaudited pro forma financial information included below should be read together with Appendices I, II, III, and IV of this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

To provide additional financial information, the unaudited pro forma consolidated statement of financial position as at 30 September 2024 (the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group (being the Company and its subsidiaries (the "**Group**") together with Caricement B.V. (the "**Target Company A**"), Davis Peak Holdings Ltd (the "**Target Company B**"), and Lafarge Africa Plc (the "**Ultimate Target Company**") and its subsidiaries (hereinafter collectively referred to as the "Ultimate Target Group")),) (the Ultimate Target Group together with Target Company A and Target Company B are hereinafter collectively referred to the "**Target Group**") has been prepared by the Directors in connection with the proposed acquisition of 100% equity interest in Target Company A held by Holderfin B.V. through its wholly-owned subsidiary Hainan Huaxin Pan-African Investment Co., Ltd. for US$560.44 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement), and 100% equity interest in Target Company B held by Holderfin B.V. through its wholly-owned subsidiary Huaxin (Hong Kong) International Holdings Co., Ltd for US$277.69 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement) after the 27.77% equity interest of the Ultimate Target Group was transferred to Target Company B from Associated International Cement Limited (the "**Proposed Acquisitions**") based on:

- the historical unaudited consolidated statement of financial position of the Group as at 30 September 2024 which has been extracted from the Group's unaudited financial statements for the period ended 30 September 2024 as set out in the published 2024 third quarterly report for the period ended 30 September 2024 dated 25 October 2024; and

- the audited consolidated statements of financial position of the Ultimate Target Group as at 30 September 2024, the audited statements of financial position of the Target Company A as at 30 September 2024 and the audited statements of financial position of the Target Company B as at 30 November 2024 which has been extracted from Appendix II, Appendix III and Appendix IV respectively to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the financial statements of the Ultimate Target Group, the Target Company A and the Target Company B as set out in Appendix II, Appendix III and Appendix IV respectively to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 September 2024 or at any future date

Unaudited Pro Forma Financial Information of the Enlarged Group

	As of 30 September 2024 The Group	As of 30 September 2024 Caricement	As of 30 November 2024 Davis Peak	As of 30 September 2024 Lafarge Africa Plc				Unaudited pro forma adjustments		As of 30 September 2024 Unaudited Pro Forma Enlarged Group
	RMB Thousand Yuan	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*
	Note 1	*Note 2*	*Note 2*	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Assets										
Current assets										
Monetary Funds	5,521,127	6,864	—	395,723	—	(1,401,480)	—	—	(26,988)	4,495,246
Trading financial assets	31,659	—	—	216,737	(216,737)	—	—	—	—	31,659
Notes Receivable	160,631	—	—	—	—	—	—	—	—	160,631
accounts receivable	3,556,063	—	—	39,054	(21,059)	—	—	—	—	3,574,058
Receivables Financing	317,016	—	—	—	—	—	—	—	—	317,016
Prepayment	417,144	—	—	—	286,193	—	—	—		703,337
Other receivables	812,353	342	—	—	24,460	—	—	—	—	837,155
stock	3,245,456	—	—	440,066	—	—	—	—	—	3,685,522
Other current assets	1,025,569	4,246	—	90,708	(72,857)	—	—	—	—	1,047,666
Total current assets	**15,087,018**	**11,452**	**—**	**1,182,288**	**—**	**(1,401,480)**	**—**	**—**	**(26,988)**	**14,852,290**
Non-current assets										
Long-term receivables	87,071	—	—	—	—	—	—	—		87,071
Long-term equity investment	573,700	3,927,227	—	—	—	5,873,112	1,945,885	(11,746,224)	—	573,700
Other equity instrument investments	992,586	—	—	—	—	—	—	—	—	992,586
Other non-current financial assets	39,904	—	—	—	—	—	—	—	—	39,904
Fixed assets	27,217,475	—	—	1,709,021	(380,057)	—	—	—	—	28,546,439
Construction in progress	4,258,059	—	—	—	333,578	—	—	—	—	4,591,637
Right-of-use assets	1,644,908	—	—	—	7,500	—	—	—	—	1,652,408
Intangible assets	15,973,440	—	—	7,323	38,979	—	—	—	—	16,019,742
Development expenditure	60,435	—	—	—	—	—	—	—	—	60,435
Goodwill	794,290	—	—	—	—	—	—	4,169,006	—	4,963,296
Long-term deferred expenses	1,022,566	—	—	—	—	—	—	—	—	1,022,566
Deferred tax assets	688,858	—	—	—	—	—	—	—		688,858
Other non-current assets	390,585	—	—	636,078	—	—	—	—	—	1,026,663
Total non-current assets	**53,743,877**	**3,927,227**	**—**	**2,352,422**	**—**	**5,873,112**	**1,945,885**	**(7,577,218)**	**—**	**60,265,305**
Total assets	**68,830,895**	**3,938,679**	**—**	**3,534,710**	**—**	**4,471,632**	**1,945,885**	**(7,577,218)**	**(26,988)**	**75,117,595**

Unaudited Pro Forma Financial Information of the Enlarged Group

	As of 30 September 2024 The Group	As of 30 September 2024 Caricement	As of 30 November 2024 Davis Peak	As of 30 September 2024 Lafarge Africa Plc				Unaudited pro forma adjustments		As of 30 September 2024 Unaudited Pro Forma Enlarged Group
	RMB Thousand Yuan	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*	*RMB Thousand Yuan*
	Note 1	*Note 2*	*Note 2*	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Liabilities and Shareholders' Equity										
Current liabilities										
Short-term loans	516,567	—	—	3,744	(3,744)	—	—	—	—	516,567
Notes Payable	773,089	—	—	—	—	—	—	—	—	773,089
accounts payable	7,573,200	—	—	722,271	(329,862)	—	—	—	—	7,965,609
Contract liabilities	848,830	—	—	467,867	—	—	—	—	—	1,316,697
Employee wages payable	140,111	—	—	—	15,767	—	—	—	—	155,878
Taxes payable	438,457	—	—	27,577	82,124	—	—	—	—	548,158
Other accounts payable	1,025,570	242	—	—	231,971	—	—	—	—	1,257,783
Non-current liabilities due within one year	5,513,396	—	—	7,721	3,980	—	—	—	—	5,525,097
Other current liabilities	66,587	—	—	236	(236)	—	—	—	—	66,587
Total current liabilities	**16,895,807**	**242**	**—**	**1,229,416**	**—**	**—**		**—**	**—**	**18,125,465**
Non-current liabilities										
Long-term loans	8,842,117	—	—	2,816	(2,816)	4,471,632	—	—	—	13,313,749
Bonds payable	5,028,346	—	—	—	—	—	—	—	—	5,028,346
Lease liabilities	1,301,765	—	—	—	2,816	—	—	—	—	1,304,581
Long-term payables	1,005,336	—	—	—	—	—	—	—	—	1,005,336
Long-term employee compensation payable	58,955	—	—	11,011	—	—	—	—	—	69,966
Estimated liabilities	799,536	—	—	17,209	—	—	—	—	—	816,745
Deferred income	259,320	—	—	—	—	—		—	—	259,320
Deferred tax liabilities	1,170,412	—	—	254,338	—	—		—	—	1,424,750
Other non-current liabilities	99,693	—	—	—	—	—		—	—	99,693
Total non-current liabilities	**18,565,480**	**—**	**—**	**285,374**	**—**	**4,471,632**		**—**	**—**	**23,322,486**
Total liabilities	**35,461,287**	**242**	**—**	**1,514,790**	**—**	**4,471,632**		**—**	**—**	**41,447,951**
Total shareholders' equity	**33,369,608**	**3,938,437**	**—**	**2,019,920**	**—**	**—**	**1,945,885**	**(7,577,218)**	**(26,988)**	**33,669,644**
Total liabilities and shareholders' equity	**68,830,895**	**3,938,679**	**—**	**3,534,710**	**—**	**4,471,632**	**1,945,885**	**(7,577,218)**	**(26,988)**	**75,117,595**

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. These unaudited consolidated statement of financial position of the Group are extracted from the Group's financial statements for the period ended 30 September 2024 as set out in the published 2024 third quarterly report for the period ended 30 September 2024 dated 25 October 2024.

2. These audited consolidated statements of financial position of the Ultimate Target Group as at 30 September 2024, the audited statements of financial position of the Target Company A as at 30 September 2024 and the audited statements of financial position of the Target Company B as at 30 November 2024 are extracted from Appendix II, Appendix III and Appendix IV to this circular.

The functional and presentation currency of Lafarge Africa Plc is Naira. The assets, liabilities and equity of Lafarge Africa Plc as at 30 September 2024 have been translated into the Group's presentation currency, RMB, at an exchange rate of 1.00 Naira to 0.0044 RMB as at 30 September 2024 for illustration purposes. Such translation does not constitute a representation that any amount has been, was or could be otherwise converted or translated at such exchange rate.

The functional and presentation currency of Caricement B.V. is Euro. The assets, liabilities and equity of Caricement B.V. as at 30 September 2024 have been translated into the Group's presentation currency, RMB, at an exchange rate of 1.00 Euro to 7.8627 RMB as at 30 September 2024 for illustration purposes. Such translation does not constitute a representation that any amount has been, was or could be otherwise converted or translated at such exchange rate.

3. The adjustments represent the reclassification of Lafarge Africa Plc's balance sheet items to conform with the Group's accounting policies and presentation. Except for aforementioned adjustments, there was no other significant difference between Target Group and the Group in terms of the accounting policies for the year/period during 2021, 2022 and 2023 and September 30, 2024.

4. According to the acquisition agreement, the total consideration for the acquisition of 83.81% equity interest in Lafarge Africa Plc refers to the acquisition of 100% equity interest in Target Company A held by Holderfin B.V. through the Company's wholly-owned subsidiary Hainan Huaxin Pan-African Investment Co., Ltd. for US$560.44 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement); and 100% equity interest in Target Company B held by Holderfin B.V. through the Company's wholly-owned subsidiary Huaxin (Hong Kong) International Holdings Co., Ltd for US$277.69 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement) after the 27.77% equity interest of the Ultimate Target Group was transferred to Target Company B from Associated International Cement Limited. Therefore, the maximum amount of consideration payable is expected to be no more than approximately US$838.13 million after adjusting the dividend amount for pro forma adjustments.

   The Directors are of the opinion that the consideration will be satisfied by internal resources and external finance obtained by the Group.

   The unaudited pro forma financial data are prepared assuming that the consideration of US$200.00 million will be satisfied by cash on hand and the consideration of US$638.13 million will be satisfied by external finance which is based on the management's estimation. For the purpose to illustrate the Unaudited Pro Forma Financial Information, the consideration is converted into RMB using the exchange rate of US$1.00 to RMB7.0074 (the exchange rate announced by the State Administration of Foreign Exchange of the People's Republic of China on 30 September 2024) as at 30 September 2024 as explained above. The details are set out as follows:

	RMB Thousand Yuan
Cash	1,401,480
External finance	4,471,632
	5,873,112

5. The Target Company B has no historical accounting records for the period from November 12, 2024 (the date of incorporation of the Company) to November 30, 2024. Pursuant to the Share Purchase Agreement signed by the parties to this transaction, the Target Company B has no other assets and liabilities except for the 27.77% equity interest in Lafarge Africa Plc that it will hold before the closing of this transaction. In order to demonstrate how the proposed acquisition might have affected the historical financial information in respect of the Group, the management of the Company assumes that the Target Company B had acquired 27.77% of the issued shares of the Ultimate Target Company from Associated International Cement Limited using the relevant consideration of the Proposed Acquisition as the initial investment cost of the long-term equity investment, and propose the pro forma adjustments accordingly.

6. The pro forma adjustments reflect the allocation of the cost of the Proposed Acquisitions to the identifiable assets and liabilities of the Target Group acquired by the Company which present:

(a) Fair value adjustments of the identifiable assets and liabilities of the Target Group

Upon completion of the Proposed Acquisitions, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the purchase method in accordance with Accounting Standard for Business Enterprises No. 20 — Business Combinations.

For the purpose of this Unaudited Pro Forma Financial Information, the Directors have assumed that the carrying amounts of the identifiable assets and liabilities of the Target Group as at the completion date approximated to their fair values and that no intangible assets that will be separate from goodwill have been identified based on currently available information. The reassessment of the fair value adjustments of the identifiable assets and liabilities acquired and the related deferred tax impact as at the completion date will be performed by the management and the information of the fair values of the identifiable assets and liabilities acquired is not available at the date of this circular.

(b) Recognition of goodwill in relation to the Proposed Acquisitions

Goodwill of the Enlarged Group represents the excess of the estimated cost of the Proposed Acquisitions over the estimated fair value of the identifiable net assets of the Target Group. For the purpose of the Unaudited Pro Forma Information, the Directors of the Company had assumed that: (1) the estimated consideration of the Proposed Acquisitions was equivalent to RMB5,873,122,000 as set out in Note 4 above; and (2) the estimated fair value of the identifiable net assets of the Target Group as at 30 September 2024 is determined based on the carrying amount of the net assets attributable to equity holders of the Target Group as set out in Note 5 (a) above.

