



SUPPLYING ZAMBIA WITH QUALITY PRODUCTS FOR 72 YEARS

ANNUAL REPORT 2021

CHILANGA CEMENT PLC
(FORMERLY LAFARGE ZAMBIA PLC)

Content

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Chilanga Cement PLC

at a glance

Major milestones



1949 Chilanga Cement is founded. The company would become Lafarge Zambia PLC, then Chilanga Cement PLC.



1951 Cement production commences at Chilanga Plant. The first major project is the supply of cement for the construction of the Kariba Dam wall.



1969 A second plant is commissioned in Ndola.



1995 The Lusaka Stock Exchange is founded and Chilanga Cement becomes the first company to be listed.



2001 Chilanga Cement is acquired by the Lafarge Group.



2015 Following the historic global merger, Lafarge Zambia PLC becomes a member of the LafargeHolcim Group.



2018 Lafarge Zambia PLC Chilanga Plant installs a chemical shoot for waste incineration under the Eco unit (formerly Geocycle) brand to promote a zero-waste future.



2020 Lafarge Zambia PLC partners with AfriDelivery and Tigmoo for Online cement purchases.



2021 Lafarge Zambia PLC is acquired by Huaxin Cement Co., Ltd.



2021 The name of the company is changed to Chilanga Cement PLC, to maintain our legacy.



Major infrastructure projects

The cement for these prestigious infrastructure projects are all supplied by Chilanga Cement PLC:

- Lusaka Decongestion Project
- King Salman Bin Abdulaziz Specialist Hospital
- Kafue Gorge Power Project
- Kenneth Kaunda International Airport
- Simon Mwansa Kapwepwe International Airport
- Chikankata-Mazabuka Road Project
- 750 MW Kafue Gorge Lower
- Lusaka L400 Urban Roads Project Phase 3

Zambia Association of Manufacturers - Sustainable Development Award



CONGRATULATIONS ARE IN ORDER

Zambia Association of Manufacturers presented an award to Chilanga Cement PLC for its remarkable contributions towards sustainable development in Zambia.

Quality products for any application



Block Making



Mass Concrete

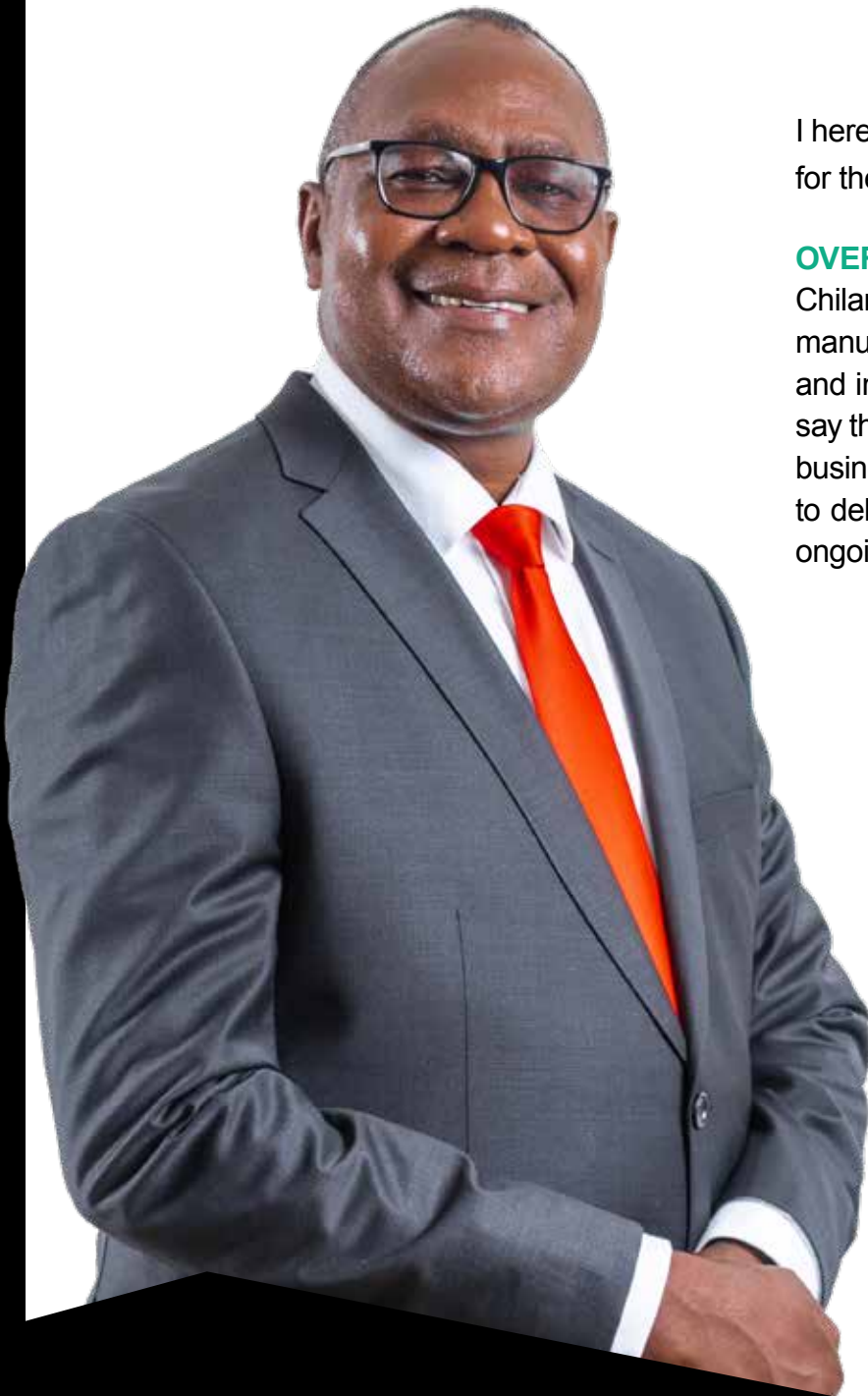


General Purpose



Special Projects





I hereby present Chilanga Cement PLC's results for the year ended 31 December 2021.

OVERVIEW

Chilanga Cement PLC stood its ground in the manufacturing industry, expanding its influence and impact beyond local borders. I am proud to say that the Company once again showcased its business resilience, innovation, and commitment to delivering value for all stakeholders amid the ongoing Coronavirus (Covid-19) pandemic.

Review of 2021

Letter from the Chairman

FINANCIAL PERFORMANCE

The Company reported a profit before tax of K423 million, which is a 24% increase over the K342 million recorded in 2020. The performance was mainly attributed to increased exports of 7% that brought in more than K1.2 billion equivalent of hard currency into the country. This makes the Company Zambia's top exporter of clinker and cement. The Company continues to invest in its operations with a capital expenditure spend of K81 million in 2021 (an increase of 66% compared with 2020).

SHARE PRICE

The value of the business grew by 569% with the share price closing at K13.85 per share compared to K2.07 in 2020. This movement shows the continued confidence that investors have in our business.

TRANSITION

In 2021, the majority shareholders of Lafarge Zambia PLC (Pan African Cement Co. Ltd and Financière Lafarge) sold their 75% shares in the Company to Huaxin (Hainan) Investment Co., Ltd. On 9 December 2021, the members during the Extraordinary General Meeting voted that the name Lafarge Zambia PLC be changed to Chilanga Cement PLC to maintain the reputable legacy and the quality of goods and services built over 72 years.

This exciting move will accelerate the Company into a new journey, new vision, and new dream. I am hopeful that, with the more than 115 years' experience that Huaxin brings to Zambia, the Company will propel to new heights and will add value to both economic and social development in Zambia.

SUSTAINABILITY

Chilanga Cement PLC is proud to be a home-grown business, and the Company's contribution to employment creation, especially among the youth, as well as indirect contributions to the Treasury is evidence that we are here to build a better Zambia. In 2021, two interim dividends were approved and paid by the board – K0.75 per share was paid in September 2021 and another K0.6 per share in November 2021.

The Company believes in shared valued partnerships with its communities and in 2021, Chilanga Cement PLC partnered with Habitat for Humanity to provide decent housing for women and vulnerable people in the country. In addition, the Company hosted its annual golf day at the Chilanga Golf Club. All proceeds went to the Junior Golf Academy, which allows the youth in the Chilanga area to be involved in recreational tournaments. This has resulted in over 106 youths joining the academy and seven youths representing Zambia in international tournaments.

All the Company's efforts to assist the nation did not go unnoticed and the Zambia Association of Manufacturers awarded Chilanga Cement PLC with the sustainability award for: environmental protection and waste management under the Geocycle project and tree planting activities; the promotion of health through the Lusaka Marathon; the promotion of research and development by supporting higher learning activities; and all the CSR work that the Company has undertaken over the years.

OUTLOOK

The economy is projected to grow by 3.3% in 2022, fuelled by a sharp recovery in the tourism, mining, and manufacturing sectors. In 2022 and beyond, the Company will continue to focus on market development both locally and within the SADC region. The Company will continue to provide the Zambian market with innovative, sustainable and eco-friendly building solutions.

I would like to take this opportunity to thank our shareholders; our Board members for their dedication and wise counsel; our customers for their unwavering loyalty to our business; and the management team for their hard work and diligence in ensuring the success of the business. To our employees: I would also like to thank you for the great results, as without you, there would not be a Chilanga Cement PLC.



Muna Hantuba
CHAIRMAN



OVERVIEW

The negative effects of the Covid-19 pandemic continued to affect the manufacturing sector, not sparing the cement industry, which is a key industry and leading economic indicator of growth in the country. However, despite the uncertain forecasts, the Company continued to soar as 2021 proved to be another year of success for Chilanga Cement PLC.

In addition, the Company's Business Resilience Team (BRT) was tasked with ensuring business continuity while protecting the health of the Company's employees, customers, suppliers, and other stakeholders. I would like to congratulate the Executive Committee (EXCO) and line managers, employees and contractors for their hard work in making Chilanga Cement PLC Zambia's most trusted building solutions provider.

Review of 2021

Letter from the Chief Executive Officer

In 2021, the majority shareholders of Lafarge Zambia PLC (Pan African Cement Co. Ltd. and Financière Lafarge) sold their 75% in the Company to Huaxin (Hainan) Investment Co., Ltd., a company owned by Huaxin Cement Co., Ltd. (Huaxin), leading to the change of trading name of Lafarge Zambia PLC to Chilanga Cement PLC. I am pleased to announce that the Company will sustain and improve the reputable legacy and quality of goods and services that have been built over a period of 72 years.

Huaxin is among the largest cement companies in China and the world, with 115 years of experience in cement and a strong presence in aggregates and ready-mixed concrete. With its skills and expertise, Huaxin will support the Company in reaching the next level of development.

FINANCIAL PERFORMANCE

The Company's turnover for the 2021 financial year was K2 114 million, resulting in a 25% increase from 2020. The performance was mainly attributed to increased exports of 7% compared with 2020. By focusing on export markets, Chilanga Cement brought more than K1.2 billion of hard currency into Zambia. This is evidence of the strong position that the Company has in the region and further solidifies its position as the region's most trusted building solutions provider.

Due to the continued Covid-19 crisis, local market conditions were disrupted and impacted by various factors beyond the Company's control, including but not limited to prolonged tight liquidity, rising costs, disruptions in the supply chain cycle, and volatility of the local currency. Despite these challenges, the Company succeeded in implementing mitigating actions through the BRT.

Similarly to during 2020, our digital platforms assisted in sustaining volumes, specifically in the local market. As customers were able to order cement online despite the pandemic, I am pleased to announce that our last-mile delivery product for AfriDelivery and Tigmo was nationally recognised at the Zambia Institute of Marketing Conference 2021 and won an award for the best innovation in Zambia for 2021.

I am also pleased to announce that Chilanga Cement PLC continued to perform better in 2021 despite the Covid-19 pandemic, with the Company's strong financial structure and no external debt.

HEALTH AND SAFETY

Health and safety continues to remain the Company's core value. Thus, certain measures were taken to ensure the safety of our employees and contractors during 2021. With regards to employees and contractors, our BRT launched Get Vaccinated For Zed, a campaign aimed at vaccinating all employees and contractors. This successful campaign resulted in 92% of all Chilanga Cement PLC employees and 84% of contractors being vaccinated. These remarkable results thereby reinforce the Company's ideals of putting our employees' and contractors' health first, a feat I am all too proud of. Our aim regarding Health and safety in 2022 will be to sustain our Health and safety record and to promote zero harm for all our employees and contractors.

OUTLOOK

Chilanga Cement PLC will continue to focus on market development, with a special focus on the local market and regional markets such as Burundi, the Democratic Republic of Congo, Zimbabwe, and Malawi for both clinker and cement sales.

I would like to end this message with words of thanks: to our customers for their business and loyalty; to our employees, contractors, and suppliers for their contribution to serving our customers with products and services; to all other stakeholders for their support; to Holcim for their diligent stewardship of the business in the past; to Huaxin for their support for the further development of the Company; and to the members of the Board for their guidance throughout the past year with all its challenges.



Jianping Chai
CHIEF EXECUTIVE OFFICER



MEET THE LEADERSHIP TEAM

SEATED FROM LEFT TO RIGHT:

Chibuye Mbesuma Ngulube
Thecra Milambo

STANDING FROM LEFT TO RIGHT:

Jun Zhao
Choolwe Natala Lungu
Obed Nkandu
Jianping Chai
Maosheng Xu
Victor Maambah



About Chilanga Cement PLC

Our corporate journey

1949

The company was established in 1949 by the Northern Rhodesian government and the Colonial Development Corporation, now the Commonwealth Development Corporation (CDC).

1951

Cement production at the Chilanga Plant in Lusaka commenced in September 1951, and was upgraded with the installation of two more kilns in 1956 and 1967.

1969

The Ndola Plant kiln was commissioned in 1969, and a second kiln was added in 1974.

1994

The company was privatised in October 1994, as part of the government privatisation programme to enhance the efficiency of state-owned companies. It was the first company to be listed on the Lusaka Stock Exchange (LuSe) with the CDC as the majority shareholder.

2001

In 2001, the CDC reorganised its cement operations in southern Africa to form Pan African Cement (PAC). It owned shares in the then Chilanga Cement in Zambia, Mbeya Cement in Tanzania, and Portland Cement in Malawi.

2001

In May 2001, Lafarge acquired PAC from the CDC.

2007

In 2007, Chilanga Cement changed its name to Lafarge Cement Zambia PLC.

2008

In 2008, a new plant was commissioned in Chilanga, which doubled the company's cement capacity.

2021

In 2021, the majority shareholders of Lafarge Zambia PLC (Pan African Cement Ltd. and Financière Lafarge) (Holcim) sold their 75% shares in the company to Huaxin (Hainan) Investment Co., Ltd, the holding company of Huaxin Cement Co., Ltd.

2021

On 9 December 2021, members during the Extraordinary General Meeting voted that the name Lafarge Zambia PLC be changed to Chilanga Cement PLC to maintain the reputable legacy and the quality of goods and services built over 72 years.



Huaxin Cement Co., Ltd.

Huaxin Cement was founded in 1907 and is known as “the cradle of the cement industry of China”. During its history of more than 115 years, it has made outstanding contributions to both national and local socio-economic development. Huaxin Cement has a certified AAA credit rating, while the Huaxin Castle is a well-known trademark in China. Huaxin has more than 270 subsidiary companies globally. It is involved in the integrated development of the entire industry chain in the fields of cement, concrete, aggregates, environmental services, equipment manufacturing, and engineering, as well as new building materials.

Huaxin Cement has built many monuments, from the Great Hall of the People Monument to the Monument to the People’s Heroes. The other top 10 buildings in China are:

- Gezhouba Dam;
- Three Gorges Dam;
- Beijing-Zhuhai Expressway;
- Qinghai-Tibet Railway;
- Wuhan Yangtze River Bridge;
- Nanjing Yangtze River Bridge;
- Railway bridges on the Yangtze River;
- Liuwu Bridge across the Lhasa River in Lhasa, Tibet on the snow-covered plateau.



Chinese provinces and other countries:
14 + 8



Subsidiaries:
OVER 270



Operating income in RMB:
32 BILLION



Environmental waste disposal capacity:
6 MILLION TONNES



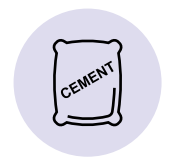
Cement production capacity:
110 MILLION TONNES



Concrete production capacity:
50 MILLION M³

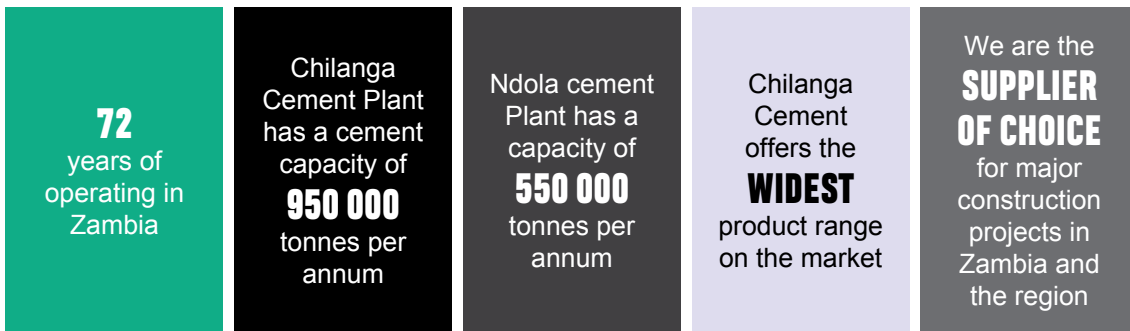


Aggregate production capacity:
150 MILLION TONNES



Packing bags:
1 BILLION

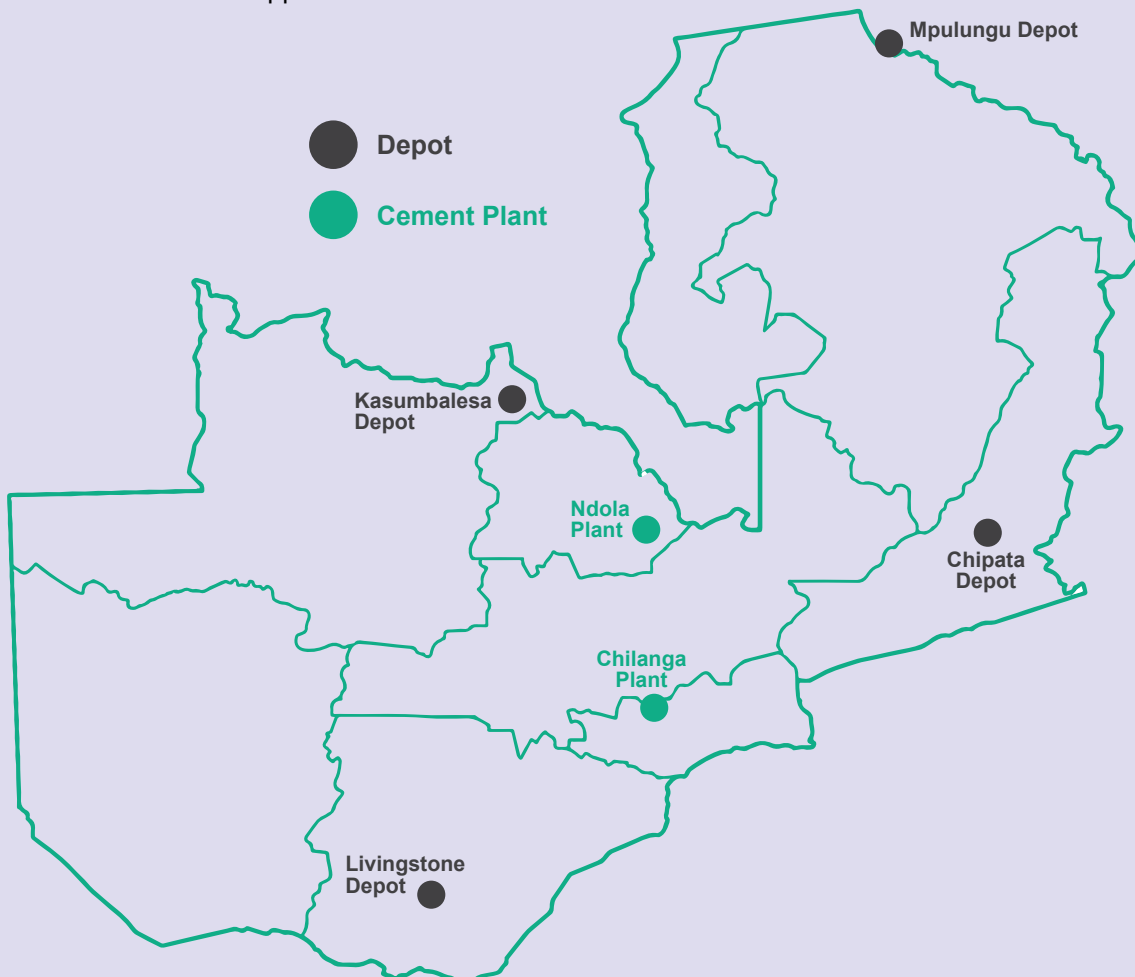
Our presence in Zambia



Our plants and depots

- Building with the best quality products for any application
- Unchartered business growth and expansion
- Growing beyond our borders

As the Zambian economy remained fragile during the Covid-19 pandemic in 2021, the business focused on the export markets. Expansion in markets such as Burundi, Malawi and Zimbabwe boosted Chilanga Cement's volume and turnover. The new opportunity was driven by innovation. The business developed new cement products for particular markets, while exporting clinker into new areas to reach more customers. Distributing Zambian products across our borders therefore supported our local sales.





We are the supplier of choice for major construction projects in Zambia and the region.




Our customer-centric strategy

Our Chilanga Cement commercial team has focused on creating an outstanding customer-centric culture. The focus shifted from product and price to placing the customer at the centre of our business.

This shift has redefined our business operations to offer tailor-made solutions to meet our customers' needs. In line with the vision of Huaxin Cement, we have established a set of strategic priorities to place our customers first. We focus on innovation in products, construction solutions, and industrial processes, including:

1. **Creating a toll-free number for customers to access anytime**
2. **Digitalising the order process for all customers**
3. **Serving the building needs of individuals and retail customers through innovative retail approaches**
4. **Focusing on achieving operational excellence through continuous improvement**
5. **Engaging our resources for best returns and cash generation**
6. **Getting closer to our customers to meet their needs with increased speed, precision and creativity**



Our goal is to be leaders, recognised as the partner of choice in construction – for a new home, a commercial building, and the most sustainable infrastructure.

Committed to building a better future through each segment

Through continuous market research and dialogue with our customers, we identified areas where a lack of sufficient services and products was preventing Zambians from building the quality homes they desired.



MPHAMVU 32,5N: A SOLID FOUNDATION

Mphamvu 32,5N is Zambia's leading general-purpose bagged cement, developed to suit a wide range of applications. From domestic building to major construction projects, Mphamvu is cost effective and technically suitable for a wide range of building applications. It is a firm favourite of the individual home builder due to its quality and how easily the freshly mixed concrete can be mixed, placed and finished, with minimal loss.



SUPASET 42,5R: RAPID STRENGTH

SupaSet is a rapid-setting, early strength cement ideal for block making and concrete processes. Its fast-drying rate and two-day strength makes it the product of choice for block makers.



POWERPLUS 42,5N: SPECIAL PROJECTS

We provide solutions to meet the specific needs of heavy construction projects, including bridges, railways, stadiums and airports. Powerplus 42,5N is an ordinary portland cement (OPC) used for specialised building applications where high-strength concrete is required for commercial and architectural structures.



POWERCRETE 42,5R: UNDERGROUND MINING

PowerCrete 42,5R is a cement product designed for applications in the mining industry. For ease of handling in mining environments, PowerCrete is packaged in 25 kg bags. The plastic inner lining makes it water-resistant, providing greater workability in underground mining conditions.



