

TO SHAREHOLDERS OF CHILANGA CEMENT PLC
(Formerly Lafarge Zambia Plc)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, please consult your stockbroker, banker, lawyer, accountant or other professional adviser immediately.

Action required

1. If you have disposed of all your ordinary shares in Chilanga Cement Plc (“**Chilanga Cement**”), then this document should be handed to the purchaser of such shares or the stockbroker or agent through whom the disposal was effected.
2. Chilanga Cement shareholders who elect to participate in the offer (“**Offer**”) incorporated in this document by selling all or some of their existing shares in Chilanga Cement, should complete the Form of Acceptance attached to this document and return the same as soon as possible to a stockbroker of the shareholder’s choice or the sponsoring broker, Stockbrokers Zambia Limited, so as to be received by them by no later than **17:00 hours on Monday, 13 June 2022**, the closing date of such Offer, or postmarked on or before that date and received by **17:00 hours on Friday 17 June 2022**.

If you do not wish to participate in the Offer incorporated in this document, you need to take no further action.



HUAXIN (HAINAN) INVESTMENT CO., LIMITED

(Incorporated in the People’s Republic of China registration No 91460100MATRLUB81)

Offering Document to Chilanga Cement shareholders

Regarding an unconditional Offer by Huaxin (Hainan) Investment Co., Limited to Chilanga Cement Minority Shareholders to acquire all or some of their Minority Shares for a cash consideration of the Offer Price per Minority Share; and incorporating a form of acceptance.

Sponsoring Broker in Zambia



Stockbrokers Zambia Limited

Legal Adviser in Zambia



Musa Dudhia & Company

Date of issue: 12 May 2022

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CORPORATE INFORMATION AND ADVISERS RELATING TO HUAXIN (HAINAN) INVESTMENT COMPANY LIMITED

Company's Registered Address

Huaxin (Hainan) Investment Co
Limited Global Trade
Window 2701
No. 15A, Guoxing Avenue, Meilan District
Haikou City, Hainan Province, China

Sponsoring Broker

Stockbrokers Zambia Limited
32 Lubu Road
Longacres
P.O. Box 38956
Lusaka, Zambia

Legal Adviser in Zambia

Musa Dudhia & Co
ALN House
2nd Floor
1394 Mushemi Road
Lusaka
Zambia

CORPORATE INFORMATION AND ADVISERS RELATING TO CHILANGA CEMENT PLC

Company's Registered Address

Chilanga Cement Plc
Farm No 1880
Kafue Road
Lusaka
Zambia

Company Secretary

Chibuye Ngulube
Farm No 1880
Kafue Road
Lusaka
Zambia

Sponsoring Broker

Stockbrokers Zambia Limited
32 Lubu Road, Longacres
P.O. Box 38956
Lusaka
Zambia

Legal Adviser on the Offer

Corpus Legal Practitioners
Piziya Office Park, Stand No. 2374,
Thabo Mbeki Road, P.O. Box 32115,
Lusaka
Zambia.

Transfer Secretary

ShareTrack Zambia
Spectrum House
Stand 10, Great East Road
Jesmondine
Lusaka
Zambia

Auditors

Deloitte & Touché
Abacus Square
Plot No. 2374/B
Thabo Mbeki Road
Lusaka
Zambia

SALIENT DATES AND TIMES

Shareholders must refer to and take note of the “Important Dates and Times” Section of the Offer Document

Firm Intention Announcement released on LuSE SENS	Friday, 04 March 2022
Firm Intention Announcement published in the press	Monday, 07 March 2022
Record Date: Share Register record to be used for posting the Circular	Monday, 09 May 2022
Circular posted to Chilanga Cement Shareholders	Thursday, 12 May 2022
Notice of posting of this Circular released on LuSE SENS	Thursday, 12 May 2022
Offer to Chilanga Cement Shareholders opens at 08:00	Thursday, 12 May 2022
Last day to trade in Chilanga Cement shares in order to be eligible to participate in the Mandatory Offer	Tuesday, 07 June 2022
Shares trade “ex” the Offer	Wednesday, 08 June 2022
Offer to Chilanga Cement Shareholders closes at 17:00	Monday, 13 June 2022
Record date: to determine which shareholders may participate in the Mandatory Offer Trade	Monday, 13 June 2022
Last day for receipt of postal acceptances, postmarked on or before Monday, 13 June 2022 to be received by 17:00	Friday, 17 June 2022
Date on which share transfers will be traded on the LuSE (T+0)	Monday, 20 June 2022
Settlement Date (T+3)	Thursday, 23 June 2022
Payment made to shareholders by their respective LuSE member brokers	Thursday, 23 June 2022
Results of the Offer released on LuSE SENS	Monday, 27 June 2022
Results of the Offer published in the press	Tuesday, 28 June 2022

NOTE:

These dates and times are subject to amendment. Any such amendment will be published in the press

QUERIES

If you have any questions on any aspects of this offer document, please contact your legal practitioner or other professional advisor, or the Sponsoring Broker, Stockbrokers Zambia respectively at the contact details below:

