

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huaxin Cement Co., Ltd., you should at once hand this circular together with the accompanying proxy form and reply slip to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to t7(o)-7(n)3e.8(edu7se-2(ed)-.0TiHrch)-278(to)-26(t)-.6(sg.9(re2.1(1(y)-5)-3.79kl(h)-1.6f.79)3.1.126(t).4-1.14edu7se-0292Tc[(If)371.9(yoH

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In this Circular, unless the context otherwise indicated, the following terms have the following meanings:

A share(s) means ordinary shares issued by the Company with a par value of RMB1.00 each, which are listed on the SSE and traded in RMB

A-share holder(s) means holders of A shares

Annual General Meeting or AGM means 2021 Annual General Meeting to be held at 2:00 p.m. on Friday, 20 May 2022 at the Company's conference room on 2F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, Donghu New Technology Development Zone, Wuhan City, Hubei Province, China.

Articles of Association means Articles of Association of the Company (as amended from time to time)

Board of Directors means Board of Directors of the Company

Board of Supervisors means Board of Supervisors established by the Company in accordance with the Company Law of the People's Republic of China

China means the People's Republic of China

HKEx means The Stock Exchange of Hong Kong Limited

Latest Practicable Date means 21 April 2022, the latest practicable date for the determination of certain information contained in this



H A I CE E L C ., L D.*

華新水泥股份有限公司

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(S G : 6655)

1. INTRODUCTION

On behalf of the Board of Directors, I would like to invite you to attend the Annual General Meeting of the Company to be held at 2:00 p.m. on Friday, 20 May 2022 at the Company's conference room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, Donghu New Technology Development Zone, Wuhan City, Hubei Province, China.

5. 2021 FINAL FINANCIAL REPORT AND 2022 FINANCIAL BUDGET REPORT

The Company will propose an ordinary resolution to consider and approve the 2021 Final Financial Report and 2022 Financial Budget Report at the AGM.

I. Summary of the 2021 Final Financial Report

1. Financial position

(1) Assets and liabilities

Currency: RMB

Unit: 0,000

Item	Breakdown	31 December 2021	Proportion	31 December 2020	Proportion	Year-on-year change
Assets	Current assets	1,612,672	30.69%	1,513,461	34.45%	6.56%
	Non-current assets	3,642,290	69.31%	2,879,390	65.55%	26.50%
	Total	5,254,962	100.00%	4,392,851	100.00%	19.63%
Liabilities	Current liabilities	1,271,354	54.87%	1,160,260	63.79%	9.57%
	Non-current liabilities	1,045,824	45.13%	658,597	36.21%	58.80%
	Total	2,317,178	100.00%	1,818,857	100.00%	27.40%
	Including: Interest-bearing liability	992,687		788,075		25.96%
Current ratio		1.27		1.3		-2.31%
Asset-liability ratio		44.10%		41.40%		Up by 2.69 percentage points

In 2021, the total assets increased by RMB8.622 billion as compared with the beginning of the period, in which, fixed assets and intangible assets, construction in progress, and other non-current assets increased by approximately RMB6.956 billion in total due to investment in Huangshi 10,000-ton production line, Nepal project, 100 million tons of machine-made sand, integration, aggregates, and M&A projects in Africa. As new projects were put into operation, the scale of operations was further expanded, and at the same time, coal prices rose sharply, resulting in an increase of approximately RMB1.193 billion in inventories.

In 2021, the Company increased project loans in line with the Company's Double Performance plan and overseas investment plan, and issued RMB1.3 billion of corporate bonds in August, ie349.1(i)oraximatetmilincrpB67lets

The overall asset-liability ratio increased by 2.69 percentage points, and the current ratio decreased by 2.31% as compared with last year. As the total cash and bank balances of the Company is able to cover the existing current interest-bearing liabilities, the liquidity risk is relatively low.