POWERBUILD 42,5N: MASS CONCRETE APPLICATIONS

Powerbuild is designed for mass concrete applications, such as foundations of large buildings. We possess expertise to engage in co-design for a wide range of products.

Building Zambia

The preferred partner for building infrastructure

Our ability to deliver innovative and targeted solutions – and our world-class material solutions – have made us the preferred partner for building infrastructure on a number of projects in 2021:

- Morden Hotel at the Convention Centre in Samfya
- Water Sanitation project in Mwense and Kawambwa
- Eight district hospitals
- Mosi-oa-Tunya Hotel
- Turnpike – Chikankata road project
- OPRC road projects in Mkushi and Chibombo
- Rehabilitation of Kariba Dam plunge pool
- Monze, Mpika and Lusaka National milling plants
- Longacres Shopping Mall

We continue to contribute to the development of infrastructure as the preferred supplier for:

- Final Phase of the Ndola Airport
- Mfuwe General Hospital
- Chiengi District Hospital
- Radisson Blu Mosi-oa-Tunya Resort, Livingstone
- King Salman Bin Abdulaziz Specialist Hospital, Lusaka
- Lusaka Water and Sanitation Project (LWSA)
- ZESCO substations countrywide
- Petauke Nyimba road project
- Chadiza – Chipata road project
- Mongu water reticulation project
- Lusaka International School Bonanza
- Nsumbu – Mporokoso road project
- Kashikishi – Chiyengi road project
- Isoka Chinsali – Chinsali Nakonde road project
- Kawambwa – Mushota road project





Digital innovations

Last-mile delivery

The Covid-19 pandemic has increased the use and exposed the potential of digital technology for the cement industry. The last-mile delivery (LMD) platform is one area of digital transformation we explored to develop the digital economy. It recorded a tremendous growth of 300% over the 2020 financial year.

AfriDelivery and Tigmoo Eats are the partners driving our LMD service to customers across five towns in Zambia. However, the LMD platform has not only served Zambia, but also provided an unprecedented opportunity to penetrate the diaspora market. Reaching more than seven countries, the LMD partners service Zambians located in countries such as:

- Canada
- Democratic Republic of Congo
- Denmark
- Ethiopia
- South Africa
- United Kingdom
- United States of America

The potential that comes with digital transformation plays a key role in ensuring that Chilanga Cement achieves our ambitious goals of driving a customer-centric approach by providing easy, digital-friendly services to our customers.



Three houses, three ways to win

Chilanga Cement partnered with Atlas Mara Bank and Thebe Investments to provide end-users with an opportunity to win three houses worth K1.1 million in a brand-new housing estate in Nkwashi along Leopards Hill Road in Lusaka.

Drawing on the synergies with Atlas Mara and Thebe Investment, we had the opportunity to reward loyal customers for their unwavering trust in our products. The first winner was a Chilanga Cement customer, Ms Sonile Tembo, who is based in Livingstone. She purchased more than 700 bags of cement via the last-mile delivery platform in September 2020. Her house was handed over to her on 26 March 2021.

Lead Retail

Since the Lead Retail mobile app was introduced in March 2019, it has transformed the way our business operates. All our Chilanga Cement retailers and contractors have adopted it. Consequently, we have endeavoured to use the app for more than order-taking, to yield extra revenue for the business – at no extra cost.

The Lead Retail app has been essential in leveraging our customer user base in such a way that Chilanga Cement can generate extra margins off the app. We tested this by using the Lead Retail messaging functionality to influence our customers' buying patterns, and witnessed a shift in normal buying patterns.

We will ultimately use these strategies to monetise the app. At the same time, we will continue to conduct more innovative tests to increase our business revenue through digital innovations.



The second and third winners, Mr Dominic Nali and Ms Irene Chishipula, had participated in the promotion by transacting with Atlas Mara Bank. They unlocked their brand-new houses on 7 October 2021.

Since the inception of the partnership, Chilanga Cement has reached more than 2 200 customers, and gained traction across the five participating towns via LMD. This partnership not only helped strengthen our business ties, but also led to strong corporate social responsibility (CSR) activities, as all three houses were awarded to our most loyal customers.



Employee growth and development

Our people are our top priority in achieving our overall organisational strategy. Our key focus is therefore the development and growth of our staff in terms of training, to enhance the skills within the cement industry.

As our industry is innovative, focus is also placed on encouraging acquisition of new knowledge to add value to the industry, and to improve the performance of our company. Talent growth within the organisation is key. It is vital to embed best practice learning experiences in order to achieve this.

In 2021, the surge of the Covid-19 pandemic impacted face-to-face learning and developmental activities, sharpening our focus on online learning and development programmes. The company invested a total of 9 317 man-hours in both technical and support functions compared to 5 885-man hours in the 2020 financial year.

These developmental and capacity-building interventions were aimed at enhancing technical competencies of staff at different levels in the company to accelerate our overall performance.



Technical training

Due to the Covid-19 restrictions, technical training was conducted in face-to-face learning on an e-learning model. The model focuses on blended learning, i.e. digital and virtual experiential learning, combined with an emphasis on on-the-job training, both within their business unit, as well as networking and knowledge sharing with other operations in the industry. The purpose is to allow our employees to learn best practice skills from well-performing cement plants and experts across the globe.

Due to the scarcity of talent in the cement industry in the Zambian market, we invest in upskilling our employees and in our training programmes. The main upskilling interventions conducted in 2021 included:

- New Engineers Programme (BE READY)
- Building Performance Workshops and Dig-in Phases
- Control Room Operator (CRO) qualification and certification with CROs for LH Group Qualification and Certification status
- Supervisory Enhancement Training (LIFE)
- Quality Mastery
- Maintenance Engineers Development Programme (MEDP)
- Preventive Maintenance Engineers Development Programme (PMEDP)
- Graduate Trainees Programme
- Plant Inspectors' Development
- Various Technical and Non-Technical e-learning modules from Group Learning Management systems



Health, Safety, Environment and Security Highlights

Health and Safety (H&S) comes first in all areas of our operations. We conduct our operations in a way that creates a safe, healthy environment for all our stakeholders: our employees, contractors, communities and customers.

This is built on a sound H&S culture. Our commitment is to conduct our operations with the goal of zero harm, and to provide safe, secure working conditions for our employees and contractors.

“Nothing we do is worth getting hurt for.”

Managers achieve 27 600 hrs visible personal commitment in the field

Visible Personal Commitment (VPC) is a proven technique we employ in our approach to H&S. Managers are visible in their business units.

In 2021, Chilanga Cement leaders achieved 27 600 hrs VPC in the field. These hours were captured with the use of the Boots on the Ground (BoG) app. Operational visits were made during the day, night, and holidays. This contributed to the exceptionally strong H&S performance we achieved.



Driver Monitoring System (DMS) at Chilanga Cement PLC

During the 2021 financial year, we had more than 700 contracted trucks and drivers. They delivered products to all corners of Zambia and neighbouring countries. To qualify, all drivers and transporters are properly screened and highly trained in Defensive Driving Techniques (DDT).

All trucks are fitted with an In-Vehicle Monitoring System (IVMS) and monitored for the duration of the entire journey. The driver is immediately notified of, and advised to rectify, any speeding, after-hour driving, incorrect parking, and harsh acceleration or breaking.

Our highly dedicated logistics staff are in touch with drivers. More than 12 million km are tracked every year, making our logistics operations very safe.



DRIVERS ARE RANKED IN THREE CATEGORIES: GREEN, YELLOW AND RED:

- **GREEN** The best drivers are recognised.
- **YELLOW** The drivers are sent back for retraining.
- **RED** The drivers are taken through consequence management.

Green gold: Plant a tree, save the Earth

We are committed to protecting the environment for a greener planet.

On 1 December 2021, we planted six species of trees under the theme: Green Gold: Plant a tree, save the Earth.

The company understands that planting trees is gold, as we are giving back to the planet. This is our contribution to the fight against climate change, to reduce carbon emissions, increase sources of oxygen, improve air quality, preserve the soil, and support wildlife.

**“1 834 trees
were planted in
Chilanga and Ndola”**



In 2021, a total of 1 834 trees were planted in Chilanga and Ndola. The species planted included:

- Flamboyant, *Gmelina aborea*
- Kassod tree, *Cassia siameya*
- Yellow Cassia, *Cassia spectabilis*
- Musikili
- Eastern white pine
- Eucalyptus, *Eucalyptus grandis*





For a zero-waste future

Geocycle rebranded as the ECO Unit in December 2021

Geocycle was launched in 2017 and has been a dedicated LafargeHolcim Waste Management brand.

Following the acquisition of Lafarge Zambia PLC by Huaxin in 2021, Geocycle was rebranded as the ECO Unit in December 2021.

The Huaxin ECO Unit, a wholly owned subsidiary, founded in 2011, owns more than 50 subsidiaries in Hubei, Hunan, Henan, Chongqing, and the rest of China.

The total waste disposal capacity is up to more than 6 million tonnes p.a. and covers six main categories:

- Municipal solid waste (MSW)
- Hazardous Waste
- Wastewater Treatment/Sewage Sludge
- Contaminated Soil
- Floats
- Medical Waste

In August 2021, the company decided to expand operations of the ECO Unit to meet the growing demand to offer sustainable MSW solutions.

The company appointed Claire Chibesakunda to head this business unit. The focus was to grow the footprint of the ECO Unit in Zambia with assurance of a reduction in greenhouse gases and the safe, sustainable disposal of waste. This is a key focus going forward. With increased investment in preprocessing waste, we expect more stakeholders to benefit from this service.

Re-thinking waste

We continuously improve our strategies for re-thinking the management of waste. We consider the impact caused by waste that will end up in the dumpsite or landfill – part of which will not decompose.

This means reducing the amount of waste to landfill, for example, non-biodegradable plastic, reduction of greenhouse gases, and providing a lasting solution for Hazardous Waste, such as Expired Chemicals and Pharmaceutical Waste.

In 2021, our ECO Unit participated in co-processing non-recyclable plastics, which are a nuisance to our environment. They can exist in the Earth's water bodies for many years without degrading. It is disturbing to note that 6.9 billion tonnes of all plastics ever produced have accumulated in landfills and the natural environment. Eight million tonnes of this plastic waste is added to our oceans annually – the equivalent to two garbage-truck loads (about 20 tonnes per load) every minute. Through co-processing, we safely recycle and recover more than 2 million tonnes of plastic waste p.a.



Helping other sectors

Our main focus is the impact waste has on our communities, social lives, and the future of our once very green planet.

We pride ourselves on continuing to partner with and offer sustainable waste solutions to various waste generators across our country, and in neighbouring countries.

In 2021 alone, we co-processed a total of:

- 10 000 tonnes from the manufacturing industry,
- 2 600 tonnes from agriculture, and
- 600 tonnes from the mining sector.
- Contributing a total of 13 200 tonnes of recycled waste in the 2021 financial year helped make our planet greener by rethinking waste.



#GETVACC

People and communities

Effects of the Covid-19 pandemic in 2021

Due to the Covid-19 pandemic, 2021 was a challenging year, as the stability of the Zambian economy continued to decline. Many CSR activities, including the Lusaka Marathon in September, remained suspended after careful guidance from the health authorities. Our 2021 CSR programme focused on:

- the Covid-19 pandemic fight in our immediate community context;
- pursuing key partnerships with other institutions; and
- contributions to our other community projects as discussed below.

Creating shared value in our communities

Our responsibility towards all our community stakeholders is always a priority. The principle of creating shared value within our communities drives us to apply our hearts fully to all we do. We believe that, by creating shared value, we assist in providing solutions to the daily challenges that affect the communities in which we operate. This includes poverty, urbanisation, the critical housing deficit in Lusaka's peri-urban areas, inadequate sanitation, and failure to honour their sanitation, and basic human rights.

VACCINATED4ZED

Get vaccinated for Zed

We partnered with OneLife Assurance Zambia to drive Covid-19-vaccination campaigns for our staff. The partnership was aimed at extending the measures we had put in place to contain the spread of the Covid-19 pandemic in our company. The campaign enabled at least 98% of staff to be vaccinated in 2021.

We also ran weekly Covid-19 testing to ensure that plant operations were not affected. The campaign was run under the hashtag #getvaccinated4zed.



Pursuing key partnerships with other institutions

LUSAKA SANITATION PROGRAMME (LSP) – #BUYATOILET CAMPAIGN

Chilanga Cement partnered with the Lusaka Water Supply & Sanitation Company (LWSC) to provide quality sanitation in Lusaka Province by donating 20 toilets under the LSP. The LSP is a five-year plan that will protect Lusaka's groundwater and ensure the health of its residents.

The LSP embarked on the campaign dubbed #BuyAToilet for a family, knowing that the economic burden of inadequate sanitation falls most heavily on the poor. They are the most likely to have inadequate sanitation facilities. As a result, the corporate world partnered to support the poorest households in Lusaka.

The programme is expected to improve Lusaka's poor public health outcomes by providing 5 500 toilets to homes in Lusaka's peri-urban areas, starting with the George, Kanyama, and Chawama compounds.



HABITAT FOR HUMANITY ZAMBIA

According to the Zambia National Housing Policy of 2020, Zambia has a housing deficit of 1.5 million units of which 40% is urban and 60% is rural. This number is expected to double by the year 2030. In line with our shared value with our communities, we continue to partner with Habitat for Humanity to help eliminate housing poverty in Zambia.

In 2021, Chilanga Cement donated 1 500 pockets of cement towards Habitat for Humanity's Vulnerable Groups Housing (VGH) Programme. Through this donation, Habitat for Humanity Zambia will be able to construct 23 housing units for vulnerable families in the Makululu, Mapepe, Bauleni and Linda communities.

Our partnership with Habitat for Humanity's VGH Programme has built more than 4 000 decent low-cost homes in the peri-urban communities of Lusaka, Kabwe, and Ndola.



Contributions to our other community projects

In 2021, the company made donations to community projects in the communities in which we operate, in support of the following institutions:

- Alliance Française de Lusaka: Construction of the visual arts gallery
- Chilanga Town Council: Keep Zambia Clean, Green and Healthy Campaign
- Republic of Zambia: Contributions to the preparation of the burial place of the First Republican President of Zambia, Dr Kenneth Kaunda
- Chilanga District Health: End of indoor residual (DDT) spray against malaria
- Cycling Association of Zambia: Sponsorship of the National Championship Weekend
- Chilanga and Ndola District Administrations: Support of national events



Profile of the Board of Directors



MUNA HANTUBA

Non-executive chairman

Zambian national, Mr Hantuba, is the non-executive chairman of the board of directors of Chilanga Cement PLC. He was elected to the board in 2003. He holds an MBA from the Stirling University Management School, Scotland and a BA Econ from the University of Zambia.

Mr Hantuba is currently the Group CEO of African Life Holdings Ltd. He has more than 31 years' experience in the financial services sector. He began his career with Meridien Bank Zambia Ltd in 1986, then joined the Anglo American Corporation Zambia as head of Corporate Services. In 2000, Mr Hantuba joined African Life Financial Services Zambia Ltd as CEO until December 2015.

Mr Hantuba is a past chairman of the Securities & Exchange Commission, Zambia (SEC) and a previous President of the Economics Association of Zambia (EAZ). He is a director of various subsidiaries of the African Life Holdings Group, and a member of the Zambia Chamber of Commerce and Industry (ZACCI). He serves on other corporate boards, including REIZ PLC; CEC PLC; Southern Sun Ridgeway, Lusaka; Sanlam Life Insurance Zambia Ltd; and Anglo Exploration (Zambia) Limited.



JIANPING CHAI

Chief executive officer

Chinese national, Mr Chai, was elected to the board in 2021, and has been the CEO of Chilanga Cement PLC since December 2021. Mr Chai holds a Bachelor's Degree, Inorganic Non-metallic Materials and Engineering, Wuhan University of Technology, and a Master's Degree, Industrial Engineering, Huazhong University of Science and Technology.

His career with Huaxin spans more than 31 years, his previous roles within the group have included roles in manufacturing up to plant manager, Senior leadership roles in operational and staff functions: Cement, aggregates, concrete, ECO (Geo-cycle) and Group Human Resources and Administration. Before coming to Zambia Mr Chai was General Manager for New Building Materials.



JIMMY J KHAN

Chief executive officer

American national, Mr Khan is the Chief Executive Officer of Chilanga Cement PLC since 2019 and was elected to the board in 2019. Mr Khan holds a Bachelor in Science in Finance/Accounting and Computer Information System from Virginia Tech University in the United States of America. He was formerly Managing Director Holcim Mauritius since 2015.

His career with Lafarge spans 13 years and his previous roles within the group have included Country Business Process Manager, Audit Manager and HR Manager Cement among others. His experience with Chilanga Cement PLC has covered Mauritius, Seychelles, Nigeria, France and North America. Mr Khan has been engaged in reviewing the organization's structure and optimizing efficiency, launching new products, creating a culture of communication and performance, and reorganising the management system. He has experience in managing a wide range of overseas missions in countries such as UK, Brazil, China, Greece, South Africa and Saudi Arabia among others.

Resigned on
26 November 2021.



AHMED KHALIFA

Chief financial officer

Egyptian National, Mr Khalifa was the Chief Financial Officer for Chilanga Cement PLC since October 2019 and was elected to the board in 2019. Mr Khalifa holds a Bachelor of Commerce from Alexandria University, Egypt.

Mr Khalifa has a diversified career portfolio having worked as Treasurer and risk manager at Mansour Group, Chief Financial Officer at Orascom Rail Constructions and Amer Group. His career with Lafarge spans 6 years. He has proven financial experience in providing executive leadership in the continuous evaluation of the short and long term strategic financial objectives, as well as offering solutions to enhance the financial performance of a company and business opportunities. Until this appointment, Ahmed was the Country Chief Financial Officer for Holcim Jordan.

Resigned on
26 November 2021.



MARK O'DONNELL

Non-executive board member

Zambian national, Mr O'Donnell is a non-executive member of the board of directors, chairman of the audit and risk committee of the board of Chilanga Cement PLC. He was elected to the board in 2008.

He is the Managing Director of Union Gold Group as well as a member of the Institute of Directors. He was Chairman of the Tourism Council of Zambia in 2013. He has held the position of Managing Director of ERZ Holdings, one of Zambia's largest companies with interests in engineering, manufacturing and spare parts.

In 1996 he started his own company, O'Donnell Holdings, with investments in tourism, manufacturing and trading. The company was later merged into Union Gold Zambia Limited.

Mr O'Donnell has served on several boards including Madison Life, Care for Business, Zambia Animal Wildlife Association, the Lusaka Stock Exchange (LuSE) and the Zambia Bureau of Standards (ZABS).



DR FRANK MUNTHALI

Non-executive board member

Zambian national, Dr Munthali is a non-executive member of the board of directors of Chilanga Cement PLC and was elected to the board in 2019. Dr Munthali is a Chartered Accountant and Chartered Administrator who has attained numerous qualifications; he is a Fellow of Association of Chartered Certified Accountants (ACCA), Fellow of the Zambia Institute of Chartered Accountants (ZICA), Associate Member of the Institute of Chartered Secretaries and Administrators (now Governance Institute) and he holds a Masters of Business Administration Degree and a Doctorate in Business Administration-Finance from Binary University of Malaysia.

He is currently the CEO and consultant at FM Consulting Services Limited responsible for corporate governance, Risk Management, Strategic Management and Finance. He has 23 years post qualification experience in Finance, Accounting, Auditing (both Internal and External), Corporate Governance, Risk Management and Strategic Management. He has worked for various organisations which include Coopers & Lybrand Chartered Accountants, Mulungushi Investments Ltd (ZCCM), Moores Rowland Chartered Accountants, Koppa Mining Services and Supplies Limited, The Road Transport and Safety Agency (RTSA) and Zambia Cooperative Federation (ZCF).

He has served on many boards including: Health Professions Council of Zambia, Examination Council of Zambia, Mukuba Hotel Ltd, Zambia Institute of Chartered Accountants and Zambia Open University and is currently serving on the boards of Premium Medical Services Ltd, Human Rights Commission and The Zambia Institute of Mass Communication (ZAMCOM).



MWELWA CHIBESAKUNDA

Non-executive board member

Zambian national, Mr Chibesakunda is a non-executive member of the board of directors of Chilanga Cement PLC and was elected to the Board in 2008. Mr Chibesakunda is a lawyer and an advocate of the High Court and Supreme Court of Zambia. He holds an LLM, Masters of Law Degree in International Commercial Law from the University of Bristol; a Bachelors of Laws Degree from the University of Zambia and a Legal Practitioner's License from the Law Practice Institute.

Mr Chibesakunda is currently the Managing Partner of Chibesakunda & Company, a DLA Piper Africa associated firm that he founded in 2006, that is recognised as a premier provider of legal services in Zambia, he has more than 31 years of law practice experience in Zambia. Mwelwa commenced his legal practice at the Ministry of Justice with the Director of Public Prosecutions and the Attorney Generals Chambers from the 1991 to 1996, mainly advising the Government and Government Agencies on international commercial transactions while in the International Law and Agreements Department, which department he headed. From 1996 to 2006 he worked as a partner at Corpus Legal Practitioners, before leaving to establish Chibesakunda & Company in 2006.

He has served on several boards including Afgri, Agricultural and Commercial Show Society of Zambia, Lusaka International Community School, Hybrid Poultry Ltd, Verino Agri Processing Industries Ltd, African Grey Insurance Ltd, Teal Zambia Ltd, Lubambe Mine Ltd and Maamba Collieries Ltd.

Profile of the Executive Committee (EXCO)



JIANPING CHAI

Chief executive officer

Chinese national, Mr Chai is the Chief Executive Officer of Chilanga Cement PLC since December 2021 and was elected to the board in 2021. Mr Chai holds a Bachelor's Degree, Inorganic Non-metallic Materials, Wuhan University of Technology, and a Master's Degree, In Industrial Engineering, Huazhong University of Science and Technology.

His career with Huaxin spans more than 35 years, his previous roles within the group have included roles in manufacturing up to plant manager, Senior leadership roles in operational and staff functions: Cement, aggregates, concrete, ECO (Geocycle), and Group Human Resources and Administration. Before coming to Zambia Mr Chai was General Manager for New Building Materials.



JIMMY J KHAN

Chief executive officer

American national, Mr Khan is the Chief Executive Officer of Chilanga Cement PLC since 2019 and was elected to the board in 2019. Mr Khan holds a Bachelor of Science in Finance/ Accounting and Computer Information System from Virginia Tech University in the United States of America. He was formerly Managing Director Holcim Mauritius since 2015.

His career with Lafarge spans 12 years and his previous roles within the group have included Country Business Process Manager, Audit Manager, and HR Manager Cement among others. His experience with Chilanga Cement has covered Mauritius, Seychelles, Nigeria, France, and North America. Mr Khan has been engaged in reviewing the organisation's structure and optimising efficiency, launching new products, creating a culture of communication and performance, and reorganising the management system. He has experience in managing a wide range of overseas missions in countries such as the UK, Brazil, China, Greece, South Africa, and Saudi Arabia among others.

Resigned on
26 November 2021.



CHOOLOWE NATALA LUNGU

Acting chief financial officer

Zambian national, Ms Lungu is the Acting Chief Financial Officer of Chilanga Cement PLC since 2022. Ms Lungu is a fellow Chartered Accountant with the Association of Chartered Certified Accountants UK (ACCA) and she is currently pursuing an MBA in finance. She has more than 14 years of experience in the financial functions of manufacturing operations. Ms Lungu is a member of the Zambia Institute of Chartered Accountants (ZICA) and the Forum for Zambia Women Accountants (FZWA).

