ISO 9001 CERTIFIED

SUPPLYING ZAMBIA WITH QUALITY PRODUCTS FOR 74 YEARS

2023

ANNUAL REPORT

CHILANGA CEMENT PLC

CHILANGA CEMENT | A MEMBER OF HUAXIN

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AWARDS

Agricultural & Commercial Cooperative Society of Zambia

- Best Commercial Exhibit 1st Position Award
- Best Environmental Awareness Exhibit 1st Position Award

Zambia Chamber of Commerce and Industry (ZACCI)

- 1st Prize - 2023 Resilient Industry Innovation Leader Award
- 2nd Prize - 2023 Outstanding Environment Performance Award

The Corporate Social Responsibility Network Zambia (CSRNZ)

- Best Community Social Impact – Housing
- Environmental Impact- Environmental Education and Awareness Campaigns
- Partnership of the Year- Corporate to Corporate Partnerships with Nestle under the Eco unit brand

Chilanga Cement at the Agricultural Show

Chilanga Cement was awarded the Best Commercial Exhibit 1st Position Award and the Best Environmental Awareness Exhibit 1st Position Award by the Agricultural & Commercial Cooperative Society of Zambia Limited. This award was given to Chilanga Cement solely on the company's interpretations of the 2023 Show theme: Inclusive Economic Transformation.

PHOTO HIGHLIGHTS **2023**

CEO MR. CHAI (CENTRE) FLANKED BY THE CHILANGA DISTRICT COMMISSIONER AND THE TWITTI SCHOOL DIRECTOR, AT THE CHILANGA PLANT STAKEHOLDER MEETING

MR. CHAI (CENTRE) WITH KEY STAKEHOLDERS AT THE NDOLA PLANT STAKEHOLDER MEETING

ZACCI AWARDS 2023

DONATION OF A MOBILE CLINIC TO CHILANGA MOTHER OF MERCY HOSPICE

MR. CHAI (CENTRE) AT THE AGRICULTURAL AND COMMERCIAL SHOW 2023

CHILANGA CEMENT AT THE AGRICULTURAL SHOW

CHILANGA CEMENT TEAM AND CHILANGA DISTRICT KEY STAKEHOLDERS ENGAGED IN WASTE MANAGEMENT AWARENESS

COURTESY VISIT TO HIS ROYAL HIGHNESS CHIEF CHIWALA IN NDOLA

CHILANGA CEMENT IN PARTNERSHIP WITH NESTLÉ ZAMBIA TO CO-PROCESS 160 TONNES PER YEAR OF NON-RECYCLABLE PLASTIC WASTE

COMMUNITY AND EMPLOYEE AWARENESS CAMPAIGN ON WASTE SEGREGATION

NDOLA AND CHILANGA CEMENT WELLNESS FOOTBALL 2023

CHILANGA CEMENT

Major milestones

1949
Chilanga Cement was founded.

1951
Cement production commenced at the Chilanga plant. Chilanga Cement's first major project oversaw the supply of cement used in the construction of the Kariba Dam wall.

1969
A second plant was commissioned in Ndola.

1995
The Lusaka Stock Exchange was founded. Chilanga Cement was the first company listed.

2001
Chilanga Cement was acquired by the Lafarge Group. The company's name was changed to Lafarge Zambia PLC.

2015
Lafarge Zambia became a member of the LafargeHolcim Group.

2018
The Chilanga plant installed a chemical shoot for waste incineration under the Geocycle brand, committing the company to a zero-waste future.

2020
Lafarge Zambia partnered with Afridelivery for cement purchases.

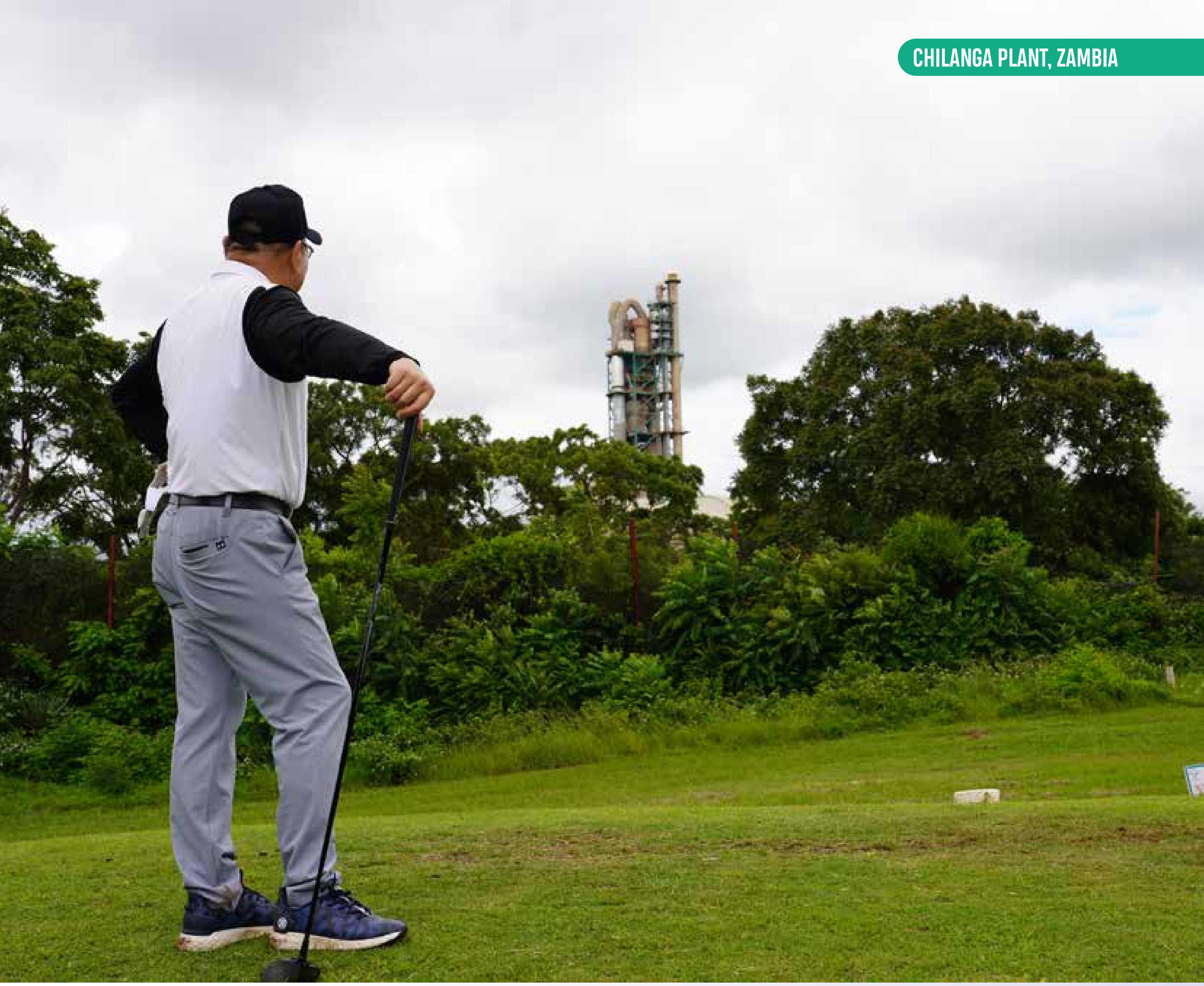
2021
Lafarge Zambia was acquired by Huaxin Cement Co. LTD.

2021
Lafarge Zambia reverted to its original name, Chilanga Cement PLC, to maintain the company's legacy.

Major Infrastructure Projects

These prestigious infrastructure projects are all supplied by Chilanga Cement:

- Kasumbalesa Road
- Kariba Dam rehabilitation (on going)
- Isoka-Nakonde Road
- Kafue Hook Bridge



A Proud Heritage

Chilanga Cement was established in Lusaka, 1949, by the Northern Rhodesian Government and the Colonial Development Corporation which would later become the Commonwealth Development Corporation (CDC). Cement production at the Chilanga plant commenced in September 1951.

The plant was upgraded in 1956 and 1967 with the installation of two more kilns. In 1969, the Ndola plant kiln was commissioned, and in 1974 a second kiln was added. Chilanga Cement was privatised in October 1994 as part of the government's privatisation program aimed at enhancing the efficiency of state-owned companies. Chilanga Cement was the first company to be listed on the Lusaka Stock Exchange and it had the CDC as a majority shareholder.

In 2001, the CDC reorganised its cement operations in Southern Africa to form Pan African Cement Co. LTD (PAC) which owned shares in Chilanga Cement, Mbeya Cement in Tanzania, and Portland Cement in Malawi. In May 2001, Lafarge acquired PAC from the CDC. In 2007, Chilanga Cement changed its name to Lafarge Zambia.

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

In 2021, the majority shareholders of Lafarge Zambia (Pan African Cement and Financier LafargeHolcim) sold their 75% worth of shares to Huaxin (Hainan) Investment Co. LTD. In December 2021, the Lafarge Extraordinary General Meeting voted that the name Lafarge Zambia revert to Chilanga Cement to maintain the company's legacy built over 74 years.


KARIBA DAM

Huaxin Cement

Huaxin Cement Co. LTD was founded in 1907. Huaxin Cement is known as the cradle of China's cement industry. It has made outstanding social and economic contributions both locally and internationally during its 116 years of operation.

Huaxin Cement has an AAA credit rating. The brand Huaxin Fortress is a well-known trademark in China. Huaxin has more than 300 subsidiary companies globally and is involved in the integrated development of the entire industry chain in the fields of cement, concrete, aggregates, environmental protection, equipment manufacturing, engineering, and the development of new building materials.

Huaxin Cement has constructed many significant buildings like the Chinese state building, The Great Hall of the People and the obelisk, The Monument of the People's Heroes; key water conservancies projects such as Gezhouba, Three Gorges Dam, Danjiangkou Reservoir, and Qingtongxia on the Yellow River; hydropower stations such as Xiluodu and Baihetan on Jinsha River; and dozens of highways, railways, and railway bridges such as Beijing-Zhuhai Expressway, Qinghai-Tibet Railway, Wuhan Yangtze River Bridge, Nanjing Yangtze River Bridge, and Liuwu Bridge in Lhasa and Tibet on the snow-covered plateau.

To date, Huaxin Cement has more than 10 large-scale cement plants in operation or under construction in 11 countries as part of their Belt and Road Initiative, namely Tajikistan, Cambodia, Tanzania, Uzbekistan, Kyrgyzstan, Zambia, Malawi, Nepal, Oman, South Africa and Mozambique with a total of 21 factories and investment exceeding USD 1 billion.

A Snapshot of Huaxin Cement

Huaxin focuses on cement, environmental protection, concrete, aggregate, equipment and engineering, and high-tech building materials.

SCOPE: OPERATES IN 14 CHINESE PROVINCES AND CITIES AND 11 OTHER COUNTRIES

SUBSIDIARIES: 300

OPERATING INCOME: RMB 32 BILLION

CEMENT PRODUCTION CAPACITY: 120 MILLION TONNES

ENVIRONMENTAL WASTE DISPOSAL CAPACITY: 1571 MILLION TONS

CONCRETE PRODUCTION CAPACITY: 70 MILLION M^3

AGGREGATE PRODUCTION CAPACITY: 210 MILLION TONNES

PACKING BAGS: 7 BILLION

Our Presence in Zambia

CHILANGA CEMENT HAS OPERATED IN ZAMBIA FOR 74 YEARS.

OUR PRIMARY PLANT HAS A CEMENT CAPACITY OF 950 000 TONNES PER ANNUM.

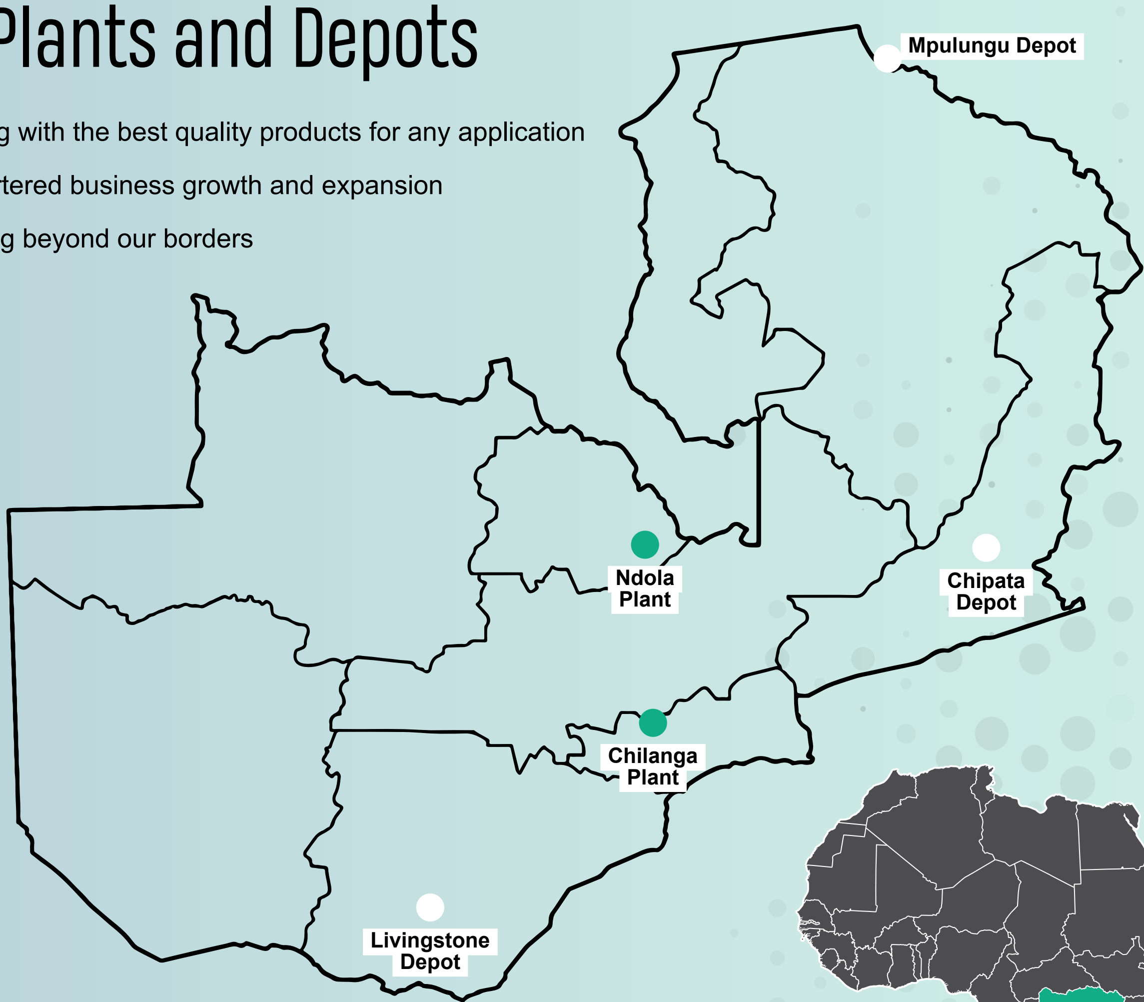
THE NDOLA PLANT HAS AN ADDITIONAL CAPACITY OF 550 000 TONNES PER ANNUM.

CHILANGA CEMENT OFFERS THE WIDEST PRODUCT RANGE ON THE MARKET.

WE ARE THE SUPPLIER OF CHOICE FOR MOST MAJOR CONSTRUCTION PROJECTS IN ZAMBIA AND THE SURROUNDING REGION.

Our Plants and Depots

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



EXPORT AREAS: ZIMBABWE, MALAWI AND BURUNDI

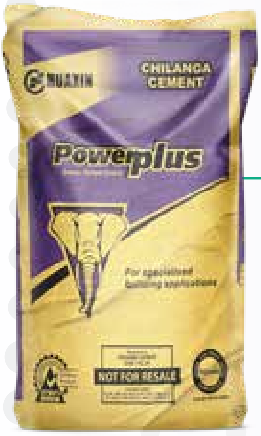
Our Quality Premium Products

Mphamvu 32.5N General Application

Our flagship 32.5N cement, Mphamvu, is a household name in Zambia. It is a general-purpose, bagged cement. From domestic building to major construction projects, Mphamvu is cost effective and technically suitable for a wide range of applications. Its unique workability and quality, coupled with how easy is to mix, place, and finish with minimal waste, has made it the popular choice for individual home builders doing masonry work such as plastering, bricklaying, and flooring.

SupaSet 42.5R Fast Setting

Our 42.5R cement, SupaSet, is the bedrock on which key concrete infrastructure projects are built. SupaSet's rapid setting time and early strength have made it popular with small, medium, and large infrastructure contractors. SupaSet is the preferred choice for concrete product manufacturers who make concrete blocks, bridge culverts, and concrete pipes.



Powerplus 42.5N Special Projects

In order to meet the specific needs of heavy construction projects including bridges, railways, stadiums and airports, contractors and builders can rely on Powerplus 42.5N. This Portland cement's high strength is perfect for large commercial architectural structures.

Powerbuild 42.5N Mass Concrete Applications

Powerbuild is designed for mass concrete applications such as the foundations of large buildings.

REVIEW OF **2023**

Chairman's Letter

Dear Shareholders,

It is with great pleasure that I present to you the annual report of Chilanga Cement PLC (the Company) for the fiscal year 2023. As we reflect on the achievements and challenges of the past year, I am proud to say that despite the uncertainties and disruptions we faced, our Company has demonstrated resilience, adaptability, and a relentless commitment to our core values.

HEALTH AND SAFETY

The Company continued to focus on health and safety, maintaining another excellent record during the year. We remained committed to our zero-by-choice safety awareness and support for both employees and neighboring communities. The Company also recorded great performance when it came to environmental management during the financial year under review.

EXPANSION PROJECT

The Company began an expansion project in the year 2023 at its Ndola Plant, which involved the construction of a Lime plant on approval of the Board. I, therefore, wish to report that the Ndola Plant Lime project is on schedule and budget. The Company expects to commission the said plant in the first quarter of 2024 after satisfactory performance tests on all components are completed.

The lime brand will be named PawaLime, aligning with our successful Mphamvu cement brand and leveraging its legacy.

YEAR-END RESULTS

As can be seen from the Company's Audited Financial Statements and the Chief Executive Officer's Statement, the Company, recorded zero injuries when it came to health and safety, which was driven by its "zero-by-choice" commitment. The Company also improved its market share when it came to domestic sales and turnover increased 13% to K2,024 million, with the increase in volume offset by higher domestic sales and price adjustments to recover the higher input costs, particularly fuel and transport.

Production costs rose by 12% due to significant increases in fuel costs, production materials, and transportation. Additionally, the surge in the cost of most local supplies and services surpassed inflation. While our operational optimization program began delivering expected benefits, sharp increases in material and transport costs partially offset these gains.

