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西部水泥

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 DIRECT AND INDIRECT EQUITY INTERESTS
IN NATIONAL CEMENT SHARE COMPANY**

THE SHARE PURCHASE AGREEMENTS

On 3 March 2021, West International, a wholly-owned subsidiary of the Company, entered into the NCSC Share Purchase Agreement with East African Mining Corporation PLC, pursuant to which West International agreed to purchase 41,661 shares of NCSC at a consideration of US\$17,000,204.03 (equivalent to approximately HK\$132,091,585). On 16 July 2021, West International further entered into the following Share Purchase Agreements:

- (a) The SGI Share Purchase Agreement with SGI Africa Cement Partners, L.P. and Schulze Global Ethiopia Growth and Transformation Fund I L.P., pursuant to which West International agreed to purchase 100 shares of SGI Ethiopia Cement Ltd., which in turn owns 35,040 shares in NCSC, at a consideration of US\$14,058,659 (equivalent to approximately HK\$109,235,780); and
- (b) The EGTF Share Purchase Agreement with Schulze Global Ethiopia Growth and Transformation Fund I L.P., pursuant to which West International agreed to purchase 1,000 shares of Schulze Global EGTF Cement Ltd., which in turn owns 23,233 shares in NCSC, at a consideration of US\$9,321,485 (equivalent to approximately HK\$72,427,938).

THE SHARE AGREEMENT

On 7 September 2021, West International and WINBM, both wholly-owned subsidiaries of the Company, entered into the Share Subscription Agreement with East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele and NCSC, pursuant to which WINBM agreed to subscribe for the Subscription Shares at a total subscription price of US\$170,000,000 (equivalent to approximately HK\$1,320,900,000).

LISTING RULES IMPLICATIONS

The Share Subscription Agreement, when aggregated with the Share Purchase Agreements pursuant to Rule 14.22 of the Listing Rules, constitute a discloseable transaction of the Company as one of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules), on an aggregated basis, exceed 5% but less than 25%. The Transactions are therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 3 March 2021, West International, a wholly-owned subsidiary of the Company, entered into the NCSC Share Purchase Agreement with East African Mining Corporation PLC, pursuant to which West International agreed to purchase 41,661 shares of NCSC at a consideration of US\$17,000,204.03 (equivalent to approximately HK\$132,091,585).

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On 7 September 2021, West International and WINBM, both are wholly-owned subsidiaries of the Company, entered into the Share Subscription Agreement with East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele and NCSC, pursuant to which WINBM agreed to subscribe for the Subscription Shares at a total subscription price of US\$170,000,000 (equivalent to approximately HK\$1,320,900,000).

THE SHARE PURCHASE AGREEMENTS

The principal terms of each of the Share Purchase Agreements are summarised below:

NCSC Share Purchase Agreement

Date:	3 March 2021
Parties:	<ol style="list-style-type: none">1. East African Mining Corporation PLC (as seller)2. West International (as buyer)3. NCSC (target company)
Subject matter:	East African Mining Corporation PLC shall sell and West International shall purchase 41,661 ordinary shares of 1,000 Birr each in the share capital of NCSC
Consideration:	US\$17,000,204.03 The consideration was determined with arm's length negotiations between the parties with reference to the net asset value of NCSC as at 30 June 2020 and the Group's assessment of the future prospect of NCSC.
Conditions precedent:	Completion of the share purchase is subject to and conditional upon the following conditions precedent being satisfied or waived by West International: <ol style="list-style-type: none">a. The execution and delivery of the NCSC Share Purchase Agreement, the SGI Share Purchase Agreement, the EGTF Share Purchase Agreement, the Share Subscription Agreement and the Shareholders' Agreement;b. Satisfaction of all of the conditions precedent contained in the SGI Share Purchase Agreement, the EGTF Share Purchase Agreement and the Share Subscription Agreement;c. Tax clearance issued by the relevant branch of the Ethiopian Ministry of Revenues for payment of applicable capital gains tax on transfer of the NCSC Sale Shares;d. Written approval of the Trade Competition and Consumer Protection Authority in respect of the transfer of the NCSC Sale Shares;

