



READYMIX (WEST INDIES) LIMITED

# **DIRECTORS' CIRCULAR**

**DATED THIS 13<sup>TH</sup> DAY OF APRIL, 2017**

In respect of the offer by

**Trinidad Cement Limited**

to acquire all of the issued and outstanding ordinary shares  
not already held by Trinidad Cement Limited in

**Readymix (West Indies) Limited**

at a cash price of TT\$11.00, Or US\$1.62 per ordinary share



*This document is important and requires your immediate attention.  
If you are in doubt as to how to respond to the offer, you should  
consult with your investment advisor, bank manager, attorney-at-law,  
accountant, tax consultant or other professional advisor.*



# **DIRECTORS' CIRCULAR**

**Dated this 13th day of April, 2017**

**IN RESPECT OF THE OFFER BY  
TRINIDAD CEMENT LIMITED**

**TO ACQUIRE ALL OF THE ISSUED AND OUTSTANDING ORDINARY  
SHARES NOT ALREADY HELD BY TRINIDAD CEMENT LIMITED IN**

**READYMIX (WEST INDIES) LIMITED**

**AT A CASH PRICE OF TT\$11.00, OR US\$1.62 PER ORDINARY SHARE**

## **NO RECOMMENDATION**

This Directors' Circular contains no recommendation of the Board of Directors of Readymix (West Indies) Limited as to whether the shareholders of Readymix (West Indies) Limited should accept or reject the Offer of Trinidad Cement Limited. Shareholders should form their own opinion whether to sell or not to sell their Shares. Shareholders should seek independent investment, financial and legal advice in respect of their own circumstances.



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## NOTICE TO SHAREHOLDERS

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The Offer referred to herein is made for the securities of a Trinidad and Tobago company and is subject to Trinidad and Tobago disclosure requirements which may be different from the country of your domicile. Accordingly, if your domicile is not Trinidad and Tobago it may be difficult for you to enforce your rights and any claims you may have arising under the securities laws of your domicile. The Offeror is a public company duly incorporated in the Republic of Trinidad and Tobago and continued under the Companies Act Chap. 81:01 of the Revised Laws of Trinidad and Tobago. It was incorporated in 1951 and commenced operations in 1954. It is listed on the Trinidad & Tobago Stock Exchange (“TTSE”), under the ticker symbol “TCL”. All of the issued and outstanding shares of the Offeror are listed for trading on the TTSE. The Offeror is registered as a reporting issuer with the Trinidad & Tobago Securities & Exchange Commission (“TTSEC”). The Offeror is the majority shareholder of Readymix (West Indies) Limited (“RML”), owning 8,531,977 Ordinary Shares or 71.1% of the 12,000,000 issued and outstanding Ordinary Shares.

Neither the Trinidad and Tobago Securities and Exchange Commission nor any other securities regulatory authority has passed upon the accuracy or adequacy of this document.



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## GLOSSARY

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*In this Directors' Circular, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the same meanings set out below, and grammatical variations thereof shall have the corresponding meanings. Capitalised terms used in this Directors' Circular that are not otherwise defined have the respective meanings ascribed to them in the Offer and Take-Over Bid Circular of the Offeror dated 27<sup>th</sup> March, 2017.*

"\$" means Trinidad and Tobago dollars, unless otherwise stated;

"Applicable Securities Laws" means the Securities Act, Chap. 83:02 of the Laws of Trinidad and Tobago, the Securities Industry (Take-Over) By-Laws, 2005 and all other applicable securities laws;

"Bid" means the offer bid in the Offer and Take-Over Bid Circular;

"Board of Directors" or "the Board" means the board of directors of Readymix (West Indies) Limited;

"Business day" or "working day" means any day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in the Republic of Trinidad and Tobago;

"Central Bank" means the Central Bank of Trinidad and Tobago;

"Directors' Circular" means this document;

"Expiry Time" means 4:00 p.m. (Trinidad and Tobago Time) on the 1<sup>st</sup> day of May, 2017 or such later day or time as may be fixed by the Offeror from time to time, unless the Offer is withdrawn by the Offeror;

"Inspector" means the Inspector of Financial Institutions of the Central Bank of Trinidad and Tobago;

"Laws" means any applicable laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, notices, by-laws, rules, regulations, or other requirements, policies or instruments of any governmental entity having the force of law, as applicable;

"Notice of Change and Variation" means the notice issued by the Offeror dated the 30<sup>th</sup> day of March, 2017 varying the terms of the Offer.