DIVIDENDS

During the year 2023, an interim dividend of ZMW 1 per share was proposed and paid on approval of the Board. The directors will propose a final dividend of ZMW 1.5 per share during the 31st Annual General Meeting scheduled for the 28th of March 2024 making the sum total of K2.5 per share for the year ended 31 December 2023. We recognize that dividends play a crucial role in rewarding our shareholders for their investment in our Company and are proud to continue this tradition of value creation.

Looking forward, we remain committed to enhancing shareholder value through dividends and strategic investments. We are confident in our ability to seize growth opportunities and deliver attractive returns to our shareholders in the long term.

THE BOARD

The Board recorded some changes and welcomed Mr Mangiza Phiri as a Non-Executive member representing the minority shareholders, while Dr Frank Munthali was retired by rotation, but re-appointed by the majority shareholder as a Non-Executive member.

Following the resolution to change the name from Lafarge to Chilanga Cement, the rebranding was completed, and the legacy name was well-received by all stakeholders.

CAPITAL MARKET

The share price closed the year at ZMW13.80, an increase of ZMW0.42 over the opening price of ZMW13.38. The market capitalization on December 31, 2023, was ZMW 2,760,558,306.60. As we navigate the dynamic landscape of the financial markets, I want to reaffirm the board's unwavering commitment to upholding the value of our company's stock. At Chilanga Cement PLC, we recognize the importance of maintaining investor confidence and delivering sustainable returns to our shareholders.

CORPORATE CITIZENSHIP

The Company remains committed to the principles of good corporate governance and good corporate citizenship and continues to partner with all stakeholders to create and sustain socio-economic development and deliver acceptable returns to our shareholders. As a member of the Huaxin Group, we are committed to environmental preservation and prioritize maintaining a safe working environment for employees and stakeholders, while also caring for the communities in which we operate.

OUTLOOK

The Company remains well-placed to participate in and benefit from the economic development in both Zambia and the region. The Government's focus on expanding the mining industry will provide sales growth opportunities by ensuring that the Company can service both the regional and domestic markets.

The Company also continuously investigates all opportunities to improve efficiencies, reduce costs, and secure input materials and costs to satisfy customer requirements and maximize shareholder returns.

ACKNOWLEDGEMENT

On behalf of Chilanga Cement Plc (the Company), I wish to express gratitude to our suppliers and customers for their loyalty and support over the 74 years that the Company has been operating in Zambia. Additionally, I would like to thank our shareholders for their continued confidence in the Company.

We understand that transparency and communication are essential, and we will continue to provide updates on our progress, financial performance, and any material developments that may impact our business.

Mr. Muna Hantuba
CHAIRMAN

Chief Executive Officer's Letter

Dear Shareholders,

I am delighted to present to you our annual report for the fiscal year 2023, highlighting the exceptional performance and achievements of Chilanga Cement Plc (the Company). Despite encountering challenges, such as market volatility in our export markets, I am proud to report that we have delivered outstanding results and achieved significant milestones.

HEALTH AND SAFETY

As we reflect on the past year's achievements and challenges, I am proud to report on our unwavering commitment to health and safety at Chilanga Cement Plc. The well-being of our employees is paramount, and we have made significant strides in ensuring a safe and healthy work environment for all and had a "zero-by-choice" commitment executed by all employees and contractors on site. We have implemented comprehensive safety protocols across all our facilities, designed to identify and mitigate potential hazards before they arise. Through regular risk assessments, safety training programs, and the provision of necessary protective equipment, we strive to minimize the risk of accidents and injuries in the workplace. I am therefore happy to report that in the year 2023, we had zero incidents recorded.

OPERATIONAL EXCELLENCE

Throughout the year, we have remained steadfast in our commitment to operational excellence, driving efficiency, innovation, and agility across all aspects of our business. Our relentless focus on improving processes, optimizing resources, and enhancing productivity has enabled us to achieve greater profitability and sustainable growth.

During the year we saw domestic demand and sales grow by 56%, and the market continues to show resilience due to an increase in home construction activities and government-driven projects. While we recorded a decrease in exports into regional markets, we saw an increase towards the end of the year and remain optimistic about exports in 2024.

FINANCIAL PERFORMANCE

I am pleased to announce that the Company has achieved robust financial results, surpassing our expectations and showcasing our resilience in adversity. The Company recorded a 13% revenue growth and an impressive 47% rise in profit before tax. This notable growth underscores the unwavering dedication of our workforce throughout the year, characterized by prudent structural cost reductions and diverse marketing strategies tailored to both domestic and international markets.

The cost of most inputs escalated in the first half of the year, and the significant depreciation of the Kwacha resulted in these costs remaining high despite a reduction in world prices of commodities.

Operating costs, although contained, were high due to continued operation at high input costs such as fuel and transportation. Opportunities continue to be pursued to reduce the cost base and improve efficiencies to optimize cash flow and cash resources.

Operating profit increased by 48%, and there was a 36% growth in profit after tax. The growth is driven by employees' efforts throughout the year, including structural cost savings and various marketing strategies to serve both the domestic and foreign markets. While competition in the Zambian cement industry remained very high, the Company increased its earnings per share to K2.24 (2022: K1.65), representing a 36% increase compared to 2022.

The balance sheet remains strong with net cash resources of K601 million at year-end with no external debt.

CORPORATE CITIZENSHIP

The Company continued to engage with all stakeholders to focus on areas where resources can provide maximum benefit. The Company's commitment to Corporate Social Responsibility (CSR) by engaging in initiatives that address pressing social and environmental challenges continues to set a benchmark for corporate excellence and responsible business practices in Zambia and beyond.

This is evidenced by the awards the organization received from the CSR Network Zambia: Best Community Social Impact – Housing, Environmental Education and Awareness Campaigns, and Partnership of the Year - Corporate to Corporate Partnerships with Nestle under the Eco Unit brand.

OUTLOOK

Looking ahead, we are cautiously optimistic about the future and remain confident in our ability to navigate the evolving business landscape. While challenges may persist, we are well-positioned to capitalize on opportunities, adapt to changing market dynamics, and deliver sustainable long-term value to our shareholders.

Domestic demand has shown resilience, with steady growth expected to continue due to the planned commencement of various infrastructure projects outlined in the 2024 National Budget. The Company is well-positioned to benefit from the anticipated demand resulting from the resuscitation of mines on care and maintenance and investment in infrastructure and housing.

We have continued to execute our strategic initiatives, positioning the Company for long-term success and value creation. From key strategic initiatives, such as expansion into new markets, product/service innovation, and strategic partnerships, we have made significant progress in strengthening our competitive position and driving shareholder value.

ACKNOWLEDGMENTS

Firstly, I would like to extend my sincere gratitude to our employees, whose dedication, passion, and hard work have been instrumental in our success.

Secondly, I would also like to thank our customers, partners, and stakeholders for their continued support and collaboration.

Thirdly, I want to express my appreciation to you, our shareholders, for your trust, confidence, and investment in the Company.

Finally, I want to take a moment to extend my heartfelt gratitude to our esteemed Board of Directors. Their guidance, wisdom, and unwavering dedication have been instrumental in shaping the strategic direction and success of our Company.

Mr. Jianping Chai
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Meet the Leadership Team

LEFT TO RIGHT
Front: Ms Milambo, Mr Chai, Mrs Ngulube
Back: Mr Maambah, Mr Chen, Mr Xu, Mr Lesa, Mr Zhao

CHILANGA PLANT, ZAMBIA

Building Tomorrow Today

THE WAY **FORWARD**

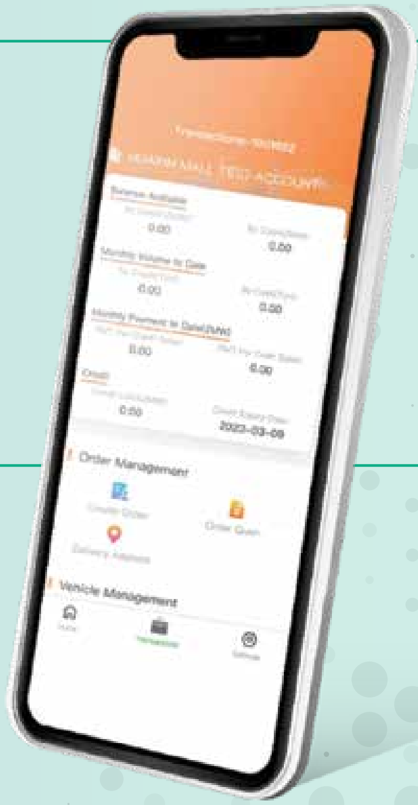
With increased domestic competition, Chilanga Cement pursued an aggressive export strategy that saw it solidify itself as a market leader in key non-traditional export markets such as Zimbabwe, Malawi, and Burundi.

Chilanga Cement is the preferred supplier in these key export markets for both clinker and cement.

By leveraging its key strategic advantages as the only cement player in the industry with two cement plants in two different regions, three kilns and four cement mills, Chilanga Cement has been able to optimise the route-to-market strategy into the region by offering unmatched supply chain reliability coupled with competitive production costs.

Commercial Transformation

In an effort to provide an actionable strategy to increase revenue and margin, as well as expedite the growth of the business, the Chilanga Cement commercial team implemented meaningful actions to improve results. One such action was the introduction of the Huaxin Mall Mobile Application which has made it easier for customers to access and control all aspects of their accounts.



Huaxin Mall Mobile Application

Application Review

Our groundbreaking mobile application is proof of our commitment to innovation and seamless user experiences. This report encapsulates the app's journey, its impact on customer experience, and the overall benefits it has brought to Chilanga Cement.

The Huaxin Mall Application also known as HX Mall was introduced in July 2023 with the mission of enhancing customer experience, streamlining order processing, and ultimately elevating customer service standards. This cutting-edge application combines a user-friendly design with useful functionalities such as order reviews and account balance checks catering to the diverse needs of the customer base.

Since its launch, HX Mall has received positive reviews from customers across all sectors. The app has been commended for its easy-to-navigate interface, responsiveness, and overall efficiency. Users have also recognised the convenience it brings to their order-creation process.

The launch of HX Mall has been a resounding success, positively impacting both customer service and our business as a whole. As we move forward, we remain committed to continuous improvement, innovation, and delivering exceptional value to our customers through technological advancements.

Benefits to Customers

EASY QUERY RESOLUTION
HX Mall has significantly reduced response times by providing customers with instant access to frequently asked questions and common trouble-shooting solutions.

ACCOUNT BALANCE CHECKS
The app has a facility where customers can check their account balances and transactions. Customers appreciate the transparency this facility brings, leading to better customer service and customer satisfaction.

PERSONALISED INTERACTIONS
Allowing customers to control all aspects of their orders, enhances the customer experience and strengthens their connection with our brand.

Benefits to the Customer Service Team

INCREASED CUSTOMER SATISFACTION
Rising customer satisfaction is evident both in positive reviews and reduced customer complaints as recorded in the last customer survey. HX Mall has become a key driver in creating a positive perception of our brand.

OPERATIONAL EFFICIENCY
With a more streamlined and automated customer service process, our team can focus on more complex queries and provide higher-value support. This has resulted in improved operational efficiency and reduced workload on our support staff.

ENHANCED BRAND IMAGE
The success of HX Mall has contributed to an enhanced brand image. The app showcases our commitment to innovation, customer-centricity, and staying at the forefront of technological advancements in our industry.

National Branding

The significance of a business's branding is highly important. Brands are more than mere logos, brands are fundamentally tied to a company's identity.

Chilanga Cement has always placed a high value on branding, now more than ever. After the acquisition, going above and beyond was necessary to make sure the Chilanga Cement brand remained distinguished and relevant.

CUSTOMER **OUTREACH**

Annual Customer Appreciation Dinners

For the past 74 years, Chilanga Cement has been committed to not only building a sustainable nation but also to delivering the highest quality products and services that meet its customers' needs. The company strives to exceed customers' expectations every day and is dedicated to providing them with an exceptional customer experience.

To thank and engage its esteemed customers for their continued support and business, Chilanga Cement held two customer appreciation dinners. The first dinner was held on 17 March 2023 for the South region at Twangale Park in Lusaka and the second dinner was held on 14 April 2023 for the North region at the Garden Court Hotel in Kitwe.

Speaking at both events, the Chilanga Cement Chief Executive Officer, Mr. Jianping Chai said the company remains committed to not only building a sustainable nation but also to the delivery of the highest quality products and services to meet the needs of its customers.

"At Chilanga Cement we strive to exceed your expectations every day, and we are dedicated to providing you with an exceptional customer experience. With your support, our commitment to you is to make your business prosper as we do for ours because this is the only way we will promote job creation to build tomorrow today,'' Mr. Chai explained.

Mr. Chai further disclosed that the company would continue to incorporate innovative solutions into its business model. He went on to outlay and talk about the Huaxin Mall Mobile Application.

Chilanga Cement Executive Assistant (Supply Chain & Commercial) Brian Chen added that the company would continue to live up to its brand promise of building tomorrow today through continued collaboration with various stakeholders.

Customer appreciation is one of the ways Chilanga Cement shows its gratitude to its customers. At the event, numerous clients were awarded various accolades and trophies.

Chef 187's Broke Nolunkumbwa Album Launch

Chilanga Cement was delighted to sponsor the Broke Nolunkumbwa Album Launch by renowned Zambian Artist, Chef 187, which took place on 25 February 2023. The 24-track album honours the various facets of Zambian music and is entirely indigenous.

Speaking at the MOU signing ceremony, Chilanga Cement Legal Counsel and Company Secretary, Mrs. Chibuye Ngulube said that, "creating shared value in the communities we operate in is one of Chilanga Cement's core values. Therefore, we believe that we can create shared value through the support and promotion of creative arts in the country, as the creative industry provides a livelihood for many, in addition to contributing to the country's cultural and artistic exports."

Mrs. Ngulube further stated that Chilanga Cement understands the importance of preserving arts and cultural heritage in Zambia.

"It is only through arts and culture that we pass down our country's unique character and traditions to future generations. And Chilanga Cement's contribution to the development of art, culture, and iconic buildings in Zambia is a statement that we will continue to build tomorrow today," she added.

Meanwhile Chef 187 thanked Chilanga Cement for sponsoring the album launch as well as for the continued support of the music industry in the country.

To further promote the album launch, Chilanga Cement in partnership with Bosso, Zambia's first online hardware store, ran a promotion, giving ticket holders the opportunity to purchase cement at a discounted price on the Bosso Application.

As the country's leading cement company, Chilanga Cement will continue to play a major role in the development of the economy and communities in Zambia. We will endeavour to not only contribute to the country's development through cement manufacturing, but also through the support of other sectors such as creative arts, culture, and tourism.

The 12th Annual Chilanga Cement Corporate Golf Day

Chilanga Cement hosted the 12th Annual Chilanga Cement Corporate Golf Day, a corporate social responsibility program aimed at fundraising for Chilanga Junior Golfer's Academy and Chilanga Golf Club Management.

Through continued partnerships with various stakeholders, the Chilanga Cement Corporate Golf Day has improved the lives of the community in and around Chilanga by providing a sporting facility that enhances the quality of recreational life.

Speaking at the tournament, Chilanga Cement Board Chairman Muna Hantuba said that, "the Chilanga Golf Club is Chilanga Cement's pride because it is a reclaimed limestone quarry, and it is reassuring to witness the growth of this event and the positive transformation it has brought to the lives of those around it. As many of you know our Corporate Social Responsibility (CSR) initiatives remain a major pillar of our commitment to making a positive impact in our community and beyond. The primary objective of this event has always been clear - to raise funds for charities supported by Chilanga Cement. One of the hallmarks of our partnership and commitment to the community is our support for the Junior Golfer's Academy. It is a program that has grown and touched the lives of many children that are now participating in junior golf."

In a speech delivered on behalf of the Minister of Youth, Sport, and Art, Hon. Elvis Nkandu, the Permanent Secretary Mr. Chama Fumba noted that the government recognises the crucial role that sports play in the development of our nation and the youth.

"Teaching them the values of discipline, teamwork, and perseverance, the Junior Golfer's program represents the embodiment of these values, giving young individuals the chance to excel and become well-rounded individuals," Mr. Nkandu said.

The minister further stated that the ministry will continue to take steps to ensure that sports programs across the country receive the necessary attention and resources they deserve.

"We understand the importance of investing in our young talent and providing them with the opportunities to excel. Therefore, collaborations between the government and private sector are fundamental in achieving our shared goals of nurturing talent and creating a brighter future for the younger generation," Mr. Nkandu said.

Meanwhile, the Chilanga Cement Golf Club President Mrs. Chibuye Ngulube said that she was happy to see how much the event has grown. According to her, the day had become more than just a golf event, it had created a positive impact and fostered a sense of unity within the golfing and corporate communities.

The overall winners of the 12th Annual Chilanga Cement Corporate Golf Day 2023 were Mr. Lovemore Chinyama and Ms. Mutinta Hamunji of Bleavins Ingram with 55 points.

EMPLOYEE GROWTH **AND DEVELOPMENT**

At Chilanga Cement, we pride ourselves in having an adaptive, resourceful, empowered and engaged workforce. Our commitment remains to always ensure that we have the required skills in our organisation with particular emphasis on building a strong succession pipeline.

In 2023, Chilanga Cement focused on the following employee engagement-related programs and interventions:

- Employee wellness
- Learning opportunities, mentorship, and skills development
- High performance culture
- Enhancing employee experience

Employee Wellness

It is well known that employee wellness programs offer a host of benefits ranging from boosting engagement and morale to reducing stress and absenteeism. Overall, a good wellness program enhances a company's image by attracting and retaining top talent in Zambia's competitive job market. It is for some of these benefits that Chilanga Cement has embarked on strengthening initiatives associated with the promotion of wellness in the workplace.

Learning Opportunities, Mentorship, and Skills Development

As our workplace progresses to include new technologies and work procedures, Chilanga Cement has embraced and established a workforce dedicated to continuous learning and development.

In 2023, we achieved this goal by implementing the following strategies:

Learning Opportunities

Employees attended workshops, seminars, and conferences in line with their profession. This gave them insight into new procedures and statutory regulation updates.

Mentorship

Engaging with interns across the business unit, managers and supervisors took time to familiarise and explain the processes and operations of Chilanga Cement.

Skills Development

Refresher and initial skills training sessions were conducted in forklift operations, first aid, firefighting and other technical fields.

High Performance Culture

In 2023, we rolled out the company strategy linked to group and regional goals.

Performance Management

We enhanced our performance management system and underlying processes by instructing managers to conduct one-on-one discussions with team members.
This gave us a clear picture of development gaps.

CEO/Regional Awards

We encouraged collaboration by rewarding team and individual successes.
Some of the awards included this year were Eyas Awards, the Service Star, the Sales Star, and the award for best overseas mentoring.

Employee/Employer Engagement

We improved the transparency of rewards to enhance employee understanding of value and benefits through various Town Hall meetings.

Enhancing Employee Experience

To ensure that employees had a positive perception of Chilanga Cement, we ensured the following systems were put in place:

- That our employees were engaged and well informed about company programs and strategies through various communication platforms such as Town hall meetings and interactive company communications WhatsApp platforms.
- We completed the roll-out of an exit interview approach across all operations to ensure that the insights gained from employees leaving the company feed directly into our employee engagement and retention strategies.
- We introduced enhanced employee benefits, namely, we on-boarded a new medical insurance scheme projected for FY2024 to support a competitive employee value proposition.