- e. The registered shareholders of the target company listed in the NCSC Share Purchase Agreement absolutely and unconditionally waive and agree to procure the absolute and unconditional waiver by all other persons of all pre-emption rights in respect of the NCSC Sale Shares to which they or any such other persons respectively may be entitled pursuant to any applicable laws or any constitutional documents or under any agreement or otherwise;
- f. Amendment of the Commercial Registration Certificate and Business License of NCSC to reflect the actual total and paid-up capital of NCSC;
- g. No award, decision, injunction, judgment, order, ruling or verdict of any court or governmental authority having been issued or made prior to the NCSC Closing Date (included), which has the effect of making unlawful or otherwise prohibiting the purchase of the NCSC Sale Shares;
- h. The representations and warranties given in the NCSC Share Purchase Agreement shall be accurate as at the signing date of the NCSC Share Purchase Agreement and shall be accurate as at the NCSC Closing Date as if made as at such NCSC Closing Date;
- i. No material adverse event shall have occurred after the signing date of the NCSC Share Purchase Agreement and prior to the NCSC Closing Date (included); and
- j. Resolution in respect of the transfer of the NCSC Sale Shares duly signed before the Ethiopian Documents Authentication and Registration Agency and deposited the resolution in the commercial registrar of companies maintained at the Ministry of Trade and Industry or, as the case may be, the Ethiopian Investment Commission.

SGI Share Purchase Agreement

Date: 16 July 2021

- Parties:
- 1. SGI Africa Cement Partners, L.P. (as seller)
 - 2. Schulze Global Ethiopia Growth and Transformation Fund I L.P. (as seller)
 - 3. West International (as buyer)
 - 4. SGI Ethiopia Cement Ltd. (target company)

Subject matter: SGI Africa Cement Partners, L.P. and Schulze Global Ethiopia Growth and Transformation Fund I L.P. shall in aggregate sell and West International shall purchase 100 ordinary shares of US\$1 each in the share capital of SGI Ethiopia Cement Ltd.

Consideration: US\$14,058,659

The consideration was determined with arm's length negotiations between the parties with reference to the net asset value of the target company as at 30 June 2021 and the Group's assessment of the future prospect of NCSC, considering the target company is holding 35,040 shares of NCSC.

Conditions precedent: Completion of the share purchase is subject to and conditional upon the following conditions precedent being satisfied or waived by West International:

- a. Satisfaction of all of the conditions precedent contained in the EGTF Share Purchase Agreement;
- b. The buyer (acting reasonably) being satisfied with the results of the due diligence to be conducted by the buyer in relation to SGI Ethiopia Cement Ltd. and the SGI Sale Shares;
- c. Approval of the transfer of the SGI Sale Shares by the shareholders of SGI Ethiopia Cement Ltd.;
- d. No award, decision, injunction, judgment, order, ruling or verdict of any court or governmental authority having been issued or made prior to the SGI Closing Date (included), which has the effect of making unlawful or otherwise prohibiting the purchase of the SGI Sale Shares;
- e. The representations and warranties given in the SGI Share Purchase Agreement shall be accurate as at the signing date of the SGI Share Purchase Agreement and shall be accurate as at the SGI Closing Date as if made as at such SGI Closing Date;
- f. No material adverse event shall have occurred after the signing date of the SGI Share Purchase Agreement and prior to the SGI Closing Date (included); and
- g. Payment by the buyer of the transaction adviser fees.