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## GLOSSARY (CONTINUED)

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“Offer and Take-Over Bid Circular” means the document by which the Bid and Offer were made on the 27<sup>th</sup> day of March, 2017 as varied by the Notice of Change and Variation and the Offeror’s related offer documents;

“Offer” means the offer made by the Offeror to purchase all of the issued and outstanding Shares in RML not already held by the Offeror, for a consideration of TT\$11.00, or U.S.\$1.62 per Share upon the terms and conditions set out in the Offer and Take-Over Bid Circular.

“Offeree Issuer” means Readymix (West Indies) Limited, a company incorporated, continued and existing under the laws of Trinidad and Tobago;

“Offeror” means Trinidad Cement Limited, a public company duly incorporated and validly existing under the laws of Trinidad and Tobago, having its registered office situated at Southern Main Road, Claxton Bay, Trinidad and being a subsidiary of Sierra Trading, a company organized and existing under the laws of the Cayman Islands, having its registered office in World Trade Center, Strawinskylaan 1637, Tower B, Level 16, 1077 XX Amsterdam, The Netherlands, which in turn is a wholly-owned direct subsidiary of CEMEX Espana, S.A., a company organized and existing under the laws of Spain.

“Officers” means officers of the Offeree Issuer;

“RML” means Readymix (West Indies) Limited being the Offeree Issuer;

“Shareholders” means the holders of Shares in RML;

“Shares” means ordinary shares;

“Terms and conditions” shall have the same meaning as is attributable to them in the Bid.

*Words importing the singular include the plural and vice versa and words importing any gender include all genders. Unless otherwise indicated, all dollar amounts shown in this Directors’ Circular are in Trinidad and Tobago dollars.*



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## **CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION**

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Certain statements in this Directors' Circular may constitute forward looking information within the meaning of applicable securities laws. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. In some cases, forward looking information can be identified by the use of the terms such as "may", "will", "should", "project", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate", or other similar expressions concerning matters that are not historical facts. Forward looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of RML.

Forward looking information is based on certain risks, uncertainties and assumptions. While the Board of RML considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect and there can be no assurance that such developments can be completed as anticipated or at all.

Several factors could cause actual results to differ materially from those expressed in the forward looking statements, including, but not limited to: actions taken by RML, actions taken by its shareholders in respect of the Offer and the possible effects of the Offer on the business of RML.

Forward looking statements are given only as at the date of this Directors' Circular. You should not place undue importance on forward looking information and should not rely upon this information as of any other date. While RML may elect to, it is under no obligation and does not undertake to update this information at any particular time, except as required by law.

## **NOTICE REGARDING OFFEROR'S INFORMATION**

Information contained in the Directors' Circular regarding the Offeror is based upon, and the Board of Directors has relied, without independent verification, on the information contained in the Offer and Take-Over Bid Circular, the information provided to RML by the Offeror, or that is otherwise publicly available. Neither RML nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by the Offeror to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.



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## INTRODUCTION

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The Directors' Circular herein is issued by the Board of Directors in connection with the Offer. The Offer is being made subject to the terms and conditions set out in the Offer and Take-Over Bid Circular. The consideration under the Offer consists of TT\$11.00, or US\$1.65, in cash per share. The Offer expires at 4:00 p.m. (Trinidad and Tobago time) on the 1<sup>st</sup> day of May, 2017, unless withdrawn or extended by the Offeror.

Reference should be made to the Offer and Take-Over Bid Circular for complete details of the terms and conditions of the Offer.

## OBLIGATIONS OF THE DIRECTORS

Under the Securities Industry (Take-Over) By-Laws, 2005 ("the Take-Over By-Laws") the Board is required to issue a Directors' Circular in response to any properly submitted take-over bid. In summary, the Board is required to:

- Provide either a recommendation to shareholders to accept or reject the take-over bid or a statement that they are unable to or will not make a recommendation;
- Give reasons for their recommendation or for not making a recommendation, as the case may be;
- Provide particulars of any expert share valuation made within twenty-four months preceding the date of the take-over bid;
- Disclose what course of action the Board plans to take;
- Provide up-to-date information on the company and the position of the Board;
- Disclose certain other relevant information including that relating to shareholdings of the directors, officers and significant shareholders;
- Disclose any private transaction and its likely impact on the views of the target shareholders in accepting or rejecting the Bid on its terms;
- Generally to disclose all information known to it which would reasonably be expected to affect the decision of security holders as to whether to accept or to reject the Offer.