Our 2024 Focus

Learning Opportunities, Mentorship, and Skills Development

Going forward, Chilanga Cement hopes to introduce a strategy known as Workplace Learning, a method of integrating learning and development into the flow of a typical workday. Workplace Learning will allow employees to gain new skills without removing them from their daily tasks for separate learning time. The process will be facilitated through the new HRIS platform.

High Performance Culture

Through the introduction of a new performance management approach, we will focus on regular line manager coaching to support them in their personal improvement, growth, and contribution to the business.

Enhancing Employee Experience

We will develop strategies to retain high-potential employees who occupy specialist/ mission critical positions within the company.

HEALTH, SAFETY AND ENVIRONMENTAL HIGHLIGHTS

Health, safety and environmental awareness are core aspects of Chilanga Cement's ethos. We uphold the principles of health and safety at all levels of the organisation.

As a company, we are committed to conduct all operations with zero harm to life, and to provide a safe, healthy environment for our employees and contractors. In 2023, this commitment has been revitalised under our new theme, **ZERO BY CHOICE.**

Wellness Day

Increased company output often means more pressure on employees. At Chilanga Cement we see the need for a work-life balance, and we foster a workplace culture that provides for employees' physical and mental health.

The HSE department, in collaboration with HR team hosted the Chilanga Cement HSE Wellness Day.

The day kicked off with a mental health talk conducted by mental health experts. The talk was interactive and informative, and it helped raise awareness about mental health issues. In addition to the talk, various wellness stations were set up both at the Chilanga plant and at head office. These wellness stations offered activities ranging from health checkups, aerobics, sack races, and more.

First Aid and Firefighter Training

In accordance with Mine regulatory standards and Regulation 6 of the Local Government Administration (Fire Services) Regulation of 1991, it is imperative that Chilanga Cement have well trained first aiders and firefighters.

As such, the HSE team organised firefighting and first aid training sessions. 50 employees were trained as basic first aiders. Ten of these employees were then trained as advanced first aiders. 40 employees were trained as fire wardens. Both training sessions included theoretical and practical components that were of great benefit to the employees and the company. The first aid training was facilitated by the Zambia Chamber of Mines (ZCM). The training session ran for three weeks. The firefighting training session was facilitated by Chilanga Town Council.

Plant Beautification

Chilanga Cement is a symbol for industrial production and progress. It is also responsible for its effect on the environment, and in the last few years the company has pushed itself to become a leader in green practices.

One of these practices involves the beautification of its plants.

The journey of beautification began with a passionate team of employees who believed in the transformative power of nature. They envisioned a plant that not only produced cement but also contributed to the wellbeing of its staff. The process began with the planting of 700 trees.

ECO UNIT

Chilanga Cement's drive to process alternative fuel materials from waste has continued to remain an integral part of our sustainability plan, which holds us accountable for minimising our carbon footprint. Currently, ECO unit offers sustainable disposal services to over 60 companies and subsequently supports them to be compliant with the EPR law and regulations.

ECO Unit caters for various business operations as demonstrated by our partnerships with industrial companies in the mining and agricultural sectors, where we play an integral role in the safe disposal of various hazardous and non-hazardous waste streams generated in the production and distribution value chain. The importance of unique waste disposal services is widely acknowledged in the targets and indicators of Sustainable Development Goals (SDG 3.9), notably with commitments to minimise waste through reduction, recycling, reusing, and recovering. We have co-processed 38000 metric tons of both hazardous and non-hazardous waste from different companies in Zambia and Malawi.

Fostering Partnerships in Waste Management

Green partnerships form part of Chilanga Cement's commitments to achieve sustainability and help companies comply with the Extended Producer Responsibility law of 2018.

In April 2023, we entered a strategic partnership with Nestlé Zambia to co-process 160 tonnes per year of non-recyclable plastic waste. This partnership has helped prove that a circular economy can work, and that waste to energy recovery is a viable solution for tackling the plastic waste problem.

Community and Employee Awareness Campaign on Waste Segregation

Plastic waste is a multifaceted socio-economic, institutional, and environmental problem in Zambia. The environmental knowledge gap among citizens contributes to waste management issues, often resulting in unsustainable development.

In January 2023, we launched an in-house awareness campaign on plastic segregation to raise awareness about sorting waste to promote a circular economy through sustainable disposal. We asked all Chilanga plant employees and contractors to participate in the collection of plastic and paper waste from their households as well as in the plant, for disposal in our cement kilns.

ECO UNIT

Rethinking waste for a sustainable future

School Environmental Awareness and Impact

For better environmental sustainability, there is a need for school pupils to be equipped with the right knowledge, attitude, skills, and innovation required to trigger an impactful community transformation in sustainable waste management.

ECO Unit sponsored a competition at Chilanga Primary School with the objective of enhancing awareness of the environmental benefits of sorting, separating, and recycling plastic waste. We managed to reach 2500 households through active pupil participation. We collected 7 metric tonnes of plastic waste for co-processing in our cement kiln, thus reducing the amount of plastic waste in the surrounding environment.

LENGSHUIJIANG

COMMUNITY **INVOLVEMENT**

Chilanga Cement's commitment to local communities stems from a desire to improve the environment in which we operate.

We believe in a synergy between Chilanga Cement and the people. This is critical for long-term and sustainable partnerships, and it has led to several important projects over the years. We continued our efforts in 2023 with efforts to support various projects in the fields of health, education, and training, as well as infrastructure and housing.

Health

In line with our CSR policy and our focus on health, education, and infrastructure development, Chilanga Cement continued to embrace the spirit of working with the community by donating a fully equipped mobile clinic to the Mother of Mercy Hospice along with a substantial contribution of ZMW 30000 towards its operations in Chilanga District and beyond.

The mobile clinic not only served as a vehicle but also as a beacon of hope and as a symbol of our dedication to ensure that healthcare remains a fundamental right for all.

Chilanga Cement also partnered with the Office of the First Lady to donate 1000 bags of cement for the construction of an autism centre in Kabwe, providing people with autism a space to learn, grow, thrive, and receive the support and care they need.

Chilanga Cement also contributed 1000 bags of cement to Ndola Teaching Hospital for crucial infrastructure projects as well as providing cement for the renovation of the Ndola residence of the Chinese medical team through the Zambia Chinese Association.

Chilanga Cement also partnered with When Females Lead, providing cement discounts for the construction of a health facility in Mwalukanga Village in Chongwe.

Education and Training

At Chilanga Cement, we are committed to empowering communities and creating a lasting impact in the education sector. In 2023, we donated 100 desks to Sosco and Linda Community Schools in Chilanga District. This donation emphasises Chilanga Cement's Corporate Social Responsibility (CSR) commitment to education and community development.

Chilanga Cement also contributed cement towards infrastructure projects at Tug Argon School, Kabwata Combined Schools, and Northern Technical College in the Copperbelt. Chilanga Cement also offered discounted cement for school building projects at St. Joseph School in Lusaka, Likasa Secondary School in Kafue, and St. Andrews School in Ndola.

Infrastructure and Housing

Good housing uplifts a community. Chilanga Cement partnered with the Republic of Zambia's Department of Resettlement under the Office of the Vice President to build the resettlement smart village, Malundu in Monze District. The village will see the resettling of 66 involuntarily displaced people (IDPs) due to floods and help the families avoid any further displacement.

Chilanga Cement donated 1000 bags of cement towards the construction of the 66 IDP climate-resilient houses through a self-help initiative in partnership with the government of the Republic of Zambia.

Diversity

In our ongoing commitment to community engagement, Chilanga Cement proudly supports various traditional ceremonies that enrich the cultural fabric of our nation. Over the past year, we have extended our assistance to the Cuundu Cultural Fund which supports various traditional ceremonies in the country, recognising the importance of preserving and celebrating our diverse heritage.

Employee Involvement

Winston Churchill once said, "We make a living by what we get, but we make a life by what we give". In the spirit of giving, Chilanga Cement ran a Christmas donation drive dubbed Love in Action for Cheshire Homes Society of Zambia as a way of giving back to the community.

The employees kicked off 2023 on a high note by donating various foodstuffs, clothing, and cleaning materials to Cheshire Homes Society of Zambia, a charity organisation that houses the aged, children, and differently abled persons.

Everyday Involvement

Chilanga Cement provided resources to local communities in various smaller yet equally important projects.

In 2023, Chilanga Cement was proud to contribute towards the celebration of national events in collaboration with local district administration offices. These partnerships reinforced our commitment to being an active participant in the growth and prosperity of the communities in which we operate.

Chilanga Cement also donated cement to the Zambia Trade International Fair for renovation work at the trade fairgrounds.

Step-up: Graduate Trainee Program

At Chilanga Cement, we believe in building tomorrow today. True to this value, we continue to support the much-needed development of young talent. There is a growing demand for talent in the cement industry as well as in the general labour market in Zambia and beyond. Step-up is designed to give a strong start to graduates as they enter the industry and is also Chilanga Cement's approach to building a strong talent pipeline.

Step-up provides opportunities for graduates to gain practical work experience and develop critical skills in a world-class environment with world-class practices. Chilanga Cement recognises the need to contribute to the development of manpower in the country. Chilanga Cement's role as a responsible corporate entity is to provide opportunities for students and recent graduates to gain practical work experience with the support and guidance of experienced employees in their respective fields through internship and student attachments.

PROFILE OF THE
BOARD OF DIRECTORS

Mr. Muna Hantuba
Non-Executive Chairman

Zambian national, Mr. Hantuba is the Non-Executive Chairman of the Board of Directors of Chilanga Cement. He was elected to the Board in 2003. He holds an MBA from Stirling University in Scotland and a BA (Econ) from the University of Zambia.

Mr. Hantuba is currently the Group CEO of African Life Holdings LTD. He has over 32 years' experience in the financial services sector. He began his career with Meridian Bank Zambia LTD in 1986. He then joined the Anglo-American Corporation where he headed corporate services. He left the Anglo-American Corporation in 2000 to join African Life Financial Services Zambia LTD where he served as CEO until 2015.

In the past, Mr. Hantuba was also Chairman of the Securities and Exchange Commission and a former president of the Economics Association of Zambia. He is the director of various subsidiaries of the African Life Holdings Group, and a member of the Zambia Chamber of Commerce and Industry. He also serves on other corporate boards including REIZ PLC, CEC PLC, Southern Sun Ridgeway, Sanlam Life Insurance Zambia LTD, and Anglo Exploration LTD.

Mr. Gang Xu
Non-Executive Board Member

Chinese national, Mr. Xu holds BA degrees in Corporate Finance and Safety Engineering, as well as an MA in Business Administration. He specialises in project investment, business strategy and development, organisational structure, cement industry processing and safety management, sales, marketing, and commercial activities.

Mr. Xu's experience spans 24 years, and prior to his appointment as Vice President and General Manager of the Overseas Business Unit (BU) of Huaxin Cement, he served as Head of Growth & Innovation, and as Strategy and Marketing Director for the Yunnan BU arm of Huaxin. He also served as Commercial Director for the Guizhou, Chongqing, and Yunnan BUs, and as Integration Manager and Strategy Manager for Lafarge Shui On Cement Co. LTD. Additionally, he has worked as a safety engineer, safety manager, and process manager for Beijing Shunfa Cement Plant.

Mr. Qian Chen
Non-Executive Board Member

Chinese national, Mr. Chen is a Non-Executive Member of the Board of Directors of Chilanga Cement. He was elected to the Board in 2022.

Mr. Chen holds a BA in World Economics, an MA in Business Administration, and is a Chinese Certified Public Accountant and a Fellow Member of Chartered Global Management Accountant.

His experience spans 22 years, and prior to his appointment as Vice President and Chief Financial Officer (CFO) of Huaxin, he served as the Deputy Chief Financial Officer of Huaxin. Before joining Huaxin, he successively acted as a Senior Auditor for PricewaterhouseCoopers, a Senior Consultant for Monitor Consulting Group, as the Chief Financial Officer for Sika Group China, the Chief Financial Officer for IMI Critical Engineering Greater China, the Korea Chief Financial Officer for CIF Bureau Veritas China, and the Chief Financial Officer for Terminix Group China.

Mr. Jianping Chai
Chief Executive Officer

Chinese national, Mr. Chai is the Chief Executive Officer for Chilanga Cement since December 2021 and was elected to the Board in 2021.

Mr. Chai holds a BA in Inorganic Non-Metallic Materials from Wuhan University of Technology, and an MA in Industrial Engineering from Huazhong University of Science and Technology.

His career with Huaxin spans 37 years. His previous roles within the group have included manufacturing positions all the way up to plant manager, as well as senior leadership roles in operational and staff functions including cement, aggregates, concrete, Eco Unit (formally Geocycle), group human resources, and administration.

Before coming to Zambia, Mr. Chai was General Manager for New Building Materials.

Mr. Mark O'Donnell

Non-Executive Board Member

Zambian national, Mr. O'Donnell is a Non-Executive Member of the Board of Directors and Chairman of the Audit and Risk Committee for the Board of Chilanga Cement. He was elected to the Board in 2008.

He is the Managing Director of Union Gold Group and a member of the Institute of Directors. He was elected Chairman of the Tourism Council of Zambia in 2013. He also holds 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, which invests in tourism, manufacturing, and trading. The company later merged into Union Gold Zambia LTD.

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. He 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 the Association of Chartered Certified Accountants (ACCA), a Fellow of the Zambia Institute of Chartered Accountants (ZICA), and an Associate Member of the Institute of Chartered Secretaries and Administrators. He holds an MBA and a DBA from the Binary University of Malaysia.

He is currently the CEO and consultant at FM Consulting Services LTD, where he is responsible for corporate governance, risk management, strategic management, and finance. He has 25 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 including Coopers & Lybrand Chartered Accountants, Mulungushi Investments LTD (ZCCM), Moores Rowland Chartered Accountants, Koppa Mining Services and Supplies LTD, the Road Transport and Safety Agency (RTSA), and Zambia Cooperative Federation (ZCF).

He has served on numerous boards including The Health Professions Council of Zambia, Examination Council of Zambia, Mukuba Hotel LTD, Zambia Institute of Chartered Accountants, various human rights commissions, and Zambia Open University.

He is currently serving on the boards of Zambia Airports Corporation LTD (formally National Airports) as its Vice Board Chairperson, Premium Medical Services LTD, and the Zambia Institute of Mass Communication (ZAMCOM).

Mr. Mangiza Phiri

Non-Executive Board Member

Zambian national, Mr. Phiri holds a BA in Accounting and an MBA from Stellenbosch University in South Africa. He was elected to the Board in March 2023. He is currently Regional Director for West Africa and Managing Director for Nigeria at Engie Energy Access focused on mini grids and solar home systems.

Mr. Phiri's experience spans 20 years, and prior to his appointment as Regional Director for West Africa, he held the positions of Managing Director for Engie Energy Access Zambia and Regional Director for Southern Africa. His career also includes 11 years working at Lafarge Zambia PLC where he held several positions including Commercial Director, Country Sales and Marketing Manager, and Strategy and Business Development Manager until his departure in 2020. He has also worked as a Credit Analyst and Relationship Manager for Standard Chartered Bank Zambia PLC.

Mr. Mwelwa Chibesakunda

Non-Executive Board Member

Zambian national, Mr. Chibesakunda is a Non-Executive Member of the Board of Directors of Chilanga Cement. He was elected to the Board in 2008.

Mr. Chibesakunda is a lawyer and an advocate of the High Court and the Supreme Court of Zambia. He holds an LLM in International Commercial Law from the University of Bristol, an LLB from the University of Zambia, and a Legal Practitioners 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. The firm is recognised as the premier provider of legal services in Zambia. He has over 33 years' law practice experience in Zambia. Mr. Chibesakunda commenced his legal practice at the Ministry of Justice as the Director of Public Prosecutions in the Attorney General's Chambers from 1991 to 1996. He has also headed the International Law and Agreements Department which advised the government on international commercial transactions. 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**

Mr. Jianping Chai

Chief Executive Officer

Chinese national, Mr. Chai is the Chief Executive Officer of Chilanga Cement since December 2021 and was elected to the Board in 2021.

Mr. Chai holds a BA in Inorganic Non-Metallic Materials from Wuhan University of Technology, and an MA in Industrial Engineering from Huazhong University of Science and Technology.

His career with Huaxin spans 37 years. His previous roles within the group have included manufacturing positions up to plant manager as well as senior leadership roles in operational and staff functions including cement, aggregates, concrete, Eco Unit (formally Geocycle), group human resources, and administration.

Before coming to Zambia, Mr. Chai was General Manager for New Building Materials.

Mr. Ezron Lesa

Chief Financial Officer

Zambian national, Mr. Lesa is the Chief Financial Officer of Chilanga Cement since 2022.

Mr. Lesa is a qualified chartered accountant with the Chartered Institute of Management Accountants UK (CIMA) and is a member of the Zambia Institute of Chartered Accountants. He has over 14 years' experience in the financial functions of the mining and manufacturing industry.

Before his appointment, Mr. Lesa held the positions of Financial Controller, Plant Controller, and Head of Plant Controller. Before joining Chilanga Cement in 2017, Mr. Lesa worked in the mining sector in differing roles ranging from Accounts Payables Accountant, Cost Accountant, Group Insurance Analyst, and Company Financial Accountant.

Ms. Thecra Milambo

Human Resources and Communications Director

Zambian national, Ms. Milambo has been a member of the Executive Committee of Chilanga Cement since 2014 and is responsible for human resources, communications, and corporate affairs.

Ms. Milambo holds a BA in Public Administration and Industrial Psychology from the University of Zambia.

She has held several positions in multinational organisations like Unilever, Nestlé, and Lafarge. She started her career with Unilever Zambia as a Human Resources Assistant Manager. Thereafter, she became Training Manager for Unilever Zimbabwe, then Head of Human Resources for Unilever Malawi. In 2010, Ms. Milambo joined Nestlé Zambia as the Country Human Resources Business Partner. She was promoted to the position of Cluster Human Resources Business Partner in 2013.

Ms. Milambo is passionate about talent development and working with young professionals. Throughout her career, she has ensured that young people are given an opportunity to kickstart their careers. For the last nine years, Ms. Milambo has worked to develop and implement the Human Resources Strategy for Chilanga Cement. After the merger between Lafarge and Holcim in 2015, and as a member of the Regional HR round table, she worked with the Regional Human Resources Head to establish and develop regional policies.

Mrs. Chibuye Mbesuma Ngulube

General Counsel and Company Secretary

Zambian national, Mrs. Ngulube has been a member of the Executive Committee of Chilanga Cement since December 2019. Mrs. Ngulube is a practicing lawyer with over 14 years' experience. She started her legal career in 2010 and holds a BA (Law) from the University of Zambia and was admitted to the Zambian Bar in 2012. She worked for various law firms before joining Chilanga Cement in 2017.