(2) Changes in equity (excluding minority interests, the same below)

In 2021, operating revenue represented an increase of RMB3.108 billion as compared with the same period of the preceding year, of which the sales volume of cement and clinker decreased by 732,600 tons or 0.96% as compared with the same period of the preceding year. However, due to the impact from dual control over energy consumption intensity and total consumption and significant increase in upstream coal prices, the average cement price increased by RMB12.00 per ton, representing a year-over-year increase of 3.62%, and the average clinker price increased by RMB29.97 per ton, representing a year-over-year increase of 10.60%, thereby the sales revenue of cement and clinker increased by RMB729 million. The sales volume of concrete increased by 4.4461 million cubic meters, representing a year-over-year increase of 96.49%, which offset the influence of price decline by RMB57.2 per cubic meters or a year-on-year decrease of 14.02%. The revenue of concrete still soared RMB1.296 billion. The sales of aggregate increased by 11.919 million tons, representing a year-over-year increase of 51.71%, price of which also increased by RMB7.4 per ton, representing a year-over-year increase of 14.41%. The revenue of aggregate increased by RMB870 million.

Operating costs in 2021 increased by RMB3.357 billion as compared with the same period of the preceding year. Fuel and power costs for cement and clinker increased significantly due to the increase in coal prices, of which the unit costs of cement and clinker products increased by RMB25.72 per ton and RMB61.44 per ton, respectively, as compared with the same period of the preceding year. The sales volume of concrete and aggregate increased year on year, and the raw material consumption also increased.

The increase in the cement and clinker price cannot fully offset the adverse impact of the increase of the cost and decline in the sales of cement. In 2021, the gross profit margin of cement decreased by 3.13 percentage points, the gross profit margin of concrete increased by 0.13 percentage points, and the gross profit margin of aggregate increased by 0.13 percentage points.

(2) Period expenses

Currency: RMB
Unit: 0,000

Item	2021	Budget for 2021	Change	2020	Change
Selling and distribution expenses	133,121	187,853	-29.14%	142,768	-6.76%
Ratio of selling and distribution expenses	4.10%	5.10%			

During the reporting period, the sales volume of cement and clinker decreased, the fuel cost increased, and the gross profit margin decreased. The net profit of the Company dropped by RMB369 million compared with the same period of the previous year, of which the net profit attributable to shareholders of the Company fell by RMB267 million compared with the same period of the previous year.

3. Cash flow

Currency: RMB
Unit: 0,000

Item	2021	Budget for 2021	Change	2020	Change
Net cash flow from operating activities	759,496	962,000	-21.05%	840,547	-9.64%
Net cash flow from investing activities	-679,406	-1,450,225	53.15%	-500,804	-35.66%
Net cash flow from financing activities	-63,225	199,316	-131.72%	18,769	-436.86%

In 2021, the net cash flows generated from operating activities decreased by RMB811 million as compared with the same period of the preceding year, primarily attributable to the decrease in profit and the increase in inventories and occupancy of operating receivables due to operation of new projects and expanded business scale.

The net cash flows generated from investing activities increased by RMB1.786 billion as compared with the same period of the preceding year, primarily due to the increase in investment in aggregate and concrete projects and projects under construction.

The net cash flows generated from financing activities decreased by RMB820 million as compared with the same period of the preceding year, primarily due to settlement of maturing corporate bonds.

II. Summary of the 2022 Financial Budget Report

The financial budgets mentioned below do not constitute the Company's performance commitment to investors. Investors should maintain sufficient risk awareness and understand the difference between budgets and performance commitments.

(1) Production and operation

In 2022, the Company intends to sell about 74.46 million tons of cement and commercial clinker, about 18.07 million cubic meters of concrete, and about 78.22 million tons of aggregates, and dispose of 3.94 million tons of wastes. It is expected to achieve operating revenue of more than RMB37 billion, an increase of about 14% over 2021.

(2) Investment budget

In case of any change in the total share capital of the Company before the equity registration date for equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and will announce the specific adjustment separately. As of the latest practicable date, the Company has no plan to change the total share capital of the Company.