Before she was appointed Acting Chief Financial Officer of Chilanga Cement PLC, Ms Lungu held the position of Financial Controller of the company overseeing Mid and Short-term Planning, Budgeting, Reporting, Industrial Controlling, Credit Management, and Performance Management & Analysis. Before this, Ms Lungu held various roles in the finance function including Business Controller, Plant Controller, Treasury Accountant, Cost Accountant, and Accounts Receivable Accountant. She is currently serving on the board of Trustees of the Chilanga Cement Pension Fund.



AHMED KHALIFA

Chief financial officer

Egyptian National, Mr Khalifa was the Chief Financial Officer for Chilanga Cement PLC since October 2019 and was elected to the board in 2019. Mr Khalifa holds a Bachelor of Commerce from Alexandria University, Egypt.

Mr Khalifa has a diversified career portfolio having worked as Treasurer and risk manager at Mansour Group, Chief Financial Officer at Orascom Rail Constructions, and Amer Group. His career with Lafarge spans 5 years. He has proven financial experience in providing executive leadership in the continuous evaluation of the short and long-term strategic financial objectives, as well as offering solutions to enhance the financial performance of a company and business opportunities. Until this appointment, Ahmed was the Country Chief Financial Officer for Holcim Jordan.

Resigned on
26 November 2021.



THECRA MILAMBO

Human resources and communications director

Zambian national, Ms Milambo has been a member of the Executive Committee of Chilanga Cement PLC since 2014 and is responsible for Human Resources, Communications & Corporate Affairs. Ms Milambo holds a Bachelor of Arts in Public Administration and Industrial Psychology from the University of Zambia.

She has held several positions in Multinational organisations like Unilever, Nestle, and Lafarge. She started her career with Unilever Zambia as Human Resources Assistant Manager and thereafter as Training Manager for Unilever Zimbabwe and later Head of Human Resources for Unilever Malawi until 2009. In 2010, Ms Milambo joined Nestle Zambia in the position of Country Human Resources Business Partner and was promoted to the position of Cluster Human Resources Business Partner from 2013 to 2014. For the last 7 years, Ms Milambo has led the development and implementation of the Human Resources Strategy for Chilanga Cement. After the merger of Lafarge and Holcim in 2015, as a member of the Regional HR round table, she worked with the Regional Human Resources Head to establish and develop regional policies.



CHIBUYE MBESUMA NGULUBE

General counsel and company secretary

Zambia National, Ms Ngulube is a member of the Executive Committee of Chilanga Cement PLC since December 2019. Ms Ngulube is a practicing Lawyer with more than 12 years of experience in the legal fraternity. She started her career in 2010 when she worked for H.H Ndhlovu and Co under the guidance of Mr Hlazo Ndhlovu (State Counsel). Ms Ngulube holds a Bachelor of Law from the University of Zambia and was admitted to the Zambian Bar in 2012 and began her practice at Theotis Mataka and Sampa legal practitioner as an Associate Advocate.

In January 2014, Ms Ngulube was appointed as the Head of Litigation at Victoria Dean Advocates where she obtained vast knowledge on mergers and acquisition inter alia. In September 2019, she was appointed as Litigation Manager at Chilanga Cement PLC, and 8 months into the job, compliance was added to her role thereby making her the Litigation and Compliance Manager. She was promoted to the position of General Counsel and Company Secretary in 2019. In January 2020, an additional role of Area Compliance officer for the Indian Ocean, East, and South Africa was added to her Portfolio thereby making her in charge of overseeing the Compliance of 14 countries in the area.



OBED NKANDU

Supply chain director

Zambian National, Mr Nkandu has been a member of the Executive Committee of Chilanga Cement PLC since April 2019 and is responsible for Procurement and Logistics. Obéd holds a Master of Science (MSc) in Supply Chain Management from the University of Bolton and an MBA as well as a Bachelor of Engineering.

He has significant experience in supply chain management with expertise in sourcing, negotiation, logistics, business transformation, and project management gained working with leading Copper and Zinc mining firms, as well as various Business Units within the Holcim group. He has worked on missions in India, Spain, Nigeria, Egypt, Morocco, Algeria, Kenya, Uganda, and South Africa. His previous roles with the Chilanga Cement group included Procurement Manager, Logistics Manager, Holcim Business Process Expert for the Middle East and Africa, Logistics Director, and Logistics Excellence at Holcim Group Logistics in Switzerland.



CHOOYE

HAMUSANKWA

Commercial director

Zambian National, Mr Hamusankwa joined Chilanga Cement in July 2020 as Commercial Director. Before that, Mr Hamusankwa was Head of Business for Innscor Zambia, leading the in-country commercial functions for Kellogg, Nestle, Tiger brands, and Johnson & Johnsons' brands.

Mr Hamusankwa holds a Bachelors' in Business Administration from the Copperbelt University and is an MBA finalist candidate with the University of South Wales.

Mr Hamusankwa worked for British American Tobacco as Head of Trade, responsible for the BUs Commercial deliverables and Zambian Breweries, a subsidiary of ABInbev, where he held various roles within the commercial department before being appointed as District Manager. Mr Hamusankwa has more than 12 years of experience working in Multinational corporations and with expertise in route to market optimisation, brand planning, pricing optimisation, trade execution, new product launching, sales management, team mentoring, business planning, and negotiations.

Profile of the Executive Committee (EXCO)



VICTOR MAAMBAH

Security, health, safety and environment director

Zambian national, Mr Maambah joined Lafarge Zambia in April 2014 as head of Health and Safety and in 2017 he was appointed as Head of Health, Safety, and Environment. Prior to that, Mr Maambah began his career as a Mechanical Technician at Tanzania Zambia Railways (TAZARA) Limited in 2001. He then switched to Health and Safety when he worked as a Health, Safety and Environmental Officer at Anglo American Smelting and Refining business from 2003 to 2004. In 2005, he was promoted to the position of Head of Health, Safety, and Environment for the Smelting and Refining business. In 2010, Victor worked as a Systems (HSE) Implementation Officer at Sterlite Industries in India. Later, he was promoted to the role of Corporate Head of Health and Safety for Konkola Copper Mines.

Mr Maambah is currently pursuing further studies in Sustainable Health and Environmental Sciences. He holds a British International Diploma in Occupational Safety and Health. He also possesses an Advanced Certificate in the Chartered Institute of Purchasing and Supply (CIPS), Advanced Certificate in Heavy Equipment Repairs (HER).



RODGERS MULENGA

Ndola Plant manager

Zambian national, Mr Mulenga has been a member of the Executive Committee of Chilanga Cement PLC since August 2020 and was responsible for Chilanga Plant. Mr Mulenga holds a Bachelor of Engineering (Mechanical) from the University of Zambia.

He has significant experience in cement plants having worked in Nigeria and Zimbabwe under Holcim. He also worked for FLSmidth under the Operation and Maintenance in Nigeria, Egypt, and Angola. Until his appointment, Mr Mulenga was also the Maintenance Manager for Chilanga Plant.

Resigned on 31 January 2022.



GEORGES SILVA

Country industrial director and Chilanga Plant manager

French National, Mr Silva has been a member of the executive committees of Chilanga Cement PLC since May 2021 and is responsible for the Country's Industrial operations and Chilanga Plant. Mr Silva holds a Mechanical and Industrial engineering degree and has trained in Institutions such as INSEAD: Business school for Management Training as well as World Class Manufacturing (WCM / TPM) Training by KCTS.

His work experience extends from 1996 when he joined Lafarge Cement as a Process and New Works engineer. In 2000 he later moved to Lafarge Island in Spain as maintenance manager. In 2002 he moved to France as maintenance manager until 2006. Georges thereafter joined Saint – Gobain Placo Platre in 2006 as production manager. In 2009, he joined Saint – Gobain Isover as Supply Chain Manager. At the end of 2009, he rejoined Lafarge Cement in Algeria as Maintenance and New Works Manager and he was promoted to the position of Plant Manager in 2012, a position he has taken in three different plants.

Resigned on 31 January 2022.



JUN ZHAO

Acting Chilanga Plant manager

Chinese nation, Mr Zhao, has been a member of the executive committees of Chilanga Cement PLC since January 2022. He holds a college degree on-the-job.

He began his career in 1992 and joined Huaxin in 2004. Since then he has worked as mechanist of Lichuan Cement Plant, mechanical supervisor, deputy secretary of Youth League Committee, deputy director of finishing workshop, deputy director of firing workshop of Lichuan Qingjiang Cement Plant; operator in the control room, shift supervisor of Enshi Company; deputy production manager, production manager, clinker operating manager, deputy general manager in the production of Hefeng Company; deputy general manager in the production of Fangxian Company, executive general manager of Jingzhou Company, assistant deputy director in process of Overseas BU.

Continued



MAOSHENG XU

Acting Ndola Plant manager

Chinese national, Mr Xu, has been a member of the executive committees of Chilanga Cement PLC since January 2022. He holds a bachelor's degree attained on the job.

He began his career in 2007. Since then he has worked as an intern mechanic at Huangshi company; mechanical and equipment supervisor in the maintenance of Tibet Company; assistant to the head of a project department, assistant to the head of the technology department, assistant to the head of the maintenance department for Tibet Phase II 2000T/D Clinker Production Expansion Project; production management in East BU; assistant to HOD, deputy head and head of maintenance department of Yangxin Company.



The Third Nanjing Yangtze River Bridge

Notice of the 30th Annual General Meeting (AGM)

for the year ended 31 December 2021

Notice is hereby given that the 30th Annual General Meeting of the members of Chilanga Cement Plc (formerly Lafarge Zambia Plc) will be held at 09:00 hours on 29 March 2022. The AGM proceedings will be conducted electronically via the Zoom video link provided below.

https://holcim.zoom.us/webinar/register/WN_eDUcBAAsSKavTwBjUH9Ncg

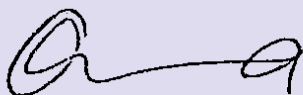
The following business shall be transacted:

1. To approve the minutes of the 29th Annual General Meeting held on 31 May 2021;
2. To approve the minutes of the Extra-ordinary General Meeting held on 9 December 2021;
3. To receive and consider the Annual Financial Statements for the year ended 31 December 2021, including the Directors' Report and Report of the Auditor;
4. To approve the Board's recommendation not to declare a final dividend for the year 2021 after the interim dividends previously declared for the year 2021;
5. To consider and adopt the recommendation for the re-appointment of Deloitte & Touche (Zambia) as Auditors for the year ending 31 December 2022 and authorize the directors to fix their remuneration;
6. To receive an update on the status of the Directors and the Mandatory Trade Offer process;
7. To transact other competent business of which due notice has been given.

PROXY

A member entitled to attend and vote at the meeting is entitled to appoint any person or persons (whether a member of the Company or not) to attend and, on a poll, vote in his/her stead. Proxy forms must be lodged at the registered office of the Company at least 48 hours before the meeting. A proxy form is attached in this report.

By order of the board



Chibuye Mbesuma Ngulube

General Counsel and Company Secretary
Lafarge Zambia PLC
Head Office, Farm no. 1880
Kafue Road, Chilanga
PO Box 32639, Lusaka

7 March 2022

Board of directors: M. Hantuba – non-executive chairman, M. Chibesakunda – non-executive director, F. Munthali – non-executive director, S.M. O'Donnell – non-executive director, P. Deleplanque – executive director, J. Khan – chief executive officer, A. Khalifa – chief financial officer

Transfer Secretaries: Sharetrack Zambia, Spectrum House, Stand 10 Great East Road, Jesmondine, Lusaka, P.O. Box 37283, Lusaka, Zambia, Tel: +260 211 374791-374794, Fax: +260 211 374 781, Email: sharetrack@scs.co.zm, Website: sharetrackzambia.com

Registered office: Farm no. 1880, Kafue Road, Chilanga, PO Box 32639, Lusaka, Zambia, Tel: +260 211 367 400 / 367 600 Email: enquiries.zambia@huaxincem.com, Website: www.lafarge.co.zm

Auditor: Deloitte & Touche

Principal Bankers: Citibank Zambia Limited, Indo Zambia Bank Limited, Standard Chartered Bank Zambia PLC.

Proxy form

Chilanga Cement PLC

CHIBUYE MBESUMA NGULUBE

General Counsel and Company Secretary
Chilanga Cement PLC
Head Office
Farm no. 1880, Kafue Road, Chilanga
PO Box 32639, Lusaka, Zambia

30TH ANNUAL GENERAL MEETING

I/We

of

being a member of Chilanga Cement PLC hereby appoint

.....

of

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy and/or representative, to vote at his/her discretion for me/us and on my/our behalf at the 30th Annual General Meeting of the members of the Company, to be held via Zoom, on 25 May 2022 at 09:00 and at every adjournment thereof.

AS WITNESS my/our hand(s) this day of 2022.

Signature Number of shares held

Witness

Note: A member entitled to attend and vote at this meeting may appoint another person (whether a member of the Company or not) to attend, speak and vote in his/her stead. This form of proxy should be signed and returned so as to reach the company secretary at the registered office at least 48 hours before the meeting.

PROXY FORM:

for the year ended 31 December 2021



cut here

fold here

FIX STAMP

Chibuye Mbesuma Ngulube

General Counsel and Company Secretary

Chilanga Cement PLC

Head Office

Farm no. 1880, Kafue Road, Chilanga

PO Box 32639, Lusaka, Zambia.

Three Gorges Dam



Financial statements and report 2021

Chilanga Cement PLC

for the year ended 31 December 2021

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Report of the directors

for the year ended 31 December 2021

The Directors are pleased to present the report and the audited financial statements for Chilanga Cement PLC for the year ended 31 December 2021. Following the change in shareholding as explained below, the Company changed its name from Lafarge Zambia PLC to Chilanga Cement PLC at the extra ordinary general meeting held on 9 December 2021.

ACTIVITIES

The business of the Company is the manufacture and sale of cement products. The registered address of Chilanga Cement PLC is Stand 1880 Kafue Road Chilanga, Lusaka, Zambia.

FINANCIAL RESULTS

Total Revenue for the year was **K2,113,725 thousand** (2020: K1,693,146 thousand) representing growth of 25% against 2020.

Profit before tax was **K422,690 thousand** (2020: Profit of K342,057 thousand). This was driven by the increase in sales and strict measures on cost containment.

Net Finance costs were **K2,671 thousand** (2020: K1,412 thousand). Exchange losses arising mainly from the translation into kwacha of US dollar denominated receivables, payables and cash balances amounted to **K67,306 thousand** for the year (2020: K71,954 thousand gain) which was mainly due to the appreciation of the kwacha in 2021 which has resulted in losses from foreign currency denominated monetary assets.

The Company had no medium or long term obligations to financial institutions as at 31 December 2021 (2020: Nil).

DIRECTORS

The Directors who held office during the year were:

Mr. M. Hantuba	Chairman
Mr. J. Khan	Chief Executive Officer
<i>Resigned on 26 November 2021</i>	
Mr. A. Khalifa	Chief Financial Officer
<i>Resigned on 26 November 2021</i>	
Mr. M. Chibesakunda	Non-Executive Director
Dr. F. Munthali	Non-Executive Director
Mr. S. M. O'Donnell	Non-Executive Director
Mr. J. Stull	Non-Executive Director
<i>Appointed on 31 May 2021, resigned on 26 November 2021</i>	
Mr G. W. Earnshaw	Non-Executive Director
<i>Appointed 1 January 2021, resigned 31 May 2021</i>	
Mr. J. Chai	Chief Executive Officer
<i>Appointed on 29 November 2021</i>	

DIRECTORS' INTERESTS

None of the Directors had a material interest in any significant contracts concluded during the year. The number of shares held by the Directors of the Company as at 31 December 2021 was:

	2021 K'000	2020 K'000
Dr. F. Munthali	2 203	2 203
Mr. M. Hantuba	2 000	2 000
Mr. M. Chibesakunda	1 500	1 500

DIVIDENDS

At the Board meeting held on 8 September 2021, the Board of Directors approved and paid an interim dividend of **K0.75** per share (2020: K1.5) for the half year ended 30 June 2021. At the board meeting held on 4 November 2021, the Board of Directors approved and paid interim dividend of **K0.60** per share (2020: K0.5). At the next Annual General Meeting, the Directors will not propose any final dividend (2020: K0.25) for the year 31 December 2021.

RELATED PARTY TRANSACTIONS

The Directors confirm full and adequate disclosures of all related party transactions entered during the year with all the related parties and the subsequent year end balances at 31 December 2021. See details included under note 20 to the financial statements.

SHARE CAPITAL

The authorised Share Capital of the Company is **243,000,000 shares** (2020: 243,000,000 shares) consisting of:

	Number of shares
Ordinary shares of K0.05 each	240 000 000
Non-cumulative redeemable preference shares at K0.10 each	3 000 000
	243 000 000

The issued Capital comprises 200,040,457 Ordinary Shares with a par value of K10,001,995 held as follows:

	2021 Number of shares	%
Huaxin (Hainan) Investment Co., Ltd	150 026 989	75.00
Public (institutions and individuals)	5 533 668	2.39
LuSE Central Share Depository Limited	44 479 800	22.61
	200 040 457	100.00

During the year, Pan African Cement Limited and Financière Lafarge disposed of 50.1% and 24.9% shareholding respectively to Huaxin (Hainan) Investment Co., Limited.

The Lusaka Stock Exchange Central Share Depository Limited holds shares in its capacity as nominee for approximately **3,428 shareholders**. Other than the shareholdings listed above, the Directors are not aware of any individual shareholding that exceeds 3% of the issued share capital. Under the Articles of Association the unissued share capital of the Company is controlled by the Directors.

The Company has complied with the minimum float requirements of the listing rules of the Lusaka Stock Exchange Corporate Governance Code for Listed and Quoted Companies.

EMPLOYEES

The average number of employees during each month of the year was:

	2021	2020
January	405	397
February	404	391
March	405	399
April	400	409
May	402	409
June	403	409
July	402	409
August	402	405
September	393	405
October	391	405
November	393	405
December	386	405

The total remuneration paid to employees during the year was **K164,161 thousand** (2020: K161,441 thousand) and has been charged to profit or loss as follows:

	2021	2020
	K'000	K'000
Cost of sales	101 925	96 200
Operating expenses	62 236	65 241
	164 161	161 441

EXPORTS

The value of export sales by the Company during the year was **K1,240,257 thousand** (2020: K925,410 thousand). This has mainly been driven by increased focus on our export markets.

DONATIONS

The Company supports various charitable organisations in Zambia through various materials and cement donations as well as volunteering time. In 2021 the Company spent **K555 thousand** (2020: K876 thousand). No donation was of a political nature.

PROPERTY, PLANT AND EQUIPMENT

The Company continues to invest in its operations, capital expenditure for the year 2021 was **K80,932 thousand** (2020: K48,715 thousand).

During the year, assets with a value of K151,891 thousand (2020: K43,715 thousand) previously in capital work in progress were completed and commissioned. The assets were transferred to the relevant class of assets.

EQUITY INVESTMENTS

The Company previously owned 14% of the issued ordinary equity capital of Mbeya Cement Company Limited, which was incorporated and operated in Tanzania. The Company sold the 14% equity investment in Mbeya Cement Company Limited in May 2021. The Company did not receive any dividends from this investment in 2021 (2020: Nil). The investment was disposed of at an amount of **K26,934 thousand** to Pan African Cement Limited. The sale realised a gain on disposal of **K713 thousand**.

HEALTH AND SAFETY

The Company has a formal health and safety policy that has been approved by the Board and is designed to ensure a safe working environment. The policy is implemented through safety committees and through a joint participative effort between management and the workforce.

Health and Safety is an overarching value of Chilanga Cement PLC and every activity performed has this value embedded in it. Health and Safety standards are regularly reviewed and updated to ensure that improvements conform to worldwide best practice.

With the continued Covid-19 pandemic in 2021, the Business Resilience Team continued to focus on measures to mitigate the impact of the pandemic on its stakeholders and business operations.

ENVIRONMENT

The Company has a formal environmental policy, approved by the Board, which prescribes the procedures and practices to be followed to achieve minimum environmental impact. The Company is licensed by the Zambia Environmental Management Agency (ZEMA) which monitors and regulates its performance.

DEVELOPMENTS IN THE INDUSTRY AND MARKET

The Company operated in a market faced with an oversupply in the domestic market with no growth in demand and rising operational costs. The current crisis caused by the continued Covid-19 pandemic and the build up to the tripartite elections led to uncertainty with regards to customer behaviour. The Company continues to focus on market development with a special focus on Burundi, Democratic Republic of Congo, Zimbabwe and Malawi for cement and clinker sales.

LEGISLATIVE DEVELOPMENTS

The Securities and Exchange Commission (SEC) introduced Internal Control Framework Reporting for Issuers of Registered Securities guidelines effective 2020. These guidelines are to be implemented over a five (05) year period. Year 3 (2021), which is the current year under consideration requires self-certification by the issuer. The Company will ensure that this is complied with and an assurance report shared with SEC by 31 March 2022 in line with the guidelines.

The Board has reviewed the Companies Act, 2017 and confirm that, all requirements of the Act have been complied with.

To the best of their knowledge, the Directors confirm that the Company have complied with the Factories and Public Health Act including but not limited to the Occupational Health and Safety Act 2010, Mines and Minerals Development Act of 2015, the Factories Act No. 44, Public Health Act and the Zambia Environmental Management Act.

SUBSEQUENT EVENTS

There are no material facts or significant events after the reporting date which would require adjustments or disclosure in these financial statements.

AUDITORS

Messrs Deloitte & Touche were appointed as the Company's external auditor during the year and their term of office comes to an end at the next Annual General Meeting. A resolution proposing their re-appointment as auditors and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

By order of the Board.



CHIBUYE M. NGULUBE

Company secretary

Lusaka, Zambia

Date: 28 February 2022

Statement on corporate governance

for the year ended 31 December 2021

At Chilanga Cement PLC ("the Company") we believe in acting with integrity and operating according to the highest ethical standards. The Board of directors and management apply strong principles and high standards of corporate governance in the management of the Company as this creates trust, protects the Company's reputation, lowers the cost of doing business and enhances shareholder value. It remains the goal of the Company to ensure that the integrity, long-term value and success of the Company is in the interests of our various stakeholder groups and the community at large.

The Company during the year under review complied with the various laws that govern listed Companies and ensured adherence to the Lusaka Securities Exchange Corporate Governance Code for listed and quoted Companies in all material aspects. Additionally, the Company adhered to its corporate governance policies such as the Code of Business Conduct for directors, officers, employees and suppliers of Chilanga Cement PLC.

COMPOSITION OF THE BOARD OF DIRECTORS

According to Section 71 of the Company Articles of Association; the Board of Directors shall consist of between 5 to 9 directors. The Board composition is balanced so that no individual or small group can dominate decision making. The depth of experience and diversity of the Board ensures that robust and forthright debate occurs on all issues of material importance to the Company.

