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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 INTERESTS AND SUBSCRIPTION OF SHARES IN  
AFRISAM HOLDINGS PROPRIETARY LIMITED**

Reference is made to the announcement of (“**Announcement**”) of West China Cement Limited (the “**Company**”) dated 2 April 2026 in relation to the Transactions. Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Company would like to provide the Shareholders and potential investors with the following additional information about the valuation of AfriSam.

**BASIS OF ADOPTING THE MARKET APPROACH**

As disclosed in the Announcement, the Acquisition Price and the Subscription Consideration were arrived at after arm’s length negotiations between the Purchaser, the Sellers and AfriSam with reference to, among others, the value of AfriSam as determined by using the market approach.

Before coming to the conclusion that the market approach is more appropriate over the other valuation approaches in valuation of AfriSam (the “**Valuation**”), the Company has considered the cost approach, income approach and the market approach as follows:

**Cost approach**

The AfriSam Group is primarily engaged in the manufacture and distribution of cement, ready-mix concrete and aggregate. The AfriSam Group owns and operates multiple fully integrated cement factories, blending plants, milling facilities, cement depots, quarries and aggregate plants and ready-mix concrete batching plants across South Africa. As the cost approach only considers the replacement cost of existing assets from the perspective of asset

acquisition, reflecting the replacement value of the company’s current assets, it does not directly incorporate the economic benefits contributed by the relevant assets to reflect the equity value of AfriSam. Therefore, the cost approach was considered to be not appropriate for the Valuation.

### **Income approach**

The income approach is dependent on a range of forward-looking assumptions, including expected future cash flows, growth rates and discount rates, which involve a high degree of estimation uncertainty. In addition, the reliability of any financial forecasts is further constrained by the fact that AfriSam has recorded net losses for the past three financial years ended 31 December 2022, 2023 and 2024. As a result, there would be heightened uncertainty in constructing financial projections that assume the achievement of sustainable levels of profitability in the future. Therefore, the income approach was considered to be not appropriate for the Valuation.

### **Market approach**

As disclosed in the Announcement, in the market approach, a valuation range for AfriSam is established based on financial benchmark multiples for comparable historical transactions. According to broker research reports published by various financial institutions available to the Company, the EV-to-EBITDA multiple is the benchmark most frequently used in the cement industry. Therefore, the Company has chosen this benchmark to calculate AfriSam’s valuation. The reference EBITDA may consider both historical and current EBITDA values.

## **SELECTION OF COMPARABLE TRANSACTIONS**

As disclosed in the Announcement, in the course of Valuation, the Company adopted the following criteria for selecting comparable historical transactions, all of which must be met: (1) the target of the comparable transactions must operate an integrated cement manufacturing plant; (2) the target of the comparable transactions must be located in Africa; and (3) the transaction must have taken place in the past five years.

Such criterion was chosen because these comparables closely match the business nature and domicile of AfriSam. By focusing on this specific group, the Company ensured that the selected comparables share similar market conditions, regulatory environments, and industry dynamics with AfriSam, providing a more relevant basis for valuation.

Using this criterion, two comparable transactions (“**Selected Transactions**”) with the background set out below were identified, and the Company considered that this number is adequate for applying the market approach. The below sets out the relevant details of the Selected Transactions selected by the Company in conducting the Valuation:

No.	Purchaser	Target of Transaction	Date of announcement	Equity percentage of transaction	Total transaction amount (USD million)	EV/EBITDA multiple
1	Huaxin Cement Co Ltd	Lafarge Africa PLC	1 December 2024	83.8%	838.1	8.1 times
2	Amsons Group	Bamburi Cement	10 July 2024	96.3%	176.9	7.1 times

The above Selected Transactions are comparable to the Transactions as they were cross-border transactions into the African market and therefore appropriately reflect the relevant country-specific macroeconomic conditions and risk considerations. In addition, these transactions were completed within the last five years and are considered sufficiently recent to reflect prevailing African operating environments. The targets of the Selected Transactions were integrated cement producers, which are comparable to AfriSam in terms of industry profile and associated sector-specific risks.

The Selected Transactions form an exhaustive list of comparable transactions for the purpose of the Valuation based on the selection criteria as mentioned above.

## **PRICING MULTIPLE, ADJUSTMENTS AND INPUTS OF THE VALUATION**

Considering that the main drivers of the value of a manufacturer and distributor of cement, ready-mix concrete and aggregates company are their operating performance and profitability, an EV (enterprise value) to EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortisation) ratio was used in the Valuation. Furthermore, as AfriSam has not recorded a net profit for the past three financial years ended 31 December 2022, 2023 and 2024, the P/E ratio was unsuitable. After careful consideration of these factors, the EV/EBITDA multiple was selected as the most appropriate valuation metric.

The pricing multiple used in the Valuation was determined based on the median value of the EV/EBITDA ratio of the Selected Transactions and was adjusted after further negotiation with the Sellers.

The median value of the Selected Transactions is 7.6 times. In arriving at an adjusted valuation range, the following key financial and operational adjustments risk factors were identified and quantified in the valuation adjustment:

- (1) **EBITDA Margin Differential:** AfriSam demonstrates lower EBITDA margins compared to the selected peer group. Analysis of the Selected Transactions reveals that peer companies achieve average EBITDA margins higher than AfriSam. Accordingly, a negative valuation adjustment of 10% to 15% was applied;
- (2) **South Africa Operational and Macroeconomic Risk Factors:** South Africa has experienced electricity supply disruptions and escalating energy cost, resulting in increased operational disruption risk. Accordingly, a negative adjustment of 10% was applied; and
- (3) **Currency Liquidity Risk:** While the peer group includes transactions involving Nigerian and Kenyan operations (which face their own macroeconomic challenges), these jurisdictions present currency liquidity and capital control risks that materially differ from South Africa market conditions, such as, foreign exchange controls and dividend remittance restrictions. By contrast, South Africa benefits from deep and liquid capital markets with well-developed financial systems. Accordingly, a positive adjustment of 10% was applied.

The individual risk factor adjustments as set out above were aggregated to determine an appropriate net adjustment range of 10% to 15%.

Considering the relative financial and operational risk factors of AfriSam compared to the Selected Transactions, it was deemed appropriate to apply a risk adjustment to the median value of the Selected Transactions in applying a multiple to AfriSam. These risk factors include inter alia lower EBITDA margins and high levels of gearing in the asset, resulted in a negotiated qualitative risk adjustment of 13% being applied, which is within the net adjustment range of 10% to 15%. Applying this downward adjustment, the applied EV-to EBITDA multiple ranged from 6.2 to 7.1 times.

The material difference between the book value and the enterprise value of AfriSam is primarily attributable to its capital structure, in particular the existence of significant long-term interest-bearing indebtedness. As a consequence, the enterprise value is materially higher than the book value of AfriSam.

## **BOARD’S ASSESSMENT IN RELATION TO THE CONSIDERATION**

In assessing the terms of the Transactions (including the Acquisition Price and the Subscription Consideration), the Board had taken into consideration (i) the reasons and benefits of the Transactions as stated under the section headed “REASONS FOR AND BENEFITS OF THE TRANSACTIONS” as set out in the Announcement; and (ii) the valuation approach, bases and assumptions as set out above and in the section headed “VALUATION OF AFRISAM” as set out in the Announcement.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

All information and contents set out in the Announcement remain unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 30 April 2026

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