7. 2021 ANNUAL REPORT

The 2021 annual report will be presented at the AGM to be approved by way of ordinary resolution. The 2021 annual report was published on the HKEXnews website of Hong Kong Exchanges and Clearing (www.hkex.com.hk), 1(.)-396.8(t)-5.e -393ebs(re)-5.2(i)-1..1(e)-3

II. Details of the object and amount of the proposed guarantee are set out in Appendix III to this Circular.

III. Summary of Guarantee

- (1) Scope of guarantee: Between the Company and its wholly-owned subsidiaries and between the Company and its controlling subsidiaries.
- (2) Guarantee limit: The additional guarantee limit is RMB6,290 million.
- (3) Term of guarantee limit: For guarantee of working capital loans, the Company shall sign relevant guarantee contract from the date of approval by the Board of Directors to the date of expiration of two years, and shall be authorized to continue to provide guarantee for its subsidiaries upon business renewal within the authorized period. For guarantee of fixed-assets loans, the Company shall sign relevant guarantee contract from the date of approval by the Board of Directors to the date of expiration of two years, and the specific guarantee period shall be determined according to the signed guarantee contract.
- (4) Guarantee style: The Company's wholly-owned and controlling subsidiaries may use the guarantee for once or several times within the above limit, and the specific guarantee amount, term and method shall be subject to relevant contract. The Company shall undertake joint and several liability guarantee, and its wholly-owned subsidiaries may exchange the guarantee limit within the above total guarantee limit according to actual needs. When the Company provides specific guarantee and signs relevant guarantee contract, it is not necessary to hold another meeting of the Board of Directors or the Shareholders' general meeting for deliberation.
- (5) Whether there is counter-guarantee in this guarantee: No counter guarantee.

IV. Main contents of guarantee contract

The Company will determine the specific amount of guarantee within the above guarantee limit applied according to the production and operation conditions of all its wholly-owned and controlling subsidiaries, and sign relevant contract for each guarantee.

V. Opinions of the Board of Directors

Given that the above guarantees are provided to wholly-owned and controlling subsidiaries of the Company, and they have good financial position and solvency, the Company has effective control over their operation and management, finance, investment, financing and other aspects, and has the ability to fully master and monitor their business activities.

The Board of Directors believes that the Company provides guarantees for its wholly-owned and controlling subsidiaries for the purpose of meeting their financing needs. When the Company provides guarantees for its subsidiaries in financing business such as bank loans, letters of credit, bank acceptances, letters of guarantee, financial leasing and bond issuance, the guarantee risk is controllable. Therefore, the Board of Directors agrees to the above guarantees, and will submit the guarantees to the Shareholders' general meeting for deliberation.

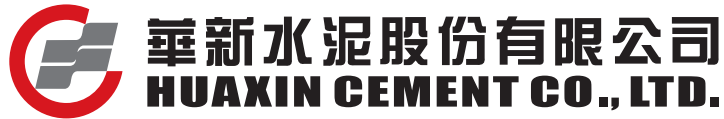
VI. Accumulative number of guarantees and overdue guarantees of the Company

As at 31 December 2021, the Company and its controlling subsidiaries provided guarantees accounting to RMB7,037 million, representing 26.32% of the latest audited net assets of the Company; the additional guarantees applied for this time amounted to RMB6,290 million, representing 23.53% of the Company's latest audited net assets; the total amount of guarantees authorized by the Company was RMB17,998 million, representing 67.33% of the Company's latest audited net assets. The accumulative number of overdue guarantees was 0.

This guarantee includes guarantees for wholly-owned and controlling subsidiaries with an asset-liability ratio of over 70%. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association, the guarantee shall be reviewed and approved by the Shareholders' general meeting.

10. 2021 ANNUAL WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Shareholders will hear the 2021 Annual Work Report of Independent



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華新水泥股份有限公司

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Report on the Work of the Board of Directors in 2021

To shareholders and their representatives,

In 2021, the Board of Directors strictly observed the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Articles of Association, and Rules of Procedure of the Board of Directors, performed the duty given by Shareholders' meeting, and carried out the resolutions made by the Shareholders' meeting. Despite the pandemic and jet lag, the directors attended the meeting online and offline to actively discuss and make scientific decisions, ensuring the Company's standard operation.

