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WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

DISCLOSEABLE TRANSACTION ACQUISITION OF FURTHER EQUITY INTERESTS IN CIMENTERIE DE LUKALA SA

Sole Financial Advisor to the Company



**Standard Chartered Bank
(Hong Kong) Limited**

PREVIOUS TRANSACTIONS

Reference is made to the Previous Announcement in relation to WIH Cement, an indirect wholly-owned subsidiary of the Company, which entered into two agreements on 27 January 2025: (1) the HM SPA with the HM Sellers, HM AG and the Company, pursuant to which WIH Cement conditionally agreed to acquire, and the HM Sellers have conditionally agreed to sell, 1,574,904 shares of CILU (representing 91.02% of its issued share capital), and (2) the Intra-Group Transfer Agreement with the Company, HM AG and Scancem International, pursuant to which HM AG and Scancem International conditionally agreed to assign the Intra-Group Repayment Claims to WIH Cement. Please refer to the Previous Announcement for more details on the HM SPA and Intra-Group Transfer Agreement.

Unless otherwise stated, capitalized terms in this announcement shall have the same meanings as those defined in the Previous Announcement.

THE IFC TRANSACTION

On 7 May 2025, WIH Cement entered into the IFC SPA with IFC and the Company, pursuant to which WIH Cement conditionally agreed to acquire, and IFC have conditionally agreed to sell, 134,105 shares of CILU (representing 7.75% of its issued share capital) for a consideration of USD6,000,000 (equivalent to approximately HKD46,800,000).

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the Transactions (which include the IFC Transaction) all relate to the acquisition of interests in CILU, they were aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under the Listing Rules.

Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transactions exceed 5% but all of the applicable ratios are less than 25% for the Company, the Transactions on an aggregated basis constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Closing of the Transactions is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the HM SPA, IFC SPA and Intra-Group Transfer Agreement. As the Transactions may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

INTRODUCTION

Reference is made to the Previous Announcement in relation to WIH Cement, an indirect wholly-owned subsidiary of the Company, which entered into two agreements on 27 January 2025: (1) the HM SPA with the HM Sellers, HM AG and the Company, pursuant to which WIH Cement conditionally agreed to acquire, and the HM Sellers have conditionally agreed to sell, 1,574,904 shares of CILU (representing 91.02% of its issued share capital) for a consideration of USD3,700,069 (equivalent to approximately HKD28,860,538), subject to customary closing adjustments, and (2) the Intra-Group Transfer Agreement with the Company, HM AG and Scancem International, pursuant to which HM AG and Scancem International, conditionally agreed to assign the Intra-Group Repayment Claims to WIH Cement, for a consideration of USD115,950,000 (equivalent to approximately HKD904,410,000), subject to agreed closing adjustments.

Unless otherwise stated, capitalized terms in this announcement shall have the same meanings as those defined in the Previous Announcement.

On 7 May 2025, WIH Cement entered into the IFC SPA with IFC and the Company, pursuant to which, WIH Cement conditionally agreed to acquire, and IFC have conditionally agreed to sell, 134,105 shares of CILU (representing 7.75% of its issued share capital) for a consideration of USD6,000,000 (equivalent to approximately HKD46,800,000).

As disclosed in the Previous Announcement, the Intra-Group Repayment Amount payable by

WIH Cement, being the consideration for the assignment of the Intra-Group Repayment Claims, is subject to the Intra-Group Transfer Agreement Closing Adjustment, which involves deducting from the Intra-Group Repayment Amount the total amount by which the purchase price per CILU share under the IFC SPA exceeds the purchase price per CILU share under the estimated HM Share Purchase Price (or vice versa, in which case it will be an addition) multiplied by the number of CILU shares being sold by IFC. Accordingly, the maximum consideration of the Transactions (being the transactions contemplated under the HM SPA, the IFC SPA and the Intra-Group Transfer Agreement) payable by the Group amount to approximately USD120 million (equivalent to approximately HKD936 million), subject to closing adjustments and interests on deferred payment arrangements described in the Previous Announcement.

