Stock Codes: 600801

Stock Abbreviations: Huaxin Cement

Huaxin Cement Co., Ltd. 2021 Annual Report Abstract

I. Important Notice

1. To fully understand the Company's operating results, financial condition and future development plan, investors should carefully read the full text of Annual Report on the website <u>www.sse.com.cn</u>.

2. The Board of Directors of the Company and its members, the Board of Supervisors of the Company and its members and members of Top Management confirm, to the best of their knowledge, that there is no false or misleading statement or material omission in this report and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its contents.

3. All the directors attended the Board Meeting.

4. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard audit report with unmodified opinion for the Company.

5. Profit distribution plan or proposal on surplus common reserve fund transferred to increase share capital for the reporting period reviewed by the Board of Directors

In 2021, the Parent Company achieved net profit of 3,256,784,379 Yuan or 5,363,525,692 Yuan net profit attributable to the shareholders after consolidation. The allocable profit of the Parent Company is 8,364,839,311 Yuan by the end of December 2021.

The Board proposes that on the basis of the total 2,096,599,855 shares, minus the shares on the special account for the repurchase until the registration date for 2021 annual profit distribution, a cash dividend of 1.00 Yuan per share (incl. tax) shall be distributed to all shareholders. The balance will be booked as undistributed profit.

The Board also proposes that no capital reserve shall be converted into share capital for 2021.

II. Basic information of the Company

Dual control on the energy c

Zambia and Malawi with total cement capacity of 116 million tons/year(grinding capacity, capacity in joint ventures are included), cement equipment manufacturing capacity of 50,000 tons/year, commercial concrete capacity of 43.80 million m³/year, aggregate capacity of 154 million tons/year, composite eco wall material of 540 million units/year, aerated concrete products (brick, board) of 850,000 m³/year, mortar production capacity of 300,000 tons/year, UHPC 40,000 m³/year, civil building curtain wall slab of 800,000 m²/year, industrial use anti-corrosion tiles of 3 million lime m²/year, lime of 690,000 tons/year, cement packaging bag capacity of 700 million bags/year and wastes disposal capacity of 5.53 million tons/year (including CIPs).

In 2021, the cement business revenues accounted for 79% of the total operating revenues of the Company. The share of non-cement business gradually goes up.

(II) Operation model of the Company

1. Model of management

The company has established a matrix and flat organization structure of "regional management" + "business operation" + "functional management", and through establishing a technology institute, it implements the company's business portfolio strategy through two different directions: "regional management" (horizontal) and "business operation" (vertical), to form an efficient operation model that promotes and supports each other and achieves the company's established goals.

2. Model of production

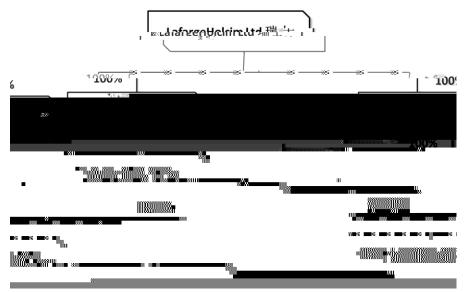
Production of the Company is defined by sales volume. Subsidiaries formulate annual production and operation plan based on the demand in their respective regions.

3. Model of sale

The model of sale features guidance from the Headquarter, and direct operation of some core areas, industry zones and plants are operated as a unit, importance on both direct sales and distributions. The pursuit of quality is the core and the Company strives to promote the brand and maintain its value so as to improve competitiveness in the market.

4. Model of procurement

The Company launched the system in procurement and initiated the procurement strategy of "Unified Procurement" +"Online Procurement". Important raw materials and fuels are procured by the Headquarter collectively. The Company continues to



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4.4 Preferred Stock during reporting period

Applicable Not applicable

5. Corporate Bonds

5.1 Basic information of the corporate bonds

Unit: Yuan

Name	Abbreviation	Code	Date of expiry	Bond balance	Coupon rate
2020 overseas bonds	HXCEME	XS2256737722	Nov.18,2025	19.02	2.25%
2021 public bonds for professional investors	21HX01	188650	Aug 24, 2024	12.98	3.26%