Within the Reporting Period, the Board of Directors put more efforts to govern the Company, and gave more attention and support to the development of key projects. Under

The work of the Board of Directors in 2021 was set out in details as follows:

4. The implementation of the resolutions adopted at the Shareholders' meeting by the Board of Directors

Within the reporting period, 1 annual general meeting and 6 extraordinary general meetings were held. Resolutions made at the meetings were fully implemented by the Board of Directors in accordance with the requirements of the Company Law of the People's Republic of China, the Articles of Association, and other relevant laws, regulations and rules.

II. INFORMATION DISCLOSURE

Information disclosures were conducted pursuant to Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Administrative Measures for Company's Information Disclosure and other relevant regulations. In 2021, the Company disclosed a total of 62 announcements, including 58 extraordinary announcements and 4 periodic reports.

All periodic reports were previewed by the Board of Directors. The Company's major information was disclosed on designated newspapers and websites timely in accordance with the requirements of the information disclosure guidelines of the relevant listing rules.

With the support of the Board of Directors, the Company was the first in the industry to release the White Papers on Low-Carbon Development, demonstrating its determination to promote the sustainable development of the cement industry and confidence in leading the development of carbon neutrality in China.

The information disclosed by the Company were accurate, complete, and effective, objectively and fairly reflecting the Company's operation and management, without misleading statements or omissions. Throughout the year, the Company issued information and announcements timely and accurately, in line with regulatory requirements for information disclosure, and thus was awarded the "Class A Information Disclosure of Listed Companies in Shanghai Stock Exchange from 2020 to 2021" by the Shanghai Stock Exchange.

III. INVESTOR RELATIONS AND MARKET VALUE MANAGEMENT

Within the Reporting Period, the Company actively served investors with professional knowledge, while creating a competitive company brand with high market value. In 2021, the Company maintained its dividend distribution ratio at 40% to reward investors. Giving priority to compliance risk control, the Company kept close interaction with investors and industry analysts, and publicized its achievements in carbon reduction, consumption reduction, emission reduction, and innovative digital transformation in the capital market, to expand the Company's influence. Its efforts to pursue low-carbon development, green transformation and fulfill social responsibilities in the capital market, enhanced investors' confidence in the Company's goal of Double Performance.

In 2021, the Company conducted about 850 communications with investors.

Way of exchange	Category of communications	Number of exchanges
On-site exchange in the Company	The chairman and management made communications with shareholders at the Shareholders' Meeting	7
	Receiving visiting investors, fund managers, and analysts/researchers in the building materials industry	19
Performance analysis meeting	Performance analysis meeting of the Company's quarterly, semi-annual and annual reports jointly held by the Company and the Shanghai Stock Exchange Roadshow Center/Securities Regulatory Commission/Securities Company	8
Online/offline meeting organized by the third party	Participating in the offline/online securities market investment strategy meeting organized by securities companies	22
	Participating in the online/telephone conferences organized by securities companies to communicate with investors	24
SSE e-interactive Email	Answering questions from investors	96
	Replying investors using the mailbox of the Company dedicated for investor	71
Hotline for investors	Answering calls from investors	more than 30/month
Tel/WeChat	Replying industry analysts/researchers by phone or WeChat	more than 20/month

IV. CORPORATE GOVERNANCE

In 2021, the Board of Directors kept improving in accordance with regulations by advancing the corporate governance structure to make it closer to the international standard. For systems adopted by the Board of Directors, the Company made timely reviewing and amendments in accordance with requirements in the Listing Rules, and it also formed new systems in line with the corporate governance structure, making sure the Company's rules and regulations meet the requirements of international Standards.

