

## **Huaxin Cement Co., Ltd.**

### **Announcement on Providing Guarantees for SPV on the Issuance of Overseas Bonds**

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.

#### **Important Content:**

- Guaranteed company: Huaxin Cement International Finance Company
- The amount of guarantee provided for Huaxin Cement International Finance Company is USD 500 million in principal and interest. By now, the Company has not provided guarantee for such company.
- Counter guarantee: nil
- Overdue guarantee: nil

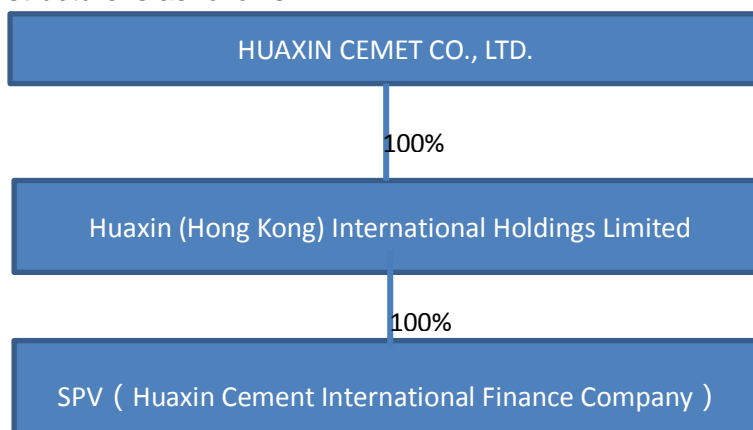
#### **I. General Information of the Guarantees**

On April 27, 2020, the Sixteenth Meeting of the Ninth Board of Directors of Huaxin Cement Co., Ltd. (hereinafter referred to as “the Company”) reviewed and adopted the Proposal on the Establishment of a Special Purpose Vehicle for Issuance of Overseas Bonds. The Company plans to establish a Special Purpose Vehicle (hereinafter referred to as “SPV”) outside the PRC as the Issuer by Huaxin (Hong Kong) International Holdings Limited, to issue the overseas bonds totaling no more than US\$500 million (US\$500 million included) outside the PRC. The Period of the Issuance is up to 5 years. The Company plans to provide the Issuer Huaxin Cement International Finance Company with an unconditional and irrevocable cross-border joint and several liability guarantees for the Issuer to perform the obligation of repaying all the principal and interest of the bonds.

This Guarantee shall be submitted to the Shareholders’ General Meeting for review and approval.

#### **II. General Information of the Guaranteed Company**

The SPV is established by Huaxin (Hong Kong) International Holdings Limited. The shareholding structure is as follows:



Basic information of the SPV:

1. Registered name: 华新水泥国际金融有限公司 Huaxin Cement International Finance Company;
2. Registered Place: The SPV should be established in Hong Kong;
3. Registered Capital: US\$10,000;
4. Directors: Li Yeqing; Kong Lingling; Xu Gang; Ye Jiaying
5. Business Scope: General Business Operation.

The above information is subject to the actual registration results.

### **III. Guarantee Agreement**

The Company will provide the Issuer with a joint and several liability guarantee for the repayment of the principal and interest of overseas bonds with a total principal amount no more than US\$500 million and a term no more than 5 years. The specific information of the Issuance should be set in the Guarantee Agreement.

### **IV. Opinions of Board of Directors**

In the overseas bonds market, both unsecured bonds and secured bonds can be issued. The cost of issuing secured bonds will be significantly lower than that of unsecured bonds. At the same time, the guaranteed object is a wholly-owned subsidiary of the Company. The Company can effectively control its finance, investment and financing. The Company has the ability to well know and fully monitor the financial activities of the guaranteed company.

The Board of Directors believed that the Company provided guarantee for overseas bonds issuance by the overseas wholly-owned subsidiary to reduce the cost of bond issuance and the risk of the guarantee is controllable. Therefore, the Board approved this guarantee and agreed to submit it to the Shareholders' General Meeting for approval.

### **V. the Company's Current Guarantees Situation**

As of December 31, 2019, the total external guarantees of the Company and its holding subsidiaries were ¥1.79 billion, accounting for 8% of the Company's latest audited net assets; the amount of this Guarantee is USD 500 million, accounting for the Company's latest audited net assets 15%, the total amount of guarantees accounted for 23% of the Company's latest audited net assets, and there was no overdue guarantee.

### **VI. Documents for reference**

Resolution of the Sixteenth Meeting of the Ninth Board of Directors

It is herewith announced.

Board of Directors of Huaxin Cement Co., Ltd.

April 29, 2020