Under Section 99 of the Companies Act, Chap. 81:01 ("the Companies Act") the duty of directors and officers is stated as follows:

- "99 (1) Every director and officer of a company shall in exercising his powers and discharging his duties-*
- (a) act honestly and in good faith with a view to the best interests of the company; and*
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.*



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## INTRODUCTION (CONTINUED)

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- (2) In determining what are the best interests of a company, a director shall have regard to the interests of the company's employees in general as well as to the interests of its shareholders.*
- (3) The duty imposed by subsection (2) on the directors of a company is owed by them to the company alone; and the duty is enforceable in the same way as any other fiduciary duty owed to a company by its directors."*

In considering the Bid, the directors must take into account not only the collective interests and various circumstances of the shareholders, but also the best interest of the Company through which the interest of shareholders is served. In the case of a public company, the interest of the minority shareholders is of fundamental importance, and the Board must take all necessary steps to ensure that their interests are protected. The Company's other stakeholders, including staff, must also be considered. The Board must also consider whether the Offeror has the requisite funds to (i) pay the purchase price of the shares, and (ii) meet the capital adequacy requirements of the creditors of RML.

The Board has noted the condition for the benefit of the Offeror set out in Section 7 that the Offeror shall not be obligated to accept, purchase, assign or transfer any Shares deposited by any shareholders pursuant to the Offer if less than Eighteen Point Nine percent (18.9%) or Two Million Two Hundred and Sixty-Eight Thousand (2,268,000) Shares are deposited by the Expiry Time.

## DIRECTORS' CIRCULAR

### SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 (SCHEDULE 1, FORM 3):

Item 1 – Name of Offeror: **TRINIDAD CEMENT LIMITED**

Item 2 – Name of Offeree Issuer: **READYMIX (WEST INDIES) LIMITED**

Item 3 – Names of Directors of the Offeree Issuer:

- 3.1 Nigel Edwards – Chairman
- 3.2 Jose Luis Seijo Gonzalez
- 3.3 Wayne Yip Choy
- 3.4 Michael Glenn Hamel-Smith
- 3.5 Jinda Maharaj
- 3.6 Luis Gilberto Ali Moya

Item 4 – Ownership of Securities of Offeree Issuer:

No director or senior officer of the Offeree Issuer owns or has control over shares of the Offeree Issuer.

Item 5 – Acceptance of Take-Over Bid:

Not applicable because no director or senior officer owns any shares in the Offeree Issuer.

Item 6 – Ownership of Securities of Offeror:

The directors and senior officers of the Offeree Issuer who own or have control of shares of the Offeror are as follows:

Name	Number of shares held directly	Number of shares held indirectly
Nigel Edwards	16,095	289,801
Jose Luis Seijo Gonzalez	Nil	Nil
Wayne Yip Choy	Nil	Nil
Michael Glenn Hamel-Smith	Nil	Nil
Jinda Maharaj	121,565	Nil
Luis Gilberto Ali Moya	Nil	Nil
Malcolm Sooknanan	7,821	Nil

Item 7 – Relationship between the Offeror and the Directors and Senior Officers of the Offeree Issuer:

There is no agreement, arrangement, commitment or understanding made or proposed to be made between the Offeror and any of the Directors or senior officers of the Offeree Issuer. The following directors or senior officers of the Offeree Issuer are also directors or senior officers of the Offeror or a subsidiary of the Offeror, namely:



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**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3**  
**DIRECTORS' CIRCULAR (CONTINUED)**

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1. Nigel Edwards – Director of TCL
2. Jose Luis Seijo Gonzalez – Managing Director of TCL, Director of TCL and former Vice-President of Strategic & Finance Planning, CEMEX, Spain and the Mediterranean Region
3. Jinda Maharaj – General Manager of TCL
4. Luis Gilberto Ali Moya – TCL Group Finance Manager and former Business Service Organisation Manager, CEMEX, Costa Rica

**Item 8 – Agreement between Offeree Issuer and Officers and Directors:**

No arrangement, agreement, commitment or understanding has been made or is proposed to be made between the Offeree Issuer and any of the directors or senior officers of the Offeree Issuer, pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Bid is successful.

**Item 9 – Interests of Directors and Senior Officers of the Offeree Issuer in material contracts of the Offeror:**

No director or senior officer of the Offeree Issuer and their associates has any interest in any material contract to which the Offeror is a party.