The goodwill of the Enlarged Group is calculated as follows:

	As of 30 September 2024
	RMB Thousand
Consideration for the acquisition transaction (a)	5,873,112
Net assets of Target Company A (b)	3,938,438
Net assets of Target Company B (c)	—
Net Assets of Ultimate Target Group (d)	2,019,920
Pro forma adjustment for Target Company B (e)	1,945,885
Less: Consolidation elimination (f)	1,692,895
Non-identifiable assets of the Target Group (g)	4,180,217
Minority interests in the Target Group (h)	327,025
Identifiable net assets of the acquired Target Group (i=b+c+d+e-f-g-h)	1,704,106
Goodwill arising from Proposed Acquisitions (j=a-i)	**4,169,006**

Goodwill of RMB4,169,006 thousand arising from the Proposed Acquisitions is measured at cost on initial recognition and would be subsequently tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. To the best knowledge of the Directors, the Group's independent auditors will conduct the audit in accordance with the Accounting Standards for Business Enterprises ("**ASBEs**") to perform the impairment assessment of the Enlarged Group's goodwill during the future annual audit of the Enlarged Group.

The Directors confirm that the basis of preparation of the Unaudited Pro Forma Financial Information is consistent with the Group's accounting policies.

The fair values of the identifiable assets and liabilities of the Target Group at the closing date will be reassessed which may be substantially different from the respective values used in the unaudited pro forma statement of financial position of the Enlarged Group. Once the fair values of the identifiable net assets of the Target Group are available, the goodwill recognized for identifiable assets and liabilities acquired at the closing date may be different from the amount presented above. The Directors believes that following the Closing of the Transaction, after conducting purchase price allocation, the goodwill generated from this Acquisition for the Enlarged Group is expected to be less than the amount set out above.

7. For the purpose of the preparation of the Unaudited Pro Forma Financial Information of the Enlarge Group, the estimated total transaction costs of legal, accountancy and other professional services in connection with the Proposed Acquisitions are estimated to be approximately RMB26,988 thousand.

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the full text of the report issued by the Company's reporting accountants, Ernst & Young.

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the Directors of Huaxin Cement Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Huaxin Cement Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), Caricement B.V. (the "**Target Company A**"), Davis Peak Holdings Limited (the "**Target Company B**"), Lafarge Africa Plc (the "**Ultimate Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Ultimate Target Group**") (the Ultimate Target Group together with Target Company A and Target Company B are hereinafter collectively referred to the "**Target Group**", the Group together with the Target Group are collectively referred to as the "**Enlarged Group**"), by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2024, and related notes as set out on pages 234 to 237 of the circular dated 27 February 2025 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of 100% equity interest in Target Company A held by Holderfin B.V. through its wholly-owned subsidiary Hainan Huaxin Pan-African Investment Co., Ltd. for US$560.44 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement), and 100% equity interest in Target Company B held by Holderfin B.V. through its wholly-owned subsidiary Huaxin (Hong Kong) International Holdings Co., Ltd for US$277.69 million in cash (subject to customary downward adjustments based on the value impairment clause of the Share Purchase Agreement) after the 27.77% equity interest of the Ultimate Target group was transferred to Target Company B from Associated International Cement Limited (the "**Proposed Acquisitions**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page 232 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisitions on the Group's financial position as at 30 September 2024 as if the Target Company B had been established and had acquired 27.77% of the issued shares of the Ultimate Target Company by 30 September 2024, and Proposed Acquisitions had taken place at 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited financial statements for the period ended 30 September 2024 as set out in the published 2024 third quarterly report for the period ended 30 September 2024 dated 25 October 2024, and information about the financial positions of the Ultimate Target Group, the Target Company A and the Target Company B has been extracted from the audited financial statements on the Ultimate Target Group, the Target Company A and the Target Company B included in Appendix II, Appendix III and Appendix IV to the Circular.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the China Code of Ethics for Certified Public Accountants issued by the Chinese Institute of Certified Public Accountants (the "**CICPA**"), which is founded on fundamental principles of integrity objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Quality Control Standards No. 5101 — Quality Control for Accounting Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisitions on unadjusted financial information of the Group as if the Proposed Acquisitions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisitions would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Acquisitions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young Hua Ming LLP
Beijing, the People's Republic of China

27 February 2025

The following contains the full text of the Valuation Report issued by the Independent Valuer on the valuation of the 100% equity interest of the Ultimate Target Company as at 30 September 2024.

The Locked Box Date of the Transaction is December 31, 2023. The Nigerian Naira depreciated rapidly from June 2023 to March 2024. Choosing the Locked Box Date as the valuation date may have an adverse impact on the fairness of the valuation. From March to December 2024, the Naira remained basically stable. Based on this, the valuation date for the following valuation report is selected as at 30 September 2024.

VALUATION REPORT CONSIDERING THE MARKET VALUES OF 100% EQUITY INTEREST OF LAFARGE AFRICA PLC.

KING KEE

21 February 2025

The Directors

Huaxin Cement Co., Ltd.

Dear Sirs,

In accordance with your instructions, we have undertaken an investigation and analysis to express an independent opinion of 100% equity value of Lafarge Africa Plc. ("**LAP**" or the "**Company**") as at 30 September 2024 (the "**Valuation Date**"). The report which follows is dated 21 February 2025 (the "**Report Date**").

The purpose of this valuation is to express an independent opinion of the fair value of 100% equity value of the Company.

Our valuation was carried out on a fair value basis. Fair value is defined as "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

We have conducted our valuation in accordance with International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

Our valuation of the 100% equity interest of the Company was developed through the application of an market approach. Market method considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. LAP is a listed company in Nigeria and the 2 main competitors in Nigeria are listed companies, the comparable companies market data is public and can be searched.

As part of our analysis, we have reviewed information prepared by the Company and relevant operational information regarding the subject business from public sources. We have relied to a considerable extent on such information in arriving at our opinion of value.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of Company. We have also considered various risks and uncertainties that have potential impact on the businesses. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and King Kee Appraisal and Advisory Limited ("**KKG**").

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Based on the investigation and analyses outlined in the report which follows, we are of the opinion that the fair value of 100% equity value of LAP as at the Valuation Date is reasonably stated as below:

Market value of 100% equity value
as at Valuation Date
(In USD'000, rounded)

1,002,000

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,
For and on behalf of
King Kee Appraisal and Advisory Limited

Richard Zhang
Managing Director
ASA, MRICS, CPV

REMARK:

This report and the conclusion of values arrived herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of values represents the consideration based on information furnished by the Company/engagement parties and other sources.

Introduction

This report has been prepared in accordance with instructions from you to express an independent opinion of the fair value of 100% equity value of Lafarge Africa Plc. ("**LAP**" or the "**Company**") as at 30 September 2024 (the "**Valuation Date**"). The report which follows is dated 21 February 2025 (the "**Report Date**").

Purpose of Valuation

The purpose of this valuation is to express an independent opinion of the 100% equity value of LAP as at Valuation Date.

Basis of Value

Our valuation was carried out on a fair value basis. Fair value is defined as "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

Basis of Opinion

We have conducted our valuation in accordance with International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. The valuation procedures employed include the review of physical and economic condition of the subject asset, an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. All matters we consider essential to the proper understanding of the valuation will be disclosed in the valuation report.

The following factors form an integral part of our basis of opinion:

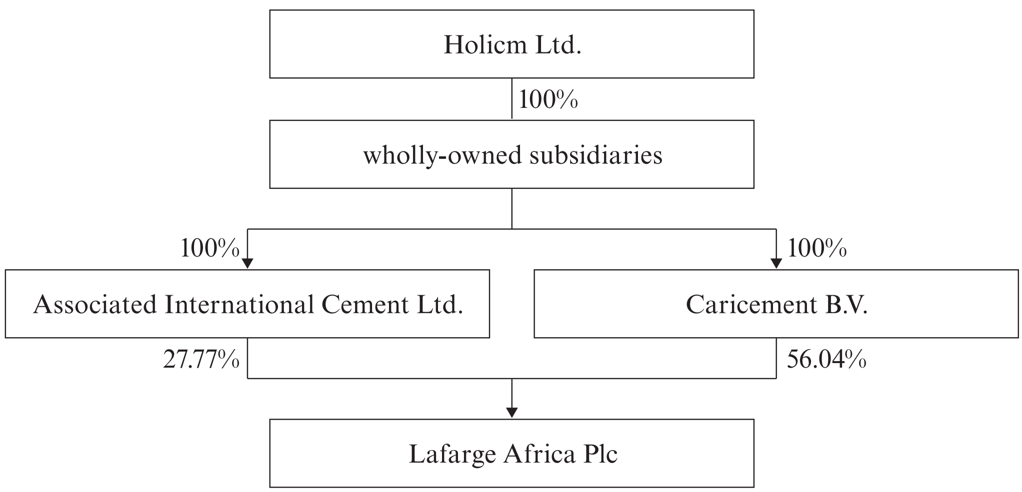
- Assumptions on the market and the asset that are considered to be fair and reasonable;
- Financial performance that shows a consistent trend of the operation;
- Consideration and analysis on the micro and macro economy affecting the subject asset;
- Analysis on tactical planning, management standard and synergy of the subject asset;
- Analytical review of the subject asset; and
- Assessment of the leverage and liquidity of the subject asset.

Transaction Background

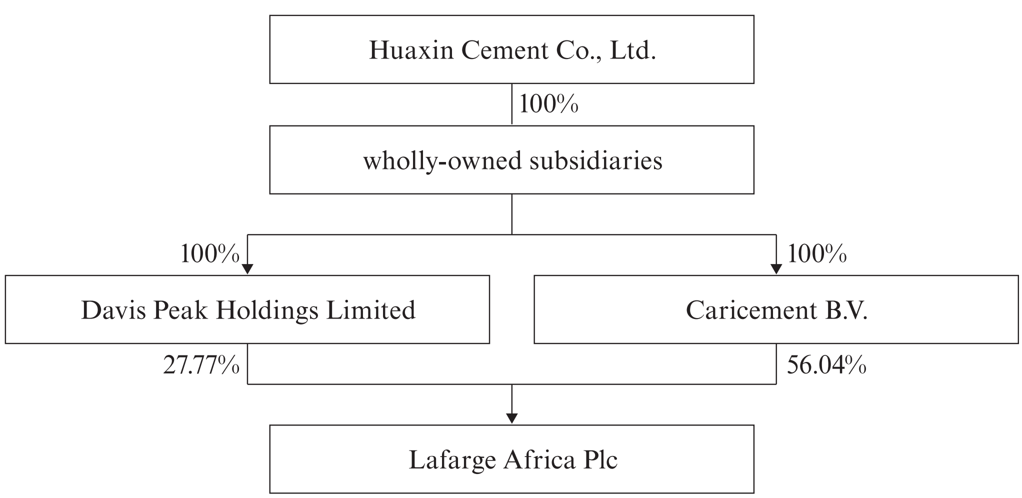
LAP is actually controlled by Holcim Ltd. through several layers of holding structure. As a company listed on the Nigerian Stock Exchange, LAP's 27.77% equity is held by Associated International Cement Ltd. ("**AICL**"), 56.04% is held by Caricement B.V. ("**CBV**"), and the remaining equity is traded in the securities market. Pursuant to the Share Purchase Agreement, AICL is expected to transfer the 27.77% equity interest in LAP to Davis Peak Holdings Limited prior to the Closing.

Huaxin Cement Co., Ltd. ("**Huaxin**") plans to acquire 100% equity of CBV and Davis Peak Holdings Limited, actually acquiring 83.81% equity of LAP. The holding structure before and after the transaction is as follow:

Before transaction:



After transaction:



Company Background

LAP is a listed cement production company in Nigeria (NGSE:WAPCO), one of the biggest three cement production companies in Nigeria, the other two competitors are BUA Cement Plc. ("**BUA**") and Dangote Cement Plc. ("**Dangote**"). Dangote is the biggest cement company in Nigeria and BUA is a low-cost strategy competitor, LAP has a leading position in the market to charge the prices above the industry average, in the H1 2024 LAP's selling price per ton reaches an average of NGN111,622 (vs the industry average NGN104,278, source: Cardinal Stone analysis).

Dangote and BUA continue to expand capacity to capture increasing demand in Nigerian market. Specifically, BUA commissioned in the first half of 2024 Line 3 with a capacity of 3 million tons of cement at its Obu plant and Line 5 with a capacity of 3 million tons of cement at its Sokoto plant. BUA also announced that plans for a new plant with a cement capacity of 3 million tons of cement in Adamawa State are currently underway. Elsewhere, Dangote's Itori plant with a cement capacity of 3 million tons is expected to be completed in 2025.

Meanwhile, since the second line of Mfamosing plant was put into operation in 2016, LAP hasn't commissioned any new capacity and hasn't disclosed any plans to expand. LAP currently operates four main plants, including Sagamu, Ewekoro, Ashaka and Mfamosing. Ashaka has own coal mine and the others have own limestones mines, these plants are built nearby the mines. Huaxin has the plan to help all plants do equipment improvement to enhance the capacity and utilization. The specific information about these plants is as below:

Plans information						
Plants	**location**	**line**	**fuel**	**designed capacity**	**output in 2024**	**utilisation**
				(ton/d)	*(ton/d)*	
Sagamu	Lagos					
Ewekoro		1	coal+gas	3,000	2,448	*79.8%*
		2		5,100	3,744	*71.3%*
Ashaka	Northeast	1	coal	1,050	753	*78.6%*
		2		1,050	788	*67.0%*
Mfamosing	Southeast	1	gas	6,000	4,352	*66.5%*
		2		6,000	3,798	*78.0%*

LAP operates business mainly in the rapidly growing Nigerian market. The Nigerian cement demanding market is growing fast as a range of construction and infrastructure projects planned or already in progress across the country, especially the Renewed Hope Infrastructure Development Fund ("**RHIDF**"). Also, the Nigerian cement market is characterized by very high prices, especially in Q1 2024, with a bag of cement retailing for as much as

NGN15,000/50kg. The federal government and cement players agreed that retail prices should be lower based on their respective ex-factory prices. However, cement prices have remained elevated as producers and retailers grapple with cost pressures.