IFC SPA

The principal terms of the IFC SPA are summarised below:

Date

7 May 2025

Parties

- (i) WIH Cement (as purchaser)
- (ii) IFC (as seller)
- (iii) The Company (as guarantor of WIH Cement)

IFC is a member of the World Bank Group and is established by its Articles of Agreement among 186 member countries (including the PRC). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, IFC and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject matter

Pursuant to the IFC SPA, WIH Cement conditionally agreed to acquire, and IFC has conditionally agreed to sell, 134,105 shares of CILU (representing 7.75% of its issued share capital) (the "**IFC Transaction**").

Consideration

The consideration for the 134,105 shares of CILU is USD6,000,000 (the "**IFC Share Purchase Price**").

The consideration for the IFC Transaction was arrived at after arm's length negotiations between WIH Cement, HM and IFC with reference to (i) the reasons and benefits of the IFC Transaction as stated under the section headed "REASONS FOR AND BENEFITS OF THE IFC TRANSACTION" below; (ii) the valuation methodology and input as described in the section headed "VALUATION OF CILU" in the Previous Announcement; and (iii) the allocation of the total consideration for the Intra-Group Repayment Claims and the CILU shares under the HM SPA and IFC SPA.

WIH Cement will finance the consideration by internal resources and/or bank borrowings.

Payment terms

On the IFC SPA Closing Date, WIH Cement shall pay to IFC in cash the IFC Share Purchase Price.

Conditions precedent

Closing of the IFC SPA is subject to and conditional upon the following conditions precedent being satisfied (or, where applicable, waived):

- (a) certain representations and warranties of WIH Cement and IFC made in the IFC SPA remaining true and correct subject to customary qualifications, and the covenants and agreements in the IFC SPA being complied with by WIH Cement and IFC on or before the closing of the IFC SPA;
- (b) the requisite governmental authorisation having been obtained;
- (c) no authority has issued any law or governmental order that has the effect of making the IFC Transaction or other related transactions illegal or restricting the closing of such transactions; and
- (d) IFC having received the relevant documents from WIH Cement authorising the execution and performance of WIH Cement of its obligations under the IFC SPA and any other related documents to be executed by WIH Cement as part of the IFC Transaction.

Guarantee

Pursuant to the terms of the IFC SPA, the Company has agreed to guarantee the obligations of WIH Cement under the IFC SPA.

Closing

Closing of the IFC SPA shall take place on the IFC SPA Closing Date. Upon closing of both the HM SPA and the IFC SPA (which is expected to take place on or around the same date), CILU is expected to become a non-wholly-owned subsidiary of WIH Cement, and its financial results will be consolidated to the accounts of the Company.

INFORMATION ON CILU

CILU is a company incorporated and registered in DRC, primarily engaged in the operation of an integrated cement plant in Lukala, DRC and the manufacture and distribution of cement, cement clinker and limestone powder. The plant operated by CILU has considerable limestone reserves nearby. In 2019, CILU completed its kiln upgrade to assist its control of ongoing maintenance costs for maintaining good conditions of the plant. With over 100 years of experience and strong brand recognition, CILU is one of the top players in the cement market of DRC.

The financial information prepared in accordance with the generally accepted accounting principles under the laws of DRC for the latest two financial years ended 31 December 2022

and 2023 is set out below. The audited financial information for the financial year ended 31 December 2024 is not available as at the date of this announcement.

	Financial year ended 31 December 2022 (CDF)	Financial year ended 31 December 2023 (CDF)
	<i>Audited</i>	<i>Audited</i>
Net profit before taxation	-12,895,138,765	-34,350,615,106
Net profit after taxation	-13,628,216,890	-36,125,182,245
Net asset value	32,830,168,469	45,963,600,674

VALUATION OF CILU

Please refer to the section headed “VALUATION OF CILU” in the Previous Announcement for details of the valuation methodology and approach, the Enterprise Value of CILU determined by the Company, and the assessment by the Board of the same.