EGTF Share Purchase Agreement

- Date: 16 July 2021
- Parties:
1. Schulze Global Ethiopia Growth and Transformation Fund I L.P. (as seller)
 2. West International (as buyer)
 3. Schulze Global EGTF Cement Ltd. (target company)
- Subject matter: Schulze Global Ethiopia Growth and Transformation Fund I L.P. shall sell and West International shall purchase 1,000 ordinary shares of US\$1 each in the share capital of Schulze Global EGTF Cement Ltd.
- Consideration: US\$9,321,485
- The consideration was determined with arm's length negotiations between the parties with reference to the net asset value of the target company as at 30 June 2021 and the Group's assessment of the future prospect of NCSC, considering the target company is holding 23,233 shares of NCSC.
- Conditions precedent: Completion of the share purchase is subject to and conditional upon the following conditions precedent being satisfied or waived by West International:
- a. Satisfaction of all of the conditions precedent contained in the SGI Share Purchase Agreement;
 - b. The buyer (acting reasonably) being satisfied with the results of the due diligence to be conducted by the buyer in relation to Schulze Global EGTF Cement Ltd. and the EGTF Sale Shares;
 - c. Approval of the transfer of the EGTF Sale Shares by the shareholders of Schulze Global EGTF Cement Ltd.;
 - d. No award, decision, injunction, judgment, order, ruling or verdict of any court or governmental authority having been issued or made prior to the EGTF Closing Date (included), which has the effect of making unlawful or otherwise prohibiting the purchase of the EGTF Sale Shares;

- e. The representations and warranties given in the EGTF Share Purchase Agreement shall be accurate as at the signing date of the EGTF Share Purchase Agreement and shall be accurate as at the EGTF Closing Date as if made as at such EGTF Closing Date;
- f. No material adverse event shall have occurred after the signing date of the EGTF Share Purchase Agreement and prior to the EGTF Closing Date (included); and
- g. Payment by the buyer of the transaction adviser fees.

Share Subscription Agreement

Date: 7 September 2021

- Parties:
1. East Africa Mining Corporation PLC
 2. East Africa Group (Ethiopia) PLC
 3. Ato Buzuayehu Tadele
 4. West International New Building Materials Pte. Ltd.
 5. West International
 6. National Cement Share Company

Share subscription: WINBM agreed to subscribe, and NCSC agreed to issue new ordinary shares of 1,000 Birr each in NCSC

The Subscription Shares will be allotted and issued to WINBM from the Share Subscription Completion Date in various tranches following the specific milestones set out in the Project Plan. Upon allotment and issuance of the WINBM Subscription Shares in full and the acquisition of shares pursuant to the Share Purchase Agreements, the Group will directly and indirectly hold a maximum number of shares constituting 61.9% in aggregate in the issued share capital of NCSC.

Subscription price: US\$170,000,000

The subscription price was determined with arm's length negotiations between the parties with reference to the net asset value of NCSC as at 30 June 2021 and the Group's assessment of the future prospect of NCSC.

Payment terms: A sum of US\$200,093.61 shall be paid in cash by WINBM on the Completion Date and the remaining amount of the subscription price will be satisfied by consignment of non-cash consideration such as equipment, materials, plants, machinery or other goods

Conditions precedent: Completion of the share subscription is subject to and conditional upon the following conditions precedent being satisfied or waived by the parties to the Share Subscription Agreement:

- a. Written approvals from each of (i) the Ethiopian Trade Competition and Consumer Protection Authority; and (ii) the Ethiopian Investment Commission are received in relation to the transaction under the Share Subscription Agreement;
- b. Notification to Ministry of Mines and Petroleum in relation to the transaction under the Share Subscription Agreement;
- c. The passing and execution at the Notary Public in the Federal Democratic Republic of Ethiopia of the shareholders' resolution by the shareholders of NCSC confirming the issuance of the WINBM Subscription Shares;
- d. Written waivers from all existing shareholders of their pre-emption right on the transaction under the Share Subscription Agreement;
- e. The completion under the SGI Share Purchase Agreement, the EGTF Share Purchase Agreement and the NCSC Share Purchase Agreement;
- f. Execution of an engineering, procurement and construction contract in relation to the development of manufacturing plants to produce building materials including products related to cement, gypsum, steel, glass and aluminium;
- g. Delivery of the Project Plan;
- h. Agreement in relation to working capital requirement both in foreign currency and local currency and each party's responsibilities for sourcing the requirement;
- i. List of benefits containing all benefits received by all the employees of NCSC;

- j. All shares of NCSC issued immediately prior to the date of the Share Subscription Agreement have been fully paid;
- k. No material adverse event shall have occurred between the date of the Share Subscription Agreement and the Share Subscription Completion Date. There shall be no reasonable expectation of the occurrence of any material adverse event;
- l. Change of business scope of NCSC to comply with the law applicable to foreign-controlled companies;
- m. NCSC having adopted the new articles of association;
- n. The agreement on the terms of a shareholders' agreement to be entered into between the parties to the Share Subscription Agreement, with an execution copy of the shareholders' agreement having been prepared for signing by the parties thereto;
- o. Red Fox International Investment Business PLC being a branch of NCSC and no longer a subsidiary of NCSC;
- p. The agreement on the terms and conditions of future business undertakings.