Stockbrokers Zambia Limited

Tel: +260 211 232 456

Email: advisory@sbz.com.zm

DEFINITIONS AND INTERPRETATIONS

<p>In this document, unless the context indicates a contrary intention, an expression which denotes one gender includes the other gender, a natural person includes a juristic person and vice versa and the following definitions bear the meanings assigned to them below:</p>	
“Acceptance”	Acceptance of this Offer by a Minority Shareholder, subject to the terms and conditions of this Offer;
“Articles of Association”	the articles of association of Chilanga Cement dated 30 March 1999;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in Zambia;
“Central Depository” or “LuSE CSD”	The Central Securities Depository maintained by the LuSE;
“Circular”	the separate document dated 12 May 2022 sent to the Minority Shareholders by the Directors of Chilanga Cement, setting out their views as to whether the Offer is fair and reasonable and their recommendation regarding the Offer;
“Company or Chilanga Cement”	Chilanga Cement Plc, (formerly Lafarge Zambia Plc) a public company incorporated in the Republic of Zambia under registration no 120080000304 and listed on the LuSE;
“Form of Acceptance”	the form of acceptance and authority relating to the Offer, attached to this Offer Document, for use by those Minority Shareholders who elect to participate in the Offer;
“Huaxin Cement”	Huaxin Cement Co., Limited, an entity incorporated in China and listed on the Shanghai Stock Exchange in China;
“Huaxin (Hainan) Investment Co., Limited” or “Huaxin”	Huaxin (Hainan) Investment Co., Limited, a company incorporated in the Peoples Republic of China under registration number 91460100MATRLUB81 and a wholly-owned subsidiary of Huaxin Cement;
“Kwacha” or “K” or “ZMW”	Zambian Kwacha, being the official currency of Zambia in which all monetary amounts in this Offer Document are expressed unless otherwise indicated;
“Last Practicable Date”	the last practicable date prior to finalisation of this Offer Document, being 11 May 2022;
“Listing Rules”	The Lusaka Securities Exchange: Harmonised Listings Requirements of the Lusaka Securities Exchange;
“LuSE”	The Lusaka Securities Exchange Plc, a public company incorporated under the laws of Zambia authorized and licensed by the SEC to operate the formal and centralised market for secondary trading of quoted and listed securities;
“Minority Shares”	the 50,013,468 ordinary shares (representing 25.0 % shareholding) of par value of K1.00 each in Chilanga Cement held by the Minority Shareholders. Minority Share (s) shall mean one or more Minority Shares held by a Minority Shareholder depending on the context;
“Minority Shareholders”	holders of Minority Shares;
“Offer” or “Mandatory Offer”	the unconditional offer by the Offeror to the Minority Shareholders made pursuant to Rule 56 of the Third Schedule of the Securities Rules, and subject to the conditions set out in this Offer Document;
“Offer Document”	this offer document together with its annexures setting out the Offer made by the Offeror to the Minority Shareholders;
“Offer Period”	the period from [08:00 hours] Thursday, 12 May 2022 to 17:00 hours Monday, 13 June 2022;
“Offer Price”	the cash offer price of K13.38 per share payable to the Minority Shareholders;
“Offer Shares”	the Minority Shares which are the subject of the Offer, being the shares held by the Minority Shareholders;
“Offeror”	Huaxin (Hainan) Investment Co., Limited;
“Record Date 1”	the last date on which a Minority Shareholder must be registered to be in receipt of the offer document in the Offer being 17:00 hours Monday 09 May 2022;
“Record Date 2”	The date to determine which shareholders may participate in the Mandatory Offer Trade being Monday, 13 June 2022.
“Rules” or “Securities Rules”	the Securities (Takeovers and Mergers) Rules, subsidiary to the Securities Act and issued as Statutory Instrument No. 170 of 1993;

“SEC”	The Securities and Exchange Commission of Zambia, a corporate body created under the Securities Act, and responsible for the regulation of the Zambian securities market and licencing of capital market operators;
“Securities Act” or “the Act”	The Securities Act No. 41 of 2016;
“Settlement Date”	The date when settlement of the Offer Price takes place in accordance with Section 6 below;
“SENS”	The Stock Exchange News Service of the LuSE;
“SPA”	Share Sale and Purchase Agreement between with Pan African Cement Limited and Financière Lafarge SAS dated 11 June 2021;
“Sponsoring Broker”	Stockbrokers Zambia Limited;
“Stockbrokers Zambia Limited” or “SBZ”	a company incorporated under the laws of Zambia under registration no 120030052224, providing corporate finance advisory services and regulated and licenced by the SEC as a dealer and a member of the LuSE;
“US\$”	the currency of the United States of America;
“Working Capital Adjustment”	adjustment made to the trade price to make up any difference between available working capital at the time of closing and the working capital needed to maintain day-to-day operations in accordance with clause 4 of the SPA;
“Zambia”	the Republic of Zambia;

HUAXIN (HAINAN) INVESTMENT CO., LIMITED



(Incorporated in the Peoples Republic of China, Company Registration Number: 91460100MATRLUB81.)