Also, LAP has to face the challenging of rising production costs and currency exchange loss in Nigeria. The macroeconomic climate has been harsh, and the cement industry is no exception, as rising production costs and foreign exchange volatility continue to pressure margins. Notably, the industry average gross and EBITDA margins declined to 44.2% and 30.5%, respectively, in H1 2024 (vs 53.3% and 41.7% in H1 2023, source: Cardinal Stone analysis).

Overall, LAP is a well-known cement company in the Nigerian cement industry, with a long history of 66 years. LAP has solid operational advantages in the Nigerian cement market. From the supply side, LAP has its own abundant mineral resources. From a production perspective, LAP factories are all managed in an orderly manner, with personnel having a higher level of education and stability. From the demand side, the products have high market recognition, represent good quality and higher selling prices than the industry average in Nigeria. These business advantages, combined with the assistance of Huaxin, will create more synergies in the operation after the acquisition.

Sources of Information

Our valuation is based on data and information furnished by Management, which includes, but not limited to, the following;

- Background information and future business plan of Company;
- Audited financials of Company ended 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024; and
- Other operational and market information in relation to the Company's business.

We have also discussed and examined other operational and business information through interviews with relevant senior management. We have relied to a considerable extent on such information in arriving at our opinion of value. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company, are true and accurate.

We also conducted research using various sources including government statistics and other publications to verify the reasonableness and fairness of information provided and we believe that the information is reasonable and reliable.

Methodology

In arriving at our assessed value, we have considered three generally accepted approaches, namely, market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach.

Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market.

Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject asset.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile.

This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Selection of Analysis Approach and Methodology

For cost approach, LAP is located overseas and cannot provide all the asset information materials because of the large amount of information and the fact that the information involves a long period of time, we were also unable to conduct a comprehensive investigation and valuation of the LAP's assets and liabilities. More, the cost method cannot reflect the future cash inflow value under continuous operation. Therefore, the cost method is not applicable to this valuation.

For income approach, the income approach relies on long term financial forecast and multiple assumptions and parameters, which are difficult to be quantify. Also, considering the uncertainty of implementation of the projection, income approach is not the best approach as well.

In our opinion, LAP is a listed company in Nigeria, and the 2 main competitors in Nigeria are listed companies, the comparable companies market data is public and can be searched. As the available and reasonable market data can fairly reflect the value of equity, we have therefore relied on the market approach in determining our opinion of value.

Moreover, we did not apply LAP's market capitalization to conclude the result directly, because we noticed that LAP's passive development strategy affected the significant underperformance in LAP's share price as compared to other industry peers. And the LAP's market capitalization increased significantly after the Valuation Date, thus we applied comparable companies' method to eliminate the stock price fluctuations of a single stock.

Major Assumptions

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

In determining the fair value of equity interest in the Company, the following key assumptions have been made:

- There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Company
- The going concern can be achieved with the effort of the management of the Company.
- The financial and operational information provided to us by the Company is true and accurate.
- There are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

Comparable companies (CoCos) applied in market approach

LAP operates in cement production industry in Nigeria. Thus, we selected the listed companies engage in cement production business in Africa. As the LAP is a company with positive net profit and with market capitalisation USD358 million as at Valuation Date, we excluded the companies with net loss and market capitalisation of less than USD300 million as at Valuation Date. Our CoCos selection is as below:

CoCos selection

Companies	**Ticker**	**Mkt Cap** *(USD million)*	**GP margin**	**EBITDA margin**	**EBIT margin**	**Net margin**	**NWC/ Revenue**
BUA Cement Plc	NGSE:BUACEMENT	2,235	*30.4%*	*27.1%*	*22.7%*	*6.0%*	*–12.9%*
Ciments du Maroc Société Anonyme	CBSE:CMA	2,674	*48.8%*	*41.1%*	*33.3%*	*23.2%*	*–10.3%*
Dangote Cement Plc	NGSE:DANGCEM	5,347	*50.7%*	*334.3%*	*28.2%*	*314.0%*	*1.9%*
Lafarge Africa Plc	NGSE:WAPCO	358	*49.7%*	*31.3%*	*27.1%*	*12.1%*	*–16.3%*
LafargeHolcim Maroc S.A.	CBSE:LHM	4,512	*67.0%*	*47.0%*	*37.8%*	*19.0%*	*9.1%*
PPC Ltd	JSE:PPC	346	*16.7%*	*12.0%*	*6.6%*	*34.0%*	*8.5%*
Average		2,579	*43.9%*	*32.1%*	*26.0%*	*13.1%*	*–3.3%*

CoCos multiple applied in market approach

We applied the median of CoCos LTM (last twelve-month P/E multiples to arrive at the 100% equity value result of LAP.

Firstly, LAP possesses continuously net income for recent years, the equity of LAP can be best valued through the use of PE multiple, which can eliminate the impact of inconsistent depreciation and amortization policies of CoCos and eliminate the impact of adjustments between enterprise value to equity value.

Secondly, we noticed that the LTM P/E multiple of BUA Cement Plc, one of our CoCos, is relatively higher than other CoCos, thus we applied the median of CoCos' P/E multiples to reduce the influence of outliers on calculation.

CoCos selection

Companies	**Ticker**	**LTM P/E**
BUA Cement Plc	NGSE:BUACEMENT	87.9
Ciments du Maroc Société Anonyme	CBSE:CMA	26.7
Dangote Cement Plc	NGSE:DANGCEM	19.7
Lafarge Africa Plc	NGSE:WAPCO	8.3
LafargeHolcim Maroc S.A.	CBSE:LHM	29.4
PPC Ltd	JSE:PPC	16.2
Median		23.2

Valuation Comments

The valuation of an interest in a business enterprise requires consideration of all relevant factors affecting the operation of the business and assets and its ability to generate future investment returns. The factors considered in the valuation includes, but not limited to, the following:

- the nature of the business and the historical performance of the enterprise;
- the financial condition of the business and the economic outlook in general;
- the operational contracts and agreements in relation to the business;
- past and projected operating results;
- the financial and business risk of the enterprise including the continuity of income and the projected future results; and
- the nature of the related agreements.

We confirm that we have carried out an inspection on the assets of the Company and we have made relevant searches, enquiries and have obtained such further information which is considered necessary for the purposes of this valuation.

Opinion of Value

Based on the investigation and analyses outlined in the report, we are of the opinion that the fair value of 100% equity value of LAP as at the Valuation Date is reasonably stated as below:

Market value of 100% equity value
as at Valuation Date
(In USD'000, rounded)

1,002,000

Limiting Conditions

This report and opinion of value are subject to our Limiting Conditions as included in Exhibit A of this report.

Yours faithfully,
For and on behalf of
King Kee Appraisal and Advisory Limited

Richard Zhang
Managing Director
ASA, MRICS, CPV

Exhibit A — Limiting Conditions

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. The responsibility for determining expected values rests solely with the Company/engagement parties and our reports were only used as part of the Company's/engagement parties' analysis in reaching their conclusion of value.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The management and the Board of the Company has reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. KKG shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers.

7. The use of and/or the validity of the report is subject to the terms of engagement letter/proposal and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management

10. This report is confidential to the client and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation/Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

11. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation if such investigation is beyond the scope of normal scenario analysis work.

12. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

13. We are not environmental consultants or auditors, and we take no responsibility for any actual or potential environmental liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional environmental assessment. We do not conduct or provide environmental assessments and have not performed one for the subject property.

14. This exercise is premised in part on the historical financial information and future plan provided by the management of the Company/engagement parties. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in arriving at our calculation of value.

15. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of values represents the consideration based on information furnished by the Company/engagement parties and other sources.

16. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

Exhibit B — Professional Declaration

The valuers certify, to the best of their knowledge and belief, that:

1. Information has been obtained from sources that are believed to be reliable. All facts which have a bearing on the value concluded have been considered by the valuers and no important facts have been intentionally disregarded.

2. The reported analyses, opinions, and conclusions are subject to the assumptions as stated in the report and based on the valuers' personal, unbiased professional analyses, opinions, and conclusions. The valuation exercise is also bounded by the limiting conditions.

3. The reported analyses, opinions, and conclusions are independent and objective.

4. The valuers have no present or prospective interest in the asset that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

5. The valuers' compensation is not contingent upon the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the client.

6. The analyses, opinions, and conclusions were developed, and this report has been prepared, in accordance with the International Valuation Standards published by the International Valuation Standards Council.

Exhibit C — Valuation Result of Company 100% Equity

Valuation Result		*In USD'000*
Market Approach		
LAP 100% equity value (rounded)		1,002,000
		PE multiple
Comparable companies	**Tickers**	**LTM**
BUA Cement Plc	NGSE:BUACEMENT	87.9 x
Ciments du Maroc Société Anonyme	CBSE:CMA	26.7 x
Dangote Cement Plc	NGSE:DANGCEM	19.7 x
Lafarge Africa Plc	NGSE:WAPCO	8.3 x
LafargeHolcim Maroc S.A.	CBSE:LHM	29.4 x
PPC Ltd	JSE:PPC	16.2 x
Median		**23.2 x**
LTM financials of LAP		43,181
Implied 100% equity value (rounded)		**1,002,000**

Notes:

[1] LTM means the last twelve month.

[2] We selected the CoCos price to earnings ratio (P/E) multiple to conclude the result, because they all operates for a long history and achieved stable operation and net income, the PE multiple can better reflect the after-tax income level of CoCos.

[3] We applied the median of CoCos' P/E multiples to reduce the influence of outliers on calculation.

Exhibit C — Valuation Result of Company 100% Equity (Continued) (Cross Check)

Cross check method *(In USD'000/thousand ton)* **Comparable companies**	**Tickers**	**EV/ EBITDA multiple LTM**	**EV/ Capacity LTM**
BUA Cement Plc	NGSE:BUACEMENT	21.8 x	147.4 x
Ciments du Maroc Société Anonyme	CBSE:CMA	14.3 x	486.6 x
Dangote Cement Plc	NGSE:DANGCEM	9.0 x	170.1 x
Lafarge Africa Plc	NGSE:WAPCO	2.7 x	28.8 x
LafargeHolcim Maroc S.A.	CBSE:LHM	13.5 x	380.0 x
PPC Ltd	JSE:PPC	5.0 x	29.8 x
Median		**11.2 x**	**158.8 x**
LTM financials of LAP		115,931	10,500
Implied 100% enterprise value		**1,301,597**	**1,667,077**
Surplus cash		56,502	56,502
Non-operating assets/liabilities		50,476	50,476
Debt		(937)	(937)
Implied 100% equity value (rounded)		**1,408,000**	**1,773,000**

Notes:

[1] We conducted the EV/EBITDA and EV/Capacity multiples to cross check our result, as these 2 multiples are commonly used in cement industry valuation as well.

[2] The surplus cash is the LAP's cash and cash equivalents book value as at Valuation Date.

[3] The non-operating asset/liabilities refers to the net book value of other assets, employee benefit obligations, provisions, deferred tax liabilities as at Valuation Date.

[4] The Debt refers to the short-term and long-term loans and borrowings book value as at Valuation Date.

[5] The cross-check result is close and little higher than our conclusion, we believe the result is reasonable.

