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HUAXIN CEMENT CO., LTD.*

(A joint stock limited company incorporated in the Republic of China)
(Stock Code: 6655)

DISCLOSABLE TRANSACTION ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 27 June 2023, the Purchaser, a wholly owned subsidiary of the Group, and the Vendor, an Independent Third Party, entered into a Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell 100% of the issued shares of the Target Company with an estimated purchase price of USD 231.6 million based on an Enterprise Value of USD 265.0 million. Post completion, the purchase price shall be adjusted to consider the net cash and working capital levels as at completion.

Upon completion of the acquisition, the Target Company will become an indirectly-owned subsidiary of the Company and therefore the financial results of the Target Company will be consolidated into those of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the acquisition exceeds 5% but all the percentage ratios are less than 25% (see Article 14.07 of the Listing Rules for the definition), the acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but exempt from the requirement of obtaining shareholders' approval under Chapter 14 of the Listing Rules.

The acquisition will only be completed subject to the fulfillment of the Conditions stated in the Share Purchase Agreement; the acquisition may or may not proceed. Therefore, the shareholders of the Company and potential investors should be cautious when investing in the securities of the Group.

Introduction

The Board is pleased to announce that on 27 June 2023, the Purchaser, a wholly-owned subsidiary of the Group, and the Vendor, an Independent Third Party, entered into a Share Purchase Agreement pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell 100% of issued shares of the Target Company with an estimated purchase price of USD 231.6 million based on an Enterprise Value of USD 265.0 million. Post completion, the estimated purchase price shall be adjusted to consider the net cash and working capital levels as at completion. Upon completion of the acquisition, the Target Company will become an indirectly-owned subsidiary of the Company and therefore the financial results of the Target Company will be consolidated into those of the Group.

Key terms of the Share Purchase Agreement

Date

27 June 2023

Parties

(a) the Purchaser, a wholly

Following completion, the final consideration will be calculated based on the actual equity value of the Target Company as at the completion date (taking into consideration cash, debt, and working capital movements as at the completion date). The Parties will compensate each other for any difference

Stock Exchange respectively. The Group has nearly 290 subsidiaries which are mainly located across 14 provinces and cities in China and 9 overseas countries including Tajikistan, Kyrgyzstan, Uzbekistan, Cambodia, Nepal, Tanzania, Zambia, Malawi, and Oman.

The business of the Group includes

Set out below is the audited

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) who/which is (are) independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendor and the Purchaser
“Purchaser”	Huaxin (Hong Kong) International Holdings Limited
“Vendor”	INTERCEMENT TRADING INVERSIONES, S.A.U., a wholly owned company of Brazil InterCement Group, holding 100% share of the Target Company
“Target Company”	Natal Portland Cement Company (Pty) Ltd., a company registered in South Africa with the business of cement manufacturing
“Share Purchase Agreement” or “SPA”	the Share Purchase Agreement entered into between the Purchaser and the Vendor on 27 June 2023 in respect of the acquisition
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shanghai Stock Exchange”	The Stock Exchange of Shanghai Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
South Africa	Republic of South Africa
Mozambique	Republic of Mozambique
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	USD, the lawful currency of the United States of America
“%”	Percent

By Order of the Board
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan, Hubei Province, the PRC

27 June 2023

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.

** For identification purpose only*