Directors of Huaxin (Hainan) Investment Company Limited:

Xu Gang [Executive]

Chen Qian [Executive]

Li Yeqing [Executive]

Wang Jiajun [Executive]

Liu Weisheng [Executive]

Contact and mailing address for all the Directors of Huaxin listed above is:

Tower B, Huaxin Tower, No.426,
Gaoxin Avenue, East Lake
High-tech Development Zone,
Wuhan City, Hubei Province
China

1. OFFER DOCUMENT TO THE MINORITY SHAREHOLDERS OF CHILANGA CEMENT PLC

1.1 INTRODUCTION

On 11 June 2021, Chilanga Cement announced via SENS, that Huaxin, had entered into the SPA with Pan African Cement Limited (“**Pan African**”) and Financière Lafarge SAS (“**Financière Lafarge**”). In terms of the SPA, Huaxin was to purchase 50.1% shares held by Pan African and 24.9% shares held by Financière Lafarge (“**Transaction**”) in the issued share capital of Chilanga Cement. The Transaction was completed on 30 November 2021 in accordance with the terms of the SPA and subject to the parties undertaking the Working Capital Adjustment

In the subsequent update and further cautionary announcement dated 04 March 2022, and in compliance with rules 13 and 14 (2) of the Third Schedule of the Securities Rules and the Listing Rules; it was announced that Huaxin had finalised the Working Capital Adjustment with Pan African and Financière Lafarge and therefore concluded the Transaction.

Following completion of the Transaction, Huaxin is required, in compliance with rule 56 of the Third Schedule of the Securities Rules, and the Listing Rules, to make a Mandatory Offer to acquire the Minority Shares held by the Minority Shareholders.

The purchase price paid for the Transaction was the sum of US\$ 112,780,821.68 amounting to the Offer Price per share based on the middle market Kwacha/United States dollar exchange rate as published by the Bank of Zambia on 30 November 2021.

In compliance with the Securities Act and pursuant to the Securities Rules and the Listing Rules, Huaxin is required to extend an equivalent offer at the Offer Price per Minority Share, to the Minority Shareholders.

Huaxin, the Offeror in this Offer Document, is a wholly owned subsidiary of Huaxin Cement. Huaxin Cement was founded in 1907 and was incorporated in Huangshi (Hubei/China). Huaxin Cement is listed on the Shanghai Stock Exchange and is among the 10 largest cement groups in the world. In addition to cement, Huaxin Cement operates aggregates and ready mixed concrete as well as waste management businesses and has its own cement and waste pre-/co-processing equipment manufacturing with proprietary technology. Holcim retains a historic 42% shareholding in Huaxin Cement and is the second largest shareholder with a 16% shareholding is Huaxin Group Co. Ltd, which is controlled by the city of Huangshi. As at 31 December 2020, Huaxin Cement was present in 13 Provinces of China and 8 countries abroad, including Zambia. With respect to Zambia, Huaxin Cement holds its interests through its subsidiary, Huaxin.

1.2 DIRECTORS OF HUAXIN

As per the disclosure requirements provided under rule 10(1) of the Second Schedule of the Securities Rules, the information set forth below provides further details on the Board of Directors of Huaxin as at the Last Practicable Date.

NAME	DESIGNATION
Xu Gang	Executive
Chen Qian	Executive
Li Yeqing	Executive
Wang Jiajun	Executive
Liu Weisheng	Executive

1.3 HUAXIN SHAREHOLDING

As stated above, Huaxin is a wholly owned subsidiary of Huaxin Cement, a publicly listed entity. A summary of Huaxin Cement's shareholding as at the Last Practicable Date is shown in the table below:

Shareholder	Class	Number of Shares	Shareholding (%)
HOLCHIN B.V.	Ordinary shares	835,543,825	39.85%
Huaxin Group Co. Ltd	Ordinary shares	338,060,739	16.12%
Hong Kong Securities Clearing Company Ltd.	Ordinary shares	59,787,210	2.85%
HOLPAC LIMITED	Ordinary shares	41,691,843	1.99%
Huaxin Cement Co. LTD-2020-2022 Employee Stock Ownership Plan	Ordinary shares	21,039,361	1%
China Railway Wuhan Bureau Group Co. LTD	Ordinary shares	11,289,600	0.54%
Dai Deming	Ordinary shares	8,850,000	0.42%
National Social Security Fund 413 Portfolio	Ordinary shares	8,700,000	0.41%

GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Ordinary shares	7,998,584	0.38%
Bank of China - ICBC Credit Suisse Core Hybrid Securities Investment Fund	Ordinary shares	7,505,734	0.36%
Minority shareholders	Ordinary Shares	756,132,959	36.06%

1.4 HUAXIN OPERATING SEGMENTS

As at 31 December 2021, the total asset value of Huaxin Cement amounted to over 52.55 billion CNY (approximately USD 8.24 billion), sales of over 32.46 billion CNY (approximately USD 5.03 billion). Huaxin Cement employs approximately 16,283 people globally.

Huaxin Cement is a leading player in the manufacturing and marketing of cement products in China. Founded in 1907, Huaxin Cement today has a cement production capacity of 116 million tonnes/year, aggregate production capacity of 154 million tonnes/year and a ready-mix concrete capacity of up to 44 million cubic meters/year. Huaxin Cement is ranked in China's top 500 manufacturing companies and is also listed as a Fortune China 500 company.