In 2019, Mrs. Ngulube was promoted to the position of General Counsel and Company Secretary. In 2020 she took on the additional role of Area Compliance Officer for the Indian Ocean, East, and South Africa thereby putting her in charge of overseeing the compliance of 14 countries.

She is now General Counsel and Company Secretary of Chilanga Cement and Legal Advisor of Portland Cement our sister company based in Malawi.

Mr. Xianyu Chen

Executive Assistant (Supply Chain and Commercial)

Chinese national, Mr. Chen has been a member of the Executive Committee of Chilanga Cement since January 2022.

He holds an MBA. Mr. Chen began his career in 1997. He joined Huaxin in 2021. Mr. Chen has over 26 years' experience in the cement industry in sales, marketing, and supply chains. Before he joined Huaxin, he worked as General Manager for the cement branch of Sichuan Logistics LTD, as Area Sales Director for Yunnan Branch Lafarge China, as a Supply Chain Manager, Key Account Development Manager, and Area Sales Manager for Chonging Branch Lafarge China, as Deputy General Manager for Sichuan Guan'an Cement LTD (part of Tenghui Group), and as the Marketing Manager for the Tenghui Group. Since joining Huaxin, he worked as an Executive Assistant (Sales) in their overseas BU, before being transferred to Zambia to function as an Executive Assistant (Supply Chain and Commercial) for Chilanga Cement.

Mr. Victor Chewe Maambah

Head of Health, Safety, Environment, and Security

Zambian national, Mr. Maambah joined Chilanga Cement in April 2014 as Head of Health and Safety.

In 2017, he was appointed as the Head of Health, Safety, and Environment (HSE), and in 2019 this role was expanded to include Security.

Mr. Maambah began his career as a Mechanical Technician with Tanzania Zambia Railways (TAZARA) LTD in 2001. After this, he became the Health, Safety, and Environmental Officer for Anglo American's Smelting and Refining arm where he served from 2003 to 2004. In 2005, he was promoted to Head of Health, Safety, and Environment in Smelting and Refining. In 2010, Mr. Maambah 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 from the Chartered Institute of Purchasing and Supply (CIPS), and an Advanced Certificate in Heavy Equipment Repairs (HER).

Mr. Jun Zhao

Chilanga Plant Manager

Chinese national, Mr. Zhao, has been a member of the Executive Committee of Chilanga Cement since January 2022.

He holds a college degree. He began his career in 1992. He joined Huaxin in 2004. Since then, he has worked as a Mechanist at Lichuan Cement Plant, a Mechanical Supervisor, a Deputy Secretary for the Youth League Committee, a Deputy Director of the finishing workshop, a Deputy Director of the firing workshop, a Control Room Operator, a Shift Supervisor at Enshi Company, a Deputy Production Manager, a Production Manager, a Clinker Operating Manager, a Deputy General Manager of Production for Hefeng Company, a Deputy General Manager of Production for Fengxian Company, an Executive General Manager for Jingzhou Company, and as an Assistant Deputy Director of Process for their Overseas BU.

Mr. Maosheng Xu

Ndola Plant Manager

Chinese national, Mr. Xu, has been a member of the Executive Committee of Chilanga Cement since January 2022.

He holds an undergraduate degree. He began his career in 2007. Since then, he has worked as an Intern Mechanic at Huaxin, a Mechanical and Equipment Supervisor at Huaxin Tibet, Assistant to the Head of the Project Department, Assistant to the Head of the Technology Department, Assistant to the Head of the Maintenance Department for Huaxin Tibet Phase II's 2000T/D Clinker Production Expansion Project, a Production Manager at Huaxin East BU, Deputy Head, and Head of Maintenance at Huaxin Yangxin.

Before being appointed as the Ndola Plant Manager, he also worked as Ndola Deputy Plant Manager.

NOTICE OF THE 32ND ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting (AGM) of the Members of Chilanga Cement Plc. will be held at 09:00 hours on 28th March 2024. The AGM proceedings will be conducted physically at Taj Pamodzi Hotel, Lusaka and electronically on the e-AGM Platform via the link provided below:

https://eagm.creg.co.zw/eagm/Login.aspx

The following business shall be transacted at the AGM:

1. To approve the Minutes of the 31st Annual General Meeting held on 29th March 2023;
2. To receive and consider the Annual Financial Statements for the year ended 31st December 2023, including the Directors' Report and Report of the Auditor;
3. To consider, and if deemed fit, declare a final dividend for the year 2023 following the interim dividend previously declared by the Board for the first half of the year 2023;
4. To consider and adopt the recommendation for the re-appointment of Ernst & Young (Zambia) as External Auditors for the year ending 31st December 2024 and authorize the Board of Directors to fix their remuneration;
5. To consider the appointment, re-appointment or resignation of directors;
6. To consider and if deemed fit, adopt the recommendation to revise the directors' remuneration; and
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 (whether a member of the Company or not) to attend and, on a poll, to vote in his/her stead. Proxy forms are obtainable from the Company Secretary and must be lodged at the Registered Office of the Company at least 48 hours before the Meeting.

By order of the Board

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

Board of Directors:
M. Hantuba – Non-Executive Chairman, M. Chibesakunda – Non-Executive Director, F. Munthali – Non-Executive Director, M. O'Donnell – Non-Executive Board Member, M. Phiri – Non-Executive Board Member

Transfer Secretaries: Sharetrack Zambia
Corpserve Transfer Agents Limited, 6 Mwaleshi Road, Olympia Park, Lusaka, Zambia
Tel: +260 211 256969, Cell: 097 528 3707, Email: info@corpservezambia.com.zm, www.corpserveregistrars.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.chilangacement.co.zm

Auditor: EY Zambia

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

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 32nd Annual General Meeting of the members of the Company will be held virtually on https://eagm.creg.co.zw/eagm/Login.aspx and at TAJ Pamodzi Hotel, Lusaka, Zambia on Thursday, 28 March 2024 at 9:00 AM and at every adjournment thereof.

AS WITNESS my/our hand(s) this..day of..2024.

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 2023

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

REPORT AND **FINANCIAL STATEMENTS**

Chilanga Cement PLC

FOR THE YEAR ENDED 31 DECEMBER 2023

Chilanga Cement PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are pleased to present the report and the audited financial statements for Chilanga Cement Plc as at December 2023.

ACTIVITIES

The primary business of the Company is the manufacturing and sale of cement products. The registered address of Chilanga Cement Plc is Farm 1880 Kafue Road Chilanga, Lusaka, Zambia.

FINANCIAL RESULTS

Total Revenue for the period was **K2,023,952 thousand** (2022: K1,783,838 thousand) representing an increase of 13% compared to 2022.

Profit before tax was **K639,722 thousand** (2022: Profit of K434,174 thousand). This was mainly driven by strict cost management measures undertaken by the Company.

Net Finance costs were **K7,398 thousand** (2022: K5,941 thousand). Exchange gains arising mainly from the translation into Kwacha of US dollar denominated receivables, payables and cash balances amounted to **K159,119 thousand** for the year (2022: K33,831 thousand gain) which was mainly due to the depreciation of the Kwacha in 2023 which has resulted in gains from foreign currency denominated monetary assets.

DIRECTORS

The Directors who held office during the year were:

Mr. Munakupya Hantuba — Chair/Non-Executive Director
Reappointed on 29 March 2022

Mr. Jianping Chai — Chief Executive Officer
Appointed on 26 November 2021

Mr. Mwelwa Chibesakunda — Non-Executive Director
Reappointed on 29 March 2022

Mr. Mark O'Donnell — Non-Executive Director
Reappointed on 29 March 2022

Dr. Frank Munthali — Non-Executive Director
Reappointed on 29 March 2022

Mr. Gang Xu — Non-Executive Director
Appointed on 6 August 2022

Mr. Qian Chen — Non-Executive Director
Appointed on 6 August 2022

Mr. Mangiza Phiri — Non-Executive Director
Appointed on 29 March 2023

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 2023 was:

	2023	2022
	K'000	K'000
Dr. F. Munthali	**2 203**	2 203
Mr. M. Hantuba	**3 445**	3 445
Mr. M. Chibesakunda	**1 500**	1 500
Mr. M. Phiri	**2 500**	2 500

DIVIDENDS

An interim dividend of K1 per share was proposed and paid for the financial year 2023 (2022: nill) . At the next Annual General Meeting, the Directors will propose a final dividend of K1.5 per share (2022: K1 per share) making the sum total of K2.5 per share for the year ended 31 December 2023.

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 resultant balances at 31 December 2023. See details included under Note 16 to the financial statements.

SHARE CAPITAL

The authorised Share Capital of the Company is **shares** (2023: 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 K10,002,023 held as follows:

		2023
	Number of shares	%
Huaxin (Hainan) Investment Co., Ltd	**159 801 025**	79.88
Public (institutions and individuals)	**5 157 372**	2.58
Lusaka Clearing and Settlement Agency	**35 082 060**	17.54
	200 040 457	100.00

The Lusaka Clearing and Settlement Agency 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.

In order to comply with the minimum float requirements of issued shares as per the Listing Rules of the Lusaka Stock Exchange, the Company has floated the excess stock acquired following the Mandatory Trade Offer which the Company announced on 12 May 2022 . The said excess stock is available for purchase by interested third parties.

EMPLOYEES

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

	2023	2022
January	**416**	407
February	**411**	399
March	**399**	403
April	**412**	399
May	**411**	393
June	**438**	396
July	**442**	385
August	**458**	387
September	**449**	386
October	**450**	409
November	**459**	410
December	**553**	415

The total remuneration paid to employees during the year was **K158,815 thousand** (2022: K157,349 thousand) and has been charged to profit or loss as follows:

	2023	2022
	K'000	K'000
Cost of sales	**107 596**	95 499
Adminstration expenses	**42 706**	50 817
Selling and distribution	**4 839**	4 800
Marketing	**3 674**	6 233
	158 815	157 349

EXPORTS

The value of export sales by the Company during the year was **K870,444 thousand** (2022: K1,048,889 thousand). The drop was due to reduction in cement export.

DONATIONS

The Company supports various charitable organisations in Zambia through various materials and cement donations as well as volunteering time. In 2023 the Company spent **K482 thousand** (2022: K998 thousand). No donation was of a political nature.

PROPERTY, PLANT AND EQUIPMENT

The Company continues to invest in it's operations, capital expenditure for the year 2023 was **K124,770 thousand** (2022: K28,572 thousand).

During the year, assets with a value of **K42,116 thousand** (2022: K40,658 thousand) previously in capital work in progress were completed and commissioned. The assets were transferred to the relevant class of assets.

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.

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

With the continued stability in the political environment and improvement on government spending toward new projects, these have contributed to the improvement in the demand for cement domestic market. While competition in the Zambian cement industry remains high, Chilanga Cement Plc has successfully mitigated this by executing its export market strategy to capture significant market share in Zimbabwe and Malawi.

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 adhered to various acts, including but not limited to: the Factories Act, the Public Health Act, the Occupational Health and Safety Act, the Mines and Minerals Development 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.

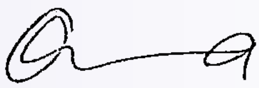
AUDIT AND NON AUDIT REMUNERATION

In the current year, the auditors remuneration amounted to K 1,750 thousand (2022: K2,016 thousand)

AUDITORS

In accordance with the provisions of section 171(3) of the Zambia Companies Act, the auditors, Messers EY Zambia, will retire as auditors of the company at the forthcoming Annual General meeting, and having expressed their willingness to continue in office, a resoluton for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board.



Chibuye M. Ngulube
Company Secretary
Lusaka, Zambia

Date: 31st December 2023

STATEMENT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2023

At Chilanga Cement PLC, unwavering commitment to Corporate Governance is the bedrock of the Company's success. Guided by a visionary Board of Directors who provided strategic insight and complemented by a diligent Management team who translated vision into action during the year under review, a governance culture rooted in foresight and prudent decision-making was fostered and principles of sound governance were unwaveringly embraced.

The Company recognizes and believes in the importance of commitment to the highest standards of corporate governance. Hence, its compliance in all material respects with the various laws and regultations that govern listed companies including the Lusaka Securities Exchange Corporate Governance Code. In addition to compliance with regulatory requirements, the Company continues to adhere to policies such as the Code of Business Conduct for directors, officers, employees and suppliers of Chilanga Cement PLC. The Company continues to maintain the highest standards of transparency and accountability in its dealings, ultimately leading to substantial value creation for its shareholders through sustained growth, innovative practices, and a steadfast commitment to meeting the evolving needs of the market.

Therefore, this report aims to provide an overview of the Company's governance practices.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Chilanga Cement PLC comprises of eight Directors. With the exception of the Managing Director, no other Directors hold executive positions in the Company.The Non-Executive Directors are independent of management and exercise their independent judgment. With their depth of experience, they add value to Board deliberations.

During the period under review, the Board comprised of the following members:

Names	Status	Appointing Authority	Date of Appointment
Mr. Munakupya Hantuba	Non - Executive / Independent & Chair	Huaxin (Hainan) Investment Co., Ltd	Re-appointed: 29-03-2022
Mr. Mwelwa Chibesakunda	Non - Executive / Independent	Huaxin (Hainan) Investment Co., Ltd	Re-appointed: 29-03-2022
Mr. Mark O'Donnell	Non - Executive / Independent Audit and Risk Committee Chair	Huaxin (Hainan) Investment Co., Ltd	Re-appointed: 29-03-2022
Dr. Frank Munthali	Non - Executive / Independent	Huaxin (Hainan) Investment Co., Ltd	Re-appointed: 29-03-2022
Mr. Jianping Chai	Managing Director/ Executive	Huaxin (Hainan) Investment Co., Ltd	Appointed: 26-11-2021
Mr. Gang Xu	Non-Executive	Huaxin (Hainan) Investment Co., Ltd	Appointed: 06-08-2022
Mr. Qian Chen	Non-Executive	Huaxin (Hainan) Investment Co., Ltd	Appointed: 06-08-2022
Mr. Mangiza Phiri	Non-Executive	Huaxin (Hainan) Investment Co., Ltd	Appointed: 29-03-2023

BOARD COMMITTEES

Throughout the year 2023, the Board of Directors convened on a quarterly basis to establish and oversee the operations of the company. During these meetings the Board actively set and monitored the strategic course of the Company. The primary objectives were to meticulously guide the direction of the organization and establish a robust framework for good corporate governance.

The Board has subcommittees to which it has delegated certain responsibilities to assist it in the discharge of its duties. While the subcommittees, with the exception of the Executive Committee which reports to the Managing Director, operate independently and report directly to the Board, their collective efforts significantly enhance the overall effectiveness of the Board of Directors.

NOMINATIONS COMMITTEE

The Nominations Committee, formerly responsible for reviewing Board appointments and providing recommendations for Board approval, was dissolved in the first quarter of 2023. Its duties were subsequently transferred to the Board for efficiency and a new nominations policy was drafted to ensure compliance. Notably, no meetings were held by the Committee in 2023 before its dissolution.

EXECUTIVE COMMITTEE OF MANAGEMENT

The Executive Committee of Management reports to the Chief Executive Officer and they met weekly in 2023 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.

RECORD OF DIRECTORS' ATTENDANCE

In accordance with the Companies Act No.10 of 2017, listing rules of the Lusaka Clearing and Settlement Agency, the Securities Act No.41 of 2016, the record of directors' attendance and meetings held during the year 2023 is available for inspection.

(i) Board Meetings

The Board held 4 meetings during the 2023 financial year. The smooth functioning of these meetings was ensured by the timely circulation of meeting agendas and relevant management reports. Additionally, the Company Secretary played a crucial role in maintaining accurate meeting records, ensuring meticulous documentation of minutes, followed by their review and approval at subsequent Board meetings.

The following table shows membership and the attendance of Directors at the Board meetings held during the 2023 financial year:

	17/02	28/26	21/09	05/12	Total
Mr. Munankupya Hantuba	√	√	√	√	4
Mr. Mwelwa Chibesakunda	√	√	√	√	4
Mr. Mark O'Donnell	√	x	x	√	2
Dr. Frank Munthali	√	√	√	√	4
Mr. Jianping Chai	√	√	√	√	4
Mr. Gang Xu	√	√	√	√	4
Mr. Qian Chen	√	√	√	√	4
Mr. Mangiza Phiri	n/a	√	√	√	3

√ - Present x - Absent

(ii) Audit and Risk Management Committee

The Audit and Risk Management Committee is a subcommittee of the Board which is responsible for providing an independent review of the control environment, business practices and financial reporting of the Company, establishing an independent reporting relationship for the internal audit and internal control function and overseeing the company's compliance with ethical standards adopted by the Company. The Committee comprises of three Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The Committee held 3 meetings during the 2023 financial year. The following table shows membership and the attendance of Directors at the Audit and Risk Management Committee meetings held for the period:

	17/02	21/09	05/12	Total
Mr. M. Chibesakunda	√	√	√	3
Mr. M. O'Donnell	√	x	√	2
Dr. F Munthali	√	√	√	3
Mr. Jianping Chai	√	√	√	3
Mr. Qian Chen (on invitation)	n/a	√	n/a	1
Mr. Gang Xu (on invitation)	n/a	n/a	n/a	n/a
Mr. Mangiza Phiri (Proxy)	n/a	√	n/a	1

√ - Present x - Absent

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

Organizational Ethics and Business Integrity

In navigating the complexities of today's business environment, upholding a culture of integrity remains indispensable to the Company's success. The Company's Code of Business Conduct, along with other internal regulations continue to set the behavioral standards for the Company. Aligned with Company policies, as well as relevant laws and regulations, these guidelines are instrumental in fostering ethical behavior among the Company's dedicated team.

In 2023, the Company consistently maintained and refined management procedures instituted in previous years. This included the development of annual strategic plans, mid-term plans, plant development plans, and budgets which played a significant role in ensuring that decisions across various facets of the business were well-informed.

Legal and Compliance

The legal and compliance function during the period under review was successful in reaching the goals set out at the beginning of the year 2023 which included among others:

1. Ensured the Company's adherence to all the Governance and Compliance minimum control standards.
2. Provided legal counsel to various departments within the organization and ensured that business practices aligned with legal requirements.
3. Conducted face to face trainings on Anti-bribery and corruption.
4. Updated the Code of Conduct and other relevant policies to reflect evolving legal and ethical standards.
5. Implemented and updated procedures to address changes in the legal landscape and mitigate potential legal risks.

Code of Conduct

Chilanga Cement PLC is dedicated to conducting its business with honesty, integrity, and adherence to the highest legal and ethical standards. To achieve this, the Company's Code of Conduct serves as a guiding framework for all its operations, internal dynamics, and engagements with stakeholders. Every individual associated with the Company, including employees, service providers, suppliers and subcontractors, are expected to uphold the utmost levels of integrity and honesty in all interactions pertaining to the Company.

The Code of Conduct offers guidance on issues relating to:

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

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. The internal audit function is further empowered to identify potential areas for improvement, assess risks, and contribute valuable insights to bolster the organization's overall risk management framework.