Exhibit C — Valuation Result of Company 100% Equity (Continued) (Cross Check)

Comparable transactions cross check method *(In USD'000/thousand ton)*	**Acquirer**	**Target**	**EV/EBITDA multiple LTM**	**EV/Capacity LTM**
1	HBM Holdings Co Mississippi Lime Co	Cementos Bio Bio SA (100%, Bid No 2)	8.1 x	166.6 x
2	City Cement Co	Umm Al-Qura Cement Co (100%)	15.6 x	166.0 x
3	Ambuja Cements Ltd	Orient Cement Ltd (59.67%)	29.4 x	121.5 x
4	Ratanarak Group Co Sunrise Equity Co Ltd	Siam City Cement pcl (53.66%)	8.2 x	73.4 x
5	CNBM	Société Les Ciments de Jbel Oust and Granulats Jbel Oust (100%)	12.0 x	80.6 x
6	UltraTech Cement Ltd	India Cements Ltd (58.72%)	n/a	120.8 x
7	Amsons Group	Bamburi Cement plc (100%, Bid No 1)	7.1 x	46.7 x
8	Quikrete Holdings Inc	Summit Materials Inc (100%)	16.2 x	298.3 x
9	Cimsa Cimento Sanayi ve Ticaret AS Sabanci Building Solutions BV DMCI Holdings Inc	Mannok Holdings DAC (94.7%)	5.7 x	216.2 x
10	Dacon Corp Semirara Mining & Power Corp	CEMEX Holdings Philippines Inc (100%)	n/a	129.8 x
11	Qassim Cement Co SJSC	Hail Cement Co (97.64%)	9.8 x	33.4 x
12	CRH plc Barro Group Pty Ltd	ADBRI Ltd (57.25%)	12.8 x	554.2 x
13	Huaxin Cement Co Ltd	Oman Cement Co (59.58%)	6.2 x	62.5 x
Median			**9.8 x**	**121.5 x**
LTM financials of LAP			115,931	10,500
Implied 100% enterprise value			**1,136,128**	**1,275,750**
Surplus cash			56,502	56,502
Non-operating assets/liabilities			50,476	50,476
Debt			(937)	(937)
Implied 100% equity value (rounded)			**1,242,000**	**1,382,000**

Target	Target Nationality	Acquirer	Announced Date	Deal Status	Deal Value *(In USD million)*	Enterprise Value *(In USD million)*	Cement capacity *(million tons)*	LTM EBITDA *(In USD million)*	EV/ Capacity *(LTM) (USD/ton)*	EV/ EBITDA *(LTM)*
Cementos Bio Bio SA (100%, Bid No 2)	Chile	HBM Holdings Co Mississippi Lime Co	2024/11/18	Pending	583.00	583.00	3.50	~70	166.6	8.1 x
Umm Al-Qura Cement Co (100%)	Saudi Arabia	City Cement Co	2024/10/24	Pending	369.00	369.00	2.20	~20	166.0	15.6 x
Orient Cement Ltd (59.67%)	India	Ambuja Cements Ltd	2024/10/22	Pending	616.00	1,033.00	8.50	~40	121.5	29.4 x
Siam City Cement pcl (53.66%)	Thailand	Ratanarak Group Co Sunrise Equity Co Ltd	2024/8/16	Pending	1,157.00	1,790.00	24.40	~220	73.4	8.2 x
Société Les Ciments de Jbel Oust and Granulats Jbel Oust (100%)	Tunisia	CNBM	2024/7/26	Pending	145.00	145.00	1.80	~10	80.6	12.0 x
India Cements Ltd (58.72%)	India	UltraTech Cement Ltd	2024/7/28	Pending	1,150.00	1,746.00	14.50	n/a	120.8	n/a
Bamburi Cement plc (100%, Bid No 1)	Kenya	Amsons Group	2024/7/10	Pending	184.00	150.00	3.20	~20	46.7	7.1 x
Summit Materials Inc (100%)	United States	Quikrete Holdings Inc	2024/11/25	Completed	11,933.00	11,933.00	40.00	~740	298.3	16.2 x
Mannok Holdings DAC (94.7%)	Ireland	Cimsa Cimento Sanayi ve Ticaret AS Sabanci Building Solutions BV	2024/8/28	Completed	348.00	368.00	1.70	~60	216.2	5.7 x
CEMEX Holdings Philippines Inc (100%)	Philippines	DMCI Holdings Inc Dacon Corp Semirara Mining & Power Corp	2024/4/25	Completed	740.00	740.00	5.70	n/a	129.8	n/a
Hail Cement Co (97.64%)	Saudi Arabia	Qassim Cement Co SJSC	2023/12/24	Completed	287.00	310.00	9.30	~30	33.4	9.8 x
ADBRI Ltd (57.25%)	Australia	CRH plc Barro Group Pty Ltd	2023/12/18	Completed	1,312.00	1,912.00	3.50	~150	554.2	12.8 x
Oman Cement Co (59.58%)	Oman	Huaxin Cement Co Ltd	2023/3/13	Completed	193.00	225.00	3.60	~40	62.5	6.2 x
Average									**159.2**	**11.9 x**
Median									**121.5**	**9.8 x**

Note:

[1] We searched the comparable transactions EV/EBITDA and EV/Capacity multiples to cross check our result as well.

[2] The transaction information refers to Dealogic, Mergermarket database and the companies' announcements.

[3] These acquisition transactions are all within the past two years ended 31 December 2024, and with more than USD100 million deal size.

[4] The comparable transactions cross-check result is close and little higher than our conclusion, we believe the result is reasonable.

1. DISCLAIMER

This circular is prepared in accordance with the requirements of the Listing Rules to provide information about the Company. The Directors collectively and individually accept full responsibility for the information in this circular. The Directors have confirmed, after making all reasonable inquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects, and does not contain any misleading or fraudulent elements, nor does it omit any material fact that would make this circular or any statements herein misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Last Practicable Date, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and HKEX pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Unit: share

Name	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class	Approximate % of shares held in the total amount of share capital
Mr. Li Yeqing	Beneficial owner	A shares	404,034	0.0301	0.0194
		H shares	1,083,896	0.1475%	0.0521%
Mr. Liu Fengshan	Beneficial owner	A shares	166,500	0.0124	0.0080
		H shares	292,100	0.0398	0.0141
Mr. Ming Jinhua	Beneficial owner	H shares	166,300	0.0226%	0.0080
Mr. Zhang Lin	Beneficial owner	A shares	11,600	0.0009	0.0006
		H shares	248,400	0.0338%	0.0119
Mr. Liu Weisheng	Beneficial owner	H shares	13,700	0.0019	0.0007
	Interest of spouse		12,600	0.0017	0.0006
Mr. Liu Sheng	Interest of spouse	A shares	10,000	0.0007	0.0005
	Beneficial owner	H shares	25,300	0.0034	0.0012
	Interest of spouse		27,900	0.0038	0.0013

Save as disclosed above, as at the Last Practicable Date, none of the Directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and HKEX pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Last Practicable Date, the following persons (other than the Directors, supervisors or chief executives of the Company) had interests in the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and HKEX under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Unit: share

Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class	Approximate % of shares held in the total amount of share capital
Holcim Ltd	Interest of controlled corporation	A shares	451,333,201	33.57	21.71
		H shares	417,902,467	56.88	20.10
		Total	869,235,668		41.81
Holderfin B.V.	Interest of controlled corporation	A shares	451,333,201	33.57	21.71
		H shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
Holchin B.V.	Beneficial owner	A shares	451,333,201	33.57	21.71
		H shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Interest of controlled corporation	A shares	338,060,739	25.15	16.26
Huangshi State-owned Assets Management Company Limited	Interest of controlled corporation	A shares	338,060,739	25.15	16.26
Huaxin Group Co., Ltd	Beneficial owner	A shares	338,060,739	25.15	16.26
China Conch Venture Holdings (HK) Limited	Interest of controlled corporation	H shares	92,788,469	12.63	4.46
China Conch Venture Holdings International Limited	Interest of controlled corporation	H shares	92,788,469	12.63	4.46
Conch International Holdings (HK) Limited	Beneficial owner	H shares	92,788,469	12.63	4.46
China Conch Venture Holdings Limited	Interest of controlled corporation	H shares	92,788,469	12.63	4.46

Unit: share

Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class	Approximate % of shares held in the total amount of share capital
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd.	Interest of controlled corporation	H shares	92,788,469	12.63	4.46
Anhui Conch Cement Company Limited	Interest of controlled corporation	H shares	92,788,469	12.63	4.46
Anhui Conch Holdings Co., Ltd	Interest of controlled corporation	H shares	92,788,469	12.63	4.46
Wuhu Conch Venture Property Co., Ltd.	Interest of controlled corporation	H shares	92,788,469	12.63	4.46

Save as disclosed above, as at the Last Practicable Date, no other persons (other than the Directors, supervisors and the chief executives of the Company) had interests in the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and HKEX under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, the Directors did not enter into or intend to enter into any service contracts with any member company of the Group that would not expire within a year or could not be terminated by the Group without compensation (excluding statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

As of the Latest Practicable Date, the Directors or any of their respective associates did not have any business interests related to the Group (whether directly or indirectly) that constitute or may constitute competition, and such interests are required to be disclosed in accordance with the Listing Rules.

6. DIRECTORS' INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS OF THE GROUP

As of the Latest Practicable Date, the Directors did not have any direct or indirect interest in any assets acquired, sold, leased, contemplated for acquisition or sale, or leased in any member company of this Group since 31 December 2023 (the date of the most recent audited consolidated financial statements of the Company).

As of the Latest Practicable Date, the Directors did not have any significant interest in any contracts or arrangements related to the Group's business and still in existence as of the Latest Practicable Date.

7. EXPERT CONSENT AND QUALIFICATIONS

The qualifications of the experts who provided opinions or advice in this circular are as follows:

Name	Qualification
Ernst & Young Hua Ming LLP	Certified Public Accountant
King Kee Appraisal and Advisory Limited	Independent Valuer
Maxa Capital	A licensed corporation qualified to conduct Type 1 and Type 6 regulated activities under Securities and Futures Ordinance

As of the Latest Practicable Date, the above experts did not hold any shares or have any right (whether enforceable by law) to subscribe for or nominate another person to subscribe for securities of any member company in this Group.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interests in any assets which had been acquired, disposed of or leased to, or were proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The above experts have issued consent letters for publication in this circular, agreeing to the replication of their letters or reports (as the case may be) in the form and content as shown in this circular, with the inclusion of their names, and to date, no consent has been withdrawn.

8. LITIGATION

At the Latest Practicable Date, the Company ("**Respondent**") and Moncement Building Materials LLC ("**Applicant**") applied for arbitration to the International Chamber of Commerce due to disputes over the performance of the EPC contract. Upon confirmation by the ICC Court Secretariat, the final claim amount of the Applicant is USD73.214 million, and the counterclaim amount of the Respondent is USD3.8556 million, with a total dispute amount of USD77.0696 million. The arbitration hearing was held on 22–23 March and 25–28 March 2024, awaiting the decision.

Apart from the above, the Company and its enlarged group companies had no involvement in any other significant litigations, arbitrations, or claims. To the best knowledge of the directors, there were no other pending or significant litigations, arbitrations, or claims faced by any member companies of the enlarged group.

9. MAJOR CONTRACTS

Contracts entered into by member companies of the Enlarged Group within the two years preceding the Latest Practicable Date which are or may be significant are as follows (and not contracts entered into in the ordinary course of the Enlarged Group's daily business):

i. Matter regarding the acquisition of the issued shares in Oman Cement Company SAOG

On 13 March 2023, the Company's wholly-owned subsidiary, Huaxin (Hong Kong) International Holdings Limited, entered into an agreement with Investment Authority SPC to purchase 59.58% of the issued shares in Oman Cement Company SAOG, an Oman listed company, for a total consideration of USD193.1 million (subject to adjustment, that is, post completion, the consideration shall be adjusted based on the audited net cash and working capital levels as at completion).

This transaction was completed in April 2023, and the minority shares tender offer was completed in July 2023. Ultimately, the Company acquired 64.66% of the issued shares in Oman Cement Company SAOG through its wholly-owned subsidiary Abra Holdings Ltd. with a total consideration of USD210.8 million.

ii. Matter regarding the acquisition of the shares in Natal Portland Cement Company (Pty) Ltd.

On 27 June 2023, the Company's wholly-owned subsidiary, Huaxin (Hong Kong) International Holdings Limited, entered into an agreement with INTERCEMENT TRADING INVERSIONES, S.A.U. to purchase 100% of the shares in Natal Portland Cement Company (Pty) Ltd. for a total consideration of USD231.6 million (subject to adjustment, that is, the consideration shall be adjusted based on the audited net cash and working capital levels as at completion).

This transaction was completed in December 2023.

iii. Announcement on the connected transaction for the acquisition of Holcim assets in Nigeria

On 1 December 2024, the Company's wholly-owned subsidiaries, Huaxin (Hong Kong) International Holdings Limited and Hainan Huaxin Pan-Africa Investment Limited, collectively purchased 83.81% of the shares in Lafarge Africa PLC for a total consideration of USD838.13 million (subject to customary downward adjustment for any leakage pursuant to the terms of the Share Purchase Agreement).

iv. Announcement on the transaction for the acquisition of the aggregate assets in Brazil

On 16 December 2024, the Company's wholly-owned subsidiary, Huaxin (Hainan) Investment Limited, entered into a Share Purchase Agreement to acquire the controlling shares in four aggregate plants in the metropolitan area of São Paulo, Brazil for a total consideration of approximately USD186.6 million (subject to customary adjustments with respect to net cash and working capital levels as at completion). The transaction requires approval from the relevant authorities in Brazil and the filing procedures on the overseas investment in China before completion.

10. OTHERS

Mr. Ye Jiaxing and Ms. Lee Mei Yee are the joint company secretaries of the Company, and Ms. Lee Mei Yi is a member of the Hong Kong Institute of Certified Public Accountants.

The Company's registered office in China is located at 600 Daqi Avenue East, Huangshi City, Hubei Province, China. The Company's share registrar in Hong Kong is Tricor Investor Services Limited at, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The Company's principal office in China is located at Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China. The Company's principal place of business in Hong Kong is Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

This circular is issued in both English and Chinese. In the event of any discrepancy between the Chinese and English versions of this circular, the English version shall prevail.

11. DOCUMENTS ON DISPLAY

The electronic texts of the following documents will be displayed and uploaded on the websites of HKEX (www.hkexnews.hk) and the Company (www.huaxincem.com) for not less than fourteen days from the date of this circular:

i. Share Purchase Agreement;

ii. Letter from Maxa Capital, set out on pages 46 to 71 of this circular;

iii. Financial information of Target Company A, set out in Appendix II of this circular;

iv. Financial information of Target Company B, set out in Appendix III of this circular;

v. Financial information of the Ultimate Target Company, set out in Appendix IV of this circular;

vi. Unaudited Pro Forma Financial Information of the Enlarged Group, the full text is in Appendix VI of this circular;

vii. Valuation Report of the Ultimate Target Company, the full text is in Appendix VII of this circular;

viii. The Consent Letter set out in paragraph 7 of this Appendix issued by Ernst & Young Hua Ming;

ix. The Consent letter set out in paragraph 7 of this Appendix issued by King Kee Appraisal and Advisory Limited;

x. The Consent letter set out in paragraph 7 of this Appendix issued by Maxa Capital; and

xi. The Consent Letter issued by Ernst & Young Nigeria.