Category	Regulations
Revised regulations (3 items)	Articles of Association Administrative Measures for Company's Information Disclosure Regulations on the Administration of Related Party Transactions
New regulations (6 items)	Management System for Shares Held by Directors, Supervisors and Senior Management and Changes Corporate Risk Management System

breakthroughs in new material industry, making sure the Company can improve production capacity and efficiency for high-quality development while keeping carbon emissions lower. The Board of Directors will continue to play the leading role, concentrate on risk management and control, make scientific and efficient decisions on major issues, fully implement the resolutions adopted at the Shareholders' meeting, and work with the management on the annual business plan and phase targets of the Double Performance.

1. Make scientific decisions to support the management to achieve the targets and plans in 2022

The Company will encourage the management to work with staff on scientific decision-making, compliance governance, and risk management for major projects, centering on the four development strategies, so as to achieve the goals of the Double Performance in 2022.

2. Further improve the Company's investor relation management and build an international financing platform

The Company will keep positive interactions ea



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3. On 28 April 2021, the 1st Meeting of the 10th session of the Board of Supervisors was held. At this meeting, the Board of Supervisors passed the First Quarter Report 2021 of the Company.
4. On 6 August 2021, the 2nd Meeting of the 10th session of the Board of Supervisors was held. At this meeting, the Board of Supervisors approved the Proposal for Nominating Mr. Ming Jinhua as a Candidate for Shareholder Supervisor of the 10th Board of Supervisors.
5. On 26 August 2021, the 3rd Meeting of the 10th session of the Board of Supervisors was held. At this meeting, the Board of Supervisors passed the Proposal for Election of Mr. Ming Jinhua as Chairman of the 10th Board of Supervisors and the Full Text and Abstract of the Semi-annual Report 2021, and put forward audit opinions.
6. On 27 October 2021, the 4th Meeting of the 10th session of the Board of Supervisors was held. At this meeting, the Board of Supervisors approved the Third Quarter Report 2021 of the Company and put forward audit opinions.

II. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON THE COMPANY'S PERFORMANCE WITHIN THE REPORTING PERIOD

1. The independent opinions of the Board of Supervisors on the Company's operation

Within the Reporting Period, the Board of Directors and senior management run the Company in accordance with national laws and regulations and Articles of Association, put more efforts to control internal risks and strictly implemented the resolutions made at the Shareholders' meeting. Under the circumstances of overcapacity, overweight on low carbon, energy supply crunch, and volatility in demands and supplies, Huaxin still adhered to green and low-carbon development, further implemented the strategy of "Integrated Transformation Development, Overseas Expansion, High-tech Building Materials Expansion, and Traditional Industry + Digital Innovation", and had achieved an efficient and high quality development within a short period of time, revealing a good start for the Fourteenth Five Year Plan.

2. The independent opinions of the Board of Supervisors on financial position of the Company

Through the inspection of the Company's financial position and financial management in 2021, the Board of Supervisors confirmed that the Company's assets were managed according to regulations and that all financial reports truly reflected the financial position and operating results of the Company, with no violations of regulations and disciplines. The Board of Supervisors also reviewed the auditor's report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP and believed that the auditor's report was prepared on a true and objective basis.

3. The independent opinions of the Board of Supervisors on related party transactions

Within the reporting period, the transactions between the Company and related parties were legally conducted in complete procedures, with fair and reasonable prices. All transactions were made openly, impartially and fairly, with no potential risks generated.

In 2021, the Board of Supervisors made every effort to supervise every key link in production and operation, organized internal forces for joint prevention and control of risks in key links of production and operation, and achieved results in risk prevention and control.

In 2022, the Board of Supervisors will fully implement the Company's strategic policy, carry out supervision and inspection work as regulated in the Company Law of the People's Republic of China and the Articles of Association, and further improve the Company's corporate governance structure and regulate the operation and management, to better safeguard the legitimate rights and interests of the Company and its shareholders. It will faithfully perform its duties and do well daily deliberation work in accordance with the requirements of the Company Law of the People's Republic of China, the Articles of Association and the Rules of Procedure of the Board of Supervisors. In addition, it will put more efforts to supervise major links and key links in the operation of the Company, and strengthen the training of supervisors, to improve the quality of supervision and inspection.



