

## **Huaxin Cement Co., Ltd. Announcement on B Share Cash Option Declaration**

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.

### **Key notice:**

Huaxin Cement Co., Ltd. (hereinafter referred to as the "Company") held the 5th extraordinary general meeting of shareholders in 2021 on September 13, 2021, at which it reviewed and approved the "The Proposal on Changing the Listing Venue of Domestically Listed Foreign Shares to be Listed on the Main Board of the Stock Exchange of Hong Kong Limited by Way of Introduction" and other related proposals. On December 27, 2021, the company has received the "Approval for the Listing of Huaxin Cement Co., Ltd. on the Main Board of the Hong Kong Stock Exchange" (Zheng Jian Xu Ke [2021] No. 4054) from the China Securities Regulatory Commission, which approved the company's domestic listing of foreign shares listing on the main board of the Hong Kong Stock Exchange (hereinafter referred to as the "B-to-H Project"), and a letter approved by the Listing Committee of the Hong Kong Stock Exchange was received on February 25, 2022. The Company will provide a platform for all B-share holders to declare and implement their cash option through the trading system of the Shanghai Stock Exchange. The relevant matters are hereby announced as follows:

- On February 28, 2022, the closing price of the company's B shares is US\$1.893/share, and the exercise price of the cash option is US\$1.945/share. Shareholders who declare to exercise the cash option will receive cash at the exercise price of US\$1.945/share. Consideration, all shareholders are advised to pay attention to the risks.
- For details of this B-to-H project, investors can refer to the announcement of the company on August 28, 2021, Plan on Changing the Listing Venue of Domestically Listed Foreign Shares to be Listed on the Main Board of the Stock Exchange of Hong Kong Limited by Way of Introduction (revised draft).
- Equity registration date: March 7, 2022.
- Declaration subject: shareholders who hold B shares of the company after the market closes on the equity registration date.
- Application time: 9:30 am-11:30 am and 1:00 pm-3:00 pm on trading days from March 8, 2022 to March 10, 2022, and the deadline for application is the afternoon of March 10, 2022 3:00.
- Declaration code: 706080
- Reporting abbreviation: Huaxin Cash

- Declaration direction: declaration to sell; "declaration to buy" is an invalid declaration; within the validity period of the declaration, the order can be withdrawn on the same day, and cannot be withdrawn from the next day.
- Investors need to use the B-share securities account to declare the exercise of the cash option through the SSE trading system.
- If the shareholders of B shares of the listed company sell their original holdings, declare cross-border transfer of custody or other freezing or non-transaction transfer after declaring the cash option, the declaration shall be regarded as invalid.
- If the number of B shares declared to exercise the cash option exceeds 154,408,766 shares after the cash option exercise application is completed, or the cumulative shareholding of the top three B shares after the exercise of the option exceeds 50% of the total number of public shares, such cash options cannot be implemented, and Huaxin B shares will continue to be traded on the SSE B share market.
- Foreign investors can transfer the stocks they hold to their existing or newly opened H-share accounts through the cross-border transfer custody business, and conduct H-share transactions directly. If investors do need to trade the converted H shares in mainland China, they need to go through the designated transaction of the B shares securities account, but they can only sell.
- After the completion of the cash option and the number of overseas public shareholders who have opened accounts in Hong Kong is confirmed to be no less than 300, the company will apply to the Stock Exchange for the removal of B shares, and obtain the official approval of the Hong Kong Stock Exchange for the listing of the company's H shares. After the approval letter is issued, it will be listed and traded on the main board of the Hong Kong Stock Exchange in the form of H shares.

#### I. Basics of the cash option declaration

##### 1. Subject of declaration

B share shareholders after the closing and by the end of the share registration date (March 7, 2022)

##### 2. Share registration date: March 7 2022

##### 3. Declaration period:

On the trading day from March 8, 2022 to March 10, 2022, 9:30am-11:30am, 1:00pm-3:00pm, the deadline for declaration is 3:00pm on March 10th, 2022. During the period, the company's B shares will be suspended from trading.

4. Declaration method: declare through the Shanghai Stock Exchange trading system; the company does not provide on-site declaration methods.

5. Declaration code: 706080

6. Abbreviation of declaration: Huaxin Cash

7. Declaration direction: declare to sell.

8. Purchase price: \$1.945 per share.

9. Number of declarations:

The number of shares declared to exercise the cash option shall not exceed 154,408,766 shares.

Multiple declarations within the validity period of the declaration can be made in one account, and the number of valid declarations is the sum of the number of sales in each declaration, but does not exceed the upper limit of the number of declarations.