**Item 10 – Trading by Directors and Officers:**

- (1) The following are the number of securities of the Offeree Issuer traded, the purchase or sale price and the date of each such transaction during the six-month period preceding the date of the Directors' Circular by the Offeree Issuer and each director and senior officer of the Offeree Issuer and where known after reasonable enquiry by-
  - (a) Each associate of a director or senior officer of the Offeree Issuer: None
  - (b) Any person holding more than 10% of a class of voting or equity securities of the Offeree Issuer: None
  - (c) Any person acting jointly or in concert with the Offeree Issuer: None
- (2) No securities of the Offeree Issuer of the class of securities subject to the Bid or convertible into securities of that class that have been issued to the directors and senior officers of the Offeree Issuer during the two-year period preceding the date of the Directors' Circular.

**Item 11 – Additional Information:**

The Board of Directors received advice from external legal counsel that (i) the Offer was validly made in conformity with the Take-Over By-Laws, (ii) the Board is obligated to make a statement regarding a recommendation to the Shareholders or a statement that they are unable to make

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**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3**  
**DIRECTORS' CIRCULAR (CONTINUED)**

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or will not make a recommendation to the Shareholders, and (iii) the Board is obligated to give reasons for their recommendation or for not making a recommendation.

The foregoing discussion of the factors considered by the Board of Directors is not intended to be exhaustive, but addresses the material information and factors considered by the Board of Directors in its review and consideration of the Offer.

Shareholders should consider the Offer carefully and make their own decision as to acceptance or rejection of the Offer.

**Item 12 – Material Changes in the affairs of the Offeree Issuer:**

The directors or senior officers of the Offeree Issuer do not know of any material change in the affairs of the Offeree Issuer since the date of the last published interim or annual financial statements of the Offeree Issuer, other than the Offer.

**Item 13 – Valuation/Fairness Opinion:**

**Valuation**

13.1 Except for the valuation report of PricewaterhouseCoopers Advisory Services Limited dated 22<sup>nd</sup> March, 2017 contained in the Take-Over Bid Circular, no valuation was completed within the twenty-four months preceding the date of the Offer.

**Fairness Opinion:**

13.2 The following fairness opinion was commissioned by the Board within the last 24 months:

On the 30<sup>th</sup> day of March, 2017 Ernst & Young Services Limited (EYSL) was commissioned by the Board of the Offeree Issuer to provide a fairness opinion (“the Opinion”) of the Offer. The Opinion was completed and submitted to the Offeree Issuer on the 12<sup>th</sup> day of April, 2017. In addition to an introduction and statement as to the independence of EYSL, the Opinion sets out the scope of its review, the assumptions and limitations upon which the Opinion is based and the approach used in coming to the conclusion on the Opinion.

EYSL have stated in the Opinion that the Offer is fair, from a financial point of view, to the shareholders of RML. A copy of the Opinion is attached hereto as Appendix A. A copy of the consent of Ernst & Young Services Limited to include the Opinion in this Directors’ Circular is attached hereto as Appendix B.



**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3  
DIRECTORS' CIRCULAR (CONTINUED)**

Item 14 – Other Information:

There is no other information that has not been disclosed in the foregoing but known to the directors which would reasonably be expected to affect the decision of the security holders of the Offeree Issuer to accept or reject the Offer except for the following information.

DETAILS OF ISSUED CAPITAL OF READYMIX (WEST INDIES) LIMITED AND SHAREHOLDINGS OF ITS PRINCIPAL SHAREHOLDERS, DIRECTORS, SENIOR OFFICERS AND ASSOCIATES:

The total issued share capital of RML consists of 12,000,000 fully paid ordinary shares of no par value.

Principal Shareholders:

Shareholder	No. of Shares	% of Issued Share Capital
Trinidad Cement Limited	8,531,977	71.10%
Republic Bank Limited – 1162	1,551,953	12.93%
Colonial Life Ins. Co. Trinidad Ltd.	670,646	5.59%

RML prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Calculations of percentage amount or amounts per share set forth in the Directors' Circular are based on 12,000,000 issued shares as at the date of this Circular.

Available for inspection are copies of the audited financial statements of the Company for the year ended 31<sup>st</sup> December, 2016 being the most recent statements filed with the Trinidad and Tobago Securities and Exchange Commission. Except as publicly disclosed, the directors and officers of RML are not aware of any information that indicates any material change in the affairs, activities, financial position or prospects of RML since the date of its last published financial statements, being the audited financial statements of the Company for the year ended 31<sup>st</sup> December, 2016.

The following is a summary of the earnings per share for the last five financial years ended 31<sup>st</sup> December, 2016.