External Auditors

Every year external auditors are appointed by the shareholders and are subject to re-appointment at the Company's Annual General Meeting. In accordance with the law, the Company rotates external auditors to ensure independence of the auditors is sustained. The current external auditors of the Company are EY Zambia. External Auditors along with the support of management ensure the completion of independent audits through regular and systematic Audit Planning.

Internal Control

The Internal 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 continuous process to mitigate business risks better through improving the effectiveness and efficiency of internal controls is part of the management cycle and each 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

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

Chilanga Cement PLC

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 62 to 94 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 62 to 94, were prepared by the Chief Financial Officer and the Finance Manager, both qualified Chartered Accountants, under the supervision of the Audit and Risk Committee and were approved by the Board of Directors on 19 February 2023 and signed on its behalf by:

M. HANTUBA
DIRECTOR

J. CHAI
DIRECTOR

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

EY Zambia
EY Place
Plot No. 354437
P O Box 35483
Alick Nkhata Road
Lusaka 10101, Zambia

Tel: +260 211 378300/1/3/4
Fax: +260 211 378302
www.ey.com
Email: info@zm.ey.com

To the Shareholders of Chilanga Cement Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chilanga Cement Plc ('the Company') set out on pages 62 to 94 which comprise the statement of profit or loss and other comprehensive income, statement of financial position as at 31 December 2023, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Zambia, 2017, the and Securities Act of Zambia,2016.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits in Zambia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Chilanga Cement Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTERS

The financial statements of Chilanga Cement Plc for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on the financial statements on 03rd March 2023.

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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of property, plant and equipment	
KEY AUDIT MATTER	**HOW THE KAM WAS ADDRESSED IN THE AUDIT**
As at the reporting date, the Company reported Property plant and equipment carried at fair value amounting to ZMW 1,881,260,000 (2022: ZMW 1,799,818,000). International Accounting Standard (IAS) 16 – 'Property, Plant and Equipment,' requires that after recognition as an asset, an item of property, plant and equipment (PPE) whose fair value can be measured reliably, may, as an accounting policy choice, be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses.	**Our audit procedures included the following:** • We engaged and discussed with management to gain an understanding of the valuation expert's scope and nature of work during the external desktop valuation performed on 31 December 2023. • We evaluated the competence and objectivity of management's valuation expert through inquiry and inspection of their professional certifications and experience in similar past valuations.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
The Company's policy is to revalue PPE every five (5) years. As disclosed in notes 3.6 and 12 of the financial statements, the Company's property, plant and equipment is revalued at the estimated replacement cost, as adjusted in relation to the remaining useful lives of these assets, except for leasehold land which has been valued based on current market value methodology. In the current year, Management applied significant judgement in the determination of appropriate methods and inputs considering prevailing economic conditions. We held extensive discussions with management's expert over the significant unobservable inputs which include the remaining useful life, depreciation method applied and the condition of the existing assets. Due to the significant judgement applied by management in determining the fair values of property, plant and equipment, management engaged an independent valuer to determine the fair value of these assets through a desktop valuation. The Company disclosures about significant judgements and estimates related to fair value of Property plant and equipment are included in note 12 to the financial statements which details the assumptions and key inputs used by management.	We evaluated the competence and objectivity of management's valuation expert through inquiry and inspection of their professional certifications and experience in similar past valuations. With the support of our valuation specialists, we performed the following procedures: • We assessed the use of the depreciated replacement cost on plant and equipment and the use of current market valuation method applied to leasehold land against applicable industry valuation methods for these types of assets, and against the requirements of IFRS. • We evaluated the useful lives of assets and depreciation method used through comparison to those of similar assets in the industry, adjusting for the specific conditions and usage of assets. • We assessed the condition of the assets through a physical verification exercise. • We assessed the reasonableness of the current market values of leasehold land by comparing them to prevailing market evidence. • We assessed the adequacy of the disclosures made in the financial statements against the requirements of IFRS 16 Property, plant, and equipment.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Report of the directors, Statement of responsibility for annual financial statements and Five- year financial record as required by the Companies Act of Zambia, 2017. 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 an audit opinion or any form of assurance 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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017 and the Securities Act of Zambia, 2016 and for such internal control as the directors determine is necessary to enable the preparation of 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 also responsible for overseeing Chilanga Cement Plc's financial reporting process.

AUDITOR'S 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 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 judgment and maintain professional skepticism 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

Companies Act of Zambia, 2017

As required by Section 259(3) of the Companies Act of Zambia, 2017, we report to you based on our audit that:

- We have no relationship, interest, or debt in the company; and
- Based on our audit, we did not come across any serious breaches of corporate governance principles or practices contained in Part VII, section 82 to 122 of the Companies Act of Zambia, 2017 by the Directors

Securities Act of Zambia, 2016

As required by part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act of Zambia, 2016 we report that:

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

EY Zambia

EY Zambia
Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's report is;

Mark M Libakeni **29 February 2024**
Partner
Practicing Certificate Number: AUD/F000397

Chilanga Cement PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 K'000	2022 K'000
Revenue	5	**2 023 952**	1 783 838
Cost of sales		**(929 360)**	(826 631)
Gross profit		**1 094 592**	957 207
Selling and distribution expenses	6.2	**(429 362)**	(308 255)
Marketing expenses	6.3	**(9 223)**	(9 707)
Administration expenses	6.1	**(173 135)**	(228 532)
Expected credit losses	15.1	**2 386**	(7 740)
Loss on disposal		**(18)**	–
Other gains	7	**159 119**	33 831
Operating profit		**644 359**	436 804
Investment income	8.2	**2 761**	3 311
Finance costs	8.1	**(7 398)**	(5 941)
Profit before tax		**639 722**	434 174
Income tax expense	10	**(192 282)**	(104 969)
Profit for the year		**447 441**	329 205
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property, plant and equipment revaluation		**119 287**	430 890
Income tax relating to items that will not be classified subsequently to profit or loss		**(35 786)**	(129 267)
Adjustment to environmental provision		**(27 599)**	2 081
Other comprehensive income for the year, net of income tax		**55 902**	303 704
Total comprehensive income for the year		**503 343**	632 909
Basic and diluted earnings per share (from normal results for the year) (Kwacha)		**2.24**	1.65

Accounting policies and notes to the financial statements set out on pages 66 to 94 form an integral part of the financial statements.

Chilanga Cement PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

ASSETS	NOTES	2023 K'000	2022 K'000
Non-current assets			
Property, plant and equipment	12	**1 984 837**	1 818 637
Intangible assets	13	**7 319**	–
Environmental Protection Fund	19	**21 013**	325
Total non-current assets		**2 013 169**	1 818 962
Current assets			
Cash and Cash Equivalent	17	**600 912**	436 391
Inventories	14	**279 828**	261 906
Trade receivables	15.1	**38 226**	31 557
Other receivables	15.2	**243 598**	192 237
Amounts due from related companies	16	**106 012**	109 899
Income tax receivable	10	**–**	70 269
Total current assets		**1 268 576**	1 102 259
Total assets		**3 281 745**	2 921 221
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18.1	**10 002**	10 002
Revaluation reserve	18.2	**776 868**	777 429
Retained earnings	18.3	**1 514 622**	1 410 799
Total equity		**2 301 492**	2 198 230
Non-current liabilities			
Provision for environmental liabilities	19	**68 395**	39 039
Deferred tax liabilities	22	**366 281**	304 059
Total non-current liabilities		**434 676**	343 098
Current liabilities			
Trade payables	23.1	**95 527**	151 147
Contract liabilities	23.2	**56 887**	35 654
Other payables	23.3	**160 523**	179 878
Retirement benefit plans	20	**860**	284
Amounts due to related companies	16	**201 103**	12 930
Income tax liability	10	**30 677**	–
Total current liabilities		**545 577**	379 893
Total liabilities		**980 253**	722 991
Total equity and liabilities		**3 281 745**	2 921 221

Accounting policies and notes to the financial statements set out on pages 66 to 94 form 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 58. The financial statements on pages 62 to 65 were approved for issue by the Board of Directors on 19 February 2023 and were signed on its behalf by:

M. HANTUBA
DIRECTOR

J. CHAI
DIRECTOR

Chilanga Cement PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Revaluation reserve	Retained earnings	Total
	K'000	K'000	K'000	K'000
Balance at 1 January 2022	**10 002**	**453 897**	**1 061 961**	**1 525 860**
Profit for the year	–	–	329 205	329 205
Deferred tax rate alignment (Note 22)*	–	34 974	4 487	39 461
Other comprehensive income for the year, net of income tax	–	303 704	–	303 704
Depreciation transfer on revalued assets (Note 18.2)**	–	(15 146)	15 146	–
Balance at 31 December 2022	10 002	777 429	1 410 799	2 198 230
Balance at 1 January 2023	**10 002**	**777 429**	**1 410 799**	**2 198 230**
Profit for the year	–	–	447 441	447 441
Deferred tax rate alignment (Note 22)*	–	–	–	–
Depreciation transfer on revalued assets (Note 18.2)	–	(56 463)	56 463	–
Other comprehensive income for the year, net of income tax	–	55 902	–	55 902
Dividends paid	–	–	(400 081)	(400 081)
Balance at 31 December 2023	**10 002**	**776 868**	**1 514 622**	**2 301 492**

* The description has changed from deferred tax on revaluation assets in the prior year to Deferred tax rate alignment in the current year for consistent presentation purposes.
** The description has changed from amortisation on revaluation reserve in the prior year to depreciation transfer on revalued assets in the current year for consistent presentation purposes.

Accounting policies and notes to the financial statements set out on pages 66 to 94 form an integral part of the financial statements.

Chilanga Cement PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 K'000	2022 K'000
Profit before tax		**639 722**	434 174
Adjustments for:			
Loss on disposal on disposal of property, plant and equipement		**18**	–
Finance costs *	8.1	**7 398**	5 941
Interest income	8.2	**(2 761)**	(3 311)
Inventory obsolescence	14	**6 591**	6 836
Expected credit loss on trade receivables	15.1	**12 633**	7 740
Provision for retirement benefit plans	20	**1 149**	379
Depreciation of non-current assets and right of use assets	6.1	**74 165**	71 534
Amortisation of intangible assets	6.1	**779**	38
Unrealised exchange gains		**(44 141)**	(43 763)
Net cash flows from operating activities before movements in working capital		**695 553**	479 568
Movements in working capital:			
Increase in inventories		**(17 922)**	(87 077)
Increase in trade receivables		**(19 302)**	(4 295)
Increase in other receivables		**(51 361)**	(42 069)
(Increase) decrease in amounts due from related companies		**3 887**	(35 474)
(Decrease)Increase in trade payables		**(55 620)**	12 881
Increase in Contract Liabilty		**21 233**	18 379
Increase in other payables		**(19 355)**	26 996
Increase EPF Contribution	19	**(21 013)**	–
Increase in amounts due to related companies		**188 173**	11 767
Cash generated from operations		**724 273**	380 676
Income taxes paid	10	**(112 260)**	(108 735)
Retirement benefits paid	20	**(573)**	(209)
Interest paid	8.1	**(5 641)**	(4 304)
Net cash generated by operating activities		**605 799**	267 428
Cash flow from investing activities			
Dividends from Mbeya Cement	6		
Investment income	8.2	**2 761**	3 311
Purchase of property, plant and equipment (i)	12	**(124 770)**	(28 572)
Purchase of intangible assets	13	**(3 210)**	–
Proceeds on disposal of property plant and equipment		**207**	–
Net cash used in investing activities		**(125 012)**	(25 261)
Cash flow from financing activities			
Repayment of lease liabilities	21	**–**	(4 053)
Dividend paid to owners of the Company		**(400 081)**	–
Net cash used in financing activities		**(400 081)**	(4 053)
Net increase in cash and cash equivalents		**80 706**	238 113
Cash and cash equivalents at beginning of the year		**436 391**	154 515
Effect of foreign exchange rate changes		**83 815**	43 763
Cash and cash equivalents at end of the year		**600 912**	436 391
Represented by:			
Comprising:			
Bank and cash balances	17	**600 912**	436 391

(i) Reflects actual payments made.
*The finance costs were presented separately in the prior year with the unwinding discount presented separately from all other finance costs. We have presented this differently from prior year for presentation improvement purposes.
Accounting policies and notes to the financial statements set out on pages 66 to 94 form an integral part of the financial statements.

Chilanga Cement PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

Amendments to IAS 1
Classification of Liabilities as Current or Non-current

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

The Directors do not expect that the adoption of the Standards listed above will have a material 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 Noncurrent
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrentin 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. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

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 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 were 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".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- 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 IASB 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 Transactionn

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.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The Company has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets. The principal accounting policies adopted are set out below.

3.1 Revenue

3.1.1 Revenue

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 recognized 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 recognized 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 recognized 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.

During the year, land has been reclassified to Right of Use Assets Class from Property Plant and Equipment with effect from 2023, and the revalued land has been amortised for the period 2023.

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 depreciation starts at the commencement date of the lease. 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.

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 recognized 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 payment or translation of foreign denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise.

3.4 Retirement and termination 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 recognized as an expense when full time 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), a State managed retirements benefits plan, 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 in accordance with the rules of the scheme.

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 in other years and it further excludes 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.5.2 Deferred tax
Deferred tax is the tax expected to be payable or recoverable 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 and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences except to the extent that they arise from the following:
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 recognized 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 utilized.

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 realized, 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 follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of the assets and liabilities.

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

3.6 Property, plant and equipment

Property, plant and equipment 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.

Revaluations are performed every 5 years 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, leasehold properties and furniture and fittings is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized 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 property, plant and equipment, leasehold properties and furniture and fittings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

In addition, a transfer is made from revaluation reserve to retained earnings when the asset is derecognized 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.The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

Properties in the course of construction for production, supply or administrative purposes, are carried at cost less 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 derecognized 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 recognized 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 Lives
Furniture and Fittings	3 - 10 years
Plant and Equipment	10 - 30 years
Buildings	20 - 35 years
Right of Use Assets (Land)	0 - 99 years

3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising on derecognition of an intangible asset, measured as a difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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 recognized 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 recognized 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 realizable 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 realizable 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.

3.10 Provisions

Provisions are recognized 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 recognized 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 the effect of the time value of money is material).

When some or all of the economic benefits required to settle the obligation are expected to be recovered from a third party, a receivable is recognized 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 cement operation 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 cement operation 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 cement plant 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.

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.

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.

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 recognized in profit or loss. The liability recorded is reduced by the actual payments made to the government.

3.12 Financial instruments

3.12.1 Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss) are added to the fair value of the financial asset on initial recognition.Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3.12.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

3.12.3 Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised.

The Company's financial assets at amortised cost mainly comprises trade receivables and other receivables.

3.12.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when the rights to receive cash flows from the asset have expired.

3.12.5 Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4.2.3
- Trade receivables Note 16

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due and when its non operational. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.12.6 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities are the trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified at:

- Financial liabilities at amortised cost (Trade and other payables)
- Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

3.12.7 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.12.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 ordinary 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.14 Value Added Tax

Expenses and assets are recognized 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 recognized 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 realized 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 90 days past due and when its non operational., 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:

a. The financial instrument has a low risk of default,
b. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
c. 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 writes 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 26 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.

3.17 Dividends
Dividends payable to the Company shareholders are charged to equity in the year in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

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.

Revaluation of property, plant and equipment and investment properties
The Company carries its property, plant and equipment at revalued amounts, with changes in fair value being recognised in OCI. The property, plant and equipment were valued by reference to transactions involving properties of a similar nature, location and condition. The Company engaged an independent valuation specialist to assess fair values (desk top review) as at 31 December 2023 for the property plant and equipment Chilanga.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 12.

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.

Reserve and mineral resource estimates
The Company estimates and reports quarry reserves in line with the geological and technical surveys performed by Competent Persons Report in line with the local mining and environmental legislation. The CPR was based on;

- The entity’s internal mining plans; and
- The developed Life of Mine Plan (LoMP) has been developed by internal international group experts and the

entity's management.The current estimated Life of Mine for the Chilanga and Ndola plants is 56 years and 88 years respectively.

As economic assumptions ,capital requirements and production costs may change and as additional geological information is produced during the operation of the quarry mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results, including:

- The carrying value of assets; mine properties; property, plant and equipment may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or as part of inventory or charged to profit or loss may change due to changes in stripping ratios.
- Provisions for rehabilitation and environmental provisions may change — where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

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, that 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 recognizes 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 to Note 11 and Note 23.

Following the comprehensive audit which was concluded in 2018 in which the Zambia Revenue Authority (ZRA) agreed to refund the company a total of K74 million, the ZRA agreed to offset K51.7 million against the Company's quarter 4 2023 income tax provision leaving a balance of K22 million.

In 2023 ZRA conducted a comprehensive audit covering Income tax, Withholding tax, Pay As You Earn and Mineral Royalty which resulted in an assesment amounting to K9.5 million for the period 2016 to 2019.

The VAT credibility audit which commenced in 2021 for the period 2016 to 2022, had not been concluded and no issues had been raised by the date of this report.

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 16) 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 and that are non operational 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, Monetory Policy Rate exchange(MPR) rates and level of Government expenditure.

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 2023, the loss allowance on trade receivables would have been K4 thousand (2022: K10 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 2023, the loss allowance on trade receivables would have been K1 thousand (2022: K4 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 recognized 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 to Note 20 for the carrying amount of provision for environmental liabilities and the assumptions applied in calculating the provision.

4.2.4 Classification of value added tax (VAT) receivable

The Zambia Revenue Authority (ZRA) has a statutory obligation to refund tax payers. The Company has recorded K212 million in VAT receivable accumulated over the years as disclosed in Note 15.2. The Directors and Management have considered the classification of the VAT receivables as a current asset.

5. REVENUE

	2023 K'000	2022 K'000
Cement		
Export sales	**666 719**	826 094
Local sales	**1 153 509**	737 949
Clinker		
Export sales	**203 724**	219 795
	2 023 952	1 783 838

The Company has a single reportable segment. The operations of the Company are located in one geographic location, Zambia. No customer had sales to them that exceeded 10% of the total sales value.

