

Huaxin Cement Co., Ltd.

Announcement on the Issuance of Overseas Bonds through a Wholly Owned Subsidiary

To the best of our knowledge, the Board of Directors of the Company and its members confirm that there is no material false or misleading statement or material omission in this announcement and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its content.

The Fourteenth Meeting of the Ninth Board of Directors of Huaxin Cement Co., Ltd. (hereinafter referred to as “the Company”) was convened on December 17, 2019. The meeting approved the Proposal on the Issuance of Overseas Bonds through a Wholly Owned Subsidiary. In order to supply HUAXIN CEMENT CO., LTD.’s (hereinafter referred to as “the Company”) overseas projects funding, optimize the Company’s debt structure, broaden the Company’s financing channels and reduce the Company’s financing costs, the Company plans to issue overseas bonds (hereinafter referred to as the “Issuance”) totalling no more than US\$500 million (US\$500 million included) through a directly or indirectly wholly controlled subsidiary outside the PRC.

The specific issuance plan is as follows:

I. The Detailed plan for the Issuance

1. Background of the Issuance

According to the Company’s overseas investment plan, the Company’s overseas investment amount will reach more than US\$700 million in the next following year and Company needs sufficient and stable funds over a long period of time.

2. Advantages of the Issuance

The Company has been concentrating on the overseas investments for years. The proceeds from this Issuance could be invested in the projects outside the PRC. The foreign exchange loss from purchase and settlement could be avoided in this way. At the same time, this Issuance can also take full advantage of the low cost and the flexibility of overseas capital markets to meet the Company’s needs for overseas investment expansion.

3. The Detailed plan for the Issuance

(1) The Issuer

According to the characteristic and the actual situation for issuance of overseas bonds, the Company intends to issue overseas bonds through a directly or indirectly wholly controlled subsidiary. And the overseas wholly owned subsidiary will be the Issuer of the Issuance.

(2) Scale and Currency of the Insurance

The Company plans to set up the SPV as the Issuer to make this Issuance totaling no

more than US\$500 million (US\$500 million included) outside the PRC to meet the Company's needs. The Issuance could be one-time or installment issuance. The specific issuance scale and issuance methods should be determined by the authorized persons of the Board of Directors within the above-mentioned scope approved by the Board of Directors based on the capital requirements and the market situations at the time of Issuance.

(3) Issuance Period

The Period of this Issuance will be no more than 5 years (5 years included), which can be a single-term type or a multiple type. The specific composition of the Issuance Period should be determined by the authorized persons of the Board of Directors within the above-mentioned scope approved by the Board of Directors.

(4) Use of Funds

The proceeds from this Issuance after deduction of the issuance costs are intended to be used for equity investment in overseas projects, repayment of existing debts, supplement of funds and other legally permitted uses. The specific purpose of the proceeds should be determined by the authorized persons of the Board of Directors within the above-mentioned scope approved by the Board of Directors.

(5) Rate of the Issuance and Debt Service

The specific interest rate level and determination of the methods of the Issuance should be authorized by Shareholders' Meeting to the Board of Directors then be decided by the authorized persons of the Board of Directors within the above-mentioned scope approved by the Board of Directors.

This Issuance will use simple interest to calculate interest and the interest should be paid once every six months. The last period of interest will be paid together with the principal payment.

(6) Issuance Methods and Investors

The bonds could be issued as public offering bonds, private equity bonds or in other methods to qualified Investors. The specific issuance methods should be authorized by Shareholders' Meeting to the Board of Directors then be decided by the authorized persons of the Board of Directors within the above-mentioned scope approved by the Board of Directors.

(7) Listing Place

The bonds will be listed on the Stock Exchange of Hong Kong Limited or Singapore Exchange and other overseas legal stock exchanges.

(8) The Validity Period of the Resolution

This Proposal needs to be submitted to the Company's Shareholders' Meeting for consideration. The resolution on this Issuance is valid for 24 months from the date of approval by the Company's Shareholders' Meeting.

II. Authorized items of the issuance

In order to issue overseas bonds legally and efficiently, the Company's Board of Directors is required to request the Shareholders' Meeting to authorize the Board of

Directors and agree that the Board of Directors authorize the Company's director, Mr. Li Yeqing, to be an authorized person of this overseas bonds issuance. Mr. Li Yeqing, according to the related regulations, has the full authority to handle matters related to the issuance of overseas bonds within the scope of the Resolution of the Shareholders' Meeting and the Board of Directors, including but not limited to:

(1) To formulate and adjust specific plans for this Issuance of overseas bonds in accordance with the relevant laws and regulations, the Resolutions of the Company's Shareholders' Meeting and the Board of Directors and the actual situations of the Company and the market, including but not limited to following aspects: the specific scale of Issuance, term of the bonds, bonds types, bonds interest rates and the methods of determination, the announcement of the deal, issuance in installment or in one time, guarantee plan and other matters;

(2) To appoint agencies for this overseas bond Issuance;

(3) To handle all matters related to the issuance and declaration as well as the bond listing transactions with respect to this issuance of overseas bonds, including but not limited to making, modifying and submitting the declaration materials for the issuance of the bonds in accordance with the requirements of the relevant regulatory authorities, signing the relevant declaration documents, and applying for any documents required for the listing of the bonds and any other legal documents (including but not limited to handling the submission to the overseas lawful exchange the listing application of the bonds, the registration documents of e-Submission System and the documents of opening an electronic account ("ESS Account") in the Stock Exchange of Hong Kong Limited, etc.), and authorizing Clifford Chance LLP to act as the agent for the listing of this bonds issuance and submit applications related to the listing of the bonds on overseas lawful exchanges;

(4) To formulate, approve, sign, modify and publish various legal documents related to this issuance of overseas bonds and transaction documents regarding to this Issuance, and to supplement or adjust the application documents according to the requirements of the examination and approval of Authorities;

(5) To adjust relevant matters related to this Issuance based on the opinions of the regulatory authorities if the regulatory authorities' policies on the issuance of overseas bonds change or market conditions change, unless required by relevant laws, regulations and Company's Articles of Association that provides another voting by the Shareholders' Meeting;

(6) To decide on the specific arrangements of the proceeds based on the actual situations;

(7) To promptly disclose the issuance of this overseas bonds in accordance with the relevant provisions of the relevant laws and regulations;

(8) To handle the administrative filing and approval procedures related to this issuance of overseas bonds (including but not limited to filing with the National Development and Reform Commission and filing with the competent foreign exchange authority);

(9) To handle other matters related to this Issuance of overseas bonds.

This authorization will become valid from the date of approval by the Shareholder' General Meeting of the Company to the date when the above-mentioned authorizations are completed legally.

III. Reviewing procedures of the issuance

The issuance has been approved by the Fourteenth Meeting of the Ninth Board of Directors, is to be approved by Shareholders' General Meeting of the Company. The Company will disclose relevant items according to laws and regulations.

IV. Documents for reference

Resolution of the Fourteenth Meeting of the Ninth Board of Directors

It is herewith announced.

Huaxin Cement Co., Ltd.
Board of Directors
December 19, 2019