1.5 HUAXIN CEMENT HISTORIC FINANCIAL PERFORMANCE

Extract from Huaxin Cement 2021 Annual Report	USD
Revenue	5.03 billion
Operating Income	1.15 billion
Profit after tax	900 million

1.6 PROSPECTS FOR CHILANGA CEMENT

Chilanga Cement has been in operation in Zambia for over eighty years. Chilanga Cement holds strong positions across the majority of segments in which it operates. Chilanga Cement owns and operates a well-optimized network of two cement production plants in Zambia. The larger production facility with a capacity of 830 thousand tonnes per annum is located at Chilanga in Lusaka, whilst the second plant with a capacity of 400 thousand tonnes per annum is located in Ndola on the Copperbelt. Huaxin Cement has for many years pursued a strategy of geographic diversification and expansion outside of China. Huaxin Cement has invested in Zambia via Huaxin as it notes that the Zambian market is promising owing to its political stability and rapid economic development.

The economic fortunes of Zambia continue to grow and the downstream manufacturing sector being cardinal in that respect, therefore, presents an opportunity for participation and benefits from the expected growth. Huaxin believes that on account of its greater agility in making bold investment decisions, and its affiliation to a group and global cement industry player that has a positive outlook for the Zambian market and region, the prospects for Chilanga Cement are seemingly positive as well.

1.7 DISCLOSURE STATEMENTS BY HUAXIN AND CHILANGA ON SHAREHOLDING INTERESTS

- As at the Last Practicable Date, Huaxin held 75.0% of the issued share capital in Chilanga Cement; and
- As at the Last Practicable Date, Chilanga Cement held no shares in Huaxin directly or indirectly.

2. PURPOSE OF THE OFFER DOCUMENT

The purpose of this Offer Document is to:

- provide Minority Shareholders with all the relevant information on the Offer and the manner in which it will be implemented;
- record the terms and conditions of the Offer in compliance with the requirements of the Securities Act, Securities Rules and the Listing Rules.
- provide equality of treatment of all shareholders in terms of the provisions of the Securities Act, the Security Rules and the Listing Rules;
- enable those Minority Shareholders who wish to participate in the Offer to do so by completing the enclosed Form of Acceptance and returning it via their respective broker; and
- enable those Minority Shareholders who wish to retain their shareholding in Chilanga Cement going forward to do so by not completing the enclosed Form of Acceptance.

3. RATIONALE FOR THE MANDATORY OFFER

On 30 November 2021, Huaxin acquired 75% of the issued share capital of Chilanga Cement from Pan African and Financière Lafarge via trades on the LuSE. As a result, Huaxin is required to proceed with a Mandatory Offer to the Minority Shareholders in Chilanga Cement in compliance with the requirements of the Securities Act and rule 56 of the Securities Rules.

On 03 March 2022, Huaxin formally notified the Board of Chilanga Cement of its intention to proceed with the Mandatory Offer to the Minority Shareholders of Chilanga Cement in compliance with the Securities Act and LuSE Listing Rules.

4. TERMS AND CONDITIONS OF THE MANDATORY OFFER

This section provides a summary of the Mandatory Offer made by Huaxin to the Minority Shareholders of Chilanga Cement.

4.1 TERMS OF THE MANDATORY OFFER

Huaxin is offering to purchase all the Minority Shares held by the Minority Shareholders of Chilanga Cement at the Offer Price pursuant to rule 58 of the Securities Rules

It should be noted that:

- **THE MINORITY SHAREHOLDERS OF CHILANGA CEMENT ARE NOT OBLIGATED TO SELL THEIR SHARES TO HUAXIN IN TERMS OF THE MANDATORY OFFER; and**
- **THE OFFER PROVIDES MINORITY SHAREHOLDERS WITH THE OPPORTUNITY, FOLLOWING THE ACQUISITION BY HUAXIN OF 75% OF THE SHAREHOLDING OF THE COMPANY, TO DECIDE WHETHER TO KEEP ALL THEIR SHARES, SELL SOME AND KEEP THE BALANCE, OR SELL THEIR ENTIRE SHAREHOLDING.**

4.2 THE MANDATORY OFFER AND THE OFFER PRICE

Huaxin hereby makes a cash offer to:

- Purchase all the Minority Shares held by the Minority Shareholders, collectively representing 25% shareholding in the Company, which the Minority Shareholders may wish to tender and in respect of which Huaxin receives valid acceptances, prior to the Closing Date, in accordance with the legal provisions governing mandatory offers, at the Offer Price to be settled at the close of the Offer period; and
- The Offer Price will be discharged through the payment of cash to the Minority Shareholders who accept the Offer in accordance with the Listings Rules and the LuSE Trading Procedures.

A Minority Shareholder who accepts the Offer should contact his/her broker or by contacting the Sponsoring Broker by completing the Form of Acceptance attached to this Offer Document and shall receive the Offer Price for every Minority Share acquired by Huaxin in terms of the Offer.

The Offer Price is the same price at which Huaxin acquired its majority interest in Chilanga Cement on 30 November 2021.

4.3 REMAINING SHAREHOLDERS

Minority Shareholders who elect not to accept the Offer will remain Shareholders subject to the rights prescribed under the Company's Articles of Association, the Companies Act, Securities Act and the Listings Rules.

4.4 OFFER PERIOD

The Offer Period shall remain open for twenty-one (21) days after the posting of this Offer Document to the Minority Shareholders.