After the cash option exercise declaration is completed, the cash option will not be implemented and the B shares will continue to be traded in the B-share market of the Shanghai Stock Exchange when one of the following circumstances occurs: (1) The number of shares declared for exercising the cash option exceeds 154,408,766 shares, Or after the exercise of the option, the total number of shares held by the top three B-share public shareholders exceeds 50% of the B-share public float, and (2) the number of Hong Kong public shareholders is less than 300.

10. The provider of the cash option is Conch International Holdings (Hong Kong) Co., Ltd.; shareholders exercising the cash option are equivalent to selling shares to Conch International Holdings (Hong Kong) Co., Ltd. at USD 1.945 per share.

## II. Attentions

(1) The declaration direction can only be declared to sell, and declared to buy is invalid; within the validity period of the declaration, the order can be withdrawn on the same day, and cannot be withdrawn from the next day.

(2) Shareholders should negotiate with the pledgee or the judicial authority to release the pledge or judicial freeze before making a declaration; for the shares that are still pledged or judicially frozen at the time of liquidation, the declaration of the cash option is invalid.

(3) For the shares in the same account, shareholders may apply for partial sales.

(4) The company publishes a reminder announcement on the exercise of the cash option on the first day and the deadline for the declaration of the cash option.

(5) B-share shareholder who sells his shares, declares for cross-border transfer of custody or other freezing or non-transaction transfer before and during the declaration of the cash option shall be deemed to have an invalid declaration.

(6) If the number of B shares declared to exercise the cash option exceeds 154,408,766 shares after the cash option exercise application is completed, or the cumulative shareholding of the top three B shares after the exercise of the option exceeds the B shares public shares 50% of the total amount, such cash options cannot be implemented, and Huaxin B-shares will continue to be traded on the B-share market of the Shanghai Stock Exchange.

## III. Cost

When the cash option declarer and provider go through the subsequent share transfer registration procedures, the tax items and standards involved shall be implemented with reference to the B-share transaction.

## IV. Contact

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#### V. Follow-up matters

1. After the validity period of this application expires, the company will issue a separate announcement on the results of the application. Investors are requested to pay attention to the date when the funds arrive in the account.
2. After the declaration period of the cash option expires, the company needs to check the declaration results and cancel invalid declarations.
3. If the number of B shares declared to exercise the cash option exceeds 154,408,766 shares after the cash option exercise application is completed, or the cumulative shareholding of the top three public B shares after the exercise of the option exceeds 50% of the total amount of public shares, such cash options cannot be implemented, and Huaxin B shares will continue to be traded on the B-share market of the Shanghai Stock Exchange.
4. After the implementation of the cash option is completed and the number of overseas public shareholders who have opened accounts in Hong Kong is confirmed to be no less than 300, the company will apply to the Stock Exchange for the delisting of B-shares, and obtain the official approval of the Hong Kong Stock Exchange for the listing of the company's H-shares. After the approval letter, it will be listed and traded on the main board of the Hong Kong Stock Exchange in the form of H shares.

#### 5. Schedule of cash option

2022.2.28 Monday	Announcement of B share cash option declaration
2022.3.2 Wednesday	Last trading day before B share suspension
2022.3.3 Thursday	First day of B share suspension
2022.3.7 Monday	Registration date of B share cash option
2022.3.8-3.10 9:30-11:30 1:00-3:00	Period for cash option declaration
2022.3.11 Friday	Announcement on the result of B share cash option declaration

6. Foreign investors can transfer the stocks they hold to their existing or newly opened H-share accounts through the cross-border transfer custody business, and directly conduct H-share transactions. If the investor really needs to trade the converted H shares in China, he needs to go through the designated transaction of the B share account, but it can only be sold in one direction.

7. The B share will be suspended from trading from March 3, 2022. The trading day before the suspension March 2, 2022, is the last trading day of the company's B shares. After

that, the company's B shares will be subject to exercise declaration, exercise clearing and settlement, and will no longer be traded. If the number of B shares declared to exercise the cash option exceeds 154,408,766 shares after the cash option exercise declaration is completed, or the cumulative shareholding of the top three B shares after the exercise of the option exceeds 50% of the total B shares public shares, such cash options cannot be implemented, and Huaxin B shares will continue to be traded on the SSE B share market. After the implementation of the cash option is completed and the number of overseas public shareholders who have opened an account in Hong Kong is confirmed to be no less than 300, the company will apply to the Stock Exchange for the delisting of B shares, and listed and traded on the main board of the Hong Kong Stock Exchange in the form of H shares after obtaining the official approval of the Hong Kong Stock Exchange

The Company has obtained a letter approved by the Listing Committee of the Hong Kong Stock Exchange. Nevertheless, it still has to meet the listing requirements of the Hong Kong Stock Exchange. Investors are reminded to be aware of investment risks.

It is herewith announced.

Huaxin Cement Co., Ltd.

Board of Directors

March 1, 2022