During the period between 1 January 2021 to 26 November 2021, the Board comprised of the following members:

Names	Status	Appointing Authority	Date of Appointment
Mr. M. Hantuba	Non-executive/ Independent & Chairman	Pan African Cement Limited ("PAC")	Re-appointed: 21-05-2020
Mr. M. Chibesakunda	Non-executive/ Independent	Pan African Cement Limited ("PAC")	Re-appointed: 03-04-2019
Mr. M. O'Donnell	Non-executive/ Independent Current Audit and Risk Committee Chairman	Pan African Cement Limited ("PAC")	Re-appointed: 21-05-2020
Dr. F. Munthali	Non-executive/ Independent	Minority shareholders	Appointed: 03-04-2019
Mr. J. Khan	Managing Director/ Executive	Financière Lafarge	Appointed: 19-02-2020 Resigned: 26-11-2021
Mr. A. Khalifa	Chief Financial Officer/ Executive	Pan African Cement Limited ("PAC")	Appointed: 26-09-2020 Resigned: 26-11-2021
Mr J. Stull	Non-executive	Financière Lafarge	Appointed: 31-05-2021 Resigned: 26-11-2021
Mr G. W. Earnshaw	Non-executive	Financière Lafarge	Appointed: 01-01-2021 Resigned: 31-05-2021
Mr P. Deleplanque	Non-executive	Financière Lafarge	Appointed: 29-03-2018 Resigned: 01-01-2021

As at 31 December 2021, the Board comprised of the following members:

Names	Status	Appointing Authority	Date of Appointment
Mr. M. Hantuba	Non-executive/ Independent & Chairman	Pan African Cement Limited ("PAC") - By default until the completion of Mandatory Tendering Offer.	Re-appointed: 21-05-2020
Mr. M. Chibesakunda	Non-executive/ Independent	Pan African Cement Limited ("PAC") - By default until the completion of Mandatory Tendering Offer.	Re-appointed: 03-04-2019
Mr. M. O'Donnell	Non-executive/ Independent Current Audit and Risk Committee Chairman	Pan African Cement Limited ("PAC") - By default until the completion of Mandatory Tendering Offer.	Re-appointed: 21-05-2020
Dr. F. Munthali	Non-executive/ Independent	Minority shareholders	Appointed: 03-04-2019

BOARD COMMITTEES

The Company Board of Directors met quarterly during the year 2021 and is responsible to shareholders for strategy and direction, monitoring of operational performance and management, risk management processes and policies, setting of authority levels and the selection of new executive directors. The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders.

The Board has subcommittees to which it has delegated certain responsibilities to assist it in the discharge of its duties. These subcommittees are accountable to the Board, with the exception of the executive committee of management which reports to the Managing Director.

NOMINATIONS COMMITTEE

The Nominations Committee is chaired by the chairman of the Board Mr. Muna Hantuba. The Committee is tasked with responsibility of considering appointments to the Board and making recommendations for approval by the Board. No meeting was held by this committee in the year 2021.

EXECUTIVE COMMITTEE OF MANAGEMENT

The Executive Committee of Management reports to the Chief Executive Officer and they met weekly in 2021 to strategically plan and implement strategies and policies determined by the Board, to make decisions in accordance with the vision and values of the Company and ensured proper management of the business and affairs of the Company.

INDEPENDENT COMMITTEE OF THE BOARD

During the period under review, an Independent Committee of the Board which reports to the Board of Directors was created and sat once to manage the process of divestment of the 14% shareholding held by the Company in Mbeya Cement Company Limited of Tanzania. The committee ensured that the sale was conducted in a fair manner.

RECORD OF DIRECTORS' ATTENDANCE

In accordance with the Companies Act No.10 of 2017, listing rules of the Lusaka Stock Exchange, the Securities Act No.41 of 2016, the record of directors' attendance and meetings held during year 2021 is available for inspection.

The meetings of the Board were presided over by the chairman. Written notices of Board meetings, along with the agenda and other management reports were circulated at least seven

days before the meetings. The minutes of the meetings were appropriately recorded by the Company secretary, circulated and approved at subsequent Board meetings:

(i) Board Meetings

The Board held 5 meetings during the 2021 financial year. The following table shows membership and the attendance of Directors at the Board meetings held in 2021 financial year:

	31/3	31/5	24/6	15/9	30/11	Total
Mr. M. Hantuba	✓	✓	✓	✓	✓	5
Mr. J. Khan	✓	✓	✓	✓	✓	5
Mr. M. Chibesakunda	✓	✓	✓	✓	✓	5
Mr. M. O'Donnell	✓	✓	✓	x	x	3
Mr. A. Khalifa	✓	✓	✓	✓	✓	5
Dr. F. Munthali	✓	✓	✓	✓	✓	5
Mr John Stull	x	x	✓	x	✓	2
Mr. Jianping Chai	n/a	n/a	n/a	n/a	✓	1

✓ - Present x - Absent

(ii) Audit and Risk Management Committee

The Audit and Risk Committee met three (03) times in Q1, Q3 and Q4 of 2021. This committee was chaired once by Mr. Mark O'Donnell and twice by Mr. Mwelwa Chibesakunda in the absence of Mr. Mark O'Donnell. On the two occasions when Mr. Mark O'Donnell was absent, he appointed Dr. Frank Munthali an independent, non-executive director to attend on his behalf. The Audit Committee assisted the Board in the discharge of its duties relating to ensuring the integrity of financial controls, ensuring financial reporting to all stakeholders compliance and identifying as well as managing financial risks.

	31/3	15/9	30/11
Mr. M. Chibesakunda	✓	✓	✓
Mr. A. Khalifa	✓	✓	✓
Mr. J. Khan	✓	x	✓
Mr. M. O'Donnell	✓	x	x
Dr. F. Munthali (proxy)	n/a	✓	✓
Mr. Jianping Chai	n/a	n/a	✓

✓ - Present x - Absent

(iii) Independent Committee of the Board

The Independent Committee of the Board met once during the 2021 financial year and the following table shows membership and the attendance of Directors at the meeting:

	10/05	Total
Mr. M. Hantuba	✓	1
Mr. M. Chibesakunda	✓	1
Dr. F. Munthali	✓	1
Mr. M. O'Donnell	x	0

✓ - Present x - Absent

The Nominations committee did not have a meeting during the period under review.

ORGANISATIONAL ETHICS AND BUSINESS INTEGRITY

The culture of integrity is fundamental for our continued success in today's challenging business environment and the Code of Business Conduct among other internal regulations sets the behavioural standards for the Company in line with Company policies, relevant laws and regulations to enforce ethical behaviours among employees.

Chilanga Cement PLC has a firm approach in dealing with any inappropriate or fraudulent behaviour of management or staff, suppliers or customers.

MANAGEMENT REPORTING

In 2021, the Company continued with the management procedures that were established and improved upon in the preceding years including the preparation of annual strategic plans, mid-term plans, plant development plans and budgets. These reports helped the business leaders of different aspects of the business to make accurate, data driven decisions.

LEGAL AND COMPLIANCE

Compliance with all laws, regulations, standards and ethical practices that apply to the Company and industry is an essential part of the Company's business operations. During the period under review, the Compliance function which falls under the Legal and Compliance department ensured that the conduct and actions of the Company and its representatives complied with the applicable standards of the law, regulations, standards and ethics.

The compliance function during the period under review was successful in reaching the goals set out at the beginning of the year 2021 which included among others:

1. The Company's achievement of high completion rates for all e-learning modules that were launched.
2. The Company's compliance with all the Governance and Compliance minimum control standards.
3. The Company's achievement of high completion rates for all e-learning modules that were launched.
4. The Company's timely and accurate disclosure of information pertaining to its financial position and performance.

CODE OF CONDUCT

The Company's Code of Business Conduct contains references to policies, relevant laws, and regulations whilst defining and offering guidance on the behaviours expected of employees because these provide the background for many of the topics included in the Code. In addition to employees, all persons, including: service providers, subcontractors, and business partners, are required to act consistently with the Company's Code when acting on behalf of or in Chilanga Cement PLC's name.

The Employee Code offers guidance on issues such as:

- Integrity in the workplace;
- Integrity in business practices;
- Integrity in the community; and
- Reporting.

The Code that applies to all other persons i.e. service providers, subcontractors and business partners offers guidance on issues such as:

- The Company's commitment to Suppliers;
- The Company's expectations of Suppliers; and
- Terms of engagement

INTERNAL AUDITORS

Chilanga Cement PLC has an independent internal audit function designed to add value to the control environment while rendering independent assurance to the Board on the effectiveness of internal controls over operational and compliance activities, and the adequacy of the governance system. The Internal Audit Plan is set each year and approved by the Board through the Audit and Risk Committee in line with the internal audit risk assessment and is consistent with the Company's objectives.

EXTERNAL AUDITORS

External auditors are appointed by the shareholders and are subject to re-appointment at the Company's Annual General Meeting. The Company periodically rotates external auditors to ensure independence of the auditors is sustained. The current auditors are Deloitte & Touche. External Audits with support of management ensure independent audits are undertaken.

INTERNAL CONTROL

The control systems are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. Control systems are based on established Chilanga Cement PLC policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

The Board of Directors with the support of the Audit Committee, ensures the existence and assesses the design and the effectiveness of the Internal Control System, including risk management, and forms an impression of the state of compliance within the Company. The Company Executive Committee monitors the proper implementation of internal controls, their effectiveness and efficiency.

The continuous process to mitigate business risks better through improving the effectiveness and efficiency of internal controls is part of the management cycle and each county/entity performs the following actions:

- Prepares a specific annual action plan on internal controls;
- Reports status updates on this action plan to Group Internal Control; and
- Assesses annually the existence and the effectiveness of internal controls in accordance with instructions provided by Group Internal Control.

The implementation of this action plan is followed by relevant senior management. The Internal Auditor ensures that Chilanga Cement PLC complies with these procedures consistently.



Chenzhou Plant

Statement of responsibility for annual financial statements

for the year ended 31 December 2021

The Companies Act No.10 of 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act No.10 of 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act No.10 of 2017 and the Securities Act of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. In addition, the Directors are responsible for preparing the Directors report.

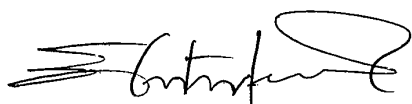
The Directors are of the opinion that the financial statements set out on pages 56 to 87 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards and in the manner required by the Companies Act No.10 of 2017 and the Securities Act of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act No.10 of 2017.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve (12) months from the date of this statement.

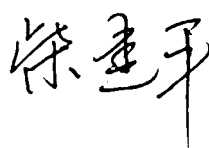
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial framework described above.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Chilanga Cement PLC, set out on pages 56 to 87, were prepared by the Chief Financial Officer and the Finance Manager, both qualified Chartered Accountants, under the supervision of the Audit Committee and were approved by the Board of Directors on 28 February 2022 and signed on its behalf by:



M. HANTUBA
DIRECTOR



J. CHAI
DIRECTOR

Independent auditor's report

Deloitte.

Deloitte & Touche
Deloitte Square
Thabo Mbeki Road
P.O. Box 30030
Lusaka, Zambia

Tel: +260 21 1 228 677
www.deloitte.com

To the members of Chilanga Cement PLC (Formerly Lafarge Zambia PLC)
REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chilanga Cement PLC ("the Company"), set out on pages 56 to 87 which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Chilanga Cement PLC, as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies Act, 2017 and the Securities Act of Zambia.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Valuation of expected credit losses (ECL) on trade receivables</p> <p>As included in note 19 and 4.2.2, the ECL on trade receivables amounting to K29.6 million has been considered to be an area where the significant judgements were applied.</p> <p>In determining the trade receivables provision, management applies judgment and assumptions to estimate amounts that are doubtful. The determination of the trade receivables provision was considered to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> The significant judgment and estimates applied by management involving changes in the macro-economic environment (forward looking information). 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> Understood and tested the design and implementation of controls around the assessment of the recoverability of receivables; Obtained an understanding management's process used in estimating the debtors provision; Tested the accuracy and completeness of underlying data inputs used in the model and the arithmetical accuracy of the computation of ECL; Assessed the recoverability of trade receivables by considering post year end receipts, lawyers confirmations, payment history and available correspondence with trade debtors; Assessed the reasonableness of the inputs and assumptions used in the ECL model by comparing them with historical data adjusted for current market conditions and forward-looking information; and Tested the accuracy of the information included in the trade receivables' aging report. <p>Based on the work done, we concur with Management that the judgements and assumptions used in the ECL model were appropriate.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies Act, 2017 and the Securities Act of Zambia, the statement on corporate governance, the statement of responsibility for annual financial statements and the five year financial record shown in the appendix, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained on the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017 and the Securities Act of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2017 of Zambia

Sections 250 (2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have in Chilanga Cement PLC;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in Part VII sections 82 to 112 of the Companies Act, 2017; and

- There is an omission in the financial statements as regard particulars of loans made to a Company officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

However, in accordance with Section 106 (d) of the Companies Act 2017, we report that the Company has not fully complied with the requirements regarding disclosure of Director's remuneration.

The Securities Act, 2016 of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Chilanga Cement PLC we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS



ALICE JERE TEMBO
AUDIT PARTNER
PC NO: AUD/F000433
Date: 3 March 2022

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	NOTES	2021 K'000	2020 K'000 Restated
Revenue	6	2 113 725	1 693 146
Cost of sales		(898 354)	(849 583)
Gross profit		1 215 371	843 563
Selling and distribution expenses		(373 846)	(356 127)
Marketing expenses		(4 837)	(2 785)
Administration expenses	7	(345 252)	(214 881)
Other gains and (losses)	8	(67 306)	71 954
Operating profit *		424 130	341 724
Investment income		518	790
Other gains and (losses)	8	713	955
Finance costs	9	(2 671)	(1 412)
Profit before tax	11	422 690	342 057
Income tax (expense) credit	12	(131 600)	20 978
Profit for the year		291 090	363 035
Other comprehensive income		—	—
Total comprehensive income for the year		291 090	363 035
Basic and diluted earnings per share (from normal results for the year) (Kwacha)	13	1.46	1.81

*The statement of profit or loss for the prior year has been restated to include in operating profit, all items of income and expenditure. Refer to Note 32 of the financial statements.

Accounting policies and notes to the financial statements set out on pages 60 to 87 are an integral part of the financial statements.

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Statement of financial position

for the year ended 31 December 2021

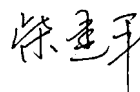
	NOTES	2021 K'000	2020 K'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1 427 619	1 415 894
Right of use assets	15	3 090	4 518
Intangible assets	16	363	401
Equity investment at fair value	17	–	26 221
Total non-current assets		1 431 072	1 447 034
Current assets			
Inventories	18	181 665	152 000
Trade receivables	19.1	35 002	59 601
Other receivables	19.2	150 168	97 112
Amounts due from related companies	20	74 425	123 608
Bank and cash balances	21	154 515	283 140
Income tax receivable	12	45 249	144 801
Total current assets		641 024	860 262
Total assets		2 072 096	2 307 296
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	22.1	10 002	10 002
Revaluation reserve	22.2	453 897	453 238
Retained earnings	22.3	1 061 961	1 173 636
Total equity		1 525 860	1 636 876
Non-current liabilities			
Provision for environmental liabilities	23	39 483	27 899
Lease liabilities	25	2 001	3 301
Deferred tax liabilities	26	193 000	212 005
Total non-current liabilities		234 484	243 205
Current liabilities			
Trade payables	27.1	138 266	78 646
Other payables	27.2	170 157	345 031
Retirement benefit plans	24	114	242
Lease liabilities	25	2 052	2 052
Amounts due to related companies	20	1 163	1 244
Total current liabilities		311 752	427 215
Total liabilities		546 236	670 420
Total equity and liabilities		2 072 096	2 307 296

Accounting policies and notes to the financial statements set out on pages 60 to 87 are an integral part of the financial statements. The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 52.

The financial statements on pages 56 to 87 were approved for issue by the Board of Directors on 28 February 2022 and were signed on its behalf by:



M. HANTUBA
DIRECTOR



J. CHAI
DIRECTOR

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital K'000	Revaluation reserve K'000	Retained earnings K'000	Total K'000
Balance at 1 January 2020	10 002	464 495	1 093 342	1 567 839
Profit for the year	—	—	363 035	363 035
Deferred tax on revaluation	—	6 062	—	6 062
Interim dividend in respect of 2020	—	—	(300 060)	(300 060)
Amortisation of revaluation reserve	—	(17 319)	17 319	—
Balance at 31 December 2020 as previously stated	10 002	453 238	1 173 636	1 636 876
Balance at 1 January 2021	10 002	453 238	1 173 636	1 636 876
Profit for the year	—	—	291 090	291 090
Deferred tax on revaluation (Note 22.2)	—	17 978	—	17 978
Final dividend in respect of 2020	—	—	(50 010)	(50 010)
Interim dividend in respect of 2021	—	—	(370 074)	(370 074)
Amortisation of revaluation reserve	—	(17 319)	17 319	—
Balance at 31 December 2021	10 002	453 897	1 061 961	1 525 860

Accounting policies and notes to the financial statements set out on pages 60 to 87 are an integral part of the financial statements.

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Statement of cash flows

for the year ended 31 December 2021

	NOTES	2021 K'000	2020 K'000
Profit before tax		422 690	342 057
Adjustments for:			
Gain on disposal of equity investment		(713)	—
Fair value gain on equity investment	7	—	(955)
Finance costs	9	969	1 412
Interest income	11	(518)	(790)
Impairment and other adjustments of tangible assets (net)	14	11 077	39 313
Inventory obsolescence	18	1 191	4 917
Impairment of trade receivables	19.1	1 189	4 641
Increase in provision for environmental rehabilitation	23	1 702	2 982
Provision for retirement benefit plans	24	413	406
Depreciation and amortisation of non-current assets	14	68 012	61 139
Amortisation of intangible assets		38	38
Amortisation of right of use assets	15	1 426	1 529
Unrealised exchange losses (gains)		60 010	(71 710)
Net cash flows from operating activities before movements in working capital		567 486	384 979
Movements in working capital:			
Increase in inventories		(30 856)	(367)
Decrease in trade receivables		23 410	9 619
(Increase) decrease in other receivables		(53 056)	47 833
Decrease (increase) in amounts due from related companies		49 183	(62 228)
Increase (decrease) in trade payables		59 620	(13 184)
(Decrease) increase in other payables		(66 445)	176 746
Decrease in amounts due to related companies		(81)	(55 741)
Cash generated from operations		549 261	487 657
Income taxes paid	12	(141 502)	(1 652)
Retirement benefits paid	24	(541)	(216)
Finance costs		(969)	(1 412)
Net cash generated by operating activities		406 249	484 377
Cash flow from investing activities			
Interest income		518	790
Purchase of property, plant and equipment	14	(80 932)	(48 715)
Proceeds from disposal of equity investments		26 934	—
Net cash used in investing activities		(53 480)	(47 925)
Cash flow from financing activities			
Principal lease liabilities repayments	25	(1 300)	(1 043)
Dividend paid to owners of the Company		(420 084)	(300 060)
Net cash used in financing activities		(421 384)	(301 103)
Net (decrease) increase in cash and cash equivalents		(68 615)	135 349
Cash and cash equivalents at beginning of the year		283 140	76 081
Effect of foreign exchange rate changes		(60 010)	71 710
Cash and cash equivalents at end of the year		154 515	283 140
Represented by:			
Comprising:			
Bank and cash balances	21	154 515	283 140

Accounting policies and notes to the financial statements set out on pages 60 to 87 are an integral part of the financial statements.

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Notes to the Financial Statements

for the year ended 31 December 2021

1. GENERAL INFORMATION

Chilanga Cement PLC (the “Company”) is a Company incorporated in the Republic of Zambia and is listed on the Lusaka Stock Exchange. The principal activity of the Company is the manufacture and sale of cement. The registered address of Chilanga Cement PLC is Stand 1880 Kafue Road Chilanga, Lusaka Zambia.

The financial statements are presented in Zambian kwacha (K), which is the company’s presentation currency. All financial information presented in Zambian kwacha has been rounded to the nearest thousand unless otherwise indicated. The Company’s functional currency is the Zambian kwacha (K).

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended Standards that are effective for the current year

2.1.1 Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In March 2021, the IASB Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

- The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:
 - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
 - There is no substantive change to other terms and conditions of the lease. (Refer to note 25).

2.1.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1

Classification of Liabilities as Current or Non-current

Amendments to IFRS 3

Reference to the Conceptual Framework

Amendments to IAS 16

Property, Plant and Equipment—Proceeds before Intended Use

Amendments to IAS 37

Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020 Cycle

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases

Amendments to IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting Policies

Amendments to IAS 8

Definition of Accounting Estimates

Amendments to IAS 12

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

An assessment was made and the Directors do not expect to have any significant impact on the financial statements of the Company in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope

of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if a Company also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the

entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement

technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IAS-Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below:

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values.

3.1 Revenue

3.1.1 Revenue recognition

Revenue from the sale of the Company's core product cement is recognised when service obligation is met, that is, when delivery has taken place and control of the goods has been transferred to the customer. The customer obtains control of the goods when the significant risks and rewards of product sold is transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the delivery note is signed by the customer as evidence that they have obtained physical possession and accepted the products delivered to them.

The core product is often sold with volume discounts. Revenue from these sales is recognised based on the price specified on the invoice, net of estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely amount. A liability is recognised for expected volume discounts in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with the Company concerned, which is consistent with market practice. Generally, cement sales are not returned as a customer will only accept these products once they have passed a stringent quality check at delivery point.

3.1.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

i. Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

For new lease contracts, the Company recognises a right-of-use asset and a corresponding lease liability with respect to

all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administration expenses" in statement of profit or loss.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease

component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

ii. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in Zambian kwacha ('K'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Differences arising on settlement or translation of foreign denominated monetary assets are recognised in profit or loss.

3.4 Retirement benefit costs

The Company's employees are members of a separately administered defined contribution pension scheme. Payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions. The Company's contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

For fixed term contract employees, a gratuity is payable at the end of the contract period and is accrued as a provision and settled at the end of the contracted period. Contract periods range from one to two years.

The Company contributes to the National Pension Authority Scheme (NAPSA) for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is charged to profit or loss in the year in which it arises.

3.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of Profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible another years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.5.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences except to the extent that they arise from:

- a) Initial recognition of goodwill; or
- b) the initial recognition of an asset or liability in a transaction which:
 - i) is not a business combination.
 - ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

3.5.3 Current and deferred tax for the financial period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in profit or loss or directly in equity respectively.

3.6 Property, plant and equipment

Leasehold land and buildings are stated at cost; and plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All land in Zambia is owned by the Government.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of plant and equipment, and leasehold land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is

credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising from the revaluation of such plant and equipment, and land and buildings, is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous evaluation of that asset.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Vehicles, furniture and fittings are stated at cost less accumulated depreciation and accumulated impairment losses. On the subsequent sale or retirement of revalued leasehold land and buildings, and plant and equipment, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. A transfer is made from revaluation reserve to retained earnings when the asset is derecognised and as the asset is used by the entity based on the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's original cost.

Properties in the course of construction for production, supply or administrative purposes, are carried at cost less unrecognised impairment loss. Cost includes professional fees and other directly attributable costs to bring it to its present location and use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and misrecognised in profit or loss. Further, the useful lives are reviewed on an annual basis. The rates of depreciation used are based on the useful lives as follows:

Average Useful Life in Year	
Other machines	10 – 20 years
Heavy machines and installations	20 – 30 years
Building and installations	30 – 35 years
Land and mineral reserves	Non-depreciable

3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives of the intangibles are between 10 to 25 years.

3.8 Impairment of non-financial assets, property plant and equipment, right of use assets and intangible assets

At the end of each reporting period the Company reviews the carrying amounts of its non-financial assets, property plant and equipment, right of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease. Where an impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and includes direct material cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Obsolescence stock provisions are made on consumable inventory based on ageing of stock in line with Company policy. The Company has reviewed its inventories in light of the Covid-19 situation and has not identified material impairment losses on inventories in the reporting period as the Company believes it will consume its inventories on a short-term basis.

3.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle provision are expected to be recovered from a third party, a

receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 Environmental liability

Provision is made for costs associated with the restoration and rehabilitation of quarry sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of the extractive industry and are normally accrued to reflect the Company's obligations at that time.

The costs are estimated on the basis of quarry closure plans and the estimated costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Company's obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the profit or loss over the life of the asset through depreciation over the life of the operation. Management estimates are based on local legislation and the work of an independent expert. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Additional disturbances that arise due to further development/construction at the quarry are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16. If the related asset is measured using the revaluation model, a decrease in the liability shall be recognised in other comprehensive income and an increase in the liability shall be recognised in profit or loss, except that it shall be recognised in other comprehensive income.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

The Company is required to make contributions to the government for future rehabilitation work relating to its production activities. The contributions are based on an environmental assessment that is performed by environmental auditors. The Company records a liability for the future contributions to be made to the government based on the environmental disturbances incurred to date per the environmental auditor's assessment.

