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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSABLE TRANSACTION
ACQUISITION OF THE TARGET COMPANY**

Reference is made to the announcement of Huaxin Cement Co., Ltd. (the “**Company**”) dated 27 June 2023 (the “**Announcement**”) in relation to the discloseable transaction in respect of the sale and purchase of 100% of the issued shares of the Target Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board would like to provide the shareholders and potential investors of the Company with supplemental information on the identities of the ultimate beneficial owners of the Vendor and to clarify the content of the Announcement set out below:

INFORMATION ON THE ULTIMATE BENEFICIAL OWNER OF THE VENDOR

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Announcement, the ultimate beneficial owner of the Vendor was Brazil Camargo Family (Mrs. Renata de Camargo Nascimento, Mrs. Regina Camargo Pires Oliveira Dias and Mrs. Rosana Camargo de Arruda Botelho) under family-controlled holding company Mover Participações S.A., who indirectly owns approximately 94.7% of equity interest in the Vendor. Mover Participações S.A., headquartered in the city of São Paulo, participates in different segments of the economy, such as cement (InterCement), engineering and construction (Camargo Corrêa Infra), real estate development, outsourcing, transport and urban mobility, which operate in the Brazil, South America and Africa, with more than 20 thousand professionals.

The Company confirms that, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendor and the Camargo Family are third parties independent of the Company and its connected persons.

BASIS OF THE CONSIDERATION

In addition to the basis of the consideration as disclosed in the Announcement, the Board would like to supplement that:

The Provisional Purchase Price of USD231.6 million of the acquisition was determined after arm's length negotiations between the Purchaser and the Vendor based on the enterprise value of the Target Company amounted to USD265.0 million, which was then deducted by net debt and debt-like items amounted to USD30.5 million and net working capital adjustment and other adjustment amounted to USD2.9 million as at 31 December 2022. The enterprise value of the Target Company was derived from market approach and determined by the Purchaser through arms-length negotiations with reference to current and historical EBITDA multiples of comparable transactions and comparable companies in Africa and the PRC engaged in cement, concrete and aggregates production business and is also a result of commercial negotiation between the parties.

The Purchaser has also considered other information during the preliminary due diligence stage in assessing the feasibility of the acquisition before entering into the SPA, which include, amongst other items, (i) the net present value of the future cash flows of the Target Company (including the business prospects of the Target Company) provided and estimated by the management of the Vendor; and (ii) replacement cost per ton of cement production capacity. The above information formed only part of the Purchaser's overall assessment of the feasibility of the acquisition but was not the main determination factor of the Provisional Purchase Price as (i) there is significant uncertainty in the future cash flows of the Target Company; and (ii) the replacement cost approach disregards the fact that the Target Company has a profitability track record.

Save as disclosed above, all other information as set out in the Announcement remain unchanged and shall continue to be valid for all purposes, while this announcement is supplemental to and should be read in conjunction with the Announcement.

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

Wuhan, Hubei Province, the PRC

3 July 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*