INFORMATION ON THE PARTIES UNDER THE IFC TRANSACTION

WIH Cement is a company incorporated and registered in Mauritius and is a wholly-owned subsidiary of the Company. The Group is primarily engaged in the manufacture and sales of cement and cement products.

IFC is a sister organisation of the World Bank and a member of the World Bank Group. IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilising capital in the international financial markets, and providing advisory services to businesses and governments.

REASONS FOR AND BENEFITS OF THE IFC TRANSACTION

The Group is primarily engaged in the manufacture and sales of cement and cement products.

Having considered the infrastructure investment and population growth in DRC, the Group is optimistic about the future growth potential of cement in DRC market in the long run. The Group plans to acquire CILU’s modern integrated cement plant in DRC which is currently one of the top players in the cement market in DRC. The Board believes that this will expand the Group’s regional advantage in the national cement industry in DRC. Upon closing of the Transactions, the Group will acquire a controlling interest in CILU. Leveraging on the technology, management and cost advantages of the Group, and on the expected high demand of cement in DRC, the Group believes that the Transactions will enable the Group to lay the foundation and seize the potential opportunities in the cement industry in DRC.

The terms of the IFC SPA have been arrived at after arm’s length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of the IFC SPA and the IFC Transaction contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Company’s shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the Transactions (which include the IFC Transaction) all relate to the acquisition of interests in CILU, they were aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under the Listing Rules.

Since certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transactions exceed 5% but all of the applicable ratios are less than 25% for the Company, the Transactions on an aggregated basis constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Standard Chartered Bank (Hong Kong) Limited acted as sole financial advisor to the Company in this Transaction.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“IFC”	International Finance Corporation, a member of the World Bank Group
“IFC SPA Closing Date”	the HM SPA Closing Date or any other date mutually agreed upon by WIH Cement and IFC
“IFC Share Purchase Price”	has the meaning set out in the section headed “IFC SPA - Consideration” above
“IFC SPA”	the share purchase agreement dated 7 May 2025 entered into between WIH Cement, IFC and the Company for the sale and purchase of 134,105 shares of CILU, representing 7.75% of its issued share capital
“IFC Transaction”	has the meaning set out in the section headed “IFC SPA – Subject matter” above
“Intra-Group Transfer Agreement Closing Adjustment”	the agreed closing adjustments to the consideration for the assignment of the Intra-Group Repayment Claims under the Intra-Group Transfer Agreement, which includes the deduction of the total amount by which the purchase price per CILU share under the IFC SPA exceeds the purchase price per CILU share under the estimated HM Share Purchase Price (or vice versa, in which case

it will be an addition) multiplied by the number of CILU shares being sold by IFC

“Previous Announcement”	the announcement of the Company dated 27 January 2025 in relation to the HM SPA and Intra-Group Transfer Agreement
“Transactions”	the transactions contemplated under the HM SPA, the IFC SPA and the Intra-Group Transfer Agreement

By the order of the Board
West China Cement Limited
Zhang Jimin
Chairman

Hong Kong, 7 May 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Cao Jianshun, Ms. Wang Rui and Mr. Chu Yufeng, the non-executive Directors are Mr. Ma Zhaoyang, Mr. Fan Zhan and Mr. Wang Zhixin, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Zhu Dong, Mr. Tam King Ching, Kenny, Mr. Feng Tao and Mr. Lau Ka Keung.

Note: The conversion of USD amounts into HKD amounts or vice versa has been made at the exchange rate of USD1.00 to HKD7.80 for illustrative purposes only. For illustrative purposes only, for the past 6 months, the average exchange rate of USD to CDF is USD1.00 to CDF2,856.53 and the average exchange rate of HKD to CDF is HKD1.00 to CDF367.28.