	2012	2013	2014	2015	2016
	TT\$	TT\$	TT\$	TT\$	TT\$
Earnings per share	(\$0.67)	\$0.06	\$0.69	\$0.78	(\$0.74)
Dividends per share	Nil	Nil	Nil	Nil	Nil

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**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3**  
**DIRECTORS' CIRCULAR (CONTINUED)**

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No dividend payment has been made by RML to its shareholders in the last seven (7) years. Payment of dividends is also subject to compliance with Sections 54 and 55 of the Companies Act (which impose liquidity and solvency tests).

Except as disclosed in this Directors' Circular and in the Offer and Take-Over Bid Circular, the directors and officers of RML are not aware of any information that indicates any material change in the affairs of the Company since 31<sup>st</sup> December, 2016, the date of RML's last audited financial statements.

There is no information which has not been disclosed in this Directors' Circular, but known to the Board of Directors, that would reasonably be expected to affect the decision of RML's shareholders to accept or reject the Offer.

Except as otherwise described or referred to herein, the Company has not entered into any transaction, directors' resolution, agreement in principle, or signed any contract in response to the Offer nor are there any negotiations underway in response to the Offer which relate to or would result in: (i) an extraordinary transaction such as a merger or reorganisation involving the Company; (ii) the purchase, sale, or transfer of a material amount of assets by the Company; (iii) a competing acquisition proposal; or (iv) any material change in the present capitalisation of the Company.

Without limiting the generality of the foregoing:

- Save as disclosed no directors or officers of the Company have any interest in any material contract to which the Offeror is a party, and neither are they aware of any person, who beneficially owns or exercises control or direction over more than 10% of the shareholding of the Company having any interest in any material contract to which the Offeror is party.
- Except for employment contracts in the ordinary course of business there are no service contracts of directors or officers with more than 12 months remaining.
- There are no agreements, commitments or understandings made or proposed to be made between the Company and any of its directors or officers pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful.
- There are no lock-up agreements made between the shareholders relating to the sale of RML shares held by them.



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**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3  
DIRECTORS' CIRCULAR (CONTINUED)**

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Item 15 – Recommending Acceptance or Rejection of Bid:

The Board of Directors of RML will not make a recommendation to accept or reject the Bid. The principal reason that the Board will not make a recommendation is outlined below.

All of the members of the Board of Directors of RML are or have been in the last 24 months since the date of the Offer, directors or senior officers of TCL or of the controlling shareholder of TCL. In the circumstances, all of the directors have an interest that may be perceived to be in conflict with the interest of RML and the shareholders of RML and were unable to constitute an independent committee of directors for the purposes of considering the Offer.

Shareholders should form their own opinions of the Offer having regard to the available information and their personal circumstances and determine whether or not to accept same.

Shareholders are urged to read the full contents of this Directors' Circular very carefully.

Shareholders are also reminded of the cautions set out above in the Section in the preamble to this Directors' Circular headed "Cautionary Statement on Forward Looking Information".

In making their decision the Shareholders should consider carefully the full terms and conditions of the Offer and particular attention should be given to Section 2 of the Offer and Take-Over Bid Circular. Shareholders who are in doubt as to how to respond to the Offer should consult with their investment advisor, stockbroker, attorney-at-law, accountant, tax consultant or other professional advisor.



**SECURITIES INDUSTRY (TAKE-OVER) BY-LAWS, 2005 - SCHEDULE 1, FORM 3  
DIRECTORS' CIRCULAR (CONTINUED)**

Item 16 – Response of Offeree Issuer:

- (1) There has been no transaction, Board resolution, agreement in principle or signed contract of the Offeree Issuer in response to the Bid;
- (2) There have been no negotiations underway in response to the Bid which relate to or would result in:
  - (a) An extraordinary transaction such as a merger or reorganisation involving the Offeree Issuer or a subsidiary;
  - (b) The purchase, sale or transfer of a material amount of assets by the Offeree Issuer or a subsidiary;
  - (c) An issuer bid for or other acquisition of securities by or of the Offeree Issuer; or
  - (d) Any material change in the present capitalisation or dividend policy of the Offeree Issuer.

Item 17 – Approval of Directors' Circular:

The contents of this Directors' Circular have been approved by the directors of the Offeree Issuer and the delivery of the Directors' Circular has been authorised by the directors of the Offeree Issuer.

Item 18 – Financial Statements:

No unaudited financial statements of the Offeree Issuer are included in this Directors' Circular.