For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Company's production methods are mainly surface mining and the environmental disturbances predominantly relate to production of inventory. The contributions to the government are paid over a period of time and if the effect of the time value

of money is material, the liability is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the liability due to the passage of time is recognised in profit or loss. The liability recorded is reduced by the actual payments made to the government. Once the Company has made the contributions, it no longer has the obligation to perform the rehabilitation work.

3.12 Financial instruments

3.12.1 Initial recognition and measurement

Financial instruments within the scope of IFRS 9 Financial Instruments: Revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are

eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company have assessed the impact of this standard on the operations of the Company. This standard does not have a material impact on how the Company recognises its provisions for doubtful debts and how it classifies its financial assets and financial liabilities.

3.12.2 Investments at fair value through profit and loss

The Company had designated an equity investment held in an associate Company at fair value through profit or loss upon initial recognition. This financial asset was designated upon initial recognition on the basis that it was part of a group of financial assets which are managed and had their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

The investment was disposed of in May 2021.

3.12.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables assets are subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Loans and receivables are included in current assets if they are expected to mature within 12 months of the reporting date. The Company's loans and receivables comprise cash and bank balances, trade and other receivables and amounts due from related companies.

3.12.4 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and deposits in banks, net of outstanding bank overdrafts.

All bank balances are assessed to have low credit risk at reporting date as they are held with reputable local and international banking institutions.

3.12.5 Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. The Company's loans and borrowings comprise trade and other payables and amounts due to related companies.

3.12.6 De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.12.7 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired based on the expected credit loss model. The Company has elected to use the provision matrix approach in arriving at the impairment of Trade receivables.

The Company has reviewed the expected credit losses and changes in those expected credit losses at reporting date to reflect changes in credit risk since initial recognition of the financial asset. In arriving at this assessment the Directors of the Company have taken into consideration the business model and economic conditions in which these assets are held.

3.13 Fair value measurement

The Company measures non-financial assets such as property, plant and equipment and financial assets such as investments in equities at fair value at reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.14 Value Added Tax

Expenses and assets are recognised net of the amount of value-added tax, except:

- When the value added tax incurred on a purchase of assessor services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.15 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.16 Fair value of financial instruments

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company

considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligation

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- i. The financial instrument has a low risk of default,
- ii. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- iii. The Debtor has provided collateral against the debt.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the debtor;
- (b) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

(iv) Write-off policy

The Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when

the debtor has been placed under liquidation or has entered into bankruptcy proceedings, there are court proceedings over the debt or when it becomes evident that the customer is not going to pay for other reasons.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

The Company does not have equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the gross replacement cost, DCF and the EBITDA multiple model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 30 for the carrying amount of financial assets at fair value through profit or loss and the assumptions and estimates used to determine the fair value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgment in applying accounting policies

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In respect of the Company, the Directors have made estimates and judgements in the area of income tax, expected credit losses on trade receivables and the provision for environmental liabilities as explained in detail below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision

and future periods if the revision affects both current and future periods.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Income taxes

The Company is subject to income taxes in the Republic of Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made. Refer note 12 and note 26. Following the tax reconciliation exercise that was conducted in 2020 for the period 2012 to 2019 which gave rise to a tax credit of K164 million, a total of K108 million was offset with the liabilities that arose between June and December 2020. Upon the utilisation of this K108 million, ZRA requested for a Credibility Audit. The Credibility audit which commenced in 2021 had yet to be concluded by the date of this report. The ZRA has advised that both the Credibility Audit and the Comprehensive audit to cover the years 2020 and 2021 has been scheduled for May 2022. The Directors have made a significant judgement that the K108 million overpayment which has been offset from other taxes as at 31 December 2020 will not be reversed by the Zambia Revenue Authority.

The Directors are of the view that the balance of K56 million is a contingent asset pending the outcome of the ZRA Credibility audit once finalised.

4.2.2 Expected credit loss on trade receivables

Trade receivables are non-interest-bearing and are generally on 30 to 60 days payment periods. The Company measures the loss on trade receivables at an amount equal to lifetime expected credit loss which is estimated using a provision matrix (refer to note 19) by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivables above 90 days are provided for based on estimated irrecoverable amounts from the sale of product, determined by reference to past default experience.

In line with IFRS 9 Financial instruments, the Company has grouped its receivables into the following categories: contractors, retailers, export sales, staff sales and intercompany sales. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers such as inflation, exchange rates, level of Government expenditure and impact of Covid-19.

The Company has considered the impact of Covid-19 pandemic on the expected credit loss of trade receivables. The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of December 2021.

If the ECL rates on trade receivables between 31 and 60 days past due had been 0.5% per cent higher (lower) as of

December 2021, the loss allowance on trade receivables would have been K3 thousand (2020: K8 thousand higher (lower)).

If the ECL rates on trade receivables between 61 and 90 days past due had been 0.5% per cent higher (lower) as of December 2021, the loss allowance on trade receivables would have been K9 thousand (2020: K3 thousand) higher (lower).

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account in the statement of profit or loss.

4.2.3 Provision for environmental liabilities

As part of the identification and measurement of assets and liabilities, the Company has recognised a provision for environmental obligations associated with the plant. In determining the carrying value of the provision, assumptions and estimates are made in relation to revision of discount rates, updated environmental cost estimates, changes to lives of operations, new disturbances and the expected timing of those costs. Refer Note 23 for the carrying amount of provision for environmental liabilities and the assumptions applied in calculating the provision.

5. IMPACT OF COVID-19 PANDEMIC

Due to the Covid-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic, government measures affecting the Company's operations and customers' behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under the circumstances. The estimates and assumptions, notably those relating to assets, inventory valuation and expected credit loss of trade receivables have been based on the available information at the end of December 2021.

While risks and uncertainties that may have a significant impact as described in the half year results 2021 remain valid, the Covid-19 pandemic may present new challenges to the Company's business. In order to face the current crisis, Chilanga Cement PLC has already implemented its action plan Health, Cost and Cash which aims to protect the health of its employees, customers, suppliers and other stakeholders while limiting the impact on profitability. Mitigating measures have been implemented to enhance the preparedness of the Company and Group including close monitoring of all markets according to the evolving situation and to the guidance provided by the local authorities, tight grip on cash and costs according to any potential volume decrease, proactive supply chain management and protection of long-term relationships with the Company's partners and communities.

6. REVENUE

	2021 K'000	2020 K'000
Cement and clinker:		
Export sales	1 240 257	925 410
Local sales	873 468	766 949
Aggregates local	-	787
	2 113 725	1 693 146

The Company has a single reportable segment. The operations of the Company are located in one geographic location, Zambia.

Further, during the year, Buceco Limited was the only customer who had sales to them that exceeded 10% of the total sales value at 11% (2020: 17%).

7. ADMINISTRATION EXPENSES

	2021 K'000	2020 K'000
Management fees	134 420	38 809
Depreciation and amortisation (Note 11)	69 745	2 922
Staff costs (Note 11)	62 236	65 241
Other expenses	67 774	68 596
Net asset adjustments (Note 14)	11 077	39 313
	345 252	214 881

8. OTHER GAINS AND (LOSSES)

	2021 K'000	2020 K'000
Other gains and losses comprise the following:		
Net exchange (losses) gains (i)	(67 306)	71 954
Fair value gain on equity investment (Note 17)	—	955
Gain on disposal equity investment (Note 17)	713	—
	(66 593)	72 909
Disclosed as follows in the statement of profit or loss:		
Included as part of operating profit (Note 32)	(67 306)	71 954
Excluded from operating profit	713	955
	(66 593)	72 909

(i) Net exchange (losses) gains

The Zambian kwacha appreciated against the US dollar and other major convertible foreign currencies during the second half of the year. The impact of the appreciation of the Zambian kwacha during the year is that the Company recorded exchange losses on its foreign currency denominated monetary assets which were more in value than the foreign currency monetary liabilities. The table below illustrates the movements in the US dollar exchange rates during the year:

Currency		Mid-market exchange rate as at 1 January	Mid-market exchange rate as at 31 December	Movement during the year
US dollar (1 US\$ =)	2021	K21.01	K16.69	21%
US dollar (1 US\$ =)	2020	K14.02	K21.01	50%

9. FINANCE COSTS

	2021 K'000	2020 K'000
Unwinding of discount	(1 702)	(988)
Finance lease charges	(969)	(424)
	(2 671)	(1 412)

10. OPERATING LEASE ARRANGEMENTS

In Zambia, the title of ownership or all lease hold land is held by the State. The Company therefore makes use of the land on a 99 year non-cancellable lease. Ground rent is accounted for in line with IFRS 16 Leases. However, the rent payable annually is K24 thousand for which the land was acquired in 1950. The Company has elected not to recognise leases for which the underlying asset is of low value. The Company has recognised the lease payments associated with the Ground rent as an expense on a straight-line basis over the lease term.

11. PROFIT BEFORE TAX

Profit before tax is stated after crediting:

Gain on disposal of investment (Note 17)

Fair value gain on equity investment

and after charging:

Staff costs (i)

Management and technical services expenses

Depreciation and amortisation (ii)

Write off of property, plant and equipment (Note 14)

Pension schemes— defined contribution plans (Note 24)

Directors remuneration - for service as Directors

Expected credit loss on trade receivables (Note 19.1)

Donations

(i) Staff costs allocation

Cost of sales

Administration expenses

(ii) Depreciation and amortisation

Cost of sales

Administration expenses

	2021	2020
	K'000	K'000
Gain on disposal of investment (Note 17)	713	—
Fair value gain on equity investment	—	955
and after charging:		
Staff costs (i)	164 161	161 441
Management and technical services expenses	134 420	38 809
Depreciation and amortisation (ii)	69 476	62 706
Write off of property, plant and equipment (Note 14)	11 077	39 313
Pension schemes— defined contribution plans (Note 24)	9 100	8 241
Directors remuneration - for service as Directors	1 855	1 326
Expected credit loss on trade receivables (Note 19.1)	1 189	4 641
Donations	555	876
(i) Staff costs allocation		
Cost of sales	101 925	96 200
Administration expenses	62 236	65 241
	164 161	161 441
(ii) Depreciation and amortisation		
Cost of sales	66 002	59 784
Administration expenses	3 474	2 922
	69 476	62 706

12. INCOME TAX CHARGE, RECEIVABLE AND RECONCILIATION OF EFFECTIVE TAX RATE

	2021	2020
	K'000	K'000
(i) Income tax (expense) credit		
Current tax	(132 627)	(81 498)
Prior years tax over paid (Note 28)	–	108 427
Deferred tax current period (Note 26)	1 027	(5 951)
Tax (expense) credit for the year	(131 600)	20 978
Income tax is calculated at 35% on domestic income and 15% on export income for the estimated assessable profit for the year. The movements during the year on the income tax account are as follows:		
(ii) Income tax receivable		
Included under current assets:		
Charge for the year	(132 627)	(81 498)
Overpaid corporate tax in prior years recovered through offsets (Note 28)	–	108 427
Recoverable in respect of prior year	144 801	116 220
Tax offset against other taxes (Note 28)	(108 427)	–
Tax paid during the year	141 502	1 652
Balance at end of the year included in current assets	45 249	144 801
The make-up of the tax receivable balance at the end of the year, is made up as follows:		
Balance from previous years unclaimed incentives	74 642	74 642
Balance from previous years on normal operations	(29 393)	70 159
	45 249	144 801
(iii) Reconciliation of effective tax rate		
The total charge for the year can be reconciled to the accounting profit as follows:		
Profit before tax	422 690	342 057
Tax on accounting profit at 35%	(147 942)	(119 720)
Accounting profit taxed at different rate	34 499	36 888
Overpaid corporate tax in prior years	–	108 427
Disallowed expenses (Staff related benefits and other)	(18 157)	(4 617)
Tax (expense) credit for the year	(131 600)	20 978
Standard rate	35%	35%
Accounting profit taxed at different rate	(2%)	(9%)
Under or over provisions from prior years	(2%)	(2%)
Effective tax rate	31%	24%

13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings per share from normal Company results for the year (Kwacha)	1.46	1.81
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Earnings per share is based on profit after taxation of **K291,090 thousand** (2020: Profit of K363,035 thousand), divided by the number of ordinary shares in issue during the year of **200,039,904** (2020: 200,039,904).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties K'000	Plant and equipment K'000	Furniture and fittings K'000	Capital work in progress K'000	Total K'000
Cost or valuation					
At 1 January 2020	107 171	1 679 398	57 531	112 119	1 956 219
Additions	–	–	–	48 715	48 715
Transfer of projects	4 058	37 573	2 084	(43 715)	–
Impairment of Aggregates business assets	(1 636)	(43 717)	–	(3 126)	(48 479)
At 31 December 2020	109 593	1 673 254	59 615	113 993	1 956 455
Additions	–	–	–	80 932	80 932
Environmental rehabilitation	–	9 882	–	–	9 882
Transfer of projects	–	134 871	17 020	(151 891)	–
Asset write off	–	–	–	(11 077)	(11 077)
At 31 December 2021	109 593	1 818 007	76 635	31 957	2 036 192
Accumulated depreciation					
At 1 January 2020	24 545	422 014	40 977	1 052	488 588
Depreciation expense	3 787	54 430	2 922	–	61 139
Aggregates business assets impaired	(352)	(8 814)	–	–	(9 166)
At 31 December 2020	27 980	467 630	43 899	1 052	540 561
Depreciation expense	3 804	58 353	5 855	–	68 012
At 31 December 2021	31 784	525 983	49 754	1 052	608 573
Carrying value					
At 31 December 2021	77 809	1 292 024	26 881	30 905	1 427 619
At 31 December 2020	81 613	1 205 624	15 716	112 941	1 415 894

Had the property, plant and equipment been measured on a historical cost basis their carrying amount would have been as follows:

	2021 K'000	2020 K'000
Cost	79 071	868 348
Accumulated depreciation	(32 572)	(313 723)
	46 499	554 625
	69 743	68 773
	1 017 162	1 017 162
	(415 068)	(347 056)
	602 094	670 106

In accordance with Section 278 of the Companies Act, 2017, the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the Registered Records Office of the Company.

As at 31 December 2021, the Directors have reviewed the balances as reflected in the statement of financial position and are of the considered view that the amounts reflect the fair value of the assets as at the reporting date.

In 2017, the Company performed a valuation of its assets using external valuation experts (Duff & Phelps, PWC). The methodology used was the Replacement Cost New (RCN) which looks at the cost of substituting an existing asset with another asset which has the same functional utility. This was in accordance with the International Valuation standard note 3-Valuation of Plant and Machinery.

Capital work in progress write off is as a result of projects aging over three years that were discontinued as a result of the change of Company ownership in the year. The value of the entire project was written off.

Details of the Company's property, plant and equipment and information about their fair value hierarchy as at 31 December 2021 and 31 December 2020 are as follows:

At 31 December 2021				
	Level 1	Level 2	Level 3	Fair Value as
	K'000	K'000	K'000	at 31-Dec-21
				K'000
Leasehold properties	–	–	77 809	77 809
Plant and equipment	–	–	1 292 024	1 292 024
Furniture and fittings	–	–	26 881	26 881
	–	–	1 396 714	1 396 714

At 31 December 2020				
	Level 1	Level 2	Level 3	Fair Value as
	K'000	K'000	K'000	at 31-Dec-20
				K'000
Leasehold properties	–	–	81 613	81 613
Plant and equipment	–	–	1 205 624	1 205 624
Furniture and fittings	–	–	15 716	15 716
	–	–	1 302 953	1 302 953

15. RIGHT OF USE ASSETS

	Motor vehicles	Total
	K'000	K'000
Cost		
Balance at beginning of the year	6 918	6 918
Balance at 31 December 2021	6 918	6 918
Accumulated depreciation		
Balance at beginning of the year	2 402	2 402
Depreciation expense	1 426	1 426
Balance at 31 December 2021	3 828	3 828
Carrying value		
Balance at 31 December 2021	3 090	3 090
Balance at 31 December 2020	4 518	4 518

16. INTANGIBLE ASSETS

Mineral rights

The intangible assets relate to mining licenses purchased by the Company for the exploration and extraction of limestone. The licenses are measured initially at original purchase cost and amortised on a straight line basis, from the year of purchase by the Company, over their beneficial lives. The licenses have average useful life of 25 years.

License costs paid in connection with a right to mine for lime and shale in the allocated area are capitalised as an intangible asset and amortised over the term of the license once the legal right to perform mining activities has been acquired, unless the Directors conclude that a future economic benefit is more likely than not to be realised. All other costs which include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors are capitalised as part of property, plant and equipment.

	2021	2020
	K'000	K'000
Cost		
Balance at beginning and end of the year	943	943
Accumulated amortisation and impairment		
Balance at beginning of the year	542	504
Amortisation expense	38	38
Balance at end of the year	580	542
Carrying value at end of the year	363	401

The amortisation expense has been included in the line item, administration expenses in the statement of profit or loss.

17. EQUITY INVESTMENT AT FAIR VALUE

	2021	2020
	K'000	K'000
Opening balance	26 221	25 266
Fair value adjustment	–	955
Disposal proceeds	(26 934)	–
Gain on disposal of equity investment (note 8)	713	–
Closing balance	–	26 221

Chilanga Cement PLC owned 14% in Mbeya Cement Limited in Tanzania. The 14% stake was acquired in 1998 for a consideration of K4,741 thousand. However, since the acquisition, Chilanga Cement PLC had not received any dividends but the value of the investment had increased.

At the Board meeting held on 31 March 2021, the Board of Directors of Chilanga Cement PLC resolved to divest the shares held in Mbeya Cement Limited of Tanzania in order to realise capital gains. The investment was disposed of at an amount of K26,934 thousand to Pan African Cement Limited. The sale realised a gain on disposal of K713 thousand which was credited to the Statement of Profit or loss.

18. INVENTORIES

	2021	2020
	K'000	K'000
Finished goods: Cement	17 246	24 447
Raw materials and consumables	45 132	15 029
Stores and spares	93 475	83 899
Gross values	134 483	123 716
Provision for obsolete stock	(41 008)	(39 817)
Processed goods	25 812	28 625
	181 665	152 000

The Company expensed in the year inventory amounting to **K461,304 thousand** (2020: K290,719 thousand) for inventories carried at net realisable value. This is recognised in cost of sales.

19. TRADE AND OTHER RECEIVABLES

19.1 Trade receivables

Trade receivables principally comprise amounts receivable in respect of the sale of cement and clinker.

	2021	2020
	K'000	K'000
Gross trade receivables	64 631	88 758
Less: Expected credit loss on trade receivables	(29 629)	(29 157)
	35 002	59 601

The following tables detail the risk profile of trade receivables based on the Company provision matrix. As the Company's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 December 2021	Not past due	0-30 past due	31-60 past due	61-90 past due	More than 90 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Expected credit loss rate	0%	9%	29%	38%	96%	
Estimated total gross carrying amount at default	21 986	8 149	2 306	4 709	27 481	64 631
Lifetime ECL	–	(743)	(659)	(1 799)	(26 428)	(29 629)
	21 986	7 406	1 647	2 910	1 053	35 002

31 December 2020	Not past due	0-30 past due	31-60 past due	61-90 past due	More than 90 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Expected credit loss rate	0%	6%	26%	35%	79%	
Estimated total gross carrying amount at default	29 889	17 869	6 407	1 856	32 737	88 758
Lifetime ECL	–	(1 072)	(1 655)	(655)	(25 775)	(29 157)
	29 889	16 797	4 752	1 201	6 962	59 601

In light of the continued impact of Covid-19 pandemic in 2021, a review of credit customer performance was assessed and all customers impacted by Covid-19 had their credit limits revised. Subsequently on a weekly basis all customers were monitored to ensure no default as a result of Covid-19 impact on business. The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9. Refer to 4.2.2 for more detail.

	2021	2020
	K'000	K'000
Expected credit loss on trade receivables		
Balance as at start of the year	(29 157)	(28 120)
Transfer to allowance for doubtful receivables	(1 189)	(4 641)
Bad debts write off	717	3 604
Balance as at end of the year	(29 629)	(29 157)

19.2 Other receivables		
Value Added Tax receivable	136 767	87 872
Prepaid expenses	6 789	6 496
Sundry receivables	5 482	1 824
Employee loans	1 130	920
	150 168	97 112

20. RELATED PARTY TRANSACTIONS

Holcim Limited was until 30 November 2021 the ultimate parent of the Company. Holcim Limited is a company registered in Switzerland and owned 75% of the issued share capital of Chilanga Cement PLC, through its owned subsidiaries, Financière Lafarge, and Pan African Cement Limited. Effective 1 December 2021 Holcim Limited disposed of 75% of the issued share capital of Chilanga Cement PLC to Huaxin (Hainan) Investment Co., Ltd. Holcim owns 41.8% of the shares in Huaxin Cement Co., Limited, a Company which owns 100% of the shares in Huaxin (Hainan) investments Co., Limited a Company registered in China.

The Company had balances with, and had transacted with the following related Lafarge Holcim Group companies which are done during the normal course of business and hence are classified under current assets or liabilities:

	Country of incorporation	Relationship
Holcim Limited	Switzerland	Ultimate Parent
Lafarge Spain	Spain	Fellow subsidiary
Lafarge Building Materials MEA S.A.E	Egypt	Fellow subsidiary
Lafarge Cement Zimbabwe Limited	Zimbabwe	Fellow subsidiary
Lafarge Industries South Africa (Proprietary) Limited	South Africa	Fellow subsidiary
LafargeHolcim Middle East and Africa	U.A.E	Fellow subsidiary
LafargeHolcim East Africa	Kenya	Fellow subsidiary
Lafarge North America	U.S.A	Fellow subsidiary
Lafarge South Africa	South Africa	Fellow subsidiary
Lafarge International Services Singapore PTE LTD	Singapore	Fellow subsidiary
Lafarge Building Materials	United Kingdom	Fellow subsidiary
Lafarge Egypt	Egypt	Fellow subsidiary
Portland Cement Malawi	Malawi	Fellow subsidiary
Huaxin Cement Co. Limited	China	Parent (New)

The following balances were outstanding at the end of the reporting period:

Amounts due from related companies:

	2021 K'000	2020 K'000
Portland Cement Malawi	72 474	46 439
Lafarge Cement Zimbabwe Limited	1 661	75 153
LafargeHolcim Middle East and Africa	229	870
Lafarge South Africa	62	176
LafargeHolcim East Africa	–	970
	74 425	123 608

Amounts due to related companies:

LafargeHolcim Middle East and Africa	990	–
Lafarge Cement Zimbabwe Limited	173	–
Portland Cement Malawi	–	839
Lafarge Industries South Africa (Proprietary) Limited	–	385
Holcim Group services	–	20
	1 163	1 244

The financial effects of transactions with the related parties were as follows:

Portland Cement Malawi	102 760	92 763
Lafarge Cement Zimbabwe Limited	57 239	31 446
	159 999	124 209
Management and technical services expenses:		
Holcim Limited	134 420	47 793

Terms and conditions of transactions with related parties.

The 181% increase in Management and technical fees is explained as follows: In 2021 there was a 35% increase in sales to third parties and 85% increase in operating profit compared to prior year, which are both used as a base in calculating the Brand fees and the Master Industrial Intellectual Property Agreement(MIIPA). The fees were billed monthly based on estimates and after the end of the financial year, once the audited financial statements were concluded, the final management fees would be calculated and either a true up or down effected in the subsequent financial year. However, in 2021 with change of the shareholder, the final computations were done based on actual figures as at 30 November 2021. This explains the increase in the 2021 management fees.