INFORMATION ON NCSC

The completion of the Transactions under the Share Purchase Agreements and the Share Subscription Agreement would result in the Company acquiring direct and indirect interests of 61.9% in aggregate in NCSC. NCSC is a company incorporated and registered in the Federal Democratic Republic of Ethiopia, primarily engaged in the production and sale of cement, limestone and related products.

Set out below is the financial information of NCSC for the periods referred to below:

	Financial year ended 30 June 2020 (audited) <i>(Birr'million)</i>	Financial year ended 30 June 2021 (unaudited) <i>(Birr'million)</i>
Revenue	2,419	3,030
Profit (loss) before tax	246	710
Profit (loss) after tax	246	497
	As at 30 June 2020 <i>(Birr'million)</i>	As at 30 June 2021 <i>(Birr'million)</i>
Net assets	940	1,288

INFORMATION ON THE PARTIES

The Group is primarily engaged in the manufacture and sales of cement and cement products whereas West International and WINBM are both investment holding companies.

East African Mining Corporation PLC is a company incorporated and registered in the Federal Democratic Republic of Ethiopia, primarily engaged in investment in building materials companies in Ethiopia.

SGI Africa Cement Partners, L.P. is a limited partnership established in the British Virgin Islands. It is an investment fund primarily engaged and specialised in investing in cement companies in Ethiopia.

Schulze Global Ethiopia Growth and Transformation Fund I L.P. is a limited partnership established in the Cayman Islands. It is an investment fund primarily engaged and specialised in investing in cement companies in Ethiopia.

SGI Ethiopia Cement Ltd. is a private company limited by shares incorporated in the British Virgin Islands and is primarily engaged in investment holding.

Schulze Global EGTF Cement Ltd. is a private company limited by shares incorporated in the British Virgin Islands and is primarily engaged in investment holding.

East Africa Group (Ethiopia) PLC is a company incorporated and registered in the Federal Democratic Republic of Ethiopia, primarily engaged in investment business. It is one of the shareholders of East African Holding S.C..

Ato Buzuayehu Tadele is an Ethiopian national.

In relation to the information on NCSC, please refer to “Information on NCSC” above in this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the above parties and (where applicable) their respective ultimate beneficial owners are third parties who are independent of, and not connected with, the Company or any of its connected persons within the meaning of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

Having considered (i) the future economic development and construction project planning in Ethiopia; and (ii) the current imbalance of demand and supply of cement, the Group is optimistic about the future growth potential of cement in the Ethiopian market in the long run. The Group plans to collaborate with NCSC build a new cement production line in Ethiopia which, upon completion, is expected to be the largest cement production line in Ethiopia in terms of production capacity. The Board believes that this will bring regional advantage in the national cement industry in Ethiopia to the Group. Upon completion of the Transactions, the Group will have acquired a controlling interest in NCSC. Leveraging on the technology, management and cost advantages of the Group, and on the expected high demand of cement in Ethiopia, the Group believes that the Transactions will enable the Group to lay the foundation and seize the potential opportunities in the cement industry in Ethiopia.