The proposed amendments to the relevant provisions of the Articles are as follows:

I. AMENDMENTS ON THE "ARTICLES OF ASSOCIATION"

No.	Original Article	Proposed to be amended as
1	**Article 1** To safeguard the legitimate rights and interests of the Company, its shareholders and creditors and to regulate the organization and activities of the Company, the Company formulated this Articles of Association, in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the State Council Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Regulations"), the Prerequisite Clauses of Articles of Association of Companies Seeking for Offshore Public Listing (hereinafter referred to as the "Prerequisite Clauses"), the Letter of Opinion on Supplemental Amendment to Articles of Association of Companies to be Listed in Hong Kong, (Zheng Jian Hai Han [1995] No. 1), the Opinion on Further Promoting the Standardized Operation and the Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230), the Reply from the State Council on Adjusting Provisions on Notice Period of General Meeting and Other Relevant Matters Applicable to Overseas Listed Companies (Guo Han [2019] No.97), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (including relevant appendices, the "SEHK Listing Rules"), the Guidelines on the Articles of Association of Listed Companies and other relevant regulations.	**Article 1** To safeguard the legitimate rights and interests of the Company, its shareholders and creditors and to regulate the organization and activities of the Company, the Company formulated this Articles of Association, in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), ~~the State Council Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Regulations"), the Prerequisite Clauses of Articles of Association of Companies Seeking for Offshore Public Listing (hereinafter referred to as the "Prerequisite Clauses"), the Letter of Opinion on Supplemental Amendment to Articles of Association of Companies to be Listed in Hong Kong, (Zheng Jian Hai Han [1995] No. 1), the Opinion on Further Promoting the Standardized Operation and the Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230), the Reply from the State Council on Adjusting Provisions on Notice Period of General Meeting and Other Relevant Matters Applicable to Overseas Listed Companies (Guo Han [2019] No.97),~~ **and other relevant laws, administrative regulations, and rules and regulations of China (for the purposes hereof, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), as well as** the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (including relevant appendices, the "SEHK Listing Rules")~~, the Guidelines on the Articles of Association of Listed Companies and other relevant regulations~~.
2	**Article 2** The Company is a joint-stock limited company incorporated in accordance with the Company Law, the Securities Law, the Special Regulations and other relevant requirements under the laws, administrative rules and regulations of China (for the purposes hereof, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan, same below). ……	**Article 2** The Company is a joint-stock limited company incorporated in accordance with the Company Law, the Securities Law~~, the Special Regulations~~ and other relevant requirements under the laws, administrative rules and regulations of China (for the purposes hereof, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan, same below). ……

No.	Original Article	Proposed to be amended as
3	**Article 21** Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors. ……	**Article 21** ~~Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.~~ **The Company, when issuing shares to domestic and foreign investors, shall, in accordance with the law, fulfil the registration or filing procedures with the China Securities Regulatory Commission or other regulatory authorities.** **……**
4	**Article 24** Subject to the approval of such plan by the securities regulatory authority of the State Council, the board of directors of the Company may make arrangements for the implementation of its plan for the separate issues of overseas listed foreign shares and domestic shares. ……	**Delete this Article.**
5	**Article 25** Where the total number of shares specified in an issue plan of the Company involves overseas listed foreign shares and domestic shares, each type of shares shall be fully subscribed at one time. Where there are special circumstances which render it impossible for any type of shares to be fully subscribed at any one time, multiple issues may be made subject to the approval of the securities regulatory authority.	**Delete this Article.**
6	**Article 34** The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled. Unless the Company is in the course of liquidation, the Company shall comply with the following provisions when repurchasing its issued shares: ……	**Delete this Article.**
7	**Section 4 Financial Assistance for Acquisition of the Company's Shares** **Article 40- Article 42** The Company and its subsidiaries shall not at any time and in any way provide any financial assistance to a person who acquires or proposes to acquire any shares of the Company. The aforementioned purchaser of the Company' s shares includes a person who directly or indirectly assumes any obligations as a result of an acquisition of the Company's shares. ……	**Delete this Section**

No.	Original Article	Proposed to be amended as
8	**Article 44** Share certificates shall be signed by the Chairperson of the board of directors. If the stock exchange on which the Company' s shares are listed requires the signature of other senior executives of the Company, the share certificates shall also be signed by other relevant senior executives. A share certificate shall become valid after it is affixed with the company seal or a machine-printed seal. The seal of the Company shall not be affixed to any share certificate unless with the authorization of the board of directors. The signatures of the Chairperson or other senior executives of the Company on the share certificates may also be machine-printed signatures.	**Delete this Article.**
9	**Article 46** The Company may, in accordance with any understanding or agreements reached between the securities regulatory authority of the State Council and the overseas securities supervisory authorities, maintain a register of holders of overseas listed foreign shares outside the PRC, and appoint an overseas agent to maintain that register. The original register of shareholders for H shares shall be maintained in Hong Kong. ……	**Delete this Article.**
10	**Article 47 The Company shall keep a complete register of shareholders. The register of shareholders shall comprise the following parts:** ……	**Delete this Article.**
11	**Article 48** Different parts of the register of shareholders shall not overlap. No transfer of shares registered in one part of the register of shareholders shall, during the continuance of the registration of those shares, be registered in any other parts of the register of shareholders. ……	**Delete this Article.**

No.	Original Article	Proposed to be amended as
12	**Article 49** With respect to H shares, the Company shall at any time ensure all title documents of H shares include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form with respect to such shares which bear statements to the following effect: I. The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations, the Special Regulations and the Articles of Association; ……	**Article 39 ~~49~~** With respect to H shares, the Company shall at any time ensure all title documents of H shares include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form with respect to such shares which bear statements to the following effect: I. The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations~~, the Special Regulations~~ and the Articles of Association; ……
13	**Article 51** Any person who has any objection in relation to the register of shareholders and seeks to register his/her name (or title) on the register of shareholders or to delete his/her name (or title) from the register of shareholders may in each case apply to a court of competent jurisdiction to rectify the register of shareholders.	**Delete this Article.**
14	**Article 52** Any shareholder who is registered on the register of shareholders or any person who requests his/her name to be entered in the register of shareholders may, if he/she has lost his/her share certificate (the "original certificate"), apply to the Company for a new certificate in respect of the shares (the "relevant shares") represented by the original certificate. ……	**Delete this Article.**
15	**Article 54** The Company shall not be liable for any damages suffered by any person by reason of the cancellation of an original certificate or the issue of the replacement share certificate, unless the claimant proves that the Company has acted fraudulently. The joint holders of any shares shall be liable severally and jointly for all amounts payable for the relevant shares; ……	**Article 42 ~~54~~** ~~The Company shall not be liable for any damages suffered by any person by reason of the cancellation of an original certificate or the issue of the replacement share certificate, unless the claimant proves that the Company has acted fraudulently.~~ The joint holders of any shares shall be liable severally and jointly for all amounts payable for the relevant shares; ……

No.	Original Article	Proposed to be amended as
16	**Article 57** The shareholders of the Company shall have the following rights: …… V. to receive relevant information in accordance with the Articles, including: …… (5) counterfoils of company debt securities, resolutions of the board of directors, resolutions of board of supervisors; …… (9) Minutes of the shareholders ' general meeting (only for shareholders ' review) VI. in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them; ……	**Article 45** ~~57~~ The shareholders of the Company shall have the following rights: …… V. to receive relevant information **of the Company and its wholly-owned subsidiaries** in accordance with the Articles, including: …… (5) ~~counterfoils of company debt securities,~~ resolutions of the board of directors, resolutions of board of supervisors; …… (9) Minutes of the shareholders ' general meeting (only for shareholders ' review) **Shareholders who individually or collectively hold more than 3% of the company's shares for a consecutive period of more than 180 days may request to inspect the accounting books and vouchers of the Company and its wholly-owned subsidiaries. Shareholders requesting to inspect the accounting books and vouchers of the Company shall submit a written request to the Company, stating the purpose. If the Company reasonably believes that the shareholder's inspection of the accounting books and vouchers is for an improper purpose that may harm the legitimate interests of the Company, it may refuse to provide such inspection, and shall provide a written reply to the shareholders within fifteen days from the date of the shareholders' written request, explaining the reasons for the refusal.** VI. in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them; ……

No.	Original Article	Proposed to be amended as
17	**Article 58** When a shareholder demands for inspection of information mentioned in the preceding article or demand for any information, it shall provide written proof of the class and number of shares held by him/her, and such information shall be provided upon his/her shareholder capacity being verified.	**Article 46 ~~58~~** When a shareholder demands for inspection of information mentioned in the preceding article or demand for any information, it shall provide written proof of the class and number of shares held by him/her, and such information shall be provided upon his/her shareholder capacity being verified. **Shareholders who wish to inspect the information mentioned in the preceding article or request documents may entrust intermediary institutions such as accounting firms, law firms, etc.** **Shareholders and the intermediary institutions entrusted by them to inspect and copy relevant materials shall comply with the relevant laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy, and personal information.**
18	**Article 66** The shareholders' general meeting is the organ of authority of the Company and its functions and powers shall be exercised in accordance with law. …… XII. to examine and approve guarantees under the Article 67; …… XVII. any other matters required by laws, administrative regulations, departmental rules or the Articles of Association to be dealt with in a general meeting.	**Article 54 ~~66~~** The shareholders' general meeting is the organ of authority of the Company and its functions and powers shall be exercised in accordance with law. …… XII. to examine and approve guarantees under the Article **55** ~~67~~; …… XVII. any other matters required by laws, administrative regulations, departmental rules or the Articles of Association to be dealt with in a general meeting. **Shareholders' general meeting may authorize the Board of directors to resolve on issuing corporate bonds.**

No.	Original Article	Proposed to be amended as
19	**Article 79** When the Company convenes the shareholders' general meeting, the board of directors, the board of supervisors or shareholders, individually or in aggregate, holding no less than 3% of the total voting shares of the Company shall have the right to propose motions. Shareholders separately or aggregately holding no less than 3% of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting. The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of the shareholders' general meeting or that is inconsistent with Article 78 of the Articles of Association.	**Article** **<u>67</u>** ~~79~~ When the Company convenes the shareholders' general meeting, the board of directors, the board of supervisors or shareholders, individually or in aggregate, holding no less than **<u>1%</u>** of the total voting shares of the Company shall have the right to propose motions. Shareholders separately or aggregately holding no less than **<u>1%</u>** of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting. The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of the shareholders' general meeting or that is inconsistent with Article **<u>66</u>** ~~78~~ of the Articles of Association.
20	**Article 82** Unless otherwise specified in the relevant laws, regulations, the listing rules of stock exchanges in which the Company get listed and the Articles of Association, the notice of the general meeting shall be served on the shareholders (whether or not they have voting rights at the general meeting) by personal delivery service or postage-paid mail, to the address stated in the register of shareholders. For shareholders with domestically listed shares, notice of the shareholders' general meeting may also be made by means of public announcement. ……	**Article** **<u>70</u>** ~~82~~ **<u>Subject to compliance with the laws and regulations of the jurisdiction where the Company's stocks are listed and the relevant listing rules</u>**, the notice of the general meeting shall be served on the shareholders (whether or not they have voting rights at the general meeting) by personal delivery service, postage-paid mail, **<u>in electronic form and/or by publishing on the Company's website and the website of Hong Kong Stock Exchange, to the address of the person to whom the notice is to be given which shall be the address stated in the register of members or to the electronic communication address provided by the shareholder to the Company.</u>** For shareholders with domestically listed shares, notice of the shareholders' general meeting may also be made by means of public announcement. ……

No.	Original Article	Proposed to be amended as
21	**Article 97** The general meeting shall be chaired by the chairperson of the board. In the event the chairperson of the board is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by the vice chairperson. Where the vice chairperson is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by a director jointly nominated by no less than half of the directors. A general meeting convened by the board of supervisors shall be chaired by the chairperson of the board of supervisors. In the event the chairperson of the board of supervisor is unable to perform his/her duties or he/she fails to perform his/her duties, a supervisor jointly elected by no less than half of the supervisors shall preside over the meeting. A general meeting convened by shareholders shall be chaired by the representative nominated by the convener of such meeting. In convening any general meeting, if the chairperson of the meeting has violated any rules of meeting such that the meeting may not proceed further, with the consent of shareholders representing no less than half of the voting rights present at such meeting, the meeting may elect a person to chair the meeting so that the meeting may proceed further.	**Article** **85** ~~97~~ The general meeting shall be chaired by the chairperson of the board. In the event the chairperson of the board is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by the vice chairperson. Where the vice chairperson is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by a director jointly nominated by ~~no less~~ **more** than half of the directors. A general meeting convened by the board of supervisors shall be chaired by the chairperson of the board of supervisors. In the event the chairperson of the board of supervisor is unable to perform his/her duties or he/she fails to perform his/her duties, a supervisor jointly elected by ~~no less~~ **more** than half of the supervisors shall preside over the meeting. A general meeting convened by shareholders shall be chaired by the representative nominated by the convener of such meeting. In convening any general meeting, if the chairperson of the meeting has violated any rules of meeting such that the meeting may not proceed further, with the consent of shareholders representing ~~no less~~ **more** than half of the voting rights present at such meeting, the meeting may elect a person to chair the meeting so that the meeting may proceed further.