H U A X I N C E M E N T C O . , L T D . *

華新水泥股份有限公司

(a registered company in the People's Republic of China, established in accordance with the laws of the People's Republic of China, with registered capital of RMB 6655 million)

Provision of Guarantee for Subsidiaries

PARTY GUARANTEED AND GUARANTEE AMOUNT

1. Credit guarantee by working capital loans (including bank acceptance, letter of credit, letter of guarantee, etc.)

Currency: RMB
Unit: 0,000

No.	Party guaranteed	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets as at 31 December 2021
							as at 31 December 2021

APPENDIX III

PROVISION FOR GUARANTEE FOR SUBSIDIARIES
— PARTY GUARANTEED AND GUARANTEE AMOUNT

No.	Party guaranteed	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets	Total liabilities	Net assets	Operating revenue	Net profit
							as at 31 December 2021	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021
15	Huaxin Cement (Enshi) Co., Ltd.	7,000	Du Ping	Liujiaoting Subdistrict, Enshi City, Hubei Province	6,000	100%	31,080	15,055	16,026	29,837	4,274
16	Huaxin Cement (Hefeng) Co., Ltd.	5,000	Du Ping	Hefeng County	4,764	51%	21,077	7,562	13,516	18,421	779
17	Huaxin Jinlong Cement (Yunxian) Co., Ltd.	8,000	Du Ping	Chadian Town, Yunxian County, Hubei Province	8,000	80%	71,447	26,289	45,158	51,980	7,575
18	Huaxin Cement (Fangxian) Co., Ltd.	5,000	Du Ping	Hualong Town, Fangxian County, Shiyan City, Hubei Province	8,000	70%	40,212	14,282	25,930	32,694	4,130
19	Chongqing Huaxin Yanjing Cement Co., Ltd.	6,000	Du Ping	Caijiawan, Caojie Subdistrict, Hechuan District, Chongqing	21,000	80%	52,798	29,747	23,051	56,854	13,145
20	Chongqing Huaxin Diwei Cement Co., Ltd.	5,000	Du Ping	Luohuang Town, Jiangjin District, Chongqing	45,268	97%	116,968	70,259	46,709	45,692	10,308
21	Huaxin Cement Chongqing Fuling Co., Ltd.	8,000	Du Ping	Baitao Subdistrict, Fuling District, Chongqing	20,000	100%	64,984	22,295	42,689	70,963	16,319
22	Huaxin Cement (Quxian) Co., Ltd.	8,000	Du Ping	Juandong Township, Quxian County, Dazhou City, Sichuan Province	24,000	100%	86,867	36,109	50,758	74,912	18,603
23	Huaxin Cement (Chenzhou) Co., Ltd.	6,000	Du Ping	Dingshang Village, Baohe Township, Beihu District, Chenzhou City, Hunan Province	22,000	100%	76,547	30,827	45,720	72,691	14,060
24	Huaxin Cement (Zhuzhou) Co., Ltd.	18,000	Du Ping	Nanzhou New Area, Lukou Economic Development Zone, Zhuzhou County, Hunan Province	34,000	100%	145,118	92,499	52,619	67,786	10,372