6.1 ADMINISTRATION EXPENSES

	2023 K'000	2022 K'000
Other expenses	**34 480**	84 716
Depreciation and amortisation	**74 944**	71 572
Staff costs	**42 706**	50 817
Management fees	**21 005**	21 427
	173 135	228 532
Other expenses allocation		
Travel expenses	**4 882**	5 393
Board fees	**1 164**	1 713
Office expenses	**5 472**	2 874
Other expenses	**4 792**	36 529
Security fees	**3 223**	3 200
Motor Vehicle Repairs and maintenance	**1 697**	5 262
Rental fees	**537**	2 158
Audit fees	**1 510**	2 016
Software and hardware expenses	**3 351**	3 989
Legal fees	**1 013**	1 506
Consultation fees	**6 742**	19 688
Outsourced labor	**97**	388
	34 480	84 716

6.2 SELLING AND DISTRIBUTION

	2023 K'000	2022 K'000
Transportation cost	**351 277**	239 027
Staff costs	**4 839**	4 800
Packing material cost	**70 422**	60 808
Outsourced Labour	**1 592**	641
Depot Rentals	**1 232**	2 979
	429 362	308 255

6.3 MARKETING EXPENSES

	2023 K'000	2022 K'000
Staff costs	**3 674**	6 233
Other expenses	**881**	1 327
Advertising Cost	**4 668**	1 562
Transportation cost	**–**	585
	9 223	9 707

7. OTHER GAINS AND (LOSSES)

	2023 K'000	2022 K'000
Other gains and losses comprise the following:		
Unrealized foreign exchange gains and losses	**44 141**	43 763
Realised foreign exchange gains and losses (Note i)	**114 978**	(9 932)
	159 119	33 831
Disclosed as follows in the statement of profit or loss:		
Included as part of operating profit	**159 118**	33 831
	159 118	33 831

(i) Exchange gains (losses)

The Zambian Kwacha depreciated against the US Dollar and other major convertible foreign currencies during the year. The impact of the depreciation of the Zambian Kwacha during the year is that the Company recorded exchange gains on its foreign currency denominated monetary assets, in excess of foreign denominated 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$ =)	**2023**	**K18.05**	**25,71**	**42%**
US dollar (1 US$ =)	**2022**	K16.69	K18.05	8%

8.1 FINANCE COSTS

	2023 K'000	2022 K'000
Unwinding of discount	**(1 757)**	(1 637)
Finance lease charges	**(5 641)**	(4 304)
	(7 398)	(5 941)

8.2 INTEREST INCOME

	2023 K'000	2022 K'000
Interest Income	**(2 761)**	(3 311)

The interest income relates to fixed deposits placements made by the company on its excess cash.

9. PROFIT BEFORE TAX

	2023 K'000	2022 K'000
Profit before tax is stated after crediting:		
Loss on disposal of Motor Vehicle	**(18)**	–
and after charging:		
Staff costs*	**158 815**	157 349
Depreciation and amortisation	**74 944**	71 534
Management and technical services expenses	**21 005**	21 427
Pension schemes– defined contribution plans (Note 24)	**7 321**	8 685
Expected credit loss on trade receivables (Note 16.1)	**6 881**	19 514
Directors remuneration - for service as Directors	**1 873**	1 236
Donations	**482**	999
*Staff costs allocation		
Cost of sales	**116 109**	106 532
Administration expenses	**42 706**	50 817
	158 815	157 349

10. TAXATION

(i) Income tax expense	2023 K'000	2022 K'000
Current tax	**(133 035)**	(83 715)
Realignment of 2022 income tax provision	**(32 812)**	–
Deferred tax current period (Note 22)	**(26 435)**	(21 254)
Tax expense for the year	**(192 282)**	(104 969)

Income tax is calculated at 30% 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 payable

Included under current assets:

	2023 K'000	2022 K'000
Charge for the year	**(133 035)**	(83 715)
Realignment of 2022 income tax provision	**(32 812)**	–
Recoverable in respect of prior year	**70 269**	45 249
Balance from previous years on unclaimed incentive	**4 373**	–
Tax offset against other taxes	**(51 732)**	–
Transfer to current assets	**(22 910)**	(70 269)
Tax paid during the year	**112 260**	108 735
Balance at end of the year included in current liabilities	**(53 587)**	–

The make up of the tax receivable balance at the end of the year, is made up as follows:

	2023 K'000	2022 K'000
Balance from previous years unclaimed incentives	**70 269**	70 269
Balance from previous years on unclaimed incentive	**4 373**	–
Tax offset against other taxes	**(51 732)**	–
Balance at end of the year included in current assets	**22 910**	70 269
Net Tax Payable/Receivable	**(30 677)**	70 269

(iii) Reconciliation of effective tax rate

The total charge for the year can be reconciled to the accounting profit as follows:

	2023 K'000	2022 K'000
Profit before tax	**639 722**	434 174
Tax on accounting profit at 30%	**(191 917)**	(130 252)
Accounting profit taxed at different rate	**36 580**	35 362
Disallowed expenses (Staff related benefits and other)	**(36 945)**	(10 079)
Tax expense for the year	**(192 282)**	(104 969)
Standard rate	**30%**	30%
Accounting profit taxed at different rate	**(6%)**	(8%)
Disallowed expenses	**2%**	(2%)
Effective tax rate	**24%**	31%

11. EARNINGS PER SHARE

	2023	2022
Basic and diluted earnings per share from normal Company results for the year (Kwacha)	**2.24**	1.65

Earnings per share is based on profit after taxation of **K 447,441 thousand** (2022: Profit of K329,205 thousand), divided by the number of ordinary shares in issue during the year of **200,040,457** (2022: 200,040,457).

12.1 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties K'000	Right of* use assets 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 2022	**109 593**		**1 818 007**	**76 635**	**31 957**	**2 036 192**
Additions	–	–	–	–	28 572	**28 572**
Transfer from right of use assets (note 12.2)	–	–	–	6 918	–	**6 918**
Transfer of projects	510	–	38 334	1 814	(40 658)	**–**
Revaluation***	63 197	–	347 994	19 699	–	**430 890**
Transfer**	(35 669)	–	(585 827,25)	(61 386,92)	–	**(682 883)**
At 31 December 2022	**137 631**	–	**1 618 508**	**43 679**	**19 871**	**1 819 689**
Additions	–	–	–	–	124 770	124 770
Disposals	–	–	–	(1 680)	–	(1 680)
Transfer of projects	5 292	–	34 735	2 089	(42 116)	–
Asset write back	–	5 968	–	–	1 052	1 052
Revaluation	125 937	40 466	(17 899)	5 281	–	119 287
Reclassification*	(40 466)	(1 112)	(19 159)	–	–	(19 159)
Tranfer**	(11 180)	45 322	(36 424)	(5 919)	–	(54 635)
At 31 December 2023	**217 214**	**45 321**	**1 579 761**	**43 450**	**103 577**	**1 989 324**
Accumulated depreciation						
At 1 January 2022	31 784	–	525 983	49 754	1 052	**608 573**
Depreciation expense	3 885	–	59 844	7 805	–	**71 534**
Transfer from right of use assets	–	–	–	3 828	–	**3 828**
Revaluation	(35 669)	–	(585 827)	(61 387)	–	**(682 883)**
At 31 December 2022	–	–	–	–	**1 052**	**1 052**
Depreciation expense***	15 667	1 112	50 008	7 378		**74 165**
Disposals	–	–	–	(1 459)	–	**(1 459)**
Reclassification	–	–	(14 596)	–	–	**(14 596)**
Depreciation adjustment	–	–	1 012	–	(1 052)	**(40)**
Revaluation	(11 180)	(1 112)	(36 424)	(5 919)	–	**(54 635)**
At 31 December 2023	**(4 487)**	–	–	–	–	**4 487**
Carrying value						
At 31 December 2023	**212 727**	**45 322**	**1 579 761**	**43 450**	**103 577**	**1 984 837**
At 31 December 2022	137 631	–	1 618 508	43 679	18 819	1 818 637

* Land that was under leasehold properties has been reclassified to right of use assets in accordance with local regulation treatment of land in Zambia.
** The transfer relates to the accumulated depreciation as at revaluation date that was elimintaed against the gross carrying amount of the revalued asset
*** Amounts were presented net of revaluation surplus and accumulated depreciation add back in the prior year. We have presented this gross showing the revaluation surplus and accumulated depreciation separately for clear presentation purposes
Had the property, plant and equipment been measured on a historical cost basis their carrying amount would have been as follows:

						2023 K'000	2022 K'000
Cost	84 482		922 258	73 646	32 056	**1 080 386**	1 057 820
Accumulated depreciation	(40 735)		(389 775)	(71 557)	(3 926)	**(502 066)**	(486 110)
	43 748		532 484	2 089	28 130	**578 320**	571 710

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 2023, 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.

The gross replacement method is defined as the estimated cost of acquiring a new or modern substitute asset having the same productive capacity as the existing asset, together with the associated expenses directly related to installation of the asset. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Replacement costs of the assets were based on the current replacement cost in USD terms, and then duty, freight, insurance and installation costs were added to arrive at the Gross Replacement Cost. Machinery and most components of the valuation are imported hence priced in USD. The Gross Replacement Cost was then depreciated accordingly using the Depreciated Replacement Cost (DRC) method inputs. Given the USD price increase due to inflation between 2016 and 2022, and the increase in the exchange rate during the same period, the final values experienced an increase by approximately these margins prior to using the Depreciated Replacement Cost (DRC) method.

For this method the Directors determined the gross replacement of the new plant, (based on actual quotes) and then they considered the above factors and the remaining useful life.

Details of the Company's property, plant and equipment, excluding capital work in progress and information about their fair value hierarchy as at 31 December 2023 and 31 December 2022 are as follows:

*The local Governing Body (ZICA) issued guidance dated 1/2022 which indicates that entities that 'own' land should recognize it under IFRS 16 Leases rather than IAS 16 Property; Plant and Equipment (PPE) since land is not fully owned but leased over 99 years. Chilanga Cement Plc Plc has made an assessment on the impact of moving the land from PPE to Right of Use (ROU) Assets under IFRS 16 - Leases. This would require that the ROA asset should be amortised over the remaining lease period. As IFRS 16 was effective on 1 January 2019, the assessment has been made from 2019, however no restatement has been made to the financial statements in order to reclassify land to ROU as well as to amortise this ROU in line with the standard as there is no material impact on the prior years. Land is revalued and therefore the ROU is determined based on the revalued amount

In 2023 land amounting to 45,322 thousand has been reclassified from Property Plant and Equipment to Right of Use Assets.

At 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Fair Value as at 31-Dec-23**
	K'000	**K'000**	**K'000**	**K'000**
Leasehold properties	**–**	**–**	**212 727**	**212 727**
Right of use asset			**45 322**	**45 322**
Plant and equipment	**–**	**–**	**1 579 761**	**1 579 761**
Furniture and fittings	**–**	**–**	**43 450**	**43 450**
	–	**–**	**1 881 260**	**1 881 260**

At 31 December 2021	Level 1	Level 2	Level 3	Fair Value as at 31-Dec-22
	K'000	K'000	K'000	K'000
Leasehold properties	–	–	137 631	137 631
Plant and equipment	–	–	1 618 508	1 618 508
Furniture and fittings	–	–	43 679	43 679
	–	–	1 799 818	1 799 818

Sensitivity analysis of Property, Plant and Equipment (PPE) is performed to measure favourable and unfavourable changes in the fair value of PPE which are affected by unobservable parameters. When the fair value is affected by more than two input parameters, the amounts represent the most favourable or most unfavourable.

	Valuation techniques	**Significant unobservable inputs(s)**	**Sensitivity**
Buildings, plant and equipment	Depreciated replacement method	Depreciation factor, considering the nature of property and prevailing market condition.	A 2% increase or decrease in replacement would result in K 90,463 thousand (2022: K 78,706 thousand) in fair value.
		Monthly market rate, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property.	A 2% increase or decrease in market value would result in K37,074 thousand (2022: 35,997 thousand) in fair value.

12.2 RIGHT OF USE ASSETS

	Motor vehicles	Total
	K'000	K'000
Cost	–	943
Balance at beginning of the year	6 918	6 918
Transfer from right of use to motor vehicles (note 14)	(6 918)	(6 918)
Balance at 31 December 2022	–	–
Accumulated depreciation		
Balance at beginning of the year	3 828	3 828
Transfer from right of use to motor vehicles	(3 828)	(3 828)
Balance at 31 December 2022	–	–
Carrying value		
Balance at 31 December 2022	–	–

Right of use assets have been presented as part of property plant and equipment in the current year.

13. 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 amortized 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.

	2023	2022
	K'000	K'000
Cost		
Balance at beginning and end of the year	**943**	943
Reclassification during the year	**19 158**	
Additions during the year	**3 210**	
	23 312	943
Accumulated amortisation and impairment		
Balance at beginning of the year	**618**	580
Reclasifiaction during the year	**14 596**	
Amortisation expense	**779**	38
Balance at end of the year	**15 993**	618
Carrying value at end of the year	**7 319**	325

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

The reclassification of software from Property Plant and Equipment to Intangible assets category.

14. INVENTORIES

	2023	2022
	K'000	K'000
Finished goods: Cement	**18 862**	22 589
Raw materials and consumables	**87 932**	75 432
Stores and spares	**130 681**	116 885
Gross values	**185 116**	164 729
Provision for obsolete stock	**(54 435)**	(47 844)
Semi finished goods	**42 353**	47 000
	279 828	261 906

IAS 2 Inventories contains the requirements on how to account for most types of inventory. The standard requires inventories to be measured at the lower of cost and net realisable value (NRV) and outlines acceptable methods of determining cost, including specific identification (in some cases), first-in first-out (FIFO) and weighted average cost (WAC).

Chilanga Cement plc values its inventory using the the Weighted Average Cost (WAC) method.

15. TRADE AND OTHER RECEIVABLES

15.1 Trade receivables

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

	2023	2022
	K'000	K'000
Gross trade receivables	**45 107**	51 071
Less: Expected credit loss on trade receivables	**(6 881)**	(19 514)
	38 226	31 557

The following tables detail the risk profile of trade receivables based on the Company provision matrix.

31 December 2023	**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	**2%**	**2%**	**2%**	**3%**	**63%**	
Estimated total gross carrying amount at default	12 626	13 253	7 401	1 990	9 838	45 107
Lifetime ECL	(192)	(285)	(166)	(61)	(6 177)	(6 881)
	12 434	**12 968**	**7 235**	**1 929**	**3 661**	**38 226**

31 December 2022	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%	10%	27%	61%	90%	
Estimated total gross carrying amount at default	20 132	8 509	2 094	806	19 529	51 071
Lifetime ECL	–	(816)	(559)	(492)	(17 647)	(19 514)
	20 132	7 693	1 535	314	1 882	31 557

On a weekly basis all customers were monitored to ensure no default 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 4.2.3 for more detail.

	2023	2022
	K'000	K'000
Expected credit loss on trade receivables		
Opening balance	**(19 514)**	(29 629)
Expected credit gains (losses)	**2 386**	(7 740)
Bad debts write off	**10 247**	17 855
Balance as at end of the year	**(6 881)**	(19 514)

15.2 Other receivables

Value Added Tax receivable	**212 000**	164 329
Prepaid expenses	**11 999**	24 712
Sundry receivables	**18 717**	2 313
Employee loans	**882**	883
	243 598	192 237

Value Added Tax receivable

The Company has a backlog of value added tax receivable amounting to K218 million aged as follows:

	2023	2022
Calendar year	**K'000**	K'000
2023	**47 671**	-
2022	**24 154**	24 154
2021	**41 345**	41 345
2020	**13 913**	13 913
2019	**17 919**	17 919
2015 to 2018	**66 998**	66 998
	212 000	164 329

The value added tax receivable relates to annual refund positions for which the Company has been engaging the Zambia Revenue Authority (''ZRA'') for recovery. ZRA has carried out a desk top reconciliation that covers the period to 2022 but the outcome of this exercise is yet to be finalised as at the time of the report. The Directors have not considered the time value of money impact on this outstanding balance nor impaired any of the outstanding receivables as this is a statutory obligation for which ZRA is mandated to refund. Management proactively engages the ZRA regarding acceleration of backlog credibility audits. This treatment is also in line with Income Tax Act.

16. RELATED PARTY TRANSACTIONS

Huaxin (Hainan) Investment Co. Limited, the ultimate parent, is a company registered in China and owns 79.88% of the issued share capital of Chilanga Cement Plc as at 31 December 2022.

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

	Country of incorporation	**Relationship**
Portland Cement Malawi	Malawi	Fellow subsidiary
Huaxin (Hainan) Investment Co. Limited	China	Parent

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

	2023	2022
	K'000	K'000
Amounts due from related companies:		
Portland Cement Malawi Limited	**106 012**	109 899
	106 012	109 899

The amount due from Portland cement Malawi is aged as follows;

Ageing	**K'000**	K'000
0-30	**1 895**	14 370
31-60	**7 869**	8 990
61-90	**9 640**	1 471
91-120	**86 608**	8 260
over 120	**-**	76 808
	106 012	109 899

The Director's have considered the challenges being experienced by Portland Cement Malawi Limited ("Portland Cement Malawi") that largely relate to foreign currency shortages in that country, leading to the company's challange to remit funds out of the country. The Company has in the current year, proceeded to agree to payment terms under Letters of Credit arranged with the bankers as a basis of trade. In addition, the Huaxin Group has provided a guarantee to the Company that in an event that Portland Cement Malawi fail to pay the debt above 120 days, Huaxin Group will provide security for the debt. Consequently, no provision has been raised against the receivable from Portland Cement Malawi.

Amounts due to related companies:	**2023**	2022
	K'000	K'000
Huaxin Cement China (Purchases)	**142 632**	12 930
Lafarge South Africa	**58 471**	–
	201 103	12 930
The financial effects of transactions with the related parties were as follows:		
Portland Cement Malawi Limited (Sales)	**163 267**	110 375
	–	–
	163 267	159 999
Management and technical services expenses:		
Huaxin Cement Co. Limited	**21 005**	17 861

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement is in cash except when otherwise stated.

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

	2023	2022
	K'000	K'000
Salaries and other short-term employment benefits	**17 609**	21 110
Non Executive Directors' Remuneration:		
In connection with the management of the Company as Directors	**1 873**	1 236
Director's fees analysed as follows:		
Mr. Muna Hantuba	**426**	315
Mr. Mwelwa Chibesakunda	**421**	308
Mr. Mark O'Donnell	**327**	333
Dr. Frank Munthali	**455**	280
Mr.Mangiza Phiri	**243**	–
	1 873	1 236

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

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**2023**	2022
	K'000	K'000
Cash and cash equivalents	**600 912**	436 391
	600 912	436 391

Bank overdraft
In the last two (2) years 2022 and 2023, the Company did not make use of its overdraft facility held with Stanbic Bank Zambia Limited. The facility available to the Company is **K24 million** (2022: K24 million).

18. SHAREHOLDERS EQUITY

18.1 Share capital

	2023	2022
	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:		
	%	%
Huaxin (Hainan) Investment Co. Ltd	**79,88**	80,58
LuSE Central share depository	**17,54**	16,75
Public (Institutions and individuals)	**2,58**	2,67
	100,00	100,00

In order to comply with the minimum float requirements as per the Listing Rules of the Lusaka Stock Exchange, the Company has floated the excess stock acquired following the Mandatory Trade Offer. The said excess stock is available for purchase by interested third parties.

18.2 Revaluation reserve

Revaluation reserves arise from the periodic revaluation of property, plant and equipment every five years and represent the excess of the revalued amount over the carrying value of the property, plant 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 line with IAS 16.41, a balance of K56,463 thousand (2022: K15,146 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.