The remuneration of Directors and other key management during the year was as follows:

	2021	2020
	K'000	K'000
Salaries and other short-term employment benefits	36 944	8 170

The previous Chief Executive Officer (CEO) and three other senior management were seconded from LafargeHolcim Group until their exit following the shareholding change. The current CEO is seconded from Huaxin (Hainan) Investment Co., Limited. The remuneration of these Executive Directors is paid out of the Group and has not been separately disclosed.

Non-Executive Directors' Remuneration:

In connection with the management of the Company as directors	1 855	1 326
Director's fees analysed as follows:		
Mr. Muna Hantuba	507	352
Mr. Mwelwa Chibesakunda	522	374
Mr. Mark O'Donnell	339	318
Dr. Frank Munthali	487	282
	1 855	1 326

The remuneration of Directors and key executives are determined having regard to the individual performance and market trends.

21. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

Bank and cash balances	2021	2020
	K'000	K'000
Bank and cash balances	154 515	283 140

Bank overdraft

In the last two (2) years 2020 and 2021, the Company did not make use of its overdraft facility held with Citibank Zambia Limited. The facility available to the Company is K24 million (2020: K24 million).

22. SHAREHOLDERS EQUITY

22.1 Share capital

	2021	2020
	K'000	K'000
Authorised		
240 000 000 ordinary shares of 5 ngwee each	12 000	12 000
3 000 000 7% non-cumulative redeemable preference shares of 10 ngwee	300	300
	12 300	12 300
Issued and fully paid		
200 039 904 ordinary shares of 5 ngwee each	10 002	10 002
Shareholding:		
	%	%
Pan African Cement Limited	0.00	50.10
Financière Lafarge	0.00	24.90
Huaxin (Hainan) Investment Co., Ltd	75.00	0.00
LUSE Central share depository	2.39	11.92
Public (Institutions and individuals)	22.61	13.08
	100.00	100.00

During the year, Pan African Cement Limited and Financière Lafarge disposed of 50.1% and 24.9% shareholding respectively to Huaxin (Hainan) Investment Co., Limited.

22.2 Revaluation reserve

Revaluation reserves arise from the periodic revaluation of property and equipment and represent the excess of the revalued amount over the carrying value of the property and equipment at the date of revaluation. Deferred tax arising in respect of the revaluation of property has been charged directly against the revaluation reserves in accordance with International Financial Reporting Standard (IAS) 12: Income Taxes. In the current year, the deferred tax on revaluation was aligned to take into account

the difference between the closing revaluation surplus and the opening deferred tax liability. Refer to Note 26 for the re-alignment adjustment balance.

In line with IAS 16.41, a balance of K17,319 thousand has been transferred from the revaluation reserve to the retained earnings as the asset is in use by the Company. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets original cost.

22.3 Retained earnings

The retained earnings represent all accumulated net income netted by all dividends paid to shareholders. Retained earnings are part of equity on the statement of financial position and represent the portion of the business's profits that are not distributed as dividends to shareholders but instead are reserved for reinvestment.

23. PROVISION FOR ENVIRONMENTAL LIABILITIES

	2021	2020
	K'000	K'000
At beginning of the year	27 899	24 917
Unwinding of discount	1 702	988
Adjustment to provision	9 882	1 994
	39 483	27 899

The Company provides for costs of restoring a site where a legal or constructive obligation exists.

The environmental provision represents the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by operations. The amount recorded by the Company at year end is the present value of the future restoration cost, which has been calculated based on the factors below. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the quarry will cease to produce at economically viable rates. This, in turn, will depend upon future cement demand.

The estimate of the present value of the future restoration cost is based on the assumption of the projected closure costs as per Environmental audits done. Different unit rates for closure components have been used in line with Mines and minerals (environmental) regulations in Zambia. The closure cost is expected to be settled in USD. The timing of future rehabilitation is presumed to be when the quarries cease to produce for each of the Company's sites. The discount rate used to calculate the present value of the expenditures expected to be incurred to settle the long-term obligation is at **6.2%** (2020: 8%).

In compliance with the Mines and Minerals Development Act of 2015, the Company has made cash contributions in the sum of **USD986,798 (equivalent of K9,680,488)** to the Environmental Protection Fund over a period of five years based on annual audits conducted by Mines Safety Department. The Fund established by the Mines and Minerals Act is controlled by Mines Safety Department under the Ministry of Mines and Minerals Development. A bank guarantee of USD 15 million has been put in place to meet the requirements of this Act.

The amount deposited with the Fund is refundable to the Company when the mine site is rehabilitated and certified by the Mines Safety Department in compliance with the Act.

Sensitivity analysis

At 31 December 2021, if the long term USD inflation rate would increase by 0.1% with all other variables held constant, the provision would have been higher by K2,353 thousand, whilst a 0.1% decrease would have resulted in a lower provision by K2,151 thousand.

At 31 December 2021, if the Weighted Average Cost of Capital (WACC) would increase or decrease by 0.5% with all other variables held constant, an upward movement would cause a decrease of the value of the provision by K8,928 thousand whilst a downward movement would cause an increase of the value of the provision by K12,061 thousand.

24. RETIREMENT BENEFIT PLANS

	2021	2020
	K'000	K'000
At beginning of the year	242	52
Current year charge	413	406
Paid during the year	(541)	(216)
At end of year	114	242

The liability outstanding at the end of the year, represents gratuities payable.

Gratuity provision

The above analysis relates to the gratuity provision as at year end. The total costs charged to profit or loss of **K413 thousand**

(2020: K406 thousand) represent provisions made for gratuities related to certain non-unionised and unionised staff. Refer to Note 3.4 for additional information.

Contribution to pension scheme

The Company operates a defined contribution pension scheme for certain of its employees. The scheme is funded by contributions from both the Company and its employees, and is managed by Minet Zambia Limited. This defined contribution plan is funded by a specified percentage contribution from payroll costs and is expensed to profit or loss on a monthly basis.

There were no outstanding contributions as at 31 December 2021 (2020: nil). The total pension contributions for the year amounted to **K9,100 thousand** (2020: K8,241 thousand).

The assets of the scheme are held separately from those of the Company in funds under the control of the Trustees.

25. LEASE LIABILITIES

	2021 K'000	2020 K'000
(a) Analysed as:		
Non-current	2 001	3 301
Current	2 052	2 052
	4 053	5 353
(b) Maturity analysis:		
Less than one year	2 029	2 029
Later than one year but not later than two years	2 029	2 029
Later than two years but not later than five years	544	3 032
	4 601	7 090
Less: future finance charges	(548)	(1 737)
	4 053	5 353
(c) The movement for the year is as follows:		
At the beginning of the year	5 353	7 288
Write off during the year	–	(892)
Repayments during the year	(1 300)	(1 043)
Net obligations under finance lease	4 053	5 353

The Company enters into leasing arrangements. The average term of leases entered into is 10 years. Unguaranteed residual dues of assets leased under the leases at the balance sheet date are estimated at K Nil.

The interest rate inherent in the leases is fixed/variable at the contract date for all of the lease term.

The Directors consider that the fair value of the leases is equal to their carrying values as reflected in the statement of financial position.

26. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements during the year:

	Accelerated capital allowances K'000	Revaluation surplus K'000	Provisions and other K'000	Total K'000
2020				
At beginning of year	(25 327)	268 861	(31 418)	212 116
Charge to profit or loss	(15 149)	–	21 100	5 951
Charge to equity	–	(6 062)	–	(6 062)
Balance as at 31 December 2020	(40 476)	262 799	(10 318)	212 005
2021				
At beginning of year	(40 476)	262 799	(10 318)	212 005
Charge to profit or loss	41 287	–	(42 314)	(1 027)
Charge to equity (Note 22.2)	–	(17 978)	–	(17 978)
Balance as at 31 December 2021	811	244 821	(52 632)	193 000

27. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding in respect of trade purchases and ongoing costs while other payables include pay as you earn, dividend payables and customer advance payment.

27.1 Trade payables

The Directors consider that the carrying amount of trade payables approximates their fair value due to their short term nature.

The average credit period for purchases is 60 days. No interest is charged on the trade payables. The Company has risk management policies in place to ensure that all payables are paid within the credit timeframe.

27.2 Other payables

	2021 K'000	2020 K'000
Sundry accruals (i)	75 390	184 137
Dividends payable	40 657	61 529
Employee related liabilities (ii)	21 718	46 527
Advances from Cement customers	17 275	22 261
Sundry payables	15 117	30 577
	170 157	345 031
(i) Sundry accruals		
Other operational accruals (*)	46 783	102 588
Plant maintenance accruals	12 123	12 123
Utilities accruals	6 535	7 017
Withheld Value Added Tax	9 949	62 409
	75 390	184 137
(ii) Employee related liabilities		
Employee related liabilities include leave pay accruals analysed as follows:		
Balance at the beginning of the year	3 618	4 724
Leave paid during the year	(605)	(551)
Movement during in the year	1 766	(555)
Balance at the end of the year	4 779	3 618

*Included in other operational accruals are transport cost accruals, information technology related accruals and tax related accruals.

28. COMMITMENTS, CONTINGENT LIABILITIES AND ASSETS

Commitments

The eleventh schedule of Mines and Minerals (Environmental) Regulation of 1997 requires that the Company make contributions for five years to the Environmental Protection Fund (EPF). The amount of the contribution is determined by the declared cost of decommissioning site restoration upon site closure and also upon the Environment management performance category as deemed by Mines Safety Department.

The contributions are in two parts (i) a 10% lump sum for Lusaka Plants and 20% lump sum for the Ndola plant calculated as a percentage of estimated closure costs depending on the category of the plant, and (ii) the balance in form of a Bank Guarantee, Letter of Credit, or Insurance Bond acceptable to the Minister of Mines and Mineral Development.

The Company obtained a bank guarantee amounting to **USD15 million** for the remaining site restoration costs in line with the operational guidelines of the environmental protection fund (EPF).

Competition and Consumer Protection Commission (CCPC) fine

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Company is involved in various litigation, arbitration and regulatory proceedings, both in Zambia and in other jurisdictions in the ordinary course of its business. The Company has formal controls and policies for managing legal claims. Based on professional legal advice, the Company provides and/or discloses amounts in accordance with its accounting policies. At year end, the Company had several unresolved legal claims.

During the ordinary course of business the Company is subject to threatened or actual legal proceedings. All such material cases are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to the Director's best estimate of the amount required to settle the obligation at the relevant

reporting date. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case.

(i) Allegations of Cartel Conduct

This is the case which followed a dawn raid at the Company Headquarters in Chilanga. Lafarge was allegedly found to have been in a cartel with two other cement companies namely Dangote and Mphande Cement Limited. Dangote Zambia Limited applied for leniency which was granted by the CCPC. Lafarge was fined together with the other Cement Companies. Further, the CCPC directed that cement companies reduce the price of cement and sell the same at a certain price.

Following the decision of the CCPC, the Company appealed to the Competition and Consumer Protection Tribunal. Thereafter, the CCPC applied to the Tribunal for a Mandatory Order to compel Chilanga Cement and other the cement companies to reduce cement prices and sale at a certain price. The Company successfully opposed this application as the Tribunal refused to grant the Mandatory Order to the CCPC.

After review of the record of proceedings that the CCPC filed into the Tribunal, the Company discovered that there were some pertinent documents that had been omitted by the CCPC. The Company then made an application to compel the CCPC to file a complete record into the Tribunal. This application has been heard and the Company awaits the ruling from the Tribunal before the hearing of the main case can begin.

(ii) Allegations of Excessive Pricing case

This is a historical case in which the Company was fined for excessive pricing, price discrimination and for abusive loyalty discounts. The matter has been appealed before the Tribunal and several witnesses have testified, however trial is yet to be concluded.

In view of the uncertainty surrounding the two matters, and on the basis of legal advice obtained, and the fact that an economic outflow of funds is neither probable nor likely at this stage, the Directors have concluded that no provision is required in the financial statements as at 31 December 2021.

(iii) Allegations of Excessive Pricing (Malawi)

In April 2021, the Company received a Notice of Investigation from the Competition and Consumer Protection Commission (CCPC) containing allegations of excessive pricing of cement in Chipata in comparison to export prices of cement to Malawi. Chilanga Cement PLC provided a response to the Notice of Investigation and submitted all the information requested by the CCPC. The CCPC has since concluded its investigation and in January 2022, the Company was cleared of all wrongdoing and the matter was closed.

Tax credit utilised and unutilised

In 2020, Chilanga Cement PLC and Zambia Revenue Authority (ZRA) engaged in a tax reconciliation exercise for the period 2012 to 2019 to reconcile all the tax returns for each year to the ZRA statement. This reconciliation exercise was concluded in June 2020. The results of this reconciliation revealed that the Company had overpaid its income taxes which gave rise to a tax credit of K164 million. A total of K108 million was offset with the liabilities that arose between June and December 2020. Upon the utilisation of this K108 million, ZRA requested for a Credibility Audit and was yet to be concluded by the year end. The Directors are of the view that the balance of K56 million is a contingent asset as the outcome of the ZRA credibility audit is uncertain.

29. CAPITAL COMMITMENTS

As at 31 December 2021, the Company had entered into authorised and contractual commitments for the acquisition of property plant and equipment of **K8,737 thousand** (2020: K17,929). The capital expenditure will be made from internally generated resources.

30. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern and maintain healthy ratios while maximising the return to stakeholders through the optimisation of its equity. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed on the statement of changes in equity.

Gearing

The Company's finance department reviews the capital structure on a regular basis. As part of this review the cost of capital and the risks associated with each class of capital are considered. The Company has an overdraft facility with Citibank Zambia Limited amounting to K24 million.

	2021 K'000	2020 K'000
Categories of financial instruments		
Financial assets		
Financial assets at amortised cost		
- Trade receivables	35 002	59 601
- Amounts due from related parties	74 425	123 608
- Other receivables, excluding prepayments	6 612	2 744
- Bank and cash balances	154 515	283 140
Financial assets at fair value through other comprehensive income (FVOCI)		
Investment in unquoted shares	–	26 221
Total financial assets	270 554	495 314
Financial liabilities		
Liabilities at amortised cost		
- Trade payables	138 266	78 646
- Other payables, excluding taxes	142 933	260 361
- Amounts due to related parties	1 163	1 244
- Lease liability	4 053	5 353
- Retirement benefits	114	242
Total financial liabilities	286 529	345 846

Financial risk management objectives

The Company's finance department which co-ordinates access to the domestic money markets monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk interest rate risk and price risk), credit risk, and liquidity risk. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks which are in line with the Company: interest rate risk and foreign currency risk. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company negotiates with commercial banks to transact at favourable rates to manage its exposure to interest rate and foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company undertakes certain transactions denominated in foreign currencies. Hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors. The Company is exposed to foreign exchange risk which arises primarily with respect to trade receivables, bank and cash balances which are denominated in US dollars. Foreign exchange risk also arises from supplier payments denominated in US dollars, South African rand and euros.

Below is the kwacha equivalent of the financing assets and liabilities that are denominated in foreign currencies.

	2021 K'000	2020 K'000
Assets		
US dollar denominated	133 343	249 130
Euro denominated	29	3 755
South African rand denominated	92	477
	133 464	253 362
Liabilities		
US dollar denominated	20 635	26 644
Euro denominated	3 257	1 289
South African rand denominated	259	866
CHF denominated	–	6 196
GBP denominated	13	76
	24 164	35 071

Sensitivity analysis

At 31 December 2021, if the US dollar had appreciated or depreciated by 10% against the kwacha, with all other variables held constant, the decrease and increase in the profit for the year would have been **K13,380 thousand** (2020: K36,304 thousand) lower and higher respectively, mainly arising from advances to supplier, cash, amounts due to and from related parties and trade receivables.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to changes in the market interest rate due to the fact that it has no loans. However, the Company obtains overdraft facilities as and when the need arises. The company in this regard manages and monitors daily funding requirements to anticipate funding requirements and the Company to source inexpensive financing alternatives when such funds are needed.

Interest rate sensitivity

The sensitivity to a reasonably possible change in interest rates by 2% on that portion of overdrafts affected, based on the last two years' historical rates and economic forecasters' expectations of the Company's profit before tax through the impact on overdraft borrowings and cash and cash equivalents (with all other variables held constant) would have been Nil (2020: KNil thousand) lower and higher respectively.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cashflows and matching the maturity profile of financial assets and liabilities. The company's objective is to ensure as far as possible it will always have sufficient cash to meet its liabilities under normal or stressed conditions without incurring unacceptable losses to risking damage to the Company's reputation.

The following table details the Company's remaining contractual maturity for its non-derivate financial assets and liabilities. The table is based on the undiscounted contractual maturities of the financial assets and liabilities.

Year ended 31 December 2021**Liabilities**

	1 – 3 months	3 months to 1 year	1 – 5 years	Total
	K'000	K'000	K'000	K'000
Trade payables	40 324	97 942	–	138 266
Other payables, excluding taxes	142 933	–	–	142 933
Lease liability	–	2 052	2 001	4 053
Retirement benefit plans	–	114	–	114
Amounts due to related parties	–	1 163	–	1 163
	183 257	101 271	2 001	286 529

Year ended 31 December 2020**Liabilities**

Trade payables	75 932	2 714	–	78 646
Other payables, excluding taxes	260 361	–	–	260 361
Lease liability	–	2 052	3 301	5 353
Retirement benefit plans	–	242	–	242
Amounts due to related parties	–	1 244	–	1 244
	336 293	6 252	3 301	345 846

Credit risk management

Credit risk management refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in respect of trade and other receivables and amounts due from related parties. The Company's policy is to closely monitor the creditworthiness of all its debtors by reviewing their ability to pay as well as their continued operations and transactions with the company on regular basis.

The company has established a credit policy under which each new customer is analysed for creditworthiness before standard payment and delivery terms are offered. Credit limits are set for each customer who represent the maximum amount each customer is allowed to collect on credit; these limits are reviewed regularly and approved by the credit committee. Customers with a high risk rating have an option of either cash transactions or providing collateral.

To measure the expected credit losses, the Company uses the provision matrix. Trade receivables expected losses are assessed based on past dues and the impact on adverse economic performance. Trade receivables are written off when there is no reasonable expectation of recovery, indicators that there is not reasonable payment plan with the company or no active trading with the Company.

The Company's maximum exposure to credit risk is analysed below:

	2021	2020
	K'000	K'000
Trade receivables	35 002	59 601
Other receivables, excluding prepayments and taxes	6 612	2 744
Amounts due from related parties	74 425	123 608
Bank and cash balances	154 515	283 140
	270 554	469 093

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise unlisted equity securities in Mbeya Cement in Tanzania.

Impairment of financial assets at amortised cost

The closing loss allowances for trade receivables as at 31 December 2021 reconcile to the opening loss allowances as follows:

	2021
	K'000
Balance at 1 January 2020 under IFRS 9	(29 157)
Increase in credit loss allowance through recognised through profit and loss during the year	(472)
As at 31 December 2021 – IFRS 9	(29 629)

31. FAIR VALUE MEASUREMENTS

The following table provides the fair value measurement hierarchy of the Company's plant and equipment and financial assets at fair value through profit or loss.

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges for example, Lusaka Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair value hierarchy as at 31 December 2021				
	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Financial assets				
- Bank and Cash balances	–	–	154 515	154 515
- Amounts due from related parties	–	–	74 425	74 425
- Trade receivables	–	–	35 002	35 002
- Other receivables, excluding prepayments and taxes	–	–	6 612	6 612
Total	–	–	270 554	270 554
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	–	–	1 163	1 163
- Lease liability	–	–	4 053	4 053
- Trade payables	–	–	138 266	138 266
- Other payables, excluding taxes	–	–	142 933	142 933
Total	–	–	286 415	286 415
Fair value hierarchy as at 31 December 2020				
Financial assets				
- Bank and Cash balances	–	–	283 140	283 140
- Amounts due from related parties	–	–	123 608	123 608
- Trade receivables	–	–	59 601	59 601
- Other receivables, excluding prepayments and taxes	–	–	2 744	2 744
- Equity investment	–	26 221	–	26 221
Total	–	26 221	469 093	495 314
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	–	–	1 244	1 244
- Lease liability	–	–	5 353	5 353
- Trade payables	–	–	78 646	78 646
- Other payables, excluding taxes	–	–	282 622	282 622
	–	–	367 865	367 865

32. RECONCILIATION OF RESTATED OPERATING PROFIT

The operating profit on the statement of profit or loss and other comprehensive income has been restated to include exchange gains and losses. This is in line with IAS 1.41 which requires that once changes in the presentation or classification of items in its financial statements are made, the comparative amounts would require to be reclassified.

	2020
	K'000
Operating profit as reported on 31 December 2020	269 770
Add: Net exchange gains	71 954
Restated operating profit 31 December 2020 as now reported	341 724

The reclassification did not result in any changes to the previously recorded and disclosed profit before tax, profit after tax, total comprehensive income for the year and the basic and diluted earnings per share.

33. SUBSEQUENT EVENTS

There are no material facts or significant events after the reporting date which would require adjustments or disclosure in these financial statements.

CHILANGA CEMENT PLC (Formerly Lafarge Zambia PLC)

Five-Year financial record

for the year ended 31 December 2021

('000 tonnes)	2021	2020	2019	2018	2017
			Restated		Restated
Cement production	829	748	816	945	887
Cement sold					
Domestic	422	447	560	736	667
Export	393	293	256	185	245
Clinker exports	161	225	145	64	113
	976	965	961	985	1 025
Aggregates	–	3	143	194	172
K'000					
Statement of comprehensive income					
Turnover	2 113 725	1 693 146	1 110 153	1 141 800	1 008 232
Profit (loss) before tax	422 690	342 057	(56 245)	104 309	57 511
Income tax (expense) credit	(131 600)	20 978	17 563	90 589	(38 573)
Profit (loss) for the year	291 090	363 035	(38 682)	194 898	18 938
Earnings per share - K	1.46	1.81	(0.19)	0.97	0.09
Assets employed					
Non-current assets	1 431 072	1 420 813	1 475 009	1 506 100	1 538 303
Equity investment at fair value	–	26 221	25 266	25 266	25 126
Net current assets	329 272	433 047	309 413	(82)	(258)
	1 760 344	1 880 081	1 809 688	1 930 748	1 769 002
Liabilities due after one year					
Provision for environmental liabilities	39 483	27 899	24 917	22 536	19 401
Lease liabilities	2 001	3 301	4 816	–	–
Deferred tax liabilities	193 000	212 005	212 116	259 687	238 432
	1 525 860	1 636 876	1 567 839	1 648 525	1 511 169
Financed by:					
Share capital	10 002	10 002	10 002	10 002	10 002
Reserves	1 515 858	1 626 874	1 557 837	1 638 523	1 501 167
	1 525 860	1 636 876	1 567 839	1 648 525	1 511 169



Minutes of the Annual General Meeting (AGM)

Lafarge Zambia PLC

Held on 31 May 2021 via Zoom

PRESENT

Mr M Hantuba	Chairman
Mr J Khan	CEO
Mr M Chibeskunda	Director
Mr M O'Donnel	Director
Mr F Munthali	Director
Mr A Khalifa	CFO
Mrs CM Ngulube	Company secretary
Members	As attached
Proxies	As attached

1. WELCOME REMARKS AND CONSTITUTION OF MEETING

- 1.1 The Chairman welcomed all shareholders, auditors, the transfer secretaries and directors to the 29th Annual General Meeting of Lafarge Zambia PLC. and called the meeting to order at 10:05 hrs.
- 1.2 The Chairman acknowledged that the meeting was being held under strange circumstances given the world pandemic. He then urged all shareholders to properly register to ensure accurate records are kept.
- 1.3 The Corporate Affairs and Communications Manager, Sarah Banda, introduced the directors and other members present in the meeting room and went through the house keeping rules which were circulated to the shareholders.
- 1.4 A handover was made to the Chairman to proceed with the business of the meeting and he directed that to maintain order through the meeting, all questions would be left to the end of the meeting.
- 1.5 The Chairman begun by officially introducing the new member of the board of directors of Lafarge Zambia PLC being John W. Stull.
- 1.6 Apologies and Proxies
 - i. Apologies were received from one shareholder by the name of Elaine Changula
 - ii. Proxies: A total of five (33) valid proxies were received including two from the majority shareholders. Pan Africa Cement (PAC) appointed Mr Ahmed Khalifa while Financière Lafarge Ltd appointed Mr Jimmy Khan to represent them at the meeting.