The terms of each of the Share Purchase Agreements and the Share Subscription Agreement 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 each of the Share Purchase Agreements and the Share Subscription Agreement and the Transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Share Subscription Agreement, when aggregated with the Share Purchase Agreements pursuant to Rule 14.22 of the Listing Rules, constitute a discloseable transaction of the Company as one of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules), on an aggregated basis, exceed 5% but less than 25%. The Transactions are therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Birr”	Ethiopian Birr, the lawful currency of Ethiopia
“Board”	board of Directors

“Business Day”	a day other than a Saturday, Sunday or public holiday (i) in Ethiopia when banks in Addis Ababa are open for business (in the context of the NCSC Share Purchase Agreement); or (ii) in British Virgin Islands when banks in Road Town, Tortola are open for business (in the context of the SGI Share Purchase Agreement and the EGTF Share Purchase Agreement); or (iii) in Addis Ababa, Singapore and Hong Kong when banks are open for business (in the context of the Share Subscription Agreement) (as the case maybe)
“Company”	West China Cement Limited (stock code: 2233), a company incorporated in Jersey under the Companies (Jersey) Law 1991 and whose Shares are listed on the main board of the Stock Exchange
“Directors”	director(s) of the Company
“EGTF Closing Date”	a date no later than the tenth Business Day after all conditions precedent as set out in the EGTF Share Purchase Agreement have been fully satisfied
“EGTF Sale Shares”	1,000 ordinary shares of US\$1 each in the share capital of Schulze Global EGTF Cement Ltd.
“EGTF Share Purchase Agreement”	the share purchase agreement dated 16 July 2021 entered into between Schulze Global Ethiopia Growth and Transformation Fund I L.P., West International and Schulze Global EGTF Cement Ltd. in relation to the sale and purchase of the EGTF Sale Shares
“Group”	collectively, the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“NCSC”	National Cement Share Company, a company incorporated and registered in the Federal Democratic Republic of Ethiopia
“NCSC Closing Date”	the Business Day where all conditions as set out in the NCSC Share Purchase Agreement have been fully satisfied (or waived)
“NCSC Sale Shares”	41,661 ordinary shares of 1,000 Birr each in the share capital of National Cement Share Company
“NCSC Share Purchase Agreement”	the share purchase agreement dated 3 March 2021 entered into between East African Mining Corporation PLC, West International and NCSC in relation to the sale and purchase of the NCSC Sale Shares

“Project Plan”	a project plan in relation to NCSC to be agreed between the parties to the Share Subscription Agreement including details regarding the scope and scale of projects, proposed funding plan for the projects and any foreign currency working capital required for operating the projects
“SGI Closing Date”	a date no later than the tenth Business Day after all conditions precedent as set out in the SGI Share Purchase Agreement have been fully satisfied
“SGI Sale Shares”	100 ordinary shares of US\$1 each in the share capital of SGI Ethiopia Cement Ltd.
“SGI Share Purchase Agreement”	the share purchase agreement dated 16 July 2021 entered into between SGI Africa Cement Partners, L.P., Schulze Global Ethiopia Growth and Transformation Fund I L.P., West International and SGI Ethiopia Cement Ltd. in relation to the sale and purchase of the SGI Sale Shares
“Share Purchase Agreements”	collectively, the NCSC Share Purchase Agreement, the SGI Share Purchase Agreement, the EGTF Share Purchase Agreement
“Share Subscription Agreement”	the subscription agreement dated 7 September 2021 entered into between East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele, WINBM, West International and NCSC for the subscription of new shares of NCSC
“Share Subscription Completion Date”	five (5) Business Days after the satisfaction or waiver (if applicable) of all the conditions precedent as set out in the Share Subscription Agreement
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the NCSC Share Purchase Agreement, the SGI Share Purchase Agreement, the EGTF Share Purchase Agreement and the Share Subscription Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“West International”	West International Holding Limited, a limited liability company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of the Company

“WINBM” West International New Building Materials Pte. Ltd., a company incorporated under the laws of Singapore and is a wholly-owned subsidiary of the Company

“WINBM Subscription Shares” new ordinary shares of 1,000 Birr each in NCSC to be subscribed for and fully paid by WINBM in accordance with the Share Subscription Agreement

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

Hong Kong, 7 September 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin and Dr. Ma Weiping, the non-executive Directors are Mr. Ma Zhaoyang, Mr. Fan Changhong and Mr. Shi Guanglei, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Tam King Ching, Kenny and Mr. Zhu Dong.