	K'000
Carrying amount as at 1 January 2022	**1 396 714**
Depreciation for the year	(75 362)
Additions	47 576
Revaluation gain (loss)	430 890
Carrying amount and fair value as at 31 December 2022	**1 799 818**
Depreciation for the year	(54 635)
Additions	42 116
Disposal	(1 680)
Reclassification	(19 159)
Revaluation gain (loss)	119 287
Carrying amount and fair value as at 31 December 2023	**1 885 747**

18.3 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.

19. PROVISION FOR ENVIRONMENTAL LIABILITIES

	2023	2022
	K'000	K'000
At beginning of the year	**39 039**	39 483
Unwinding of discount	**1 757**	1 637
Adjustment to provision	**27 599**	(2 081)
	68 395	39 039

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, that 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 **4%** (2022: 4.07%). The 4% is the US long term borrowing rate.

In compliance with the Mines and Minerals Development Act of 2005, the Company has made cash contributions in the sum of **USD 1,256 thousand** (2022: USD 1,256 thousand) to the Environmental Protection Fund based on annual audits conducted by Mines Safety Department. Based on the 2021/2022 audit conducted by the Mine Safety Department, the total liability amounted to **USD20.42 million** (2022: USD20.42 million). The Fund established by the Mines and Minerals Act is controlled by Mines Safety Department under the Ministry of Mines and Minerals Development. In 2023 a bank guarantee of **USD19 million** (2022: USD15 million) was in place in line with the requirements of the Act. The existing guarantee expires on 31 March 2024 and the Company is in the process of obtaining a new guarantee for USD19 million in order to be aligned to the 2022 assessment.

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 2023, if the long term USD risk free rate would increase by 0.1% with all other variables held constant, the provision would have been lower by K4,045 thousand (2022 : K1,898 thousand) whilst a 0.1% decrease would have resulted in a higher provision by K4,276 thousand (2022: K2,006 thousand).

Commitments, Contingent Liabilities and Assets
Commitments
The eleventh schedule of Mines and Minerals (Environmental) Regulation of 1997 requires that the Company will 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 5% lump sum for Lusaka Plants and 10% 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.

According to the audit that was conducted by the The Mine Safety Department(MSD) in 2021/2022 the estimated decommissioning and closure costs for the Company amounted to **US$20.42 million.** In line with the Mines and Minerals (Environmental) Regulation of 1997, the total Cash contribution made to date is **US$1,256 thousand.**

The Company obtained a bank guarantee amounting to USD15 million in 2022 for the remaining site restoration costs in line with the operational guidelines of the environmental protection fund (EPF). The new guarantee as at 31 December 2023 was obtained for USD19 million in line with the recent assessment.

Contingent liabilities
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.

Competition and Consumer Protection Commission (CCPC) legal matters.
Two key ongoing legal matters relate to the Competition and Consumer Protection Commission as detailed below:
(i) Allegations of Cartel Conduct
This is the case which followed a dawn raid at the Company Headquarters in Chilanga. Chilanga Cement Plc was allegedly found to have been in a cartel with two other cement companies namely Dangote Zambia Limited and Mphande Cement Limited. Dangote Zambia Limited applied for leniency which was granted by the CCPC. Chilanga Cement Plc 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 2023.

Tax credit utilised and unutilised
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, The Zambia Revenue Authority (“ZRA”) requested for a Credibility Audit. The Credibility audit which commenced in 2021, had not been concluded and no issues had been raised by the date of this report.

An additional K40 million was offset in 2022 against the reconciled advance payments leaving a balance of K16 million as a Contingent Asset and the status has not changed.

Environmental Protection Fund	**2023**	2022
	K'000	K'000
Prepaid Amount	**21 013**	–
	21 013	–

20. RETIREMENT BENEFIT PLANS

	2023	2022
	K'000	K'000
At beginning of the year	**284**	114
Current year charge	**1 149**	379
Paid during the year	**(573)**	(209)
At end of year	**860**	284

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 **K1,149 thousand** (2022: K379 thousand) represent provisions made for gratuities related to certain non-unionised and unionised staff.

Contribution to pension scheme
The Company operates a defined contribution pension scheme for certain of its full time 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 expenses to profit or loss on a monthly basis . There were no outstanding contributions as at 31 December 2023 (2022: nil). The total pension contributions for the year amounted to **K11,351 thousand** (2022: K8,685 thousand).

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

21. LEASE LIABILITIES

	2023	2022
The movement for the year is as follows:	**K'000**	K'000
At the beginning of the year	**–**	4 053
Repayments during the year	**–**	(4 053)
Net obligations under finance lease	**–**	**–**

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 reporting 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.

22. 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	**Revaluation surplus**	**Provisions and other**	**Total**
2022	**K'000**	**K'000**	**K'000**	**K'000**
At beginning of year	811	244 821	(52 632)	193 000
Charge to profit or loss	7 616	–	13 638	21 254
Deferred tax rate alignment	–	(34 974)	–	(34 974)
Asset revaluation	–	129 267	–	129 267
Charge to equity	–	(4 488)	–	(4 488)
Balance as at 31 December 2022	**8 427**	**334 626**	**(38 994)**	**304 059**
2023				
At beginning of year	8 427	334 626	(38 994)	304 059
Charge to profit or loss	(3 308)	(1 442)	31 185	26 435
Deferred tax rate alignment	–	–	–	–
Asset revaluation	–	35 786	–	35 786
Balance as at 31 December 2023	**5 120**	**368 970**	**(7 809)**	**366 281**

23. 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.

23.1 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. Trade payables is comprised of the following;

	2023	2022
	K'000	K'000
CAPEX Payable	**44 095**	56 090
Other trade payable	**51 432**	95 057
	95 527	151 147

23.2 Contract liabilities

	2023	2022
	K'000	K'000
Advances receipts from cement customers	**56 887**	35 654

Contract liabilities represent customer payments received in advance of delivery of goods. Revenue of K35,654 thousand (2022: K17,275 thousand) has been recognised in the current period relating to brought forward contract liabilities. There was no revenue recognised in the current period that related to performance obligations that were satisfied in the prior year.

23.3 Other payables

	2023 K'000	2022 K'000
Sundry accruals (i)	**69 871**	96 096
Dividends payable	**50 811**	37 946
Sundry payables (ii)	**18 986**	27 376
Employee related liabilities (iii)	**20 856**	18 460
	160 524	179 878

(i) Sundry accruals

	2023 K'000	2022 K'000
Other operational accruals (*)	**32 009**	54 179
Withheld Value Added Tax	**1 591**	24 816
Plant maintenance accruals	**10 610**	11 103
Utilities accruals	**25 662**	5 998
	69 871	96 096

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

(ii) Sundry payables

Sundry payables relate to discounts, reductions and rebates and other operational payables.

(iii) Employee related liabilities

Employee related liabilities include leave pay accruals analysed as follows:

	2023 K'000	2022 K'000
Balance at the beginning of the year	**5 939**	4 779
Leave paid during the year	**(3 892)**	(3 584)
Movement during in the year	**9 499**	4 744
Balance at the end of the year	**11 546**	5 939
Medical	**255**	250
Pension	**2 335**	2 117
Other	**6 721**	10 153
	20 856	18 460

24. CAPITAL COMMITMENTS

As at 31st December 2023, the Company had entered into authorised and contractual commitments for the acquisition of property plant and equipment of **K 66,512 thousand** (2022: K48,265). The capital expenditure will be made from internally generated resources.

25. 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 maximizing the return to stakeholders through the optimization 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 Citi Bank Zambia Limited amounting to K24 million.

	2023	2022
	K'000	K'000
Categories of financial instruments		
Financial assets		
Financial assets at amortised cost		
- Trade receivables	**38 226**	31 557
- Amounts due from related parties	**106 012**	109 899
- Other receivables, excluding prepayments	**19 600**	3 196
- Bank and cash balances	**600 912**	436 391
Total financial assets	**764 750**	581 043
Financial liabilities		
Liabilities at amortised cost		
- Trade payables	**95 527**	151 147
- Contract liabilities	**56 887**	35 654
- Other payables, excluding taxes	**158 933**	155 062
- Amounts due to related parties	**201 103**	12 930
- Retirement benefits	**860**	284
Total financial liabilities	**513 310**	355 077

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 of 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.

	2023	2022
	K'000	K'000
Assets		
US dollar denominated	**473 405**	433 897
Euro denominated	**41 737**	34 173
South African Rand denominated	**38**	2 725
	515 180	470 795
Liabilities		
US dollar denominated	**76 576**	49 258
Euro denominated	**8 435**	2 841
South African Rand denominated	**6 239**	529
	91 250	52 628

Sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and ZAR exchange rates, with all other variables held constant

		2023		2022
Increase	%	**K'000**	%	K'000
US dollar	17	**67 940**	10	38 464
Euro*	12	**3 997**	10	3 133
South African Rand*	7	**(443)**	10	226
Decrease	%		%	
US dollar	17	**(67 940)**	10	(38 464)
Euro*	12	**(3 997)**	10	(3 133)
South African Rand *	7	**443**	10	(226)

*The Euro and Rand sensitivity analysis have been included for prior year for consistency purposes as it was previously not presented by the entity as it was not considered a material disclosure.

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.

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 2023	**1 – 3 months**	**3 months to 1 year**	**1 – 5 years**	**Total**
Liabilities	**K'000**	**K'000**	**K'000**	**K'000**
Trade payables	103 892	(8 365)	–	95 527
Contract liabilities	56 887	–	–	56 887
Other payables, excluding taxes	102 047	–	–	102 047
Retirement benefit plans	–	860	–	860
Amounts due to related parties	–	201 103	–	201 103
	262 825	**193 598**	**–**	**456 423**
Year ended 31 December 2022				
Liabilities				
Trade payables	40 324	97 942	–	138 266
Contract liabilities	35 654	–	–	35 654
Other payables, excluding taxes	119 408	–	–	119 408
Lease liability	–	284	–	284
Retirement benefit plans	–	12 930	–	12 930
Amounts due to related parties	–	—	–	–
	195 386	**111 156**	–	**306 542**

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:

	2023	2022
	K'000	K'000
Trade receivables	**38 226**	31 557
Other receivables, excluding prepayments and taxes	**19 600**	3 196
Amounts due from related parties	**106 012**	109 899
Cash and Cash Equivalents	**600 912**	436 391
	764 750	581 043

	2023
	K'000
Balance at 1 January 2022 under IFRS 9	**(19 514)**
Increase in credit loss allowance through recognised through profit and loss during the year	**2 386**
Bad debts write off	**10 247**
As at 31 December 2023 - IFRS 9	**(6 881)**

26. 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.

	Level 1	Level 2	Level 3	Total
	Fair value hierarchy as at 31 December 2023			
	K'000	**K'000**	**K'000**	**K'000**
Financial assets				
- Bank and Cash balances	–	600 912	–	600 912
- Amounts due from related parties	–	–	106 012	106 012
- Trade receivables	–	–	38 226	38 226
- Other receivables, excluding prepayments and taxes	–	–	19 601	19 601
Total	**–**	**600 912**	**163 839**	**764 751**
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	–	–	201 103	201 103
- Trade payables	–	–	95 527	95 527
- Other payables, excluding taxes	–	–	158 933	158 933
Total	**–**	**–**	**455 563**	**455 563**
	Fair value hierarchy as at 31 December 2022			
Financial assets				
- Bank and Cash balances	–	436 391	–	436 391
- Amounts due from related parties	–	–	109 899	109 899
- Trade receivables	–	–	31 557	31 557
- Other receivables, excluding prepayments and taxes	–	–	3 196	3 196
- Equity investment	–	–	–	–
Total	**–**	**436 391**	**144 652**	**581 043**
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	–	–	12 930	12 930
- Trade payables	–	–	151 147	151 147
- Other payables, excluding taxes	–	–	155 062	155 062
	–	–	319 139	319 139

27. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the executive committee of management that are used to make strategic decisions. The committee considers the business as a single operating segment, being Chilanga Cement Plc, as the information reported to the executive committee of management for the purpose of strategic decision making is not presented per product line.

The reportable operating segment derives its revenue primarily from the sale of cement and clinker to local and foreign customers. The breakdown of revenue is disclosed under Note 6.

The executive committee of management assesses the performance of the operating segment based on a measure of Earnings before Interest Tax, Depreciation and Amortisation (EBITDA).

28. 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

FIVE YEAR FINANCIAL RECORD

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022	2021	2020	2019
K'000					
Statement of comprehensive income					
Turnover	**2 023 952**	1 783 838	2 113 725	1 693 146	1 110 153
Profit (loss) before tax	**639 722**	434 174	422 690	342 057	(56 245)
Income tax (expense) credit	**(192 282)**	(104 969)	(131 600)	20 978	17 563
Profit (loss) for the year	**447 441**	329 205	291 090	363 035	(38 682)
Earnings per share - K	**2,24**	1,65	1,46	1,81	(0,19)
Assets employed					
Non-current assets	**2 013 169**	1 818 962	1 431 072	1 420 813	1 475 009
Equity investment at fair value	**–**	–	–	26 221	25 266
Net current assets	**722 999**	722 366	329 272	433 047	309 413
	2 736 168	2 541 328	1 760 344	1 880 081	1 809 688
Liabilities due after one year					
Provision for environmental liabilities	**68 395**	39 039	39 483	27 899	24 917
Lease liabilities	**–**	–	2 001	3 301	4 816
Deferred tax liabilities	**366 281**	304 059	193 000	212 005	212 116
	2 301 492	2 198 230	1 525 860	1 636 876	1 567 839
Financed by:					
Share capital	**10 002**	10 002	10 002	10 002	10 002
Reserves	**2 291 490**	2 188 228	1 515 858	1 626 874	1 557 837
	2 301 492	2 198 230	1 525 860	1 636 876	1 567 839

CHILANGA PLANT, ZAMBIA

Chilanga Cement PLC

MINUTES OF THE 31ST ANNUAL GENERAL MEETING

HELD ON MARCH 29, 2023 VIA ZOOM

PRESENT
Mr. Munakupya Hantuba
Chairman
Mr. Mark O'Donnell
Director
Dr. Frank G. Munthali
Director
Mr. Chai Jianping
Director
Mr. Mwelwa Chibesakunda
Director
Mr. Gang Xu
Director
Mr. Owen Chen
Director
Mrs. Chibuye Mbesuma-Ngulube
Company Secretary/General Counsel
Mr. Ezron Lesa
CFO
Shareholders - As attached
Proxies - As attached

1. WELCOME REMARKS AND CONSTITUTION OF THE MEETING

1.1. The Chairman welcomed everyone present to the 31st Annual General Meeting of Chilanga Cement PLC (hereinafter referred to as the "Company") and called on Ms. Mutinta Kavota to go through the Housekeeping Rules for the Meeting.

1.2. Ms. Kavota recognized the presence of all attendees and went through the prior circulated Housekeeping Rules for the Meeting and handed over to the Chairman.

1.3. The Chairman then called on Mr. Victor Maambah the Health and Safety Director of the Company to offer a health and safety briefing. Mr. Maambah went on offer a health and safety briefing to the attendees present at the venue of the Meeting.

1.4. The Chairman went on to introduce the Company's Chief Financial Officer, Mr. Ezron Lesa who had been appointed following the resignation of Mrs. Choolwe Natala-Lungu.

1.5. The Chairman also recognised the presence of two Directors of the Company who were attending the Meeting virtually, Mr. Gang Xu who was the proxy for the majority shareholder, Huaxin and Mr. Owen Chen.

1.6. Apologies and Proxies

1.6.1. No apologies were received.

1.6.2. Proxies: A total of fifty-three (53) valid proxies were received including one from the majority shareholder of the Company (Huaxin) who appointed Mr. Gang Xu to represent it at the Meeting.

1.7. Upon confirmation of the quorum in accordance with the Company's Articles of Association (Article 53 (a) being present in person or by proxy, the Chairman declared the Meeting duly constituted.

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 the process to be followed as follows:

2.2.1. As this was a shareholders meeting, only shareholders or their proxies were to participate in the business on the agenda; and

2.2.2. Questions or comments were to be confined to the business of the Meeting as per the agenda which was circulated to all the members before the Meeting.

2.3. The Chairman proposed that the Notice convening the Meeting be taken as read.

• Seconded: Mr. Brian MMembe

3. ADOPTION OF AGENDA

3.1. The agenda was noted as circulated and was subsequently adopted.
• Proposed: Mr. Barry Mutapa
• Seconded: Mr. Teza Simemba

4. MINUTES OF THE 30th ANNUAL GENERAL MEETING AND MATTERS ARISING FROM THE MINUTES OF 30th ANNUAL GENERAL MEETING

4.1. Minutes were confirmed as the true recording of the proceedings for the 30th Annual General Meeting (AGM) held on the 29th of March 2022.

Resolution:
By a show of hands, it was resolved that the Minutes of the 30th Annual General Meeting be approved.

- Proposed: Ms. Ruth Ngolwe
- Seconded: Mr. Teza Simemba

4.2. There were no matters arising from the Minutes of the 30th Annual General Meeting.

5. ADOPTION OF THE ANNUAL REPORTS INCLUDING THE CHAIRMAN'S REVIEW, DIRECTORS' REPORT AND THE AUDITED FINACIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

5.1. The Chairman informed the Meeting that the Chief Executive Officer (CEO) had delegated his presentation of the Business Reports to the Chief Financial Officer (CFO). Thus, the CFO presented the operational and financial performance of the Company, for the year ended 31st December 2022. Highlights included the following:

5.1.1. Concerning Industrial Performance, the CFO informed the members at the Meeting that the Company performed well in 2022 as regards its Key Performance Indicators (KPIs) and he particularly underscored that clinker production increased and the number of kiln faults had also been reduced by almost 30% as compared to the previous year.

5.1.2. The CFO also informed the members that the Company did not only make a profit in the year 2022 but also largely impacted the Zambian economy. He underscored that the Company had generated over ZMW800 Million from the domestic market and US$60 Million from the export market. He went on to state that the Company had impacted approximately 1500 families in the community through its employees and had engaged over 300 contractors.

5.1.3. The CFO further highlighted that the Company was performing well in the export market, which contributed about 69% of the Company's revenue for the year 2022.

5.1.4. Concerning the domestic market, the CFO reported to the Meeting that Management reduced performance with regard to the domestic market which had shrunk by 7-11% and was riddled with a lot of competition. However, the Company was capable of maintaining its market share through the Diversified Route-to-Market Strategy that had been implemented by Management to mitigate the risk.

5.1.5. It was further reported by the CFO that with a view to staying ahead of the competition, Management had also decentralised the operations of the sales representatives who were directly located in the market to ensure that information was delivered to Management on time.

5.1.6. The CFO concluded the CEO's Report by highlighting the various achievements of the Company including the awards and recognition that the Company had received in the year 2022. He added that the Company was also contributing to the Environment through its partnerships with other companies for the processing of waste through the Company's Eco Unit Department which had processed over 18,000 tonnes of waste in the previous year.

5.2. Following the conclusion of the CEO's Report, the CFO presented his report to the Meeting as follows:

5.2.1. The CFO began his report by stating that Management's objective was to create value for the Shareholders. He reported that despite the drop in the domestic market sales turnover by 16% in comparison to the previous year, the Company's share value had increased by 13% in the year 2022.