No.	Original Article	Proposed to be amended as
22	**Article 105** Resolutions of general meetings are divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by the holders of half or more of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting. A special resolution shall be passed by the holders of no less than two thirds of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting.	**Article <u>93</u> ~~105~~** Resolutions of general meetings are divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by the holders of ~~no less~~ **<u>more</u>** than half of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting. A special resolution shall be passed by the holders of no less than two thirds of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting.
23	**Article 112** Lists of candidates for directors and supervisors shall be proposed to the shareholders' general meeting for voting. Candidates for directors in each term shall be proposed by the previous board of directors. Shareholders individually or jointly holding 1% or more of the shares may propose the candidates for directors. ……	**Article <u>100</u> ~~112~~** Lists of candidates for directors and supervisors shall be proposed to the shareholders' general meeting for voting. Candidates for directors in each term shall be proposed by the previous board of directors. Shareholders individually or jointly holding 1% or more of the shares may propose the candidates for directors. **<u>The board of supervisors may propose the candidates for independent directors.</u>** ……

No.	Original Article	Proposed to be amended as
24	**Article 138** Directors shall be natural persons. A person shall be disqualified from being a director of the Company in each of the following circumstances: I. a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities; II. a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing social and economic disorder or who has been deprived of his/her political rights as a result of him/her having committed an offence and, in each case, a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation; III. a person who was a director or factory manager or manager of a company or enterprise which had become insolvent and liquidated because of unsound management and who incurred personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise; IV. a person who was a legal representative of a company or enterprise, the business license of which was revoked on the grounds of contravention of law, and who incurred personal liability thereof, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise; V. a person who has failed to repay his/her relatively large amount of debts when due; ……	**Article 126** ~~**138**~~ Directors shall be natural persons. A person shall be disqualified from being a director of the Company in each of the following circumstances: I. a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities; II. a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing social and economic disorder or who has been deprived of his/her political rights as a result of him/her having committed an offence and, in each case, a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation; **or who has been granted a suspended sentence, the probation period shall not exceed 2 years from the date when the probation period expires;** III. a person who was a director or factory manager or manager of a company or enterprise which had become insolvent and liquidated because of unsound management and who incurred personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise; IV. a person who was a legal representative of a company or enterprise the business license of which was revoked on the grounds of contravention of law, **or a company or enterprise which was ordered to shut down,** and who incurred personal liability thereof, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise, **or being ordered to shut down;** V. a person who has failed to repay his/her relatively large amount of debts when due, **and was listed as a dishonest debtor by the People's Court;** ……

No.	Original Article	Proposed to be amended as
25	**Article 142** A director shall be deemed to be unable to carry out his/her duties if he/she fails to attend two consecutive board meetings in person and fails to appoint an alternate director to attend board meetings on his/her behalf. The board of directors shall propose at the general meeting for the removal of such director. The board of directors shall propose at the general meeting for the removal of the independent director if he/she fails to attend three consecutive board meetings in person.	**Article 130** ~~**142**~~ A director shall be deemed to be unable to carry out his/her duties if he/she fails to attend two consecutive board meetings in person and fails to appoint an alternate director to attend board meetings on his/her behalf. The board of directors shall propose at the general meeting for the removal of such director. ~~The board of directors shall propose at the general meeting for the removal of the independent director if he/she fails to attend three consecutive board meetings in person.~~ **Independent Director who fails to attend two consecutive Board meetings in person and does not appoint another Independent Director to attend on his/her behalf, the board of directors shall propose to convene a general meeting to remove him/her from his/her position as an Independent Director within thirty days from the date of occurrence of such fact.**
26	**Article 150** The board of directors shall exercise the following functions and powers: …… Resolutions of the board of directors on the matters set out in the preceding paragraph, save for items (6), (7) and (12) which shall require the consent of no less than two-thirds of the directors, shall be passed by no less than half of the directors.	**Article 138** ~~**150**~~ The board of directors shall exercise the following functions and powers: …… Resolutions of the board of directors on the matters set out in the preceding paragraph, save for items (VI), (VII) and (XII) which shall require the consent of no less than two-thirds of the directors, shall be passed by ~~no less~~ **more** than half of the directors.
27	**Article 155** The chairperson and the vice chairperson shall be elected or dismissed by no less than half of all the directors.	**Article 143** ~~**155**~~ The chairperson and the vice chairperson shall be elected or dismissed by ~~no less~~ **more** than half of all the directors.
28	**Article 159** The board meetings shall be convened by the chairperson. Under any of the following circumstances, the chairperson shall convene and preside over an extraordinary board meeting within 10 days upon occurrence of the respective circumstance: …… IV. the board of supervisors proposes; or V. the manager proposes.	**Article 147** ~~**159**~~ The board meetings shall be convened by the chairperson. Under any of the following circumstances, the chairperson shall convene and preside over an extraordinary board meeting within 10 days upon occurrence of the respective circumstance: …… IV. the board of supervisors proposes; ~~or~~ V. the manager proposes; or **VI. more than half of all the independent directors propose.**

No.	Original Article	Proposed to be amended as
29	**Article 162** Except for the share repurchase by the Company pursuant to the stipulated circumstances under items (3), (5) or (6) of Article 29, which shall be approved by the board meeting attended by no less than two thirds of directors, the board meeting shall not be held without presence of half or more of all the directors. The presence for the purpose of this Article means the presence at the commencement of the meeting coupled with the continuous presence during the meeting. One director present shall have one vote. The resolutions made at the board meetings shall be subject to approval of no less than half of all the directors, with the following exceptions: …… II. According to the stipulations in the Articles of Association, the board of directors shall decide on the resolution of guarantee matters within its authority. Apart from the approval by half or more of all directors, the resolution shall be approved by no less than two thirds of the directors present at the meeting. Should there be a tie between negative and affirmative votes on a matter, the chairperson of the board of directors shall have the casting vote.	**Article 150** ~~162~~ Except for the share repurchase by the Company pursuant to the stipulated circumstances under items (3), (5) or (6) of Article **27** ~~29~~, which shall be approved by the board meeting attended by no less than two thirds of directors, the board meeting shall not be held without presence of ~~half or~~ **more than half** of all the directors. The presence for the purpose of this Article means the presence at the commencement of the meeting coupled with the continuous presence during the meeting. One director present shall have one vote. The resolutions made at the board meetings shall be subject to approval of ~~no less~~ **more** than half of all the directors, with the following exceptions: …… II. According to the stipulations in the Articles of Association, the board of directors shall decide on the resolution of guarantee matters within its authority. Apart from the approval by ~~half or~~ **more than half** of all directors, the resolution shall be approved by ~~no less than two thirds~~ **more than half** of the directors present at the meeting. Should there be a tie between negative and affirmative votes on a matter, the chairperson of the board of directors shall have the casting vote.
30	**Article 175** The deputy managers and the head of finance of the Company shall be nominated by the manager, reviewed by the nomination committee, and reported to the board of directors for appointment. The deputy managers and head of finance shall assist the manager in his/her work.	**Article 163** ~~175~~ The deputy managers ~~and the head of finance~~ of the Company shall be nominated by the manager, reviewed by the nomination committee, and reported to the board of directors for appointment. **The head of finance of the Company shall be nominated by the manager, reviewed by the audit committee, and reported to the board of directors for appointment**. The deputy managers and head of finance shall assist the manager in his/her work.

No.	Original Article	Proposed to be amended as
31	**Article 189** The Company shall set up a board of supervisors which shall be composed of five supervisors. One supervisor shall act as the chairperson. The election of the chairperson of the board of supervisors shall be determined by two — thirds or more of the members of the board of supervisors. The meetings of the board of supervisors shall be presided over and chaired by the chairperson of the board of supervisors. If the chairperson of the board of supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a supervisor nominated by half or more of the supervisors. ……	**Article <u>177</u> ~~189~~** The Company shall set up a board of supervisors which shall be composed of five supervisors. One supervisor shall act as the chairperson. The election of the chairperson of the board of supervisors shall be determined by ~~two — thirds or~~ **<u>more than half</u>** of the members of the board of supervisors. The meetings of the board of supervisors shall be presided over and chaired by the chairperson of the board of supervisors. If the chairperson of the board of supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a supervisor nominated by ~~half or~~ **<u>more than half</u>** of the supervisors. ……
32	**Article 190** The board of supervisors shall exercise the following functions and powers: …… III. monitoring the performance of duties of directors and senior executives, and proposing the dismissal of directors and senior executives who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the shareholders ' general meeting; …… VIII. instituting legal proceedings against directors and senior executives in accordance with Article 152 of the Company Law; IX. in case of any irregularity identified, making investigations and if necessary, engaging professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company; X. such other functions and powers as provided by the Articles of association.	**Article <u>178</u> ~~190~~** The board of supervisors shall exercise the following functions and powers: …… III. monitoring the performance of duties of directors and senior executives, and proposing the ~~dismissal~~ **<u>removal</u>** of directors and senior executives who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the shareholders ' general meeting; …… VIII. instituting legal proceedings against directors and senior executives in accordance with ~~Article 152 of~~ the Company Law; IX. in case of any irregularity identified, making investigations and if necessary, engaging professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company; **<u>X.</u>** **<u>may request reports on the performance of duties from directors and senior management;</u>** **<u>XI.</u>** **<u>may nominate candidates for independent directors;</u>** **XII.** such other functions and powers as provided by the Articles of association.

No.	Original Article	Proposed to be amended as
33	**Article 196** In addition to obligations imposed by law, administrative regulations or by the rules of the stock exchange(s) on which shares of the Company are listed, each director, supervisor, manager and other senior executives when exercising the functions and powers conferred upon him/her by the Company owes to each of the shareholders the following obligations: ……	**Delete this Article.**
34	**Article 197** Each director, supervisor, manager and other senior executives is under the duty, in the exercise of his/her powers and the discharge of his/her obligations, to exercise such care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.	**Delete this Article.**
35	**Article 198** Each director, supervisor, manager and other senior executives is under the duty, in the performance of his/her official functions, to observe his/her fiduciary duties and not to place himself/herself in a position where his/her own interests may be in conflict with any obligations assumed by him/her. This principle includes (but is not limited to) the discharge of the following obligations: ……	**Delete this Article.**
36	**Article 199** A director, supervisor, manager or other senior executives of the Company shall not cause the following persons or organizations (the "connected persons") to undertake any activity which the director, supervisor, manager or other senior executives is prohibited from undertaking: ……	**Delete this Article.**
37	**Article 207** A guarantee provided by the Company in breach of the first paragraph of Article 204 shall not be enforceable against the Company, except in the following circumstances: ……	**Delete this Article.**
38	**Article 208** For the purposes of the foregoing Articles of this Chapter, a "guarantee" includes the undertaking of obligations and the provision of security over property by the guarantor to secure the obligor's performance of obligations.	**Delete this Article.**
39	**Article 209** Apart from any rights and remedies provided by law and administrative regulations, where a director, supervisor, manager or other senior executive of the Company is in breach of his/her obligations to the Company, the Company has a right to take the following measures: ……	**Delete this Article.**

No.	Original Article	Proposed to be amended as
40	**Article 210** The Company shall, with the prior approval of the shareholders ' general meeting, enter into a contract in writing with each director or supervisor of the Company in respect of his/her remuneration. The aforesaid remuneration shall include: ……	**Delete this Article.**
41	**Article 211** The contract entered into between the Company and its director or supervisor shall stipulate that when the Company is being taken over, that director and supervisor is entitled, subject to the informed consent of the shareholders ' general meeting being obtained, to receive severance pay or other payment by reason of his/her loss of office or retirement. The foregoing reference to a takeover of the Company is to any of the following circumstances: ……	**Delete this Article.**
42	**Article 213** The Company shall prepare a financial report at the end of every financial year and shall cause it to be audited in accordance with law. The Company shall publish two financial reports every financial year. The interim report shall be published within 60 days after the end of the first six months of the financial year, and the annual report shall be published within 120 days after the end of the financial year. ……	**Article <u>192</u> ~~213~~** ~~The Company shall prepare a financial report at the end of every financial year and shall cause it to be audited in accordance with law.~~ The Company shall publish two financial reports every financial year. The interim report shall be published within 60 days after the end of the first six months of the financial year, and the annual report shall be published within 120 days after the end of the financial year. ……
43	**Article 220** The Company' s common reserves shall be used for making up accrued losses, expanding the business operations or increasing the capital of the Company, but the capital common reserve shall not be used for making up the Company's losses. ……	**Article <u>199</u> ~~220~~** The Company' s common reserves shall be used for making up accrued losses, expanding the business operations or increasing the capital of the Company~~, but the capital common reserve shall not be used for making up the Company's losses~~. **<u>When using common reserves to make up for the Company's losses, the discretionary reserve and statutory reserve should be used first; should the losses cannot be covered, the capital common reserve can be used as stipulated.</u>** ……

No.	Original Article	Proposed to be amended as
44	**Article 229** If a casual vacancy arises in the office of the accounting firm, the board of directors may appoint an accounting firm to fill the vacancy prior to the holding of a general meeting, but if the Company has another accounting firm in office during the continuation of any such casual vacancy, that accounting firm may continue to act.	**Delete this Article.**
45	**Article 230** The shareholders ' general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office notwithstanding any provisions of the contract between the Company and the accounting firm, but without prejudice to the right (if any) of the accounting firm to claim for compensation against the Company arising from the termination of its office.	**Delete this Article.**
46	**Article 233** The appointment, removal, and non-re-appointment of an accounting firm by the Company shall be decided by the shareholders ' general meeting and reported to the securities regulatory authority at the place of the Company for record. ……	**Delete this Article.**