- 1.7 Upon confirmation of quorum being present in person or by proxy, the Chairman declared the meeting duly constituted.

2. NOTICE OF MEETING

- 2.1 The Notice was noted as published and circulated in compliance with the statutory requirements.
- 2.2 The Chairman confirmed the conduct of the meeting and process to be followed as follows:
 - i. As this was a shareholders meeting, only shareholders or their proxies were to participate in the business on the agenda; and
 - ii. Questions or comments were to be confined to the business of the meeting in line with the agenda which was circulated to all members before the meeting.
- 2.3 The Chairman proposed that the Notice convening the meeting be taken as read.
 - Seconded: Ms Anna Mubukuwanu

3. ADOPTION OF AGENDA

The Agenda was noted as circulated and was subsequently adopted.

- Proposed: Mr Boyd Tembo
- Seconded: Mr Mainza Kasungu

4. MINUTES OF THE 28th ANNUAL GENERAL MEETING

- 4.1 Minutes were confirmed as the correct recording of the proceedings for the 28th Annual General Meeting (AGM) of the Company save for a change that was raised and noted as regards paragraph 12.6 where Mr Boyd Tembo corrected the percentages recorded and the change of reference from the words 'share capital' to 'market share'.

Resolution:

By show of hands it was resolved that the minutes of the 28th Annual General Meeting be approved as corrected above.

- Proposed: Ms Maureen Oliver
- Seconded: Ms Mainza Kasungu

5. MATTERS ARISING FROM THE MINUTES OF THE 28th ANNUAL GENERAL MEETING

There were no matters arising from the minutes of the 28th Annual General Meeting.

6. ADOPTION OF THE ANNUAL REPORTS INCLUDING THE CHAIRMAN'S REVIEW, DIRECTOR'S REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6.1 The CEO and the CFO presented the operational and financial performance of the Company respectively, for the year ended 31 December 2020. Highlights included the following:

- i. The CEO advised that the Company had a huge economic impact in Zambia. He informed the members of the meeting that Lafarge Zambia has contributed over a billion kwacha to the local economy. He further explained that this was comprised of ZMW960 Million being payment made to local suppliers; He also stated that the Company has between 3500 to 4000 shareholders its profits are distributed among them; He further stated that the Company has exported over 500 kilotonnes (KT) of clinker and this had brought the much needed forex in the country; the Company had spent about ZMW 30 million moving approximately 140 KT of it volume of product using the Zambia Railway Authorities; Lafarge uses over 70 trucks which are owned by Third parties, and through these logistics, Lafarge has an impact on about 30 000 Zambians.
- ii. The CEO further explained that the company's turnaround success in the year 2020 had been driven by an agile strategy to focus on exports to increase turnover coupled with tight controls on costs in the midst of production cost escalation largely due to currency depreciation.
- iii. The CEO also explained that the challenging business environment, increased competition and liquidity constraints, resulted in a year on year reduction in domestic demand for cement since 2018. However, notwithstanding the said challenges, the CEO advised the members that even though domestic volumes dropped by 113KT as compared to the previous year, the total volumes remained relatively unchanged as the total export volumes increased by 117KT.
- iv. In addition to the strategies mentioned above, the CEO averred that customer value and satisfaction had been increased through innovations such as the LeadRetail and AfriDelivery digital platforms which have given customers a fast and convenient way to buy cement. In addition, the CEO elucidated that Geocycle, (which was Lafarge's waste management business) continued to perform well. Furthermore, the Company continued to have a proven track record, guaranteed superior quality and most differentiated product range which the CEO explained was part of the Company's strategy to remain

the supplier of choice for key infrastructure projects.

- v. In the midst of the worst global crisis in recent times, the CEO explained that Lafarge did not abandon its employees, communities and suppliers. He explicated that approximately ZMW 750 000 was spent towards the fight against Covid-19 through donations to the Ministry of Health, local hospitals and development of the first Zambian Ventilator. An additional ZMW 28 million was used to make advance payments to suppliers to aid their liquidity constraints during the pandemic. The CEO ended his presentation by explaining how proud he was that none of the company employees received a pay cut nor were declared redundant during this period as was the case with most businesses.
- vi. The CFO took over from the CEO to present the Company's financial performance. He informed the meeting that the business had no long-term debts, had 53% increased sales turnover as a result of the robust export strategy earlier explained by the CEO and that the revenue increased to 50%, with a net profit of 363 million for the year 2020 which can be translated to an increase in exchange gains, decrease in market expense among others.
- vii. The CFO presented that the Company increased its assets, environmental provision, dropped one third of its liability and the business is being maintained with no debt at all despite the events of the year 2020.
- viii. The CFO explained that the business had recorded an increase in cost of sales driven by cost escalation in key inputs such as gypsum, coal as well as equipment consumables. In addition, selling and distribution costs increased as transporters hiked their rates while the Company's products were being distributed further.
- ix. The CEO took over before concluding and stated that in addition to the potential risk of local currency devaluation, the lack of local suppliers of gypsum so far had forced the business to procure the gypsum from Burundi, Malawi and Namibia.
- x. The CEO ended the presentation by stating that employees, management, shareholders are the reason for the success.

6.2 The Annual Report and Financial Statements for the year ended 31 December 2020, including the Chairman's Review, Directors' Report and Report of the Auditor having been circulated earlier were accordingly adopted.

Resolution:

It was resolved that the Annual Report and Financial Statements for the year ended 31 December 2020, including the Chairman's Review, Directors' Report and Report of the Auditor, be adopted.

- Proposed: Mrs Jean K Kalisilira
- Seconded: Ms Henry Mwima

No objections were raised.

7. DECLARATION OF A DIVIDEND

- 7.1 The Chairman explained that as all the members had sight of the Company's financial results for the year ended 31 December 2020, and having received two dividends during the financial year, the board of directors recommended that a final Dividend of ZMW 0.25 per share should be declared for the financial year ended 31 December 2020. The Directors' recommendation of the final Dividend for the financial year ended 31 December 2020 and this was presented to the Members. In line with the recommendation the Chairman requested that a member proposes the resolution

Resolution:

That, as recommended by the Directors, there shall be a final Dividend of ZMW 0.25 per share declared for the financial year ended 31 December 2020.

- Proposed: Mr Boyd Tembo
- Seconded: Mr Muyunda Sundano

- 7.2 There were no members against the resolution. The Chairman urged Members to ensure that they updated their details with the Company Secretary or the Transfer Secretary to avoid any dividend payment complications.

8. REMUNERATION OF DIRECTORS

- 8.1 Members received a proposal from Management for Directors fees for the year ended 31 December 2021 to be maintained in line with 2020.

Resolution:

That the remuneration of the Directors of the Company for the year ended 31 December 2021 be maintained in line with 2020.

- Proposed: Mr Martha Akapelwa
- Seconded: Mr Gift Chitembeya Nyirenda

There were no members against the resolution.

9. APPOINTMENT AND REMUNERATION OF THE AUDITOR

- 9.1 Members received a recommendation by the Directors to maintain Deloitte & Touche as Auditors of the Company for the year ended 31 December 2021 and that their remuneration be fixed by the Directors.

Resolution:

That as recommended by the Directors, Deloitte & Touche be maintained as Auditors of the Company

for the year ended 31 December 2021 and that their remuneration to be fixed by the Directors.

- Proposed: Mr Kantibhai Patel
- Seconded: Mr Maxwell Sikolongo

- 9.2 The Chairman asked the meeting as to whether there were any objections to the appointment and the Company Secretary informed the meeting that there was one hand raised by Dorothy Moono, who was a proxy on behalf of Standard Chartered Bank. However, when asked the reasons for the objection, she advised that there had been none advanced.

- 9.3 The Chairman informed the meeting that the majority who were in favour of the appointment carried the day and therefore declared the resolution carried. He further recommended that the Company Secretary follows up on the reasons for the objection as transparency was prudent.

10. RE-APPOINTMENT OF DIRECTORS

- 10.1 The Company Secretary informed the members that Pursuant to article 76 (A) of the Company's Articles of Association one third of the directors retire by rotation at each annual general meeting. She explained that the directors, who had served the longest since their current appointment, were due for retirement by rotation and therefore retired accordingly. She explained that the said directors were:

- Pierre Deleplanque 29/03/18
- Mark O'Donnell 29/03/18

- 10.2 The Company Secretary further informed the members that Financier Lafarge had exercised its rights to appoint directors in accordance with Article 73(B) of the Articles of Association of the Company and had appointed John W. Stull to replace Pierre Delaplanque. While PAC had re-appointed Mark O' Donnell

11. ANY OTHER BUSINESS

- 11.1 Mr Boyd Tembo asked why the business was still losing value in terms of domestic market. The CEO advised that the more cement players come in the market, the lower the Company's share in the market share.

- 11.2 Mr Boyd Tembo further asked what was being done to stay afloat. The CEO advised that the business remained innovative and had new initiatives such as, Lead Retail and AfriDelivery platforms earlier explained.

- 11.3 A shareholder inquired as to whether there was any impact from the recent CCPC decision on the company financials. The CEO advised that the company had appealed the decision, therefore

he could not discuss the matter in a public forum until it was fully determined. The CEO informed the members that the company was not involved in a cartel and prided itself in abiding by prevailing rules, laws and regulations

- 11.4 Ms Meldain Chongo inquired whether the suggestion to extend a discount of cement to shareholders on the purchase of cement had been considered by the business. The CEO responded by stating that the company had considered this request, however, it could not be implemented as it would lead to discrimination as and was not feasible as anyone would buy a minimal number of shares simply to purchase discounted cement to the detriment of the business. He further stated that there could be other legal implications.
- 11.5 Mr George thanked the management and board for giving hope to the shareholders for strategic handling of the business during trying times.
- 11.6 Mr Mwelwa Lifungulo commended management for the excellent management of the Company.
- 11.7 Mrs Kasalapo Lungu inquired as to whether the Company would remain profitable in 2021 considering the price that CCPC has recommended for the re-sale of cement. Mrs Lungu also asked for the measures put in place to address the fluctuation in the exchange rate. She also asked for increase in expenses in more detail
- 11.8 The CEO in answering the first question advised that Lafarge would not be a profitable business and one of the plants would have to be shut down.
- 11.9 The CFO in responding to the rest of the questions, stated that part of the Company's costs is in foreign currency, for example coal, transportation costs, and there also statutory instruments in place that increase the costs from time to time.
- 11.10 Mr Tony Hardly commended the management on the 2020 report. He then asked the impact on the market in DRC following the new cement plants in DRC. The CEO stated that the impact was material and that the business had diversified its export portfolio to Burundi, Malawi, Zimbabwe and this had changed the company's export risk profile.
- 11.11 Mr Chanda Chishimba asked whether there were any increments in the dividend value and how many times the dividends are paid out. The CFO responded by stating that the meeting has approved the paying out of an additional dividend of ZMW 0.25 per ngwee making it a total of ZMW 2.25 per share for the year 2020. Mr Mark O'Donnell stated that payment was based on the profitability in the business and assured the members that at any opportunity to declare a dividend, it shall be done.

11.12 Mr Muyamba Mutwale asked what percentage of the 26 Million kwacha received from the divestment in Mbeya was being re-invested in Ndola plant. The CFO stated that the money was spent when the Chairman declared the 50 Million kwacha dividend pay-out which had been approved. He stated that there was no link between the divestment in Mbeya with the investment in Ndola. He further explained that however, the plans to invest in the Ndola plant are still on going.

11.13 There being no other business, the Chairman declared the meeting closed at 11:40 Hours.

BOARD CHAIRMAN

Signed:

Date:.....

COMPANY SECRETARY

Signed:

Date:.....



Yangxin Plant

Attendance register of shareholders, AGM

31 May 2021

Held on 31 May 2021 via Zoom

SHAREHOLDER NAME	DETAILS/ PROXY	NUMBER OF SHARES
MUNAKUPYA HANTUBA HANTUBA	BOARD CHAIRMAN	2 000
FINANCIERE LAFARGE	JIMMY KHAN	49 806 444
PAN AFRICAN CEMENT LIMITED	AHMED KHALIFA	100 219 992
ABRAHAM MWANZA	SHAREHOLDER	1 172
ALLAN CHAMBESHI KAPOMA	SHAREHOLDER	3 012
ANNA KELA CHAONGOPA ZULU	SHAREHOLDER	286
ANNA MOCHABI MUBUKUWANU	SHAREHOLDER	32 117
BOYD TEMBO	SHAREHOLDER	10 000
BRIAN MUKUBI MOONGA	SHAREHOLDER	32 243
BWALYA DAVIES CHABULA	SHAREHOLDER	284
CATHERINE LUTANGU	SHAREHOLDER	1 000
CATHLEEN CHUMA SOSOPI	SHAREHOLDER	116
CHANDA PETER CHISHIMBA (DR)	SHAREHOLDER	1 000
CHANDA SUSAN CHISHIMBA (ADMIN FOR THE LATE ASTRIDA MWILA CHISHIMBA)	SHAREHOLDER	2 000
CHAPITA MBUZI	SHAREHOLDER	16 948
CHARITY KAUNDA	SHAREHOLDER	1 000
CHOONGO CHIBAWA	SHAREHOLDER	14
CLIVE MASAKAMIKA TINDI	SHAREHOLDER	1 259
CREASY NDIYOI MUKELABAI	SHAREHOLDER	500
DAVID KAPUMBA MUSHINGE	SHAREHOLDER	1 000
ELIZABETH MONDE SIYAMA SITALI	SHAREHOLDER	2 000

EUGENE LISWANISO MUYANGANA	SHAREHOLDER	35
FANUEL CHAZANGA (ADMIN FOR THE LATE ENELESS JANE CHAZANGA)	SHAREHOLDER	1 132
FELISTUS DAKA SAILI	SHAREHOLDER	6 000
FERNANDO BWALYA	SHAREHOLDER	260
GEORGE SILUTONGWE	SHAREHOLDER	40 122
GIFT CHITEMBEYA NYIRENDA	SHAREHOLDER	980
GRACE LYDIA NGWIRA	SHAREHOLDER	2 000
JEAN KAOKA KALISILIRA	SHAREHOLDER	2 100
JEREMIAH MWEENE (ADMIN FOR THE LATE RICHARD MWEENE)	SHAREHOLDER	1 000
JOCELYN MUFAYA MULETAMBOO MUBITA	SHAREHOLDER	3 185
JOE CHIYASSA	SHAREHOLDER	1 011 632
JOHN HENRY KANKOMBA MWIMA (DR)	SHAREHOLDER	2 000
KAELA KENNEDY SIAME	SHAREHOLDER	151
KAKOMA KELVIN MULIFE	SHAREHOLDER	476
KANTIBHAI KHEMCHANDBHAI PATEL	SHAREHOLDER	2 175
KAPUKI JULIANA MULUDYANG RASMUSSEN	SHAREHOLDER	2 000
KASALAPO LUNGU (ADMIN FOR THE LATE LUNGU JACKPORT NYAUNDE)	SHAREHOLDER	1 000
KATONGO IAN WALUZIMBA	SHAREHOLDER	744
KWAIT PHIRI	SHAREHOLDER	1 162
LEE MAINGA HABASONDA	SHAREHOLDER	250
MAIMBOLWA LUBASI (ADMINISTRATOR FOR THE LATE INONGE LUBASI)	SHAREHOLDER	1 000
MARTHA MSISKA AKAPELWA	SHAREHOLDER	2 297
MASILISO MUTTI	SHAREHOLDER	5 170

MAUREEN KAPEMBWA OLIVER	SHAREHOLDER	435
MAXWELL SINKOLONGO	SHAREHOLDER	2 300
MAYABA MUSHALWAYO	SHAREHOLDER	50
MILDEN HALYUNGU CHOONGO	SHAREHOLDER	3 000
MILLINGTON COLLINS MAMBWE	SHAREHOLDER	1 100
MUYUNDA SUNDANO	SHAREHOLDER	1 408
MWEWA LUFUNGULO (ADMIN FOR THE LATE KANGWA EVELYN LUFUNGULO)	SHAREHOLDER	1 896
NAMWINGA TOWELA CHINTU (DR)	SHAREHOLDER	2 135
NECTOR MBILIMA (ADMIN FOR THE LATE DONALD BWALYA MBILIMA)	SHAREHOLDER	1 000
NG'OMA WILLIAM NEZARA	SHAREHOLDER	2 300
NOBUTU MUTTAU	SHAREHOLDER	518
OSBORN MUUZU CHALI	SHAREHOLDER	1 063
RAJ DILIP KAPADIA	SHAREHOLDER	11 248
RICHARD MWABA	SHAREHOLDER	20 471
SWITHINE KABILIKA (DR)	SHAREHOLDER	1 000
TSIBU BBUKU	SHAREHOLDER	10 000
WINFIELD KUNDA (FR)	SHAREHOLDER	6 798
CHISHA LWATULA	SHAREHOLDER	739
FREDRICK BWALYA	SHAREHOLDER	1 000
NG'OMA WILLIAM NEZARA	SHAREHOLDER	2 300
SIMON GOODFELLOW PHIRI	SHAREHOLDER	1 100
JOEL NGOMA	SHAREHOLDER	909
LIEBENTHAL ROBERT AND OMPHE M	SHAREHOLDER	8 260
CASFORD THOMAS KASAWALA	SHAREHOLDER	2 000
ERNEST MUNDIA	SHAREHOLDER	76

TONY HADLEY AFRICAN LIMITED	TONY HADLEY	649 260
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	204 286
ZAMBIA STATE INSURANCE PENSION TRUST FUND	KUNDA MUSONDA CHOLA/ GILBERT SIKAZWEH	307 604
ZSIC LIFE POLICY HOLDERS FUND	LODWELL LUNDA/ BRIAN MUYUNDA	307 604
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	MAINZA KASUNGU	690
AIRTEL ZAMBIA STAFF PENSION FUND	MAINZA KASUNGU	74 240
BARCLAYS BANK STAFF PENSION TRUST FUND	MAINZA KASUNGU	269 758
BUYANTANSHI PENSION TRUST FUND	MAINZA KASUNGU	35 526
CEC PENSION TRUST SCHEME	MAINZA KASUNGU	160 324
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	MAINZA KASUNGU	8 550
GAME STORES PENSION TRUST SCHEME	MAINZA KASUNGU	19 237
GOLDEN SUNSET PENSION FUND	MAINZA KASUNGU	9 179
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	MAINZA KASUNGU	1 000
INDENI PENSION TRUST SCHEME	MAINZA KASUNGU	77 730
KONKOLA COPPER MINE PENSION TRUST SCHEME	MAINZA KASUNGU	813 773
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	MAINZA KASUNGU	124 110
LUBAMBE COPPER MINES PENSION TRUST SCHEME	MAINZA KASUNGU	46 548
NATIONAL BREWERIES PENSION TRUST SCHEME	MAINZA KASUNGU	20 581
NATIONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESEARCH PENSION SCHEME	MAINZA KASUNGU	3 389
PSPF STAFF PENSION SCHEME	MAINZA KASUNGU	6 304
SANDVIC MINNING PENSION SCHEME	MAINZA KASUNGU	84 613
SANLAM LIFE INSURANCE (ZAMBIA) LIMITED	MAINZA KASUNGU	1 068
SATURNIA REGNA PENSION TRUST FUND	MAINZA KASUNGU	3 495 663
SCZ INTERNATIONAL LIMITED PENSION TRUST	MAINZA KASUNGU	14 346
STANBIC BANK PENSION TRUST FUND	MAINZA KASUNGU	199 541

STANBIC NOMINEES MPILE LOCAL EQUITY FUND DIVIDENDS	MAINZA KASUNGU	173 168
STANDARD CHARTERED BANK PENSION TRUST FUND	MAINZA KASUNGU	363 753
SUN INTERNATIONAL PENSION TRUST SCHEME	MAINZA KASUNGU	21 432
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	MAINZA KASUNGU	4 548
WORKCOM PENSION TRUST SCHEME	MAINZA KASUNGU	6 364
ZAMBIA SUGAR PENSION TRUST FUND	MAINZA KASUNGU	365 479
ZANACO PLC DC PENSION TRUST SCHEME	MAINZA KASUNGU	98 109
NATIONAL PENSION SCHEME AUTHORITY	MUSOPELO MWANDA/ABIGAL NGOSA	8 815 986
ELINA CHIPUNGU	PRUDENTIAL	
LEAH SIMASIKU	SECURITIES AND EXCHANGE COMMISSION ZAMBIA	
SITALI MUGALA	SECURITIES AND EXCHANGE COMMISSION ZAMBIA	
CHAMA NONDE	SHARETRACK ZAMBIA	
KATONGO MAPEMBA	SHARETRACK ZAMBIA	
BONIFACE MWAMBA	STOCKBROKERS ZAMBIA LTD	
TRUST MWAISAKA	STOCKBROKERS ZAMBIA LTD	
JACK KANYANGA	STOCKBROKERS ZAMBIA LTD	
NATASHA NELSON	STOCKBROKERS ZAMBIA LTD	
MAXIME HARLAAR	STOCKBROKERS ZAMBIA LTD	
MUKUKA MAPEMBA	ZCCM-IH	
ALICE TEMBO	DELOITTE	
MISOZI PHIRI	DELOITTE	
MARK O'DONNELL	BOARD MEMBER	
FRANK MUNTHALI (DR)	BOARD MEMBER	
MWELWA CHIBESAKUNDA	BOARD MEMBER	
CHIBUYE NGULUBE	MEMBER OF STAFF	
AHMED KHALIFA	CHIEF FINANCIAL OFFICER	

JIMMY KHAN	CHIEF EXECUTIVE OFFICER	
MOSTAFA TAHA	MEMBER OF STAFF	
THECRA MILAMBO	MEMBER OF STAFF	
OBED NKANDU	MEMBER OF STAFF	
DAVID MANDA	MEMBER OF STAFF	
WILLIAM KASAWALA	MEMBER OF STAFF	
MWAPE CHISANGA	MEMBER OF STAFF	
JACK CHONGO	MEMBER OF STAFF	
SIPHO AMBALI	MEMBER OF STAFF	
KUDZANAI SIAME	MEMBER OF STAFF	
CHITOWA SIMWANZA	MEMBER OF STAFF	
CHIBUYE NGULUBE	MEMBER OF STAFF	
JAMES CHUMA	MEMBER OF STAFF	
JOHN STULL	MEMBER OF STAFF	
MATHIAS CHOMBA	MEMBER OF STAFF	
EDWARD SAMPA	MEMBER OF STAFF	
FERNANDO BWALYA	MEMBER OF STAFF	
CHIBALE LUBASI	MEMBER OF STAFF	
CHIPEGO CHABU	MEMBER OF STAFF	
MULUMBE KAZILIMANI	MEMBER OF STAFF	
CHABOTA MATONGO	MEMBER OF STAFF	
MAZILA MWINGA	MEMBER OF STAFF	
CHIPEGO SULWE	MEMBER OF STAFF	
CHIPO NKHATA	MEMBER OF STAFF	
SIMON MUNKOMBWE	MEMBER OF STAFF	
BRIAN NAONGA	MEMBER OF STAFF	
FUNDO BANDA	MEMBER OF STAFF	
DONALD BWALYA	MEMBER OF STAFF	
LUCKY CHONGWE	MEMBER OF STAFF	
JOHN NYIRENDA	MEMBER OF STAFF	
PATIENCE MUSHALIKA	MEMBER OF STAFF	

EXILDAH KAAYA	MEMBER OF STAFF	
ABTON NGOSA	MEMBER OF STAFF	
CHARITY KUNDA	MEMBER OF STAFF	
CHISHIMBA CHIBONA	MEMBER OF STAFF	
SALIFYANJI KAONGA	MEMBER OF STAFF	
GIFT DANGA	MEMBER OF STAFF	
JAMES SAKALA	MEMBER OF STAFF	
ERIC AONGOLA	MEMBER OF STAFF	
MATTHEW PHIRI	MEMBER OF STAFF	
ROMEO SAKALA	MEMBER OF STAFF	
PEARSON CHABINGA	MEMBER OF STAFF	
MWIYA LUTANGU	MEMBER OF STAFF	
MISHECK MUJAJATI	MEMBER OF STAFF	
CLAIRE CHIBESAKUNDA	MEMBER OF STAFF	
JAGGER PHIRI	MEMBER OF STAFF	
GIDEON MUZYAMBA	MEMBER OF STAFF	
KWANGA MIYANZA	MEMBER OF STAFF	
KATIS KATALAYI	MEMBER OF STAFF	
BWALYA MUNDASHI	MEMBER OF STAFF	
SIFISO PHIRI	MEMBER OF STAFF	
EZRON LESA	MEMBER OF STAFF	
NYANKUTOWA MUSUKWA	MEMBER OF STAFF	
PETROS BANDA	MEMBER OF STAFF	
CHOOOLWE NATALIA LUNGU	MEMBER OF STAFF	
BUPE KASOLOKA	MEMBER OF STAFF	
SAMUAL MUSUKUMA	MEMBER OF STAFF	
KAREN JERE	MEMBER OF STAFF	
SARAH BANDA	MEMBER OF STAFF	
NATASHA NKHOMA	MEMBER OF STAFF	
JOEL MASOCHA	MEMBER OF STAFF	
MWENDABAI CHIYONGA	MEMBER OF STAFF	

Minutes of the Extraordinary General Meeting (EGM)

Lafarge Zambia PLC

Held via Zoom on Thursday, 9 December 2021

PRESENT

Mr M Hantuba	Chairman
Mr Chai Jianping	CEO
Dr F Munthali	Director
Mr M Chibesakunda	Director
Mr A Khalifa	Outgoing CFO
Mrs C M. Ngulube	Company Secretary
Members	As attached
Proxies	As attached

1. WELCOME REMARKS AND CONSTITUTION OF MEETING

1.1 The Chairman welcomed all shareholders, auditors, the transfer secretaries and directors to the Extraordinary General Meeting of Lafarge Zambia PLC and called the meeting to order at 09:06.