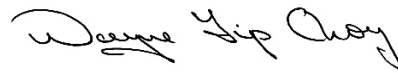
Item 19 – Certificate:

The foregoing contains no known untrue statement of a material fact and does not omit to state a known material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On behalf of the Board of Directors of  
Readymix (West Indies) Limited



.....  
Nigel Edwards  
Director  
Dated: 13<sup>th</sup> day of April, 2017



.....  
Wayne Yip Choy  
Director  
Dated: 13<sup>th</sup> day of April, 2017



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## DOCUMENTS AVAILABLE FOR INSPECTION

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Copies of the following documents are available for inspection by shareholders during the usual business hours on any business day which the Offer remains in effect at the offices of RML, at Tumpuna Road, Guanapo, Arima, Trinidad:

- The Company's Articles of Continuance;
- The Company's Certificate of Continuance;
- The Company's By-Laws;
- The Company's audited financial statements for the year ended 31<sup>st</sup> December, 2016.

## APPENDIX A



Ernst & Young Services Limited  
P.O. Box 158  
5/7 Sweet Briar Road  
St. Clair, Port of Spain  
Trinidad, W.I.

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ZN:bm  
tas

12 April 2017

The Board of Directors of Readymix (West Indies) Limited  
Tumpuna Road  
Guanapo  
Trinidad

### Fairness Opinion in relation to the 27 March 2017 Take-Over Offer Circular from Trinidad Cement Limited

Dear Sirs

#### Introduction

On 27 March 2017, Trinidad Cement Limited (“TCL” or “Offeror”), a subsidiary of CEMEX España, S.A. (“CEMEX”), made an offer and takeover bid to acquire all of the issued and outstanding shares of Readymix (West Indies) Limited (“RML”) not already held by TCL (the “Offer”). The Offeror seeks to acquire 2,268,000 to 3,468,023 RML ordinary shares, held by RML shareholders other than the Offeror, at a price of TT\$11.00 or US\$1.62 per ordinary share. TCL currently holds 8,531,977 RML ordinary shares representing a shareholding position of 71.1% If successful, the Offer could result in TCL’s shareholding increasing to a minimum of 90.0%

Ernst & Young Services Limited (“EYSL”) has been engaged effective 30 March 2017 to provide a Fairness Opinion (the “Services”) to the Board of Directors of RML (“RML Board”) in relation to the Offer. The purpose of EYSL’s engagement is to express an opinion as to fairness or otherwise, of the Offer price of TT\$11.00 or US\$1.62 per ordinary share, from a financial point of view to the minority shareholders of RML.

The Offer is conditional in that TCL will not be bound to purchase any shares tendered if the Offer results in TCL (together with any of its affiliates) holding less than 90.0% interest and voting rights in RML. The Offer is subject to other terms and conditions as outlined in the Take-Over Offer Circular.

We understand that the Offer is based on a valuation of the RML shares conducted by PricewaterhouseCoopers Advisory Services Limited as of March 2017.



READYMIX (WEST INDIES) LIMITED

## APPENDIX A - CONTINUED



The Board of Directors  
Readymix (West Indies) Limited

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### Independence of EYSL

EYSL has developed this fairness opinion on the basis of an independent review and analysis of RML (and its subsidiaries). The fairness conclusion reached is that of the valuation professionals within EYSL. The fees of EYSL for this fairness opinion are not contingent in any way on the conclusions reached.

To the best of our knowledge:

- ▶ The EYSL team on this engagement do not hold, or beneficially own, any interest in RML; and
- ▶ EYSL has not previously provided valuation services to RML.

In future, EY may provide professional services to RML and/or its affiliates in the ordinary course of business.

EY provided audit services to TCL and RML over the past thirteen (13) years; however, EY ceased providing audit services after completion of its audit for the period ending 31 December 2016. The EYSL professionals on this engagement have complied with EY global ring fencing policies and procedures in order to safeguard confidentiality requirements between the EYSL team on this engagement and EY's prior RML and TCL audit team. No member of the EYSL team on this engagement has provided audit support services to TCL or RML in the last three (3) years.

### Scope of Review

In developing this fairness opinion, EYSL held discussions with the management of RML and its subsidiaries ("RML Group"), conducted the procedures noted below, and relied on information obtained from these general procedures, among others:

#### Reviewed RML's operations and financial performance

- ▶ Reviewed the terms of the Take-Over Offer Circular from TCL
- ▶ Gained an understanding of RML Group's operating structure, operations, products and services, markets, value drivers and risks based on information provided by RML and available from public sources
- ▶ Gained an understanding of the Technical Services Agreement ("TSA") in place between CEMEX and TCL Group and the implications for RML
- ▶ Reviewed historical annual financial statements of the RML Group (consolidated and parent company accounts) for the years ended December 31, 2012 to 2016 to obtain an understanding of the cost, revenue, investment and financing structure, and the results of operations in terms of revenues, profits, and cash flows
- ▶ Conducted a review of management's FY17 forecast based on the final Board approved FY17 budget and management accounts for the two month period ending 28 February 2017
- ▶ Conducted a review of RML management's cash flow forecast for FY18 to FY22
- ▶ Discussed the existence of any non-operating or redundant assets with management