No.	Original Article	Proposed to be amended as
47	**Article 234** If the Company removes or does not re-appoint an accounting firm, it shall notify the accounting firm sixty (60) days in advance. The accounting firm shall be allowed to state its opinion at the time when the shareholders' general meeting is voting for removal of the accounting firm. An accounting firm tendering resignation shall inform the shareholders ' general meeting as to whether there is any irregularity on the part of the Company. An accounting firm may resign from its office by a notice in writing deposited at the Company's domicile. Any such notice shall be effective on the date on which it is deposited at the domicile of the Company or on such later date as may be specified therein. Such notice shall contain either of the following statements: 1. A statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of shareholders or creditors of the Company; or 2. a statement of any circumstances of which an account ought properly to be given. The Company shall within 14 days after its receipt of the notice referred to in the preceding paragraph above send a copy of the notice to its supervisory authority. If the notice contains a statement referred to in item (2) of the preceding paragraph, a copy of that statement shall be deposited at the Company for inspection by the shareholders. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post to their addresses recorded in the register of shareholders. The aforesaid copy of the statement may also be posted on the website of Stock Exchange of Hong Kong in accordance with the SEHK Listing Rules and following the relevant procedures. Where the notice of resignation of the accounting firm contains a statement of circumstances of which an account ought properly to be given, the accounting firm may require the board of directors to convene an extraordinary general meeting to receive an explanation of the circumstances connected with its resignation.	**Article 210 ~~234~~** If the Company removes or does not re-appoint an accounting firm, it shall notify the accounting firm sixty (60) days in advance. The accounting firm shall be allowed to state its opinion at the time when the shareholders' general meeting is voting for removal of the accounting firm. ~~An accounting firm tendering resignation shall inform the shareholders ' general meeting as to whether there is any irregularity on the part of the Company.~~ ~~An accounting firm may resign from its office by a notice in writing deposited at the Company's domicile. Any such notice shall be effective on the date on which it is deposited at the domicile of the Company or on such later date as may be specified therein. Such notice shall contain either of the following statements:~~ ~~1. A statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of shareholders or creditors of the Company; or~~ ~~2. a statement of any circumstances of which an account ought properly to be given.~~ ~~The Company shall within 14 days after its receipt of the notice referred to in the preceding paragraph above send a copy of the notice to its supervisory authority. If the notice contains a statement referred to in item (2) of the preceding paragraph, a copy of that statement shall be deposited at the Company for inspection by the shareholders. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post to their addresses recorded in the register of shareholders. The aforesaid copy of the statement may also be posted on the website of Stock Exchange of Hong Kong in accordance with the SEHK Listing Rules and following the relevant procedures.~~ ~~Where the notice of resignation of the accounting firm contains a statement of circumstances of which an account ought properly to be given, the accounting firm may require the board of directors to convene an extraordinary general meeting to receive an explanation of the circumstances connected with its resignation.~~

No.	Original Article	Proposed to be amended as
48	**Article 243** …… The aforementioned documents shall also be delivered by mail to the overseas listed foreign shareholders of the listed companies in Hong Kong.	**Article 219** ~~243~~ …… ~~The aforementioned documents shall also be delivered by mail to the overseas listed foreign shareholders of the listed companies in Hong Kong.~~ **For overseas-listed foreign shareholders of the listed companies in Hong Kong, the aforementioned documents shall also be delivered by mail or other methods specified in this Articles of Association, subject to compliance with the laws and regulations of the place where the Company's shares are listed and the relevant listing rules.**
49	**Article 245** To carry out a corporate merger, each party to the merger shall conclude an agreement with each other and formulate balance sheets and checklists of properties. The companies involved shall, within ten days after making the decision of merger, notify the creditors, and shall make a public announcement on a newspaper no less than 3 times within 30 days. ……	Article **221** ~~245~~ To carry out a corporate merger, each party to the merger shall conclude an agreement with each other and formulate balance sheets and checklists of properties. The companies involved shall, within ten days after making the decision of merger, notify the creditors, and shall make a public announcement on a newspaper **or through the National Enterprise Credit Information Publicity System** no less than 3 times within 30 days. ……
50	**Article 249** Where the Company finds it necessary to reduce its registered capital, it must work out balance sheets and checklists of properties. The Company shall, within ten days after the decision of reducing registered capital, notify the creditors and make a public announcement on a newspaper within 30 days. The creditors shall, within 30 days after receiving the notice or within 45 days after the issuance of the public announcement if it fails to receive the notice, be entitled to demand the Company to pay off the debts or to provide respective guaranties. After reduction of the capital, the amount of the Company's registered capital shall not be less than the statutory minimum.	**Article 225** ~~249~~ Where the Company finds it necessary to reduce its registered capital, it must work out balance sheets and checklists of properties. The Company shall, within ten days after the decision of reducing registered capital, notify the creditors and make a public announcement on a newspaper **or through the National Enterprise Credit Information Publicity System** within 30 days. The creditors shall, within 30 days after receiving the notice or within 45 days after the issuance of the public announcement if it fails to receive the notice, be entitled to demand the Company to pay off the debts or to provide respective guaranties. After reduction of the capital, the amount of the Company's registered capital shall not be less than the statutory minimum.

No.	Original Article	Proposed to be amended as
51	**Article 251** The Company may be dissolved under one of the following circumstances: …… IV. the Company is announced bankruptcy in accordance with the law for failing to pay off its debts; …… VI. the Company meets any serious difficulty in its operations or management so that the interests of the shareholders will face heavy loss if the Company continues to exist and the difficulty cannot be solved by any other means, the shareholders who hold ten percent or more of the voting rights of all the shareholders of the Company may plead the people's court to dissolve the Company.	**Article 227** ~~251~~ The Company may be dissolved under one of the following circumstances: …… ~~IV. the Company is announced bankruptcy in accordance with the law for failing to pay off its debts;~~ …… VI. the Company meets any serious difficulty in its operations or management so that the interests of the shareholders will face heavy loss if the Company continues to exist and the difficulty cannot be solved by any other means, the shareholders who hold ten percent or more of the voting rights of all the shareholders of the Company may plead the people's court to dissolve the Company. **If the Company encounters the dissolution reasons as stipulated in the preceding clause, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.**
52	**Article 253** Where the Company is dissolved according to the provisions of Article 251 (1), (2), or (6) of the Articles, a liquidation group shall be formed within fifteen days after the occurrence of the cause of dissolution so as to carry out a liquidation. The liquidation group shall be determined by an ordinary resolution of the shareholders' general meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group. Where the Company is declared bankrupt according to the provisions of Article 250 (4) of the Articles, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.	**Article 229** ~~253~~ Where the Company is dissolved according to the provisions of Article **227** ~~251~~ **(I), (II), or (V)** of the Articles, a liquidation group shall be formed within fifteen days after the occurrence of the cause of dissolution so as to carry out a liquidation. The liquidation group shall be determined by an ordinary resolution of the shareholders' general meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group. ~~Where the Company is declared bankrupt according to the provisions of Article 250 (4) of the Articles, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.~~
53	**Article 254** Where the board of directors decides to carry out liquidation of the Company (except for the liquidation caused by the declaration of bankruptcy of the Company), it shall declare in the notice of the shareholders ' general meeting convened for this purpose that the board of directors has made a comprehensive and thorough investigation of the Company's situation and considers that the Company can repay all its debts within 12 months after the commencement of liquidation. ……	**Delete this Article.**

No.	Original Article	Proposed to be amended as
54	**Article 256** The liquidation group shall, notify the creditors within ten days after its formation and make a public announcement on newspapers no less than 3 times within 60 days after its formation. The creditors shall, within thirty days after receiving the notice or within 45 days after the issuance of the public announcement in the case of failing to receiving a notice, declare their credits before the liquidation group. ……	**Article 231 ~~256~~** The liquidation group shall, notify the creditors within ten days after its formation and make a public announcement on newspapers **or through the National Enterprise Credit Information Publicity System** no less than 3 times within 60 days after its formation. The creditors shall, within thirty days after receiving the notice or within 45 days after the issuance of the public announcement in the case of failing to receiving a notice, declare their credits before the liquidation group. ……
55	**Article 258** If the liquidation group finds that the properties of the Company is not sufficient for paying off the debts after liquidating the properties and preparing balance sheets and checklists of properties, it shall file an application to the people's court for bankruptcy. Once the people's court makes a ruling declaring the Company bankrupt, the liquidation group shall hand over the liquidation matters to the people's court.	**Article 233 ~~258~~** If the liquidation group finds that the properties of the Company is not sufficient for paying off the debts after liquidating the properties and preparing balance sheets and checklists of properties, it shall file an application to the people's court for **bankruptcy liquidation**. Once the people's court **accepts the bankruptcy application**, the liquidation group shall hand over the liquidation matters to **the bankruptcy administrator designated by** the people's court.
56	**Article 260** The members of the liquidation group shall devote themselves to their duties and perform their obligations of liquidation according to law. None of the members of the liquidation group may take advantage of his/her position to take any bribe or any other illegal proceeds, nor may he/she misappropriate any of the properties of the Company. Where any of the members of the liquidation group causes any loss to the Company or any creditor by intention or due to gross negligence, he/she shall make respective compensations.	**Article 235 ~~260~~** The members of the liquidation group shall **fulfill their liquidation duties with the obligations of loyalty and diligence.** ~~None of the members of the liquidation group may take advantage of his/her position to take any bribe or any other illegal proceeds, nor may he/she misappropriate any of the properties of the Company.~~ **Where any of the members of the liquidation group fails to perform their liquidation duties, resulting in any loss to the Company, he/she shall make respective compensations.** Where any of the members of the liquidation group causes any loss to the Company or any creditor by intention or due to gross negligence, he/she shall make respective compensations.

No.	Original Article	Proposed to be amended as
57	**Article 266** The Company shall comply with the following rules of dispute resolution: …… II. An applicant for arbitration may refer the matter to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules or, alternatively, to the Hong Kong International Arbitration Centre for arbitration in accordance with its securities arbitration rules. Once the applicant refers a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the applicant. If the party applying for arbitration selects for arbitration by the Hong Kong International Arbitration Centre, then either party shall be entitled to request, in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre, that the arbitration be conducted in Shenzhen. III. If arbitration is sought to resolve a dispute or claim referred to in paragraph (I) of this Article, PRC laws shall be applicable, save as otherwise prescribed by laws or administrative regulations. IV. An award made by the arbitral body shall be final and conclusive and shall be binding on all parties.	**Article 241** ~~266~~ The Company shall comply with the following rules of dispute resolution: …… II. An applicant for arbitration ~~may refer the matter to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules or, alternatively,~~ **shall submit the aforementioned dispute** to the Hong Kong International Arbitration Centre for arbitration, **and conduct arbitration** in accordance with ~~its securities~~ **the effective** arbitration rules **of the Hong Kong International Arbitration Center at the time of submitting the arbitration notice, with the place of arbitration being Hong Kong.** Once the applicant refers a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the applicant. ~~If the party applying for arbitration selects for arbitration by the Hong Kong International Arbitration Centre, then either party shall be entitled to request, in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre, that the arbitration be conducted in Shenzhen.~~ III. If arbitration is sought to resolve a dispute or claim referred to in paragraph (I) **of this provision** ~~of this Article~~, PRC laws shall be applicable, save as otherwise prescribed by laws or administrative regulations. IV. An award made by the arbitral body shall be final and conclusive and shall be binding on all parties.
58	**Article 273** The Articles of Association shall take effect from the date when the shares of the Company are listed and traded in the Hong Kong Stock Exchange.	**Article 248** ~~273~~ **The Articles of Association shall take effect on the date when it is approved at the general meeting of the Company. The draft amendments to the Articles of Association shall be prepared by the Board of Directors and shall take effect upon the approval at a general meeting.** ~~The Articles of Association shall take effect from the date when the shares of the Company are listed and traded in the Hong Kong Stock Exchange.~~
59		According to the revision, the cross-referencing of clause numbers in the context shall be revised accordingly.

II. AMENDMENTS ON THE "RULES OF PROCEDURES OF SHAREHOLDERS' GENERAL MEETINGS"

No.	Original Article	Proposed to be amended as
1	**Article 4** The shareholders' general meeting is the organ of authority of the Company and its functions and powers shall be exercised in accordance with law. …… (12) to examine and approve guarantees under the Article 67; …… (17) any other matters required by laws, administrative regulations, departmental rules or the Articles of Association to be dealt with in a general meeting.	**Article 4** The shareholders' general meeting is the organ of authority of the Company and its functions and powers shall be exercised in accordance with law. …… (12) to examine and approve guarantees under the Article **55** ~~67~~; …… (17) any other matters required by laws, administrative regulations, departmental rules or the Articles of Association to be dealt with in a general meeting. **Shareholders' general meeting may authorize the Board of directors to resolve on issuing corporate bonds.**
2	**Article 5** Any of the following security undertakings by the Company shall be subject to the approval by the Shareholders' General Meeting: ……	**Delete this Article.**

No.	Original Article	Proposed to be amended as
3	**Article 16** When the Company convenes the shareholders' general meeting, the board of directors, the board of supervisors or shareholders, individually or in aggregate, holding no less than 3% of the total voting shares of the Company shall have the right to propose motions. Shareholders separately or aggregately holding no less than 3% of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting. A Shareholders' General Meeting shall not vote or resolve on any proposal which is not listed in the meeting notice or runs counter to Article 15 of these Rules of Procedures.	**Article 15~~16~~** When the Company convenes the shareholders' general meeting, the board of directors, the board of supervisors or shareholders, individually or in aggregate, holding no less than **1**~~3~~% of the total voting shares of the Company shall have the right to propose motions. Shareholders separately or aggregately holding no less than **1**~~3~~% of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting. A Shareholders' General Meeting shall not vote or resolve on any proposal which is not listed in the meeting notice or runs counter to Article **14** ~~15~~ of these Rules of Procedures.

