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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF DIRECT AND INDIRECT EQUITY INTERESTS
IN NATIONAL CEMENT SHARE COMPANY**

Reference is made to the announcements of West China Cement Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 7 September 2021 and 18 October 2021 (collectively, the “**Announcements**”) in relation to a discloseable transaction relating to the acquisition of direct and indirect equity interests in NCSC. Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

THE DEED OF NOVATION AND VARIATION TO THE NCSC SHARE PURCHASE AGREEMENT

On 29 June 2022, East African Mining Corporation PLC, West International, NCSC and WINBM entered into a deed of novation and variation (the “**Deed of Novation and Variation**”), pursuant to which (i) the parties have agreed to amend the longstop date for the closing of the sale and purchase of the NCSC Sale Shares from 30 September 2021 to 31 July 2022; and (ii) West International has transferred its rights, interests, obligations and liabilities pursuant to the NCSC Share Purchase Agreement as amended by the Deed of Novation and Variation to WINBM.

Save as disclosed above, there is no material change to the other terms and conditions in the NCSC Share Purchase Agreement.

REASONS FOR AND BENEFITS OF THE DEED OF NOVATION AND VARIATION

As affected by the COVID-19 pandemic, more time is required for the preparation of documents to be submitted to the Ethiopian government and the corresponding processing time by the government. In view of this, the parties have agreed to amend the longstop date to reflect the situation under the COVID-19 pandemic.

In addition, the Group proposed to transfer the rights, interests, obligations and liabilities of West International pursuant to the NCSC Share Purchase Agreement to WINBM as part of its internal risk management control and measure among the companies within the Group.

THE DEED OF VARIATION TO THE SHARE SUBSCRIPTION AGREEMENT

On 29 June 2022, East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele, West International, WINBM and NCSC entered into a deed of variation to the Share Subscription Agreement (the “**Deed of Variation**”), pursuant to which the parties have agreed that the Subscription Price will be satisfied by the payment of the sum of US\$170,000,000 as follows: (i) such portion of the Subscription Price as the parties may agree to be paid in cash by WINBM (or West International on behalf of WINBM) on the Share Subscription Completion Date; and (ii) remainder of the Subscription Price to be paid by WINBM (or West International on behalf of WINBM) in instalments at any time up to the Subscription Longstop Date. The parties have further agreed that the Subscription Longstop Date shall be changed from 30 June 2024 to 30 June 2023, or such other date as may be agreed by East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele and WINBM in writing.

Save as disclosed above, there is no material change to the other terms and conditions in the Share Subscription Agreement.

REASONS FOR AND BENEFITS OF THE DEED OF VARIATION

As disclosed in the Announcements, the subscription price of US\$170,000,000 under the Share Subscription Agreement comprised a sum of US\$200,093.61 to be paid in cash by WINBM 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. Due to the impact of the COVID-19 pandemic, there was uncertainty in the delivery time of the non-cash consideration to be contributed and the procedures of the relevant Ethiopian government authorities (such as the customs department and the Ethiopian investment committee) became more complicated in identifying and registering the value of the physical objects to be contributed. In order to ensure that the transaction and business plan under the Share Subscription Agreement can proceed steadily, the parties have agreed to change the payment terms of the consideration to be fully settled by cash. The total subscription price payable by the Group remains unchanged at US\$170,000,000.

SHAREHOLDERS’ AGREEMENT

On 29 June 2022, East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC, Ato Buzuayehu Tadele, West International, WINBM, SGI Ethiopia Cement Ltd., Schulze Global EGTF Cement Ltd. and NCSC (collectively, the “**Parties**”) entered into a shareholders’ agreement (the “**Shareholders’ Agreement**”). The principal terms of the Shareholders’ Agreement are set out below.

Board composition

The board of NCSC shall comprise seven (7) Directors at any time, of which three (3) shall be nominated by East Africa Mining Corporation PLC, East Africa Group (Ethiopia) PLC and/or Ato Buzuayehu Tadele (collectively, the “**Existing Shareholders**”), and four (4) shall be nominated by West International and/or WINBM (collectively, “**WCC**”).

Further financing for NCSC

The Parties have agreed that any additional financing needs of NCSC shall, to the extent practicable, be satisfied by external funding sources and on terms to be agreed between the board of NCSC, the Parties and any relevant third parties. The Parties further agree that:

- (a) WCC will be responsible for sourcing all external foreign currency funding and any security required in relation to such external funding shall, to the full extent possible, be provided by NCSC and thereafter by WCC as may be required by the lender to secure such funding; and
- (b) the Existing Shareholders will be responsible for sourcing all external local currency funding and any security required in relation to such external funding shall, to the full extent possible, be provided by NCSC and thereafter by the Parties in proportion to their respective shareholding in NCSC as may be required by the lender to secure such funding.

Funding will be sought in the priority as follows: (i) the Existing Shareholders will use reasonable endeavours to secure local currency financing; (ii) WCC will use reasonable endeavours to obtain foreign currency financing; and (iii) shareholders’ loans.