- The offer opens at 08:00 hours on Thursday, 12 May 2022 and closes at 17:00 hours on Monday, 13 June 2022; and
- Postal acceptances which are postmarked on or before Friday 17 June 2022 and are received on or before 17:00 hours on Friday 17 June 2022 will be treated by Huaxin as valid acceptances of the Offer. Shareholders registered as members as at the Record Date and who wish to sell some or all of their shares in the Company must tender their shares before the close of the Offer Period.
- Shareholders who prefer not to sell any or all of their shares do not need to respond to this Offer in any way and they will retain their existing shares in the company.

4.5 CONDITIONS OF THE MANDATORY OFFER

There are no conditions to the Offer, nor are there any other arrangements in relation to the shares of the Offeror or Chilanga Cement which are material to the Offer.

4.6 CONFIRMATION OF FINANCIAL RESOURCES

Huaxin hereby confirms that for the purposes of the Offer, it has the financial resources to satisfy full acceptance of the Offer.

5. ACTIONS TO BE TAKEN BY MINORITY SHAREHOLDERS

The Minority Shareholders have several options available to them. Depending on the option selected, there may or may not be actions that a Minority Shareholder will have to undertake. These are described in detail below:

5.1 A MINORITY SHAREHOLDER MAY DO NOTHING

A Minority Shareholder may choose to do nothing.

- **Taking no action will confirm that a Minority Shareholder does not wish to sell any of the Ordinary Shares he/ she currently owns;** and
- In this case, a Minority Shareholder will simply retain his or her existing Minority Shares in the Company, subject to the Companies Act, the Securities Act and the Listing Rules.

Therefore, Minority Shareholders who wish to retain all their shares intact and continue as shareholders of Chilanga Cement going forward should not complete the Form of Acceptance enclosed with this Offer Document – they should not do anything

5.2 A MINORITY SHAREHOLDER MAY SELL A PORTION OF HIS/HER ORDINARY SHARES IN THE COMPANY

As part of the Mandatory Offer being made by Huaxin under the Securities Rules, a Minority Shareholder may elect to sell a portion of the Minority Shares he or she currently owns to Huaxin.

- If a Minority Shareholder elects to take this option, he or she should contact their broker or the Sponsoring Broker and tender the Minority Shares he or she wishes to sell at the Offer Price by completing the Form of Acceptance; and
- This tender of Minority Shares by Minority Shareholders wishing to sell only a portion of their Minority Shares in the Company must be completed, in writing, during the Offer Period as indicated in the timetable on page 4 of this Offer Document and will be conducted as a normal trade over the LuSE on the trade date at the close of the Offer Period.

Unless otherwise advised by an announcement in the press, offers to sell Minority Shares by the Minority Shareholders must be received no later than 17:00 hours on the Closing Date of the Offer Period, namely, Monday, 13 June 2022. Postal acceptances postmarked on or before the above date must be received no later than 17:00 hours on Friday, 17 June 2022. Any changes in these dates will be communicated to Minority Shareholders via an announcement on SENS and in the daily Zambian press, which will appear on consecutive days in at least two Zambian national newspapers.

5.3 A MINORITY SHAREHOLDER MAY SELL ALL OF HIS/ HER MINORITY SHARES IN THE COMPANY

As part of the Offer being made by Huaxin, and as required under the Securities Rules, a Minority Shareholder may elect to sell all of the Minority Shares he/she currently owns to Huaxin.

- If a Minority Shareholder elects this option, he/she should contact their broker or the Sponsoring Broker and tender the Minority Shares he/she wishes to sell at the Offer Price by completing the Form of Acceptance attached to this Offer Document; and
- This tender of Minority Shares by Minority Shareholders wishing to sell all of their Minority Shares in the Company must be completed, in writing, during the Offer Period as indicated in the timetable on page 4 of this Offer Document and will be conducted as a normal trade over the LuSE on the trade date at the close of the Offer Period.

Unless otherwise advised by an announcement in the press, offers to sell Minority Shares by the Minority Shareholders must be received in writing not later than 17:00 hours on the Closing Date of the Offer Period, namely, Monday, 13 June 2022.

Postal acceptances postmarked on or before the above date must be received no later than 17:00 hours on Friday, 17 June 2022. Any changes in these dates will be communicated to Minority Shareholders via an announcement on SENS and in the Zambian daily press, which will appear on consecutive days in at least two Zambian national newspapers.

5.4 NOTE FOR SHAREHOLDERS HOLDING SHARE CERTIFICATES

Some Shareholders may be in possession of share certificates in respect of Minority Shares held by them. The trading, clearing and settlement arrangements at the LuSE are based on the CSD system which does not use share certificates. Accordingly, those Shareholders holding physical share certificates and intending to participate in the Offer are advised to deposit the share certificates evidencing their Minority Shares into the CSD prior to accepting the Offer by contacting SBZ or any other broker of the LuSE.

5.5 ACCEPTANCES ARE IRREVOCABLE

All valid acceptances of the Offer received by your broker or the Sponsoring Broker on or prior to the Closing Date shall be irrevocable.

5.6 TRANSACTION RECEIPTS

The Company or your broker or the Sponsoring Broker will issue no receipts for Forms of Acceptance, surrender and transfer other than stamping the same in the receipt portion of the application form, if tendered in person, unless specifically requested to do so, in writing, by the Minority Shareholder in question.