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The Board of Directors  
Readymix (West Indies) Limited

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- ▶ Discussed the valuation analysis dated 17 May 2016 in respect of the lands at Readymix Road, off Tumpuna Road, Arima with G.A Farrell & Associates Ltd.
- ▶ Reviewed various background materials concerning RML Group's business
- ▶ Reviewed a range of economic, investment, stock market trading, and acquisition transaction data.

Applied the Market Approach as at 28 February 2017

- ▶ Applied the trading multiple method to the valuation of the RML Group using TCL as it was considered as most appropriate comparable
- ▶ Applied appropriate adjustments and professional judgment to conclude on a value using this method

Applied the Income Approach as at 28 February 2017

- ▶ Applied the discounted cash flow methodology utilizing (a) management's projections of expected cash flows for the period FY17 to FY22 (b) scenario analysis on management's projections of expected cash flows for the period FY17 to FY22; and an appropriate discount rate and terminal growth rate
- ▶ Applied appropriate adjustments and professional judgment to conclude on a value using this method

Based on the above analyses, applied professional judgment and formed a conclusion of the fair market value range for RML shares as at the Valuation Date.

Evaluated the Offer on the basis of fairness from a financial point of view to the minority shareholders of RML.

### Assumptions and Limitations

EYSL has relied upon the completeness, accuracy and fair presentation of all of the financial and other information obtained by it from public sources, and from RML for purposes of developing this fairness opinion. This fairness opinion is conditional upon the completeness and accuracy of such information. Subject to the exercise of professional judgements and except as expressly described herein, we have not attempted to verify the completeness, accuracy or fair presentation of any of the information relied upon in developing this assessment of financial fairness. The attached Schedule of Limiting Conditions includes additional assumptions concerning the information reviewed.



READYMIX (WEST INDIES) LIMITED

## APPENDIX A - CONTINUED



The Board of Directors  
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Management of the RML Group has represented to us that the information they provided is true and correct in all material respects as of 28 February 2017 and from that date to the date of this fairness opinion there have been no changes in facts material to the fairness conclusion.

This fairness opinion is based upon securities markets, economic, business and financial conditions as of the valuation date of 28 February 2017.

This fairness opinion has been prepared for the specific purpose identified above and is not to be used in any other context without the express written consent of EYSL. This fairness opinion is developed as of a specific date on the basis of identifiable information and EYSL has not undertaken to update it to any other date. Should information relevant to the fairness conclusions become available to EYSL subsequent to the date of our fairness opinion, EYSL reserves the right, but will be under no obligation, to revise this fairness opinion.

In completing the fairness opinion EYSL has made assumptions with respect to economic, industry, and company performance and expectations that are matters over which EYSL has no control. Specifically, EYSL has accepted management's forecast of future performance of the RML Group as management's best estimate of the most probable course of action for the business.

Going concern business value and associated evaluations of transaction fairness are inherently and inescapably a matter of implicit or explicit perceptions of the potential future economic performance of the business under consideration and the environment in which that performance will take place. Recognizing that those perceptions are developed under conditions where neither contractual nor other bases exist to ensure that actual operating results will conform to the assumptions employed for valuation purposes, this analysis necessarily works with contingent and uncertain information and there is a corresponding degree of uncertainty in the resultant estimates of value. In some measure this uncertainty is recognized in the process of specifying the valuation results as a range. It must accordingly be recognized that EYSL does not warrant that the estimates employed in developing this fairness opinion represent commitments as to what the future performance of the businesses will be.

The fairness opinion is considered to be a reasonable evaluation on the basis of the information and assumptions upon which it is predicated and as of the time when it was developed. However, should significant deviations from these assumptions emerge in the future, the evaluation may cease to be representative.

EYSL believes that an evaluation of the fairness of the Offer from a financial point of view must be considered as a whole and that selecting portions of the analysis and report without considering the other factors and analyses may create a misleading view of the evaluation process.

EYSL has not been engaged to provide and has not provided an opinion: i) as to the fairness of the Offer for individual shareholders who may need advice from their own financial advisors in relation to their shareholdings in RML; ii) as to the fairness of the process underlying the Offer; iii) on the tax structure or attributes relating to the Offer; iv) on the investment or strategic merit of future operations.

