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西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

ISSUANCE OF US\$600 MILLION SENIOR NOTES DUE 2026

On 29 June 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Nomura and China International Capital Corporation in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$592.1 million. The Company intends to use the net proceeds from the Notes for refinancing, replenishing working capital and general corporate purposes including overseas expansion and investment in Africa.

The Company will seek a listing of the Notes on the Stock Exchange. The Company has applied for a confirmation of the eligibility for the listing of the Notes from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes and the Subsidiary Guarantees are being offered outside the United States in offshore transactions in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes and the Subsidiary Guarantees will be offered to the public in Hong Kong.

No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or the UK.

The Board is pleased to announce that on 29 June 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Nomura and China International Capital Corporation in connection with the Notes Issue in the aggregate principal amount of US\$600 million.

THE PURCHASE AGREEMENT

Date: 29 June 2021

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) Nomura; and
- (d) China International Capital Corporation.

Nomura and China International Capital Corporation are the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes and the Subsidiary Guarantees are being offered outside the United States in offshore transactions in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes and the Subsidiary Guarantees will be offered to the public in Hong Kong.

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Principle terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$600 million, which will mature on 8 July 2026, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be equal to 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 8 July 2021 at the rate of 4.95% per annum, payable semi-annually in arrears on 8 January and 8 July of each year, commencing on 8 January 2022.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations; (5) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors and (6) effectively subordinated to secured obligations (if any) of the Company and the Subsidiary Guarantors to the extent of the value of the collateral securing such obligations.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clause (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$20 million; (f) one or more final judgments or orders for the payment of money in excess of US\$20 million are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; or (i) any Subsidiary Guarantor denying or

disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect.

If an event of default (other than an event of default specified in (g) or (h) above with respect to the Company) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

Covenants

The Notes, the Indenture and the Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of the Company or certain of its subsidiaries;
- (f) enter into transactions with shareholders or affiliates;
- (g) create liens;
- (h) enter into sale and leaseback transactions; and
- (i) sell assets.

Redemption

Unless earlier redeemed pursuant to the terms of the Notes, the Notes will be redeemed at their principal amount by the Company on the maturity date.

The Notes may be redeemed in the following circumstances:

- (1) On or after 8 July 2024, the Company may on any one or more occasions redeem all or any part of the Notes, at a redemption price (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 8 July of the years indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

Period	Redemption Price
2024	102.475%
2025 and thereafter	101.238%

- (2) At any time prior to 8 July 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) At any time and from time to time prior to 8 July 2024, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 104.95% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

Upon the occurrence of a change of control triggering event under the terms of the Notes, the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

Reasons for the Notes Issue

The Company intends to use the net proceeds from the Notes for refinancing, replenishing working capital and general corporate purposes including overseas expansion and investment in Africa. The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$592.1 million.

Listing and rating

The Company will seek a listing of the Notes on the Stock Exchange. The Company has applied for a confirmation of the eligibility for the listing of the Notes from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes have been provisionally rated “BB” by Fitch Ratings and “Ba2” by Moody’s Investor Service. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors
“China International Capital Corporation”	China International Capital Corporation Hong Kong Securities Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Company”	West China Cement Limited, a company incorporated in Jersey with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“EEA”	European Economic Area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the indenture between the Company, the Subsidiary Guarantors and DB Trustees (Hong Kong) Limited as trustee that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“Nomura”	Nomura International plc, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the 4.95% senior notes due 2026 in the aggregate principal amount of US\$600 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 29 June 2021 entered into between, among others, the Company, the Subsidiary Guarantors, Nomura and China International Capital Corporation in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	certain subsidiaries of the Company that will provide guarantees for the payment of the Notes provided that those Subsidiary Guarantors will not include any subsidiaries of the Company established under the laws of the PRC
“UK”	the United Kingdom
“US\$”	United States dollars

By the order of the Board
West China Cement Limited
Zhang Jimin
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin and Dr. Ma Weiping, the non-executive Directors are Mr. Ma Zhaoyang, Ms. Liu Yan and Mr. Fan Changhong and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Tam King Ching, Kenny and Mr. Zhu Dong.