25	Huaxin Aggregate (Zhuzhou) Co., Ltd.	5,000	Du Ping	Longchuan Town, Lukou District, Zhuzhou City, Hunan Province	10,000	70%	34,552	25,053	9,498	2,964	-502
26	Huaxin Cement (Lengshuijiang) Co., Ltd.	6,000	Du Ping	Huangni Village, Heqing Town, Lengshuijiang City, Hunan Province	20,000	90%	83,895	23,202	60,693	59,932	10,108
27	Huaxin Cement (Daoxian) Co., Ltd.	5,000	Du Ping	No. 1 Huaxin Avenue, Daoxian County, Yongzhou City, Hunan Province	18,000	100%	38,528	12,791	25,737	44,209	5,098
28	Huaxin Cement (Enping) Co., Ltd.	8,000	Du Ping	Hengbei Town, Enping City, Jiangmen, Guangdong Province	HKD 28,000	65%	68,608	54,263	14,345	70,189	6,187
29	Huaxin Cement (Sangzhi) Co., Ltd.	5,000	Du Ping	Sangzhi County, Zhangjiajie, Hunan Province	15,000	80%	49,108	9,465	39,644	31,016	4,543
30	Huaxin Cement (Zhaotong) Co., Ltd.	7,500	Yuan Dezu	Beizha Street, Zhaoyang District, Zhaotong City, Yunnan Province	10,000	100%	49,691	21,634	28,058	49,620	6,971
31	Huaxin Cement (Kunming Dongchuan) Co., Ltd.	4,000	Yuan Dezu	Bigu, Tongdu Town, Dongchuan District, Kunming City	14,000	100%	39,390	16,731	22,659	27,892	3,139
32	Huaxin Cement (Lincang) Co., Ltd.	2,000	Yuan Dezu	Linxiang District Industrial Park, Lincang City, Yunnan Province	36,090	100%	83,235	36,486	46,749	39,193	5,152
33	Huaxin Cement (Lijiang) Co., Ltd.	7,000	Yuan Dezu	Xingquan Town, Huaping County, Lijiang City, Yunnan Province	10,000	100%	43,246	15,046	28,200	41,719	8,521
34	Huaxin Cement (Honghe) Co., Ltd.	2,000	Yuan Dezu	Honghe Hani and Yi Autonomous Prefecture, Yunnan Province	50,000	100%	92,412	21,086	71,326	40,082	2,334
35	Huaxin Cement (Fumin) Co., Ltd.	5,000	Zhu Rui	Daying Sub-district Office, Fumin County, Yunnan Province	39,000	100%	89,315	46,233	43,082	4,586	186
36	Huaxin Cement (Yunlong) Co., Ltd.	2,000	Song Peiren	Rende Village, Caojian Town, Yunlong County, Dali Bai Autonomous Prefecture, Yunnan Province	30,000	100%	43,089	9,710	33,379	35,243	1,453
37	Yunwei Baoshan Organic Chemical Co., Ltd.	5,000	Yuan Dezu	Yudong Potou, Shuichang Township, Shidian County, Baoshan City, Yunnan Province	10,000	80%	25,530	42,901	-17,371	35,191	934
38	Huaxin Cement (Diqing) Co., Ltd.	6,000	Yuan Dezu	Shangri-La, Diqing Tibetan Autonomous Prefecture, Yunnan Province	9,500	61%	40,949	14,106	26,843	38,423	6,809
39	Huaxin Cement (Jianchuan) Co., Ltd.	5,000	Pan Shipeng	Jianchuan County, Dali Bai Autonomous Prefecture, Yunnan Province	27,000	100%	59,421	18,976	40,445	46,586	7,929