5.7 ACCEPTANCES OF THE MANDATORY OFFER BY NOMINEE COMPANIES AND REPRESENTATIVES

Such nominee companies and custody accounts may submit in aggregate or in respect of each Minority Shareholder represented, acceptances of the Offer by recognized nominee companies. Any such representative accepting the Offer warrants that it is duly authorized to do so.

5.8 NO AMENDMENT OR VARIATION OF THE MANDATORY OFFER

No amendment or variation of the Offer shall be valid unless made in writing and signed by Huaxin after the necessary regulatory approvals.

5.9 TREATMENT OF INCOMPLETE FORMS OF ACCEPTANCE

Huaxin reserves the right, at its discretion, to:

- a Treat as invalid, Forms of Acceptance, that are incomplete or illegible; and
- b Require proof of the authority of the person signing the Form of Acceptance, surrender and transfer where such proof has not yet been lodged with or recorded by the broker.

5.10 GENERAL

The Minority Shareholders may accept the Offer in respect of all or part of their Minority Shares. Minority Shareholders who do not wish to accept the Offer **need not** take any further action and will be deemed to have declined the Offer. The Minority Shareholders who accept the Offer to sell their Minority Shares will be responsible for any taxes or costs, including brokerage, LuSE, LuSE CSD and SEC trade commission fees that may be levied on such sale. Neither Huaxin nor Chilanga Cement shall be responsible or liable for any tax liability of any Minority Shareholder on the Minority Shares acquired under the Offer from such Minority Shareholder.

6. SETTLEMENT

Settlement of the Offer Price to the Minority Shareholders will take place in accordance with the normal arrangements for trades conducted on the LuSE. Payment of the Offer Price by Huaxin to the Minority Shareholders for the Ordinary Shares acquired shall be made in accordance with the normal LuSE Trading Procedures.

On the first business day following the last day for the receipt of postal acceptances all Minority Shares that have been tendered by Minority Shareholders will be traded over the LuSE. The settlement will occur thereafter on T + 3 in accordance with prevailing LuSE Trading Procedures.

Shareholders are reminded to provide their up-to-date bank account details and forwarding addresses to the Transfer Secretary in order to facilitate efficient and expedient payment. In the event that your details have changed, kindly complete a Shareholder Account Detail Form and return it to the Transfer Secretary. The Shareholder Account Detail Form can be collected from the Transfer Secretary's offices, details are as provided below:

Transfer Secretary: ShareTrack Zambia
Address: Spectrum House, Stand No. 10 Jesmondine, Great East Road, P. O Box 37283
Tell: +260 211 374 791/92/93
Email: sharetrack@scs.co.zm
Website: www.sharetrackzambia.com

Thereafter, and unless instructed by a Minority Shareholder, all payments not collected shall, at the Minority Shareholder's risk, be sent to the address of the Minority Shareholder recorded in the Register.

Minority Shareholders wishing to participate in the Offer and tender some or all of their Minority Shares should complete the attached Form of Acceptance and submit it to their LuSE member broker, or the Sponsoring Broker. A list of all the LuSE brokers appears in Section 18 (“List of LuSE Brokers”) of this Offer Document.

Acceptance of the Offer may have an effect on an individual Minority Shareholder’s tax position. Minority Shareholders are advised to consult their professional advisors about their personal tax positions.

7. COSTS OF THE OFFER

The costs of and incidental to the offer, other than those incurred by Chilanga Cement or Minority Shareholders, shall be borne and paid by Huaxin.

DETAILS	ZMW
Sponsoring Broker	84,500.00
Legal Advisor Fees	135,783.00
Printing, Posting and Public Relations	49,600
Transfer Agent Fees	48,212.50
SEC Scrutiny Fees	16,666.80
LuSE Scrutiny Fees	22,500.00
Total	357,262.30

8. PROCEDURES FOR ACCEPTANCE OF THE OFFER

The Minority Shareholders who wish to participate in the Offer by selling all or some of their shares must complete and sign the attached Form of Acceptance, in accordance with the instructions therein. The following should be noted:-

- **The completed Form of Acceptance must be posted or delivered to their respective stockbrokers or the sponsoring broker, so as to be received by them no later than 17:00 hours on Monday, 13 June 2022 or postmarked on or before that date and received by 17:00 hours on Friday, 17 June 2022.**
- **Minority Shareholders who do not wish to participate in the Offer need to take no further action and will retain their existing shares.**

Some Minority Shareholders may still be in possession of Chilanga Cement share certificates. The trading, clearing and settlement arrangements at the LuSE are based on the CSD system which does not use share certificates. Accordingly, those shareholders with Chilanga Cement share certificates intending to participate in the Offer are advised to deposit

their Chilanga Cement shares into the CSD system of the LuSE by contacting any one of the eight-member broker firms of the LuSE

9. APPLICABLE LAWS

The Offer and its acceptances will be governed by the laws of Zambia. This document does not constitute an Offer in any area of jurisdiction in which it is illegal to make such an Offer. In such circumstances, this document is sent for information purposes only.