5.2.2. The CFO reported that in light of the declining domestic market, Management had to ensure optimisation and efficiency in its operations as regards operation costs. To that end, Management opted to utilise one kiln instead of two at the Ndola Plant which resulted in savings as regards energy and maintenance costs. The CFO added that Management had invested in some much needed mobile equipment used in the Company's plants as opposed to hiring which resulted in a reduction in equipment leasing costs. Apart from the foregoing, Management reduced costs by also investing in employee skills and tools for the business which ensured that most services provided by third-party were now being done in-house.

5.2.3. As regards the Company's Financials, the CFO reported that the business closed in a strong positions with closing cash of about ZMW436 Million which allowed for the declaration of dividends in the year 2022.

5.2.4. The CFO concluded his report with the outlook for the future, he stated that the business outlook was positive as the Company was on the right trajectory and had the requisite resources to invest for the short and long term to meet the needs of customers. The CFO also stated that the market was also making a turn for the better as compared to the previous year due to the commencement of government projects being implemented through public-private partnerships as well as construction projects in the mining sector. To that end, the CFO informed the shareholders that they were assured of future dividends.

5.3. Following the CFO's presentation two questions were noted and the Chairman stated that the two questions were reserved to be answered at the end of the Meeting.

5.4. The Annual Report and Audited Financial Statements for the year ended 31st December 2022, including the Chairman's Review, Directors' Report, and Report of the Auditor, which were circulated prior to the Meeting, were accordingly adopted.

Resolution:
It was resolved that the Annual Report and Audited Financial Statement for the year ended 31st December 2022, including the Chairman's Review, Directors' Report and Report of the Auditor, be adopted and approved.

- Proposed Mr. Teza Simemba
- Seconded Mr. Kunda Chola

5.5. There were no objections raised hence, the Chairman declared the resolution carried.

6. DECLARATION OF A DIVIDEND

6.1. The Chairman presented the Board of Directors' recommendation for the declaration of a dividend of ZMW1 per share for the year ended 31st December 2022.

Resolution:
THAT as recommended by the Board, a dividend of ZMW1 per share be declared as a final dividend.

- Proposed Mr. Teza Simemba
- Seconded Mr. Brian Mutapa

6.2. There were no recorded objections to the resolution, therefore the resolution was carried and recorded as unanimous.

7. REMUNERATION OF DIRECTORS

7.1. Members received a proposal from Management for the Directors' fees for the year ending on December 31st, 2023, to be maintained in line with 2022.

Resolution:
THAT the remuneration of the Non-Executive Directors of the Company for the year ending on December 31st, 2023, be maintained in line with 2022.

- Proposed Mr. Simwinga
- Seconded Mr .Teza Simemba

7.2. The Chairman declared the resolution carried.

8. APPOINTMENT AND REMUNERATION OF THE AUDITOR

8.1. The Chairman informed the Meeting that for the year ended 31st December 2022, the Company's auditors were Deloitte and Touche. However, concerning the year 2023, the Board was re-evaluating the services of the Auditor with a view to appointing or reappointing the Auditor for 2023. To that end, the Board invited four audit firms of international standard in particular Grant Thornton, PricewaterhouseCoopers (PWC), Deloitte and Touche, and Ernst and Young (EY) to tender for the said appointment. The Chairman further stated that the re-evaluation process aforesaid had progressed but was not concluded. Therefore, the Board sought the approval of the members to conclude the aforementioned process as well as have the mandate to appoint and fix the remuneration for the auditor following the conclusion of the process aforesaid.

Resolution:
THAT as proposed by the Directors, it was resolved that the Board be granted the mandate to appoint the external auditors and fix their remuneration for the year 2023.

- Proposed: Mr. Mainza Kazungu
- Seconded: Ms. Inutu Begnouga

8.2. There were no members against the resolution hence, the Chairman declared the resolution passed.

9. APPOINTMENT OF DIRECTORS

9.1. The Chairman invited the Company Secretary to report to the members with regard to the appointment of directors.

9.2. The Company Secretary informed the members that Dr. Frank Munthali was retiring from his role as director representing the Minority Shareholders on the Company's Board pursuant to Article 76 (A) of the Company's Articles of Association and therefore, he had accordingly officially retired.

9.3. The Company Secretary also averred that following Dr. Frank Munthali's retirement by rotation the Company in accordance with its Articles of Association issued a notice to the shareholders on the 9th of February 2023 calling upon all interested shareholders to file their nominations in a prescribed form from 15th February 2023 to 15th March 2023.

9.4. The Company Secretary further averred that the Company received four (4) Curriculum Vitae (CVs) of interested parties and only Mr. Mangiza Phiri complied with all the nomination requirements. Due to the foregoing, it was resolved that Mr. Mangiza Phiri be nominated as the representative of the minority shareholders on the Board of Directors following his endorsement by 25 minority shareholders in line with the Company's requirements pursuant to the Nominations Policy.

Resolution:

Being the unopposed candidate it was resolved that Mr. Mangiza Phiri be appointed as a Director on the Chilanga Cement Plc Board representing the minority shareholders.

- Proposed: Eniwet Kakuwa
- Seconded: Feslitus Chisanga

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

9.5. The Company Secretary in conclusion informed the members that in view of Dr Frank Munthali's contribution to the Board as a representative of the minority shareholders, the majority shareholder, Huaxin had exercised its rights under Article 73 (b) of the Company's Articles of Association to appoint Dr Frank Munthali to remain on the Board as a Director representing the majority shareholder.

10. ANY OTHER BUSINESS

10.1. The Chairman, with a view to promoting a green environment, requested the members who were amenable to receiving electronic copies of the annual reports to submit their email addresses and agree to only receive electronic copies in order to contribute to a greener environment.

10.2. Ms. Natasha Nelson inquired about how the Company was adapting to the current global economic conditions and what strategies were being implemented to mitigate risks and uncertainties. Mr. Gang Xu responded that despite the issues in the global economy, the financial position of the Company was improving as seen from the Audited Financial Statements presented to the meeting. That improvement was due to the Company's action to optimise the supply chain, reduce the costs on spares, and injection of investment into the Company to ensure efficiency as well as expenditure control. He added that the foregoing coupled with the introduction of best practices of the Huaxin Group made the Company capable of adapting to the global economic conditions.

10.3. Ms. Natasha Nelson also inquired whether there were any significant capital expenditure plans for the upcoming year, and how they would contribute to the Company's growth and profitability. The CFO responded by saying that Chilanga Cement Plc had a number of projects aimed at improving its efficiency as well as environmental-related projects whose aim was to tap into green economic activities. He further advised that more information was to be availed once all the requisite approvals had been sought and granted.

10.4. Mr. Brian Barnabas Mmembe commented that he was against the issue of having virtual meetings. To this comment, the Company Secretary mentioned that on account of COVID-19, physical meetings could not be held in enclosed spaces for the previous years. However, on the premise that the COVID-19 pandemic was declining, the Company was considering the resumption of physical meetings should there not be a resurgence of the pandemic. In addition, the Chairman suggested that Management hosts a member's day because the owners of the Company had not interacted with Management in a while.

10.5. Ms. Natasha Nelson congratulated Chilanga Cement Plc on the Green Award it obtained during the year 2022 and inquired how the Company was adapting to changes in the construction industry, such as the increasing use of alternative building materials and the growing focus on sustainable construction practices. To this query, the CFO responded by stating that the query had been partially tackled by Mr Xu and he reiterated his earlier response that the Company had some project of that nature in the works.

10.6. Mr. Jones Sambaombe asked if there were any deliberate strategies put in place to manage climate change and what impact AI had on the Company. Mr. Gang Xu responded to this question by stating that the Company has been utilising alternative fuel meant to create a leading green factory in Zambia and thereby contribute to decarbonisation by copying the best practices of the Huaxin Group. As regards AI, Mr. Xu went on to state that starting with the year 2023 the Huaxin Group was going to be conducting some tests in Tanzania and Zambia to introduce automation systems on key operations. He added that the Huaxin Group was working on introducing the best AI technology to ensure that the Company was efficient and the leading building materials manufacturer in Zambia in line with global trends.

10.7. Mr. Mubanga Nsama commented that he was in favour of the virtual meetings as they accommodated shareholders outside the country. The Chairman commented that the members would be allowed either option of joining the meetings virtually or physically.

10.8. Mr. Boyd Tembo inquired if the new transfer secretaries could have the contact details of members updated due to the fact that he did not receive any email communication as regards the Annual General Meeting. The Chairman advised all the members to share their up-to-date contact details with the transfer secretaries and he apologized to Mr. Boyd Tembo for the non-receipt of the email as regards the Meeting.

10.9. Mr. Barry Mutapa asked if the Company had any plans to invest more money in the Eco Unit in light of the good performance as evidenced by the Green Award earlier mentioned. Mr. Gang Xu responded to that query in the affirmative.

10.10. Apostle Gift Simwawa inquired how the Company was doing under the current economic hardships. The Chairman responded that the question was partially answered by the CFO. He added that the Company's performance had improved and that the Company was going to do even better than in the past. Thus, in the wake of the economic turn-around, members could hold Management accountable to deliver according to the expectations of more profits and better dividends for the shareholders.

10.11. There being no further business, the Chairman declared the meeting closed at 10:05 AM.

BOARD CHAIRMAN

Signed: ....

Date:...

COMPANY SECRETARY

Signed: ....

Date:...

MARCH 2023 AGM ATTENDANCE REGISTER

SHAREHOLDER NAME	DETAILS / PROXY	NUMBER OF SHARES
HUAXIN (HAINAN) INVESTMENT CO., LTD	GANG XU	161 201 448
NATIONAL PENSION SCHEME AUTHORITY	UTEMBELE SIMWINGA	8 815 986
SATURNIA REGNA PENSION TRUST FUND	MAINZA KASUNGU	1 956 673
MADISON PENSION TRUST FUND	INUTU UMOU BEGNOUGA	391 950
BARCLAYS BANK ZAMBIA STAFF PENSION FUND - PPMZ	MAINZA KASUNGU	364 195
ZAMBIA SUGAR PENSION TRUST - SCHEME	MAINZA KASUNGU	318 395
ZAMBIA STATE INSURANCE PENSION TRUST FUND	MRS KUNDA MUSONDA CHOLA	307 604
STANBIC NOMINEES-MPILE LOCAL EQUITY FUND	MAINZA KASUNGU	242 922
ZANACO PLC DC PENSION SCHEME	MAINZA KASUNGU	213 965
STANDARD CHARTERED BANK PENSION TRUST FUND	MAINZA KASUNGU	210 396
BARCLAYS BANK STAFF PENSION TRUST FUND	INUTU UMOU BEGNOUGA	209 257
STANBIC BANK PENSION TRUST FUND	MAINZA KASUNGU	199 541
ZSIC LIFE POLICY HOLDERS FUND	LODWELL LUNDA	153 802
FQM ZAMBIA STAFF PENSION SCHEME	INUTU UMOU BEGNOUGA	149 538
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	MAINZA KASUNGU	124 110
ZAMBIA REVENUE AUTHORITY PENSION TRUST SCHEME	INUTU UMOU BEGNOUGA	78 666
ZRA PENSION TRUST SCHEME	MAINZA KASUNGU	75 000
AIRTEL ZAMBIA STAFF PENSION FUND	MAINZA KASUNGU	74 240
CEC PENSION TRUST SCHEME	MAINZA KASUNGU	65 278
BOZ DEF CONT PENSION SCHEME	INUTU UMOU BEGNOUGA	59 791
ZANACO DB STAFF PENSION SCHEME	HARVEY HAMANYATI	56 054
EXAMINATIONS COUNCIL OF ZAMBIA	INUTU UMOU BEGNOUGA	55 800

LUBAMBE COPPER MINES PENSION TRUST SCHEME	MAINZA KASUNGU	46 548
CEC PESION TRUST SCHEME	INUTU UMOU BEGNOUGA	45 503
BUYANTANSHI PENSION TRUST FUND	MAINZA KASUNGU	45 286
AFRICA 53	INUTU UMOU BEGNOUGA	44 726
WORKCOM TRUST PENSION SCHEME PPMZ	INUTU UMOU BEGNOUGA	40 958
WORKCOM PENSION TRUST SCHEME	MAINZA KASUNGU	35 364
LUNSEMFWA HYDRO POWER PENSION SCHEME	INUTU UMOU BEGNOUGA	30 617
PROFESSIONAL PENSION TRUST WEALTH FUND - WEALTH GUARD	INUTU UMOU BEGNOUGA	29 918
SUN INTERNATIONAL PENSION TRUST SCHEME	MAINZA KASUNGU	21 432
HSEGAIPS - PPMZ	INUTU UMOU BEGNOUGA	18 445
NATIONAL BREWERIES PENSION TRUST SCHEME	MAINZA KASUNGU	17 994
PROFESSIONAL PENSION TRUST FUND - WEALTH GUARD-CITI PENSION	INUTU UMOU BEGNOUGA	16 876
LILY MBUZI	EMMAH MUTINTA MUNGUZA	15 300
BUYANTANSHI PENSION TRUST FUND	INUTU UMOU BEGNOUGA	14 948
SCZ INTERNATIONAL LTD PENSION TRUST	MAINZA KASUNGU	14 346
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	MAINZA KASUNGU	10 062
GOLDEN SUNSET PENSION FUND	MAINZA KASUNGU	9 179
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	MAINZA KASUNGU	8 550
ZAMBEZI RIVER AUTHORITY	INUTU UMOU BEGNOUGA	7 474
MOTOR MART GROUP ZAMBIA	INUTU UMOU BEGNOUGA	7 303
OCTAGON UMBRELLA TRUST FUND	MAINZA KASUNGU	5 661
SANDVIC MINNING PENSION SCHEME	MAINZA KASUNGU	5 419
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	MAINZA KASUNGU	1 000
SANLAM LIFE INSURANCE (Z) LTD	MAINZA KASUNGU	521
MR. JOE CHIYASSA		901 432
LONGHORN PENSION TRUST FUND		114 751

ICM EQUITIES LIMITED		15 035
MR. BOYD TEMBO		10 000
NGOLWE RUTH		8 900
CHISANGA KALUBA		7 379
MR LUNAMBA SEVERINO		5 289
BARRY MUTAPA		4 356
LUSEMUNA BWALYA CHILONGOSHI		3 403
KAPOMA ALAN CHAMBESHI		3 012
DAVID SIMIYANO PHIRI		3 000
CHIPO CHIKAMPA		3 000
CHILWANA ILIAMUPU		3 000
VICTORIA CHAMA		2 881
MUNTHALI FRANK (BOARD MEMBER)		2 203
WALIMA JOYCE MWANSA		2 143
NSAMA MUBANGA BURNHAM		2 043
MUNAKUPYA HANTUBA (BOARD MEMBER / CHAIRMAN)		2 000
BILLY CHOLA		1 600
MWELWA CHIBESAKUNDA (BOARD MEMBER)		1 500
JONES KAMPINDA SAMBAOMBE		1 447
ENOCH MULIOKELA MUBUKA		1 300
MESELE MANGO SEYUBA		1 300
TEZA SIMEMBA		1 070
MTONGA MICHEAL		1 025
BETTY SAMPA		1 010
TURNBULL CHAMA		861
PAUL MUSONDA CHAFWA		729

LINNIE MUNAKOMWE		500
MATHEW KASONKOLA HARA		500
MUTINTA DORIS MUNDUNDU		407
FELISTUS MUSARA CHISANGA		270
BWALYA FERNANDO		260
LAZAROUS MBUYANDA		251
BRIAN BARNABAS MMEMBE		239
MWABA RICHARD		220
HAMALAMBO NGONYA RECENT		129
DENNIS MHANGO		89
ENIWET KAKUWA		80
JUSTIN MWENYA MUSONDA		73
CHABALA JANAI		45
GIFT SIMWAWA		45
SOPANI MUZUMARA		12
PULE MWANSA		2
EZRON LESA	CFO - CHILANGA CEMENT PLC CHILANGA CEMENT PLC	00
GIFT DANGA	CHILANGA CEMENT PLC	00
MANGIZA PHIRI	CHILANGA CEMENT PLC	00
QIAN CHEN	CHILANGA CEMENT PLC - BOARD MEMBER	00
ZHIGANG KE	CHILANGA CEMENT PLC	00
BUPE KUSALOKA	CHILANGA CEMENT PLC	00
CHABOTA MATONGO	CHILANGA CEMENT PLC	00
DONALD BWALYA	CHILANGA CEMENT PLC	00
ELLEN LUNGU	CHILANGA CEMENT PLC	00

KAREN JERE	CHILANGA CEMENT PLC	00
LORETTA CHING'ANDU	CHILANGA CEMENT PLC	00
MA YUQUI	CHILANGA CEMENT PLC	00
MULUMBWE KAZILIMANI	CHILANGA CEMENT PLC	00
MUTINTA KAVOTA	CHILANGA CEMENT PLC	00
MWABA HAGGAI MULENGA	CHILANGA CEMENT PLC	00
SAMUEL MUSUKUMA	CHILANGA CEMENT PLC	00
SENZENI MBALE	CHILANGA CEMENT PLC	00
TAOTAO QIN	CHILANGA CEMENT PLC	00
CHAI JIANPING	CHILANGA CEMENT PLC - BOARD MEMBER	00
MARK O'DONNELL	CHILANGA CEMENT PLC - BOARD MEMBER	00
CHIBUYE NGULUBE	COMPANY SECRETARY / GENERAL COUNSEL	00
JAMES NDHLOVU	CORPSERVE ZAMBIA	00
JOSEPH PHIRI	CORPSERVE ZAMBIA	00
SETFREE NHAPI	CORPSERVE ZAMBIA	00
VICTOR MAAMBAH	DIRECTOR HEALTH & SAFETY – CHILANGA CEMENT PLC	00
THECRA MILAMBO	DIRECTOR HUMAN RESOURCES – CHILANGA CEMENT PLC	00
STANLEY SAKUBITA	ECONOMICS ASSOCIATION OF ZAMBIA	00
IDREEN MALAMBO	MADISON FINANCIAL SERVICES PLC	00
KALOPA A. CHIPATI	PANGAEA SECURITIES LIMITED	00
REUBEN ACKSON ZULU	SECURITIES AND EXCHANGE COMMISSION ZAMBIA	00
LUCY NAMUCHIMBA	SECURITIES AND EXCHANGE COMMISSION ZAMBIA	00
JACK KANYANGA	STOCKBROKERS ZAMBIA	00
NATASHA NELSON	STOCKBROKERS ZAMBIA	00
ISAAC BWACHA	UNIVERSITY OF LUSAKA	00
MS. ESA ZYA	UNIVERSITY OF LUSAKA	00

Head Office
Farm No.1880, Kafue Rd
PO Box 32639, Chilanga, Lusaka, Zambia
Tel: +260 211 367 400 | +260 211 367 600 | Fax: +260 211 367 634
E-mail:enquiries.zambia@huaxincem.com

CHILANGA CEMENT | A MEMBER OF HUAXIN