Restrictions

West International, WINBM and/or any member of their respective groups (the “**WCC Entities**”) or any affiliate are subject to certain restrictions as follows:

- (a) they shall not carry on or be employed, engaged or interested in (or approach, communicate or express an intention to become so employed, engaged or interested in) any business in the Horn of Africa which is or would be in competition with any part of the business of NCSC, including any developments in the business of NCSC after the date of the Shareholders’ Agreement;
- (b) they shall not deal with or seek the custom of any person that is, or was within the previous twelve (12) months, a client or customer of NCSC or, where West International or WINBM is no longer a shareholder, any person that was a client or customer of NCSC at any time during the period of twelve (12) months immediately preceding West International or WINBM ceasing to be a shareholder of NCSC;
- (c) they shall not offer employment to, enter into a contract for the services of, or attempt to solicit or seek to entice away from NCSC any individual who is at the time of the offer, or attempt, a director, officer or employee holding an executive or managerial position with NCSC or procure or facilitate the making of any such offer or attempt by any other person; and

- (d) they shall not solicit or endeavour to entice away from NCSC any supplier who supplies, or has supplied within the previous twelve (12) months, goods and/or services to NCSC or, where West International or WINBM is no longer a shareholder of NCSC, any supplier who has supplied goods and/or services to NCSC at any time during the period of twelve (12) months immediately preceding West International or WINBM ceasing to be a shareholder of NCSC if that solicitation or enticement causes or would cause such supplier to cease supplying, or materially reduce its supply of, those goods and/or services to NCSC.

The times during which the above restrictions apply are:

- (a) any time when any WCC Entity is a shareholder of NCSC; and
- (b) for a period of sixty (60) months after WCC Entities cease to be a shareholder of NCSC.

In addition, no WCC Entity or any affiliate shall undertake any new business of any kind in the Horn of Africa without including the Existing Shareholders and/or NCSC, unless the Existing Shareholders explicitly agree in writing to such exclusion and permits the WCC Entity to proceed by forming a new company on its own.

Issue of new shares

Subject to the consent of the shareholders, NCSC shall not issue or allot any equity securities unless it has first offered such equity securities as may otherwise be issued or allotted, to the Parties on the same terms, and at the same price, as those equity securities would otherwise be offered to other persons on a pari passu and pro rata basis to the number of shares held by those existing Shareholders (as nearly as possible without involving fractions).

NCSC shall not issue or allot any new equity securities to the extent that such issue or allotment would result in (i) any WCC Entities individually or collectively owning, controlling or otherwise having the right to own or control, more than 62% of the share capital of NCSC from time to time in issue; and/or (ii) the Existing Shareholders owning, controlling or otherwise having the right to own or control, less than 38% of the share capital of NCSC from time to time in issue, unless expressly agreed in writing by the Parties.

Transfer of shares and future exit

Except as expressly provided in the articles of association of NCSC or the Shareholders' Agreement, the Parties shall procure that no transfer of shares of NCSC shall be registered by the board of NCSC unless the transferee of such shares has executed and delivered a deed of adherence.

Subject to any compulsory transfer event, including but not limited to the shareholder becomes insolvent or commits a material breach of the Shareholders' Agreement, each Party shall have a right of first refusal in respect of any transfer of shares.

The Parties hereby agree that the Existing Shareholders may at any time after the expiry of 3 years from the Share Subscription Completion Date transfer all or a portion of its Shares to a third party. The Existing Shareholders shall not be entitled to transfer their shares to any person who is not an affiliate or a member of any Existing Shareholder's group within the first 3 years from the Share Subscription Completion Date, without the express written consent of West International and/or WINBM.

Tag along rights

If, following service of a transfer notice and exhaustion of pre-emption procedure set out in the Shareholders' Agreement, any shareholder (or shareholder group) holding at least 50% (fifty per cent) plus 1 (one) Shares (a "**Significant Shareholder**") obtains from a person other than a member of the Significant Shareholder Group or its affiliate (the "**Third Party Purchaser**") an offer to purchase such portion of the Significant Shareholder's Shares that would reduce the Significant Shareholder's equity stake in NCSC to less than or equal to 50% of the share capital of NCSC for the time being, then the Significant Shareholder shall not transfer its shares without first delivering a written notice (the "**Tag Along Notice**") to the other shareholder(s) (the "**Remaining Shareholder(s)**"). Within a period of thirty (30) Business Days from the date of receipt of the Tag Along Notice by the Remaining Shareholder(s), the Remaining Shareholder(s) shall have the right (but not the obligation) to sell and transfer all its shares to the Third Party Purchaser at the same and identical price and other terms and conditions on which the Third Party Purchaser agreed to purchase the selling Significant Shareholder's Shares.

REASONS FOR AND BENEFITS OF THE SHAREHOLDERS' AGREEMENT

In order to (i) lay the foundation for creating a harmonious relationship among the shareholders; (ii) define the rights and responsibilities of the Existing Shareholders and WCC; and (iii) agree on the management of NCSC upon WCC acquiring a controlling interest, the Directors considered that the Shareholders' Agreement is in the interest of the Company and its Shareholders taken as a whole. The terms of the Shareholders' Agreement are fair and reasonable and the Shareholders' Agreement was entered into on normal commercial terms.

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

Hong Kong, 27 July 2022

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. Wang Jingqian, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Tam King Ching, Kenny and Mr. Zhu Dong.