10. DISCLOSURE OF DIRECTORS' INTERESTS AND TRANSACTIONS

At the Last Practicable Date, three of the directors of Chilanga Cement held Chilanga Cement shares. The following direct interest in Chilanga Cement shares were held by three of the directors of Chilanga Cement at the Last Practicable Date:

Name	Number of Ordinary Shares	Holding (%)
Mr Mwelwa Chibesakunda	1500	0.0007
Dr Frank Munthali	2203	0.001
Mr Muna Hantuba	3445	0.002

At the Last Practicable Date, to the knowledge of Huaxin or any of its officers, no director of Chilanga Cement held any shares in Huaxin or Huaxin Cement (other than as disclosed above) and there were no dealings by any director of Chilanga Cement in Huaxin or Huaxin Cement three months prior to the announcement of the Offer, until the Last Practicable Date. There were no share dealings by the directors of Chilanga Cement in Chilanga Cement shares three months prior to the announcement of the Offer, until the Last Practicable Date.

None of the directors of Huaxin had, at the Last Practicable Date, any direct, indirect, beneficial or non-beneficial interest in Chilanga Cement shares.

11. IMPLICATIONS OF THE OFFER IN REGARD TO THE LISTING OF CHILANGA CEMENT ON THE LuSE

The Listing Rules stipulate that, unless otherwise agreed with the Board of the LuSE, twenty-five percent (25%) of each class of equity shares of a company must be held by the public in order for a company to qualify for a full listing on the LuSE.

In the event that the percentage of Chilanga Cement shares held by the public falls below this 25 % threshold, as a result of this Offer, the Board of the LuSE will take the matter under consideration. Chilanga Cement, would nevertheless, continue to qualify to have its shares traded on the second tier (i.e., quoted) of the LuSE market. However, shareholders must be advised that a smaller number of shares held by the public could reduce the liquidity and price formation and restrict trading in Chilanga Cement shares on the LuSE

12. SALE BY HUAXIN OF PURCHASED SHARES UNDER THE OFFER TO ZAMBIAN INSTITUTIONAL INVESTORS

Huaxin has intimated to the Government of Zambia its willingness to support the growth and development of the Zambian capital market and specifically maintain the listing of Chilanga Cement on the LuSE, subject to compliance with the existing regulations and laws of Zambia. Accordingly, Huaxin has approached several Zambian institutional investors to seek their support in regard to the desire by Huaxin to maintain the listing of Chilanga Cement on the LuSE with the full free float of 25%. To maintain the full free float of 25% shareholding on the LuSE market, the participating Zambian institutional investors have been requested to buy any and all the shares that Huaxin would have acquired from the Minority Shareholders under the Offer.

Any sale by Huaxin and the immediate purchase of those shares by the participating Zambian institutional investors would be effected as a “back to back” arrangement on the settlement date of the mandatory offer on Thursday, 23 June 2022. There is no guarantee expressed or implied that any or all of the shares acquired by Huaxin in the Offer will in turn be bought from Huaxin by the participating Zambian institutional investors under the “back-to-back” arrangement mentioned above.

13. DIRECTORS’ RESPONSIBILITY STATEMENT

All directors’ of Huaxin jointly and severally accept full responsibility for the accuracy of the information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, statements expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statements in this document misleading.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by the Minority Shareholders during normal business hours at the office of the Sponsoring Broker, during the Offer Period:

- the Articles of Association of Chilanga Cement;
- the audited annual financial statements of Chilanga Cement for each of the past three financial years up to 31 December 2021; and
- the audited annual financial statements of **Huaxin Cement** for the past three years up to 31 December 2021; and
- a signed copy of this Offer Document.

15. DIVIDEND

All Minority Shareholders who sell their Minority Shares as part of the Offer will not be eligible to receive dividends, if any are declared, for the year ending 31 December 2021.

16. LOST OR DESTROYED DOCUMENTS OF TITLE

If any Chilanga Cement share certificates to be surrendered have been lost or destroyed, Minority shareholders who wish to participate in the Offer should nevertheless return the Form of Acceptance duly signed and completed. Huaxin will dispense with the surrender of such share certificates upon production of satisfactory evidence or a sworn affidavit that the share certificates have been lost or destroyed and of an acceptable indemnity. Indemnity forms are obtainable from your stockbroker on request and will be regarded as the only suitable form for submission in such cases.

17. SHAREHOLDING IN CHILANGA CEMENT

The current shareholding in Chilanga Cement is as follows:

- the 150,026,436.00 Shares (75.0 %) owned by Huaxin acquired pursuant to the Transaction from Financière Lafarge and Pan African; and
- the 50,013,468 shares (25.0 %) of the issued and outstanding shares of the Company held by the public.