This fairness opinion is not to be construed as a recommendation to any director or shareholder to accept or reject the proposed Offer. This fairness opinion does not provide assurance that the best possible price was or will be obtained for assets included in the Offer.

## APPENDIX A - CONTINUED



The Board of Directors  
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### Approach to the Evaluation of Fairness

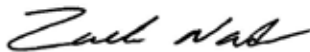
In reviewing the Offer in terms of fairness from a financial point of view to the shareholders of RML, EYSL's considerations included the Offer price relative to our assessment of value based on the valuation and financial review procedures described herein.

### Fairness Conclusion

This fairness opinion has been prepared solely for the use by the Board of Directors of Readymix (West Indies) Limited; and it is only one factor amongst others that the Board of Directors of Readymix (West Indies) Limited will consider in forming their opinion in respect of the Offer.

On the basis of our evaluation and subject to the assumptions and limitations noted herein, it is our opinion as of the date hereof that the Offer is Fair, from a financial point of view, to the minority shareholders of RML.

Yours faithfully



Zack Nadur  
Director

**APPENDIX A - CONTINUED**

## Schedule of Limiting Conditions

1. Ernst & Young Services Limited ("EYSL") has prepared this fairness opinion solely for the purpose stated, and it should not be used for any other purpose. In carrying out our work, we have worked solely on the instructions of our client and this fairness opinion has been prepared solely for the use by the Board of Directors of Readymix (West Indies) Limited. Our fairness opinion may not have considered issues relevant to third parties and EYSL shall have no responsibility whatsoever to any third party which obtains a copy of this fairness opinion. Any use such a third party may choose to make of this fairness opinion is entirely at its own risk.
2. Provision of conclusions and/or recommendations and considerations of the issues described herein are areas of valuation practice for which we believe that we have knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by EY or another Ernst & Young member firm.
3. No investigation of the title to the subject company and subject assets has been made, and the ownership claims to the subject company and subject assets are assumed to be valid. To the extent that EY's services relate to assets, properties or business interests, EY shall assume no responsibility for matters of legal description or title, and EY shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable government regulations and laws (including, without limitation, zoning regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any government, private entity or organization have been or can be obtained or renewed for any use to which EY services relate.
4. The conclusions and/or recommendations contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this fairness opinion. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability to realize the share values stated herein.
5. No responsibility is assumed for information furnished by others (including management), and such information is believed to be reliable.
6. In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form, related to the structure, operation, and financial performance of the subject company and subject assets. We have relied upon this information in our analyses and in the preparation of this fairness opinion and have not independently verified its accuracy or completeness.
7. Certain historical financial data used in our engagement were derived from unaudited financial statements and are the responsibility of management. These financial statements may not have included disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.



**APPENDIX A - CONTINUED**



The Board of Directors  
 Readymix (West Indies) Limited  
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8. The estimates of cash flow data underlying the analysis herein is solely for use in the valuation analysis. We have not performed an examination or compilation of the underlying cash flow data in accordance with standards prescribed by the professional accounting bodies, and, accordingly, do not express an opinion or offer any form of assurance on the underlying cash flow data or their underlying assumptions. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
9. Our fairness opinion assumes full compliance with all applicable federal, provincial, local, and other zoning, usage, environmental and similar laws and regulations, unless otherwise stated.
10. We assume no responsibility for any financial and tax reporting decisions, which are appropriately those of management. It is our understanding that management accepts the responsibility for any financial statement and tax reporting issues with respect to the subject assets.
11. We reserve the right (but will not be obligated) to revise this fairness opinion in light of any relevant information (that we consider material to this fairness opinion) that comes to our attention after the date of issuance.



READYMIX (WEST INDIES) LIMITED

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## APPENDIX B

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ZN:bm  
tas

12 April 2017

The Board of Directors of Readymix (West Indies) Limited  
Tumpuna Road  
Guanapo  
Trinidad

### **Consent to include Ernst & Young Services Limited's Fairness Opinion in Readymix (West Indies) Limited's Directors' Circular dated 13 April 2017**

Dear Sirs

We hereby consent to the references to our firm name and to the references to our fairness opinion dated 12 April 2017, contained under the heading Item 13.2 Fairness opinion, and the inclusion of our fairness opinion letter dated 12 April 2017 as Appendix A to the Directors' Circular of Readymix (West Indies) Limited ("RML") dated 13 April 2017.

Our fairness opinion was given as at 12 April 2017 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board of Directors of RML shall be entitled to rely upon our opinion.

Yours faithfully

Zack Nadur  
Director



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