No.	Original Article	Proposed to be amended as
4	**Article 33** The general meeting shall be chaired by the chairperson of the board. In the event the chairperson of the board is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by the vice chairperson. Where the vice chairperson is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by a director jointly nominated by no less than half of the directors. A general meeting convened by the board of supervisors shall be chaired by the chairperson of the board of supervisors. In the event the chairperson of the board of supervisor is unable to perform his/her duties or he/she fails to perform his/her duties, a supervisor jointly elected by no less than half of the supervisors shall preside over the meeting. A general meeting convened by shareholders shall be chaired by the representative nominated by the convener of such meeting. In convening any general meeting, if the chairperson of the meeting has violated any rules of meeting such that the meeting may not proceed further, with the consent of shareholders representing no less than half of the voting rights present at such meeting, the meeting may elect a person to chair the meeting so that the meeting may proceed further.	**Article 32** ~~**33**~~ The general meeting shall be chaired by the chairperson of the board. In the event the chairperson of the board is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by the vice chairperson. Where the vice chairperson is unable to perform his/her duties or fails to perform his/her duties, the general meeting shall be chaired by a director jointly nominated by ~~no less~~ **more** than half of the directors. A general meeting convened by the board of supervisors shall be chaired by the chairperson of the board of supervisors. In the event the chairperson of the board of supervisor is unable to perform his/her duties or he/she fails to perform his/her duties, a supervisor jointly elected by ~~no less~~ **more** than half of the supervisors shall preside over the meeting. A general meeting convened by shareholders shall be chaired by the representative nominated by the convener of such meeting. In convening any general meeting, if the chairperson of the meeting has violated any rules of meeting such that the meeting may not proceed further, with the consent of shareholders representing ~~no less~~ **more** than half of the voting rights present at such meeting, the meeting may elect a person to chair the meeting so that the meeting may proceed further.

No.	Original Article	Proposed to be amended as
5	**Article 40** Resolutions of general meetings are divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by the holders of no less than half of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting. A special resolution shall be passed by the holders of no less than two thirds of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting.	**Article 39 ~~40~~** Resolutions of general meetings are divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by the holders of ~~no less~~ **more** than half of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting. A special resolution shall be passed by the holders of no less than two thirds of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting.
6	**Article 45** Lists of candidates for directors and supervisors shall be proposed to the shareholders' general meeting for voting. Candidates for directors in each term shall be proposed by the previous board of directors. Shareholders individually or jointly holding 1% or more of the shares may propose the candidates for directors. ……	**Article 44 ~~45~~** Lists of candidates for directors and supervisors shall be proposed to the shareholders' general meeting for voting. Candidates for directors in each term shall be proposed by the previous board of directors. Shareholders individually or jointly holding 1% or more of the shares may propose the candidates for directors. **The board of supervisors may propose the candidates for independent directors.** ……

III. AMENDMENTS ON THE "RULES OF PROCEDURES OF THE BOARD OF DIRECTORS"

No.	Original Article	Proposed to be amended as
1	**Article 3 Authority of Board of Directors** The Board of Directors shall exercise authority in the following areas: …… (16) any other authority conferred by laws, published administrative regulations, or the Articles of Association of the Company.	**Article 3 Authority of Board of Directors** The Board of Directors shall exercise authority in the following areas: …… (16) ~~any other authority conferred by laws, published administrative regulations, or the Articles of Association of the Company.~~ **such other duties and functions as authorized by the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed, the general meeting or the Articles of Association.** **Resolutions of the board of directors on the matters set out in the preceding paragraph, save for items (6), (7) and (12) which shall require the consent of no less than two-thirds of the directors, shall be passed by more than half of the directors.**

No.	Original Article	Proposed to be amended as
2	**Article 4 Special Committees of Board of Directors** …… The main terms of reference of the Audit Committee are as follows: (1) Suggesting the appointment or replacement of external auditors; (2) Supervising and assessing the work performance of external auditors; (3) Guiding the internal audit of the Company, and supervising the internal audit system of the Company and its implementation; (4) Conducting communications between internal and external auditors; (5) Reviewing the financial information of the Company and its disclosure; (6) Assessing the effectiveness of the internal control; (7) Carrying out controls and management over related transactions of the Company; (8) Reviewing biannual and annual financial statements on behalf of the Board and issuing opinions thereon to the Board; (9) Other matters authorized by the Board.	**Article 4 Special Committees of Board of Directors** …… The main terms of reference of the Audit Committee are as follows: (1) **Proposing** ~~Suggesting~~ the appointment or replacement of external auditors; (2) Supervising and assessing the work performance of external auditors **and internal control**; (3) **Supervising and assessing** the internal audit of the Company, and supervising the internal audit system of the Company and its implementation; (4) **Being in charge of the** ~~Conducting~~ communications between internal and external auditors; (5) Reviewing the financial information of the Company and its disclosure; (6) Assessing the effectiveness of the internal control; (7) Carrying out controls and management over related transactions of the Company; (8) Reviewing ~~biannual~~ **interim** and annual financial statements on behalf of the Board and issuing opinions thereon to the Board; **(9) Proposing the appointment or dismissal of the head of finance of the Company**; (10) Other matters authorized by the Board.

No.	Original Article	Proposed to be amended as
	The main terms of reference of the Nomination Committee are as follows: (1) Putting forth suggestions on the size and composition of the Board as well as the composition of the CEO and other Senior Management Positions to the Board; (2) Studying the selection criteria and procedures of Directors, the CEO and other Senior Management of the Company, and putting forward suggestions thereon to the Board; (3) Making recommendations to the Board on the re-appointment or succession program and possible candidates for the Chairman of the Company; (4) Examining the re-appointment or succession program and possible candidates for the CEO of the Company, and making recommendations thereon to the Board; …… (9) Other matters authorized by the Board. The main terms of reference of the Remuneration and Assessment Committee are as follows: …… (5) Other power authorized by the Board. ……	The main terms of reference of the Nomination Committee are as follows: (1) Putting forth suggestions on the size and composition of the Board as well as the composition of the CEO and other Senior Management Positions to the Board; (2) **Formulating** the selection criteria and procedures of Directors, the CEO and other Senior Management of the Company, and putting forward suggestions thereon to the Board; (3) Making recommendations to the Board on the **appointment, re-appointment, or succession proposal** and possible candidates **for the directors (especially the chairman)** of the Company; (4) Examining the **appointment, re-appointment, or succession proposal** and possible candidates for the CEO of the Company, and making recommendations thereon to the Board; …… **(9) Examining the independence of independent non-executive directors;** (10) Other matters authorized by the Board. The main terms of reference of the Remuneration and Assessment Committee are as follows: …… **(5) Proposing to the board of directors regarding the formulation or amendment of equity incentive plans, employee stock ownership plans, and the conditions for incentive recipients to obtain or exercise their rights and interests;** **(6) Proposing to the board of directors on the arrangements for directors and senior management to implement stock ownership plans in the proposed spin-off subsidiaries;** (7) Other power authorized by the Board. ……

No.	Original Article	Proposed to be amended as
3	**Article 8 Extraordinary Meetings** An extraordinary Board meeting shall be convened upon occurrence of any one of the following events: …… (5) where the manager proposes.	**Article 8 Extraordinary Meetings** An extraordinary Board meeting shall be convened upon occurrence of any one of the following events: …… (5) where the manager proposes; or **<u>(6) where more than half of all the independent directors make such proposal.</u>**
4	**Article 15 Personal Attendance and Appointed Attendance** Directors shall attend meetings of the Board of Directors in person in principle. A director who participates in a meeting of the Board of Directors via modern communication technology as permitted by Article 123 of the Articles of Association of the Company shall be deemed as if attending the meeting personally. If the director cannot attend the meeting due to some reason, he/she shall examine the meeting materials in advance, form his/her explicit opinion, and appoint in writing another director present at the meeting to attend the meeting on his/her behalf. ……	**Article 15 Personal Attendance and Appointed Attendance** Directors shall attend meetings of the Board of Directors in person in principle. A director who participates in a meeting of the Board of Directors via modern communication technology as permitted by ~~Article 123 of~~ the Articles of Association of the Company shall be deemed as if attending the meeting personally. If the director cannot attend the meeting due to some reason, he/she shall examine the meeting materials in advance, form his/her explicit opinion, and appoint in writing another director present at the meeting to attend the meeting on his/her behalf. ……

IV. AMENDMENTS ON THE "RULES OF PROCEDURES OF THE BOARD OF SUPERVISORS"

No.	Original Article	Proposed to be amended as
1	**Article 3 Authority of the Board of Supervisors** The board of supervisors shall exercise the following functions and powers: …… (3) monitoring the performance of duties of directors and senior executives, and proposing the removal of directors and senior executives who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the shareholders' general meeting; …… (8) instituting legal proceedings against directors and senior executives in accordance with Article 152 of the Company Law; (9) in case of any irregularity identified, making investigations and if necessary, engaging professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company; (10) such other functions and powers as provided by the Articles of association.	**Article 3 Authority of the Board of Supervisors** The board of supervisors shall exercise the following functions and powers: …… (3) monitoring the performance of duties of directors and senior executives, and proposing the ~~removal~~ dismissal of directors and senior executives who have violated the laws, administrative regulations and the Articles of Association or resolutions passed by the shareholders' general meeting; …… (8) instituting legal proceedings against directors and senior executives in accordance with ~~Article 152 of~~ the Company Law; (9) in case of any irregularity identified, making investigations and if necessary, engaging professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company; **(10) may request reports on the performance of duties from directors and senior management;** **(11) may nominate candidates for independent directors;** (12) such other functions and powers as provided by the Articles of association.

HUAXIN CEMENT CO., LTD.*
華 新 水 泥 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

NOTICE ON THE FIRST EXTRAORDINARY GENERAL MEETING IN 2025

Notice is hereby given that the first Extraordinary General Meeting in 2025 of Huaxin Cement Co., Ltd. (the "**Company**") will be held on Wednesday, 19 March 2025 at 2:00 p.m. at the Company's Conference Room on 2F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 27 February 2025.

Ordinary Resolutions

1. Proposal on the Major and Connected Transaction of the Acquisition of Holcim's Assets in Nigeria

2. Proposal on Public Issue of corporate bonds

3. Proposal on Issuing Medium-term Notes

Special Resolutions

4. Proposed Amendments to the Articles of Association

By Order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
27 February 2025

* *For identification purposes only*

Notes:

1. **Eligibility to attend the EGM and suspension of H shares transfer registration**

   H-share holders of the Company whose names appear on the H Share register of members of the Company at the close of business on Wednesday, 19 March 2025 are entitled to attend and vote at the EGM. H-share holders who wish to attend the EGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Thursday ,13 March 2025.

   The Company will announce separately on the website of the SSE on the details of A-share holders' eligibility to attend the EGM.

2. **Proxy appointment**

   The proxy form for the resolution as set out in the Circular of the EGM will be sent to shareholders on the same day. A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (A proxy may not be a shareholder of the Company) to attend and vote in his/her stead. The instrument appointing a proxy must be in writing under the hand of the shareholder or of his/her agent duly authorized in writing. If the shareholder is a legal person, the proxy form must be either under the seal of the legal person or under the hand of his/her legal representative or director or duly authorized person. If the proxy form is signed by an agent authorized by the shareholder, the authorization or other document authorizing the signing must be notarized.

   In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the EGM or any adjournment thereof (in the case of the EGM, it shall be delivered before 2:00 p.m. on Tuesday, 18 March 2025 to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

   A shareholder who has filled in and submitted the proxy form may at that time attend and vote in person at the EGM or any adjournment thereof as he/she wishes.

3. **Procedures of registration for attending the EGM**

   Shareholders or their proxies shall present their identification documents when attending the EGM. If the shareholder present at the meeting is a legal person, his/her legal representative, director or other person authorized by a decision-making body shall present a copy of the resolution of the Board of Directors or other decision-making body appointing such person to attend the EGM.

4. Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at the EGM must be taken by poll. Accordingly, the Chairman of the EGM shall, in accordance with the powers conferred by the Articles of the Association, require a vote by poll on all resolutions presented at the EGM.

5. Miscellaneous

The EGM is expected to take no more than half a day. Shareholders of the Company who attend the EGM shall bear their own traveling and accommodation expenses.

Contact information of the Company:

Address:	Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China
Postal code:	430074
Tel.:	(86) 27 8777 3898
Fax:	(86) 27 8777 3992
Contact person:	Mr. Ye Jiaxing (Secretary to the Board of Directors), Ms. Wang Xiaoqiong (Securities Affairs Representative)

6. All dates and times in this circular refer to Hong Kong dates and times.

As of the date of this Notice, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.