1.2 The Corporate Affairs and Communications Manager- Sarah Banda, introduced the directors and other members present in the meeting room and went through the house keeping rules which were circulated to the shareholders.

1.3 A handover was made to the Chairman to proceed with the business of the meeting and he directed that, to maintain order through the meeting, all questions would be left to the end of the meeting.

1.4 Mr Xu Gang the Vice President and representative of the new majority shareholder Huaxin (Hainan) Investment Co., Ltd (Huaxin) following the change of shareholding that transpired during the course of the year, was officially welcomed and introduced by the Chairman and he gave the following remarks:

- i. He thanked the Company for the support rendered and acknowledged the significant progress that the Company had made in the past years. He stated that the Company's performance was very good and that its team was professional. He went on to introduce Huaxin to the meeting and he stated that the shareholder's key objective was to reinforce, optimise and develop the Company to make it and its employees grow. He added that Huaxin had trust in the development of the Company and its team which was skilful and mature.
- ii. Mr Xu Gang also stated that there was need for further investment in Lafarge Zambia PLC to ensure the growth of the Company

and its local talent so as to contribute value to Zambia, the Company's shareholders, employees and the society at large. He further added that Huaxin was committed to growing and reinforcing the value of the Company.

- iii. He concluded by stating that Huaxin would support the Company to ensure that its industrial performance, financial performance, commercial performance and corporate social responsibility became better.

1.5 The Chairman added that the key take away from Mr Xu Gang's presentation was that Huaxin had come at a time when the market was saturated and the shareholder was coming to grow the Company and this interpreted into harder work, better sales, good quality production, diversification and ultimately high profit for shareholders.

1.6 The Chairman acknowledged the hard work of the previous CEO Mr Jimmy Khan and CFO Mr Ahmed Khalifa who were instrumental in ensuring the good performance of the Company and he thereafter welcomed the new CEO of the Company Mr Chai Jianping who gave the following remarks:

- i. Mr Chai Jianping begun by informing the meeting that he was honoured to be the first CEO of Lafarge Zambia coming from Huaxin and was looking forward to building with the team of Lafarge Zambia on the achievements of the past 72 years and writing the next chapter in the history of this company.
- ii. He explained that in this challenge, the Zambia team will be fully supported by Huaxin Group who has the know-how and experience that Lafarge Zambia may require for its further growth and development, having existed for over 100 years.
- iii. He caused by informing the meeting that Huaxin intends to strengthen Lafarge's leadership position in Zambia and to make it the leading cement company in Southern Africa.

Apologies and proxies:

The Chairman proceeded into the next item on the agenda and requested the Company secretary to confirm whether there had been any proxies and apologies received. The Company Secretary confirmed the following:

- i. Apologies were received from Mr Mark O'Donnell

- ii. Proxies: A total of thirty (30) valid proxies were received.

- 1.8 Upon confirmation of quorum being present in person or by proxy, the Chairman declared the meeting duly constituted in accordance with Article 53 of the Company Articles of Association.

2. NOTICE OF THE MEETING

- 2.1 The Notice was noted as published and circulated in compliance with the statutory requirements.
- 2.2 The Chairman confirmed the conduct of the meeting and process to be followed as follows:
 - i. 2.2.1 As this was a shareholders meeting, only shareholders or their proxies were to participate in the business on the agenda; and
 - ii. 2.2.2 Questions or comments were to be confined to the business of the meeting in line with the agenda which was circulated to all members before the meeting.
- 2.3 The Chairman proposed the motion that the Notice convening the meeting be taken as read.
 - Seconded: Mr Gordian C. Bowa

3. ADOPTION OF AGENDA

- 3.1 The Chairman advised the meeting that before proceeding with the adoption of the Agenda, the Company Secretary had a proposed amendment.
- 3.2 The Company Secretary stated that the Company received feedback from the Lusaka Securities Exchange on the proposed amendments to the Articles of Association and they advised that the percentage of shares held by Huaxin (Hainan) Investment Co., Ltd being 75% should expressly be included in Article 73(b) of the Articles of Association for purposes of certainty and to avoid ambiguity. She accordingly proposed that point no. 3 (iii) (b) of the Agenda be amended to read as follows:
 - (b) *Huaxin (Hainan) Investment Co., Ltd shall, so long as it is the beneficial owner of at least 75% of the qualifying proportion of the issued and fully paid Ordinary Shares in the Capital of Chilanga Cement PLC, be entitled from time to time to appoint and maintain in office a maximum number of 8 Directors of the Company, being 84.05 per centum of the qualifying directors, and to remove and replace any Director so appointed by it.*

The Chairman moved that the Agenda be adopted as amended.

- Seconded: Mr Gordian C. Bowa

There was no objection recorded.

4. RESOLUTIONS

- 4.1 Before proceeding with the business of the day, the Chairman reminded the members that on the 11 June 2021 an agreement for the sale and purchase of 75% of the shares in Lafarge Zambia PLC was executed between the majority shareholders (Financière Lafarge SAS, Pan African Cement Ltd and Huaxin (Hainan) Investment Co., Ltd,) whereby Financière Lafarge and Pan African Cement sold all their shares in the Company to Huaxin. The implementation of this Transaction was subject to the regulatory approval from three local authorities being the Securities Exchange Commission (SEC), the Competition and Consumer Protection Commission (CCPC) and the Ministry of Mines and Mineral Development who granted their approval. He thanked Financière Lafarge SAS and Pan African Cement Ltd for their contribution to the Company.
- 4.2 The Chairman informed the meeting that following the change in shareholding control, it was prudent that the Company name be changed from 'Lafarge Zambia PLC' to its former name 'Chilanga Cement PLC'.

Resolution:

That the Company name be changed from 'Lafarge Zambia PLC' to its former name 'Chilanga Cement PLC' with immediate effect.

- Proposed: Ms Anna Kaela Chaongopa Zulu
- Seconded: Mr Kwai Phiri

None of the members present objected the resolution thus it was passed by majority.

- 4.3 The Chairman stated that all relevant documents bearing the old name would be changed to align with the passed resolution.
- 4.4 Following the change in shareholding control of the Company from Financière Lafarge SAS and Pan African Cement Ltd to Huaxin (Hainan) Investment Co., Ltd the Company Secretary was invited by the Chairman to address the meeting on the proposed amendments to be made to the Company Articles of Association. She informed the meeting that following Pan African Cement and Financière Lafarge ceasing to hold any shares in the Company, the following amendments were proposed:
 - i. That the Company Articles of Association be amended by replacing the words 'Lafarge Zambia PLC' with 'Chilanga Cement PLC' throughout the Articles of Association;
 - ii. That the word 'corporation(s)' in Articles 73 (c) (d) and (f) of the Company's Articles of

- Association be replaced with company name "Huaxin (Hainan) Investment Co., Ltd"; and
- iii. That Article 73 (b) of the Company's Articles of Association shall hereby be amended to read as follows:
- (b) *Huaxin (Hainan) Investment Co., Ltd shall, so long as it is the beneficial owner of at least 75% of the qualifying proportion of the issued and fully paid Ordinary Shares in the Capital of Chilanga Cement PLC, be entitled from time to time to appoint and maintain in office a maximum number of 8 Directors of the Company, being 84.05 per centum of the qualifying directors, and to remove and replace any Director so appointed by it.*

Resolution:

That the proposed amendments to the Articles of Association be made accordingly.

- Proposed: Mr Gordian C. Bowa
- Seconded: Mr Mainza Kasungu- Proxy

There was no objection to the resolution.

5. INTRODUCTION OF THE DIRECTORS APPOINTED IN 2021

- 5.1 The Chairman commenced by introducing the new CEO and Board Member Mr Chai Jianping who was appointed on 26 November 2021 and thereafter he handed over to the Company Secretary who introduced the other newly appointed Directors.
- 5.2 The Company Secretary stated that the implementation of the transaction was also subject to among other conditions, the board of directors of the Company approving the Transaction and certain number of the Directors who included Mr Jimmy Khan, Mr Ahmed Khalifa and Mr John Stull resigning with effect from before the Closing Date of the Transaction. She informed the meeting that the said Directors resigned with effect from 26 November 2021.
- 5.3 The Company Secretary additionally stated that pursuant to article 76 (B) & (C) of the Company Articles of Association, Pan African Cement and Financière Lafarge for as long as they were the beneficial owner of at least the qualifying proportion of the issued and fully paid Ordinary Shares in the Capital of the Company, were entitled to appoint and maintain in office 8 Directors. However, in light of article 76 (C) of the Articles; when Pan African Cement and Financière Lafarge sold their shares and ceased to hold the qualifying proportion of shares they procured the removal of the following Directors from the board:
- Mr Munankupya Hantuba
 - Mr Mark O'Donnell &
 - Mr Mwelwa Chibesakunda

5.4 The members were thereafter informed that Hauxin (Hainan) Investment Co., Ltd being the new majority shareholder had exercised its rights to appoint directors and respectively re-appointed Mr Munankupya Hantuba, Mr Mark O'Donnell & Mr Mwelwa Chibesakunda.

5.5 The Chairman thanked Mr Jimmy Khan, Mr Ahmed Khalifa, Mr John Stull and all other directors who had been appointed through Financière Lafarge and Pan African Cement. He acknowledged that the directors performed to expectation and thereafter wished the newly appointed board members all the best and stated that the Company Secretary was still Mrs Chibuye Mbesuma Ngulube.

6. ANY OTHER BUSINESS

- 6.1 There being no other business the Chairman announced that the meeting was open for shareholders to ask questions and/or comment on the matters that arose during the meeting.
- 6.2 Mr Kwait Phiri asked what happened to Lafarge and the outgoing CFO Mr Ahmed Khalifa in response advised that the French cement manufacturer (Lafarge) was still functional however, its strategy had changed and it was less focused on emerging markets while Huaxin was interested in investing and growing in the emerging markets such as Asia and Africa.
- 6.3 Mr Gordian C. Bowa wished to know if the new majority shareholders had an intention of acquiring minority shares at some point in the future. The Company Secretary responded to this question and stated that it was mandatory by law that a mandatory offer be given to the minority shareholders, and that this offer would be triggered after price adjustments were concluded between the former majority shareholders and the new majority shareholder.
- 6.4 Mr Kwait Phiri also asked what the money he received from the Company in 2021 was for and the Company Secretary in response advised that it was an interim dividend.
- 6.5 Mr May Hangoye asked why shareholders could not be given cement at lower prices and Mr Ahmed Khalifa advised him that it was not practical because shareholders on the stock exchange change almost daily.
- 6.6 The Chairman gave further clarity on the Mandatory Trade Offer stating that it was not a mandate that the minority shareholders must sale their shares but that it was a mandate that the new majority shareholder must offer to buy the minority shareholder's shares at the same or better price as they did from Financière Lafarge and Pan African Cement. He added that his hope

as Chairman was that many shareholders retained their shares and where possible shareholders would increase the shares held.

There being no other business, the Chairman declared the meeting closed at 10:08 Hrs.

- 6.7 Mr Patrick Mwale asked whether the Company would get back into the aggregates business and in response Mr Xu Gang advised that there was an intention to re-enter this business and considerations of other businesses such as concrete, motor business and other building materials at a later stage.

BOARD CHAIRMAN

Signed:

Date:.....

- 6.8 An anonymous attendee asked if there were any treats available for collection by shareholders following virtual meetings being held by the Company and the Company Secretary advised that there were none this year and it would be considered in the next year.

COMPANY SECRETARY

Signed:

Date:.....

- 6.9 Mr Mainza Kasungu asked what the proposed board of directors split was going to be and given that the Company planned on having a minimum of 8 executive directors, he was of the view that this may not form a good corporate governance strategy because this would only leave 16% for the none-executives. The Company Secretary advised that nothing had changed and the split remained as it was previously.

- 6.10 Mr Eugene Liswaniso Muyangana asked what the impact of changing the name of the Company was going to be and how it would help the Company to retain its market share. Mr Ahmed Khalifa in response advised that it would have an impact on the branding of the Company and that it was a good move which would strengthen the Company's market share.

- 6.11 Dr Mutinta Muchanga asked how soon shareholders could buy more shares and whether the existing shareholders would be given priority. The Company Secretary advised her that shareholders would have to wait for the mandatory offer to be triggered and guidance would be given during the process.

- 6.12 The last question was asked by Mr May Hangoye who wanted to know if he could sale his shares immediately despite the process of change of administration and the Company Secretary advised him that he could trade but the said trade needed to be done with caution and there was need for him to engage his brokers.



Tajikistan Sogd Plant

Attendance register of shareholders, EGM 9 December 2021

Held on 9 December 2021 via Zoom

SHAREHOLDER NAME	DETAILS/ PROXY	NUMBER OF SHARES
HUAXIN (HAINAN) INVESTMENT CO., LTD	GANG XU	150 026 989
HARRIET ZIMBA AND CHARLES ZIMBA (ADMIN FOR THE LATE MACHAEL ELIAS ZIMBA)	SHAREHOLDER	1 001
CHARLES CHARO MHANGO	SHAREHOLDER	7 500
ENID PRISCILLA CHILALA	SHAREHOLDER	300
CHANDA SAVIOUR CHISHIMBA (ADMINISTRATOR FOR THE LATE GEOFFREY MUMBI CHISHIMBA)	SHAREHOLDER	1 000
JEREMIAH MWEENE (ADMIN FOR THE LATE RICHARD MWEENE)	SHAREHOLDER	1 000
MOSES TITUS TSOKA TEMBO	SHAREHOLDER	1 500
ELIDA BANDA CHISHA (ADMINISTRATOR FOR THE LATE HENRY KABASO CHISHA)	SHAREHOLDER	2 000
GORDIAN C BOWA	SHAREHOLDER	1 100
CHANDA ROSETTE CHUNGU	SHAREHOLDER	1 000
MATAA MUNDIA MUKELABAI	SHAREHOLDER	7 518
NYIRONO GRIFFIN KAFWIMBI	SHAREHOLDER	7 057
EVELYN POKENI	SHAREHOLDER	300
KWAIT PHIRI	SHAREHOLDER	1 162
PATRICK MWALE	SHAREHOLDER	6 100
ALICE TEMBO BANDA	SHAREHOLDER	1 000
ABRAHAM MWANZA	SHAREHOLDER	1 172
JACQUELINE CHILELA	SHAREHOLDER	1 280
MUTINTA MUCHANGA (DR)	SHAREHOLDER	29
JOCELYN MUFAYA MULETAMBOO MUBITA	SHAREHOLDER	3 185

ANNA KELA CHAONGOPA ZULU	SHAREHOLDER	286
CHISHA LWATULA	SHAREHOLDER	739
DENNIS MHANGO	SHAREHOLDER	89
EUGENE LISWANISO MUYANGANA	SHAREHOLDER	35
MAY HANGOYE	SHAREHOLDER	307
FERNANDO BWALYA	SHAREHOLDER	260
TUBALEMYE MUTWALE	SHAREHOLDER	24
DALISO SHUMBA	SHAREHOLDER	1
SANLAM LIFE INSURANCE (ZAMBIA) LIMITED	MAINZA KASUNGU – PROXY	1 068
THE DANNY MEYER FAMILY TRUST	MUNANKUPYA HANTUBA – PROXY	9 873
SATURNIA REGNA PENSION TRUST FUND	MAINZA KASUNGU – PROXY	2 806 489
KONKOLA COPPER MINE PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	1 018 802
INDENI PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	77 730
BARCLAYS BANK STAFF PENSION TRUST FUND	MAINZA KASUNGU – PROXY	269 758
CEC PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	160 324
STANBIC BANK PENSION TRUST FUND	MAINZA KASUNGU – PROXY	199 541
SUN INTERNATIONAL PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	21 432
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	124 110
STANDARD CHARTERED BANK PENSION TRUST FUND	MAINZA KASUNGU – PROXY	363 753
SANDVIC MINNING PENSION SCHEME	MAINZA KASUNGU – PROXY	84 613
NATIONAL BREWERIES PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	20 581
SCZ INTERNATIONAL LIMITED PENSION TRUST	MAINZA KASUNGU – PROXY	14 346
BUYANTANSHI PENSION TRUST FUND	MAINZA KASUNGU – PROXY	45 286
AIRTEL ZAMBIA STAFF PENSION FUND	MAINZA KASUNGU – PROXY	74 240
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	4 548
LUBAMBE COPPER MINES PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	46 548

ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	8 550
ZANACO PLC DC PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	257 310
ZAMBIA SUGAR PENSION TRUST FUND	MAINZA KASUNGU – PROXY	365 479
GOLDEN SUNSET PENSION FUND	MAINZA KASUNGU – PROXY	9 179
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	MAINZA KASUNGU – PROXY	1 000
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	MAINZA KASUNGU – PROXY	10 062
WORKCOM PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	35 364
PSPF STAFF PENSION SCHEME	MAINZA KASUNGU – PROXY	13 304
NATIONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESEARCH PENSION SCHEME	MAINZA KASUNGU – PROXY	12 625
GAME STORES PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	19 237
ZRA PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	75 000
ZAMBIAN BREWERIES PLC PENSION TRUST SCHEME	MAINZA KASUNGU – PROXY	115 822
BWALYA MUNDASHI	MEMBER OF STAFF	
CHOOLOWE NATALA LUNGU	MEMBER OF STAFF	
GIFT DANGA	MEMBER OF STAFF	
FUNDO BANDA	MEMBER OF STAFF	
ABTON NGOSA	MEMBER OF STAFF	
MUTINTA KAVOTA	MEMBER OF STAFF	
CLAIRE CHIBESAKUNDA	MEMBER OF STAFF	
MATHEW PHIRI	MEMBER OF STAFF	
BRIAN NOANGA	MEMBER OF STAFF	
PEARSON CHABINGA	MEMBER OF STAFF	
JACK CHONGO	MEMBER OF STAFF	
OBED NKANDU	MEMBER OF STAFF	
SAMUEL MUSUKUMA	MEMBER OF STAFF	
MATHIAS CHOMBA	MEMBER OF STAFF	

SIPHO AMBALI	MEMBER OF STAFF	
DONALD BWALYA	MEMBER OF STAFF	
MOSES TEMBO	MEMBER OF STAFF	
THECRA MILAMBO	MEMBER OF STAFF	
CHOOYE HAMUSANKWA	MEMBER OF STAFF	
SARAH BANDA	MEMBER OF STAFF	
MULUMBWE KAZILIMANI	MEMBER OF STAFF	
MISHECK MUJAJATI	MEMBER OF STAFF	
JAGGER PHIRI	MEMBER OF STAFF	
ROMEO SAKALA	MEMBER OF STAFF	
VICTOR MAAMBAH	MEMBER OF STAFF	
KAREN JERE	MEMBER OF STAFF	
BUPE CHISHA	MEMBER OF STAFF	
CHIBALE LUBASI	MEMBER OF STAFF	
MWENDABAI CHINYONGA	MEMBER OF STAFF	
RODGERS MULENGA	MEMBER OF STAFF	
MOSES TEMBO	MEMBER OF STAFF	
DIANA BWALYA	MEMBER OF STAFF	
JOEL MASOCHA	MEMBER OF STAFF	
CHABOTA MATONGO	MEMBER OF STAFF	
MAZILA MWINGA	MEMBER OF STAFF	
MA YUQUI	MEMBER OF STAFF	
XIANYU CHEN	HUAXIN (HAINAN) INVESTMENT CO., LTD REPRESENTATIVE	
CHAMA CHIPULU	ZAMBIARE PLC	
KANGWA CHENGO	STAND CHART SECURITIES	
DOROTHY MOONO	STAND CHART SECURITIES	

MUTUMBOI MUNDIA	SECURITIES AND EXCHANGE COMMISSION	
LEAH SIMASIKU	SECURITIES AND EXCHANGE COMMISSION	
NONDE SICHILIMA	SECURITIES AND EXCHANGE COMMISSION	
ABRAHAM ALUTULI	SECURITIES AND EXCHANGE COMMISSION	
ROSETTE CHANDA CHUNGU	SECURITIES AND EXCHANGE COMMISSION	
NATASHA NELSON	STOCKBROKERS ZAMBIA LTD	
PAMELA KABAMBA	STOCKBROKERS ZAMBIA LTD	
BONIFACE MWAMBA	STOCKBROKERS ZAMBIA LTD	
MCHEMA CHINZEWE	STOCKBROKERS ZAMBIA LTD	
JACK KANYANGA	STOCKBROKERS ZAMBIA LTD	
PREDENCIA NGOSA	AFLIFE FINANCIAL SERVICES	
RUBY KABWE	SHARETRACK ZAMBIA	
MAIDEI MUYAMBO	SHARETRACK ZAMBIA	
CHAMA NONDE	SHARETRACK ZAMBIA	
KATONGO MAPEMBA	SHARETRACK ZAMBIA	
ALICE TEMBO	AUDITOR: DELOITTE & TOUCHE	
MALAMA MILAMBO	AUDITOR: DELOITTE & TOUCHE	
CHAI JIANPING	CHIEF EXECUTIVE OFFICER	
AHMED KHALIFA	OUTGOING CHIEF FINANCIAL OFFICER	
FRANK MUNTHALI (DR)	BOARD MEMBER	
MWELWA CHIBESAKUNDA	BOARD MEMBER	
MUNANKUPYA HANTUBA	BOARD CHAIRMAN	
CHIBUYE NGULUBE	COMPANY SECRETARY	







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