18. LIST OF MEMBER BROKERS OF THE LuSE**Stockbrokers Zambia Limited**

32 Lubu Road
Longacres
P.O. Box 38956
Lusaka, Zambia
Email: advisory@sbz.com.zm

Madison Asset Management Company Limited

Plot 316 Independence Avenue
Lusaka
Zambia
Email: info@madisonassets.co.zm

Pangaea Securities

Pangaea office Park
First Floor
Great East Road
Lusaka, Zambia
Email: info@pangaea.co.zm

Autus Securities Limited

34 Khola Road, Woodlands
Lusaka,
Zambia
Email: info@aurussecurities.com

Equity Capital Resource

4th Floor, Godfrey House Lusaka
Corner Kabelenga & Longolongo Roads
Lusaka
Zambia
Email: infor@ecrinvestments.com

Finance Securities Limited

2110/2111 Sepele Road
Opposite Finance House
Lusaka
Zambia
Email: ops@financesecurities.com

Hobbiton Investment Management

Zenera Office Park
Corner of Lagos and Lubuto Roads
Rhodespark
Lusaka
Zambia
Email: invest@hobbiton.co.zm

Longhorn Associates

Ground floor
Garden View Office Park
Plot 1146/15
Lagos Road, Rhodespark
Lusaka, Zambia
Email: joy@longhorn-associates.com

19. OFFER TIMETABLE**ACTION ITEM****DATE**

Announcement of acquisition of beneficial ownership of shares by Huaxin

Tuesday, 30 November 2021

Offer tabled to Chilanga Cement Board

Thursday, 03 March 2022

Announcement of the terms of the Offer

Friday, 4 March 2022

Record Date: Share Register record to be used for posting Offer Document

Monday, 09 May 2022

Offer Document posted to minority shareholders	Thursday, 12 May 2022
Circular posted to Minority Shareholders	Thursday, 12 May 2022
Opening date of the Offer Period	Thursday, 12 May 2022
Last day to trade of shareholders wishing to accept the offer	Tuesday, 07 June 2022
Shares trade "ex" the offer	Wednesday, 08 June 2022
Closing date of the Offer Period	Monday, 13 June 2022
Record date: to determine which shareholders may participate in the MTO trade	Monday, 13 June 2022
Last date for receipt of postal acceptances	Friday, 17 June 2022
Trade date	Monday, 20 June 2022
Settlement date	Thursday, 23 June 2022
Payment made to shareholders via their respective LuSE member brokers	Thursday, 23 June 2022
Inform LuSE and SEC results of the Offer	Friday, 24 June 2022
Announcement of results of the Offer published on SENS and in the Newspapers	Monday, 27 June 2022
Uncollected cheques posted to minority shareholders on	Friday, 01 July 2022

By order of the Board
Huaxin Investment Co., Limited

Signed this 12 day of May 2022, at Lusaka place / city / country,

ANNEXURE A: FORM OF ACCEPTANCE

MANDATORY OFFER TO MINORITY SHAREHOLDERS OF CHILANGA CEMENT PLC

This form is important and applies to the Minority Shareholders who wish to participate in the Offer by Huaxin, contained in this Offer Document to which this Form of Acceptance is attached, by selling all or some of their Minority Shares to Huaxin, if and only if they wish to do so without any compulsion, coercion or force from anyone or any party.

Please read the instructions and notes in section B overleaf. Non-compliance with these instructions could result in the rejection of this form and you could be deemed not to have participated in the Offer.

- If you are in any doubt as to how to complete this form, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately; and
- If you do not wish to participate in the offer you need to take no further action.

HUAXIN INVESTMENT CO LIMITED



(Incorporated in the Peoples Republic of China, Company Registration Number: 91460100MATRLUB81)

Form of Acceptance

1. Forms of Acceptance could be rejected if they are not received by your selected stockbroker (see list of brokers on page 17 of this Document) or the sponsoring broker, Stockbrokers Zambia Limited, by no later than 17:00 hours on Monday 13 June 2022 or postmarked on or before that date and received by 17:00 hours on Friday 17 June 2022.
2. Shareholders who wish to participate in the Offer, who are also holding share certificates in respect of the Minority Shares they wish to sell, must deposit those share certificates, into the CSD system of the LuSE by contacting one of the member broker firms of the LuSE, together with this form.
3. A separate form is required for each shareholder.

SECTION A

To be completed by all Chilanga Cement shareholders who wish to participate in the offer by selling all or some of their Chilanga Cement shares.

Dear Sirs

I/We hereby surrender [our Ordinary Shares in Chilanga Cement] in accordance with and subject to the terms and conditions contained in the Offer Document to Chilanga Cement shareholders, dated Thursday, 12 May 2022 (regarding the offer by Huaxin to Chilanga Cement Minority Shareholders, to acquire all or some of their Chilanga Cement shares) as indicated in the table below:

Name of Registered shareholder (Separate form for each holder)	Number of Chilanga Cement shares to be sold
Date of Completion:	
Name of Registered Shareholder	
Box Number	
Town	
Signature Of Registered shareholder:	
Name of Broker:	
Date Received:	
Stockbroker Stamp:	

SECTION B

Instruction and notes

1. Payment will be made in accordance with section 6 of this document to which this Form of Acceptance is attached.
2. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with his/her stockbroker or the sponsoring broker.
3. Where shares are jointly held, this Form of Acceptance must be signed by all joint holders of those shares.
4. If this Form of Acceptance is signed under power of attorney, such power of attorney must be produced unless it has already been registered with the relevant shareholder's stockbroker or the sponsoring broker.
5. If this Form of Acceptance is signed on behalf of a company, pension or provident fund or any other body corporate, it must be accompanied by a certified copy of the resolution authorizing the signature.
6. Any alteration or correction made to this Form of Acceptance must be signed in full and not initialled by the signatory/ (ies).
7. Any certificated Minority Shares must first be dematerialized prior to accepting the Offer in relation to any or all of such Ordinary Shares.