No.	Party guaranteed	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets	Total liabilities	Net assets	Operating revenue	Net profit
							as at 31 December 2021	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021
40	Huaxin Cement (Huangshi) Equipment Manufacturing Co., Ltd.	3,000	Hu Zhenwu	No. 600 Daqi Road (East), Huangshi City, Hubei Province	13,000	100%	53,579	32,249	21,330	24,525	1,759
41	Environmental Engineering Company and Subsidiaries	60,000	Wang Jiajun	Guanshan 2nd Road, Donghu New Technology Development Zone, Wuhan City	100,000	100%	265,412	142,497	122,915	96,637	15,964
42	Huaxin New Building Materials Co., Ltd. and its Subsidiaries	4,000	Wang Jiajun	Guanshan 2nd Road, Donghu New Technology Development Zone, Wuhan City	5,000	100%	82,275	47,579	34,696	15,403	-2,660
43	Huaxin (Hong Kong) International Holdings Limited and its overseas subsidiaries	USD20 million	Xu Gang	Room 402, Building 1, Jardine House, Central, Hong Kong	15,794	100%	369,345	319,742	49,603	12,236	8,138

The guarantee limit by working capital loans was equivalent to RMB3.152 billion

2. Credit guarantee by new fixed-assets loans

Unit: RMB10,000

No.	Party guaranteed	Project	Construction	Total investment	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets
								3315(h)-1.5(o)13(Le)Bn46.9C	3315(h)-1.5(o)13(Le)Bn46.9C	as at 31 December 2021

Notes:

1. Eligibility to attend the AGM and closure of H-share register

To determine the name list of H-share holders eligible to attend the AGM, the Company will close registration for H Share transfers from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive). H-share holders of the Company whose names appear on the H Share register of members of the Company at the close of business on Friday, 20 May 2022 are entitled to attend and vote at the AGM. Holders of H Shares who wish to attend the AGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, before 4:30 p.m. on Monday, 16 May 2022.

The Company will announce separately on the website of the SSE on the details of A-share holders' eligibility to attend the AGM.

2. Annual dividend distribution arrangement

The Board of Directors proposes to distribute cash dividend of RMB1 (tax inclusive) per share to all shareholders of the Company in a total amount of RMB2,096,599,855 for the year ended 31 December 2021. The dividend distribution plan will be submitted to the AGM for deliberation. If the proposal is approved at the AGM, the Company will distribute cash dividends within two months after the conclusion of the AGM in accordance with the Articles of Association. According to the current work plan, it is expected that the Company will distribute dividends on or before 20 July 2022 (Wednesday). In case of any changes to the aforementioned estimated date for dividend distribution, the Company will make an announcement in a timely manner. Regarding other specific matters concerning the distribution of dividends, the Company will also make further announcements in due course.

Withholding and remitting the enterprise income tax for overseas non-resident enterprise shareholders

According to the Circular of the State Administration of Taxation on Issues Concerning Withholding and Remitting the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-Resident Enterprises

requirements of the tax agreement (arrangement). If the application is justified upon verification, the competent tax authority shall refund the difference between the tax paid and the tax payable calculated at the tax rate under the tax agreement (arrangement).

Withholding and remitting individual income tax for overseas individual shareholders

According to the Circular on Some Policy Questions Concerning Individual Income Tax (CSZ [1994] No. 020) issued by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are exempted from the individual income tax for the dividends and bonuses received from foreign-invested enterprises. When distributing dividends for the year ended 31 December 2021 to its shareholders who are foreign individuals listed on the H-share register, the Company, as a foreign-invested enterprise, will not withhold individual income tax of such shareholders.

Withholding income tax for Shanghai Stock Connect investors

For HKEX investors (enterprises and individuals) (“Shanghai Stock Connect Investors”) who invest in the Company’s A shares listed on the Shanghai Stock Exchange, the final dividend will be paid in RMB by the Company through China Securities Depository & Clearing Corporation Limited Shanghai Branch to the accounts of the nominal A-share holders. The Company withholds income tax at a tax rate of 10% and makes a withholding declaration to the competent tax authority. For Shanghai Stock Connect investors who are tax residents of other countries and subject to an income tax rate for cash dividends of lower than 10% pursuant to the tax agreement signed between their home country and China, enterprises or individuals can, by themselves or by entrusting a withholding agent, apply to the competent tax authority for enjoying any treatment under a relevant tax agreement. After examination and verification, the competent tax authority shall refund the tax on the basis of the difference between the amount levied and the amount of tax payable calculated according to the tax rate under a tax agreement.

Withholding income tax for Hong Kong Stock Connect investors

In accordance with the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transaction in the Shanghai and Hong Kong Stock Markets (CS [2014] No. 81) implemented on 17 November 2014,

- for dividends received by mainland individual investors from investing in the Company’s H shares through Shanghai-Hong Kong Stock Connect, the Company is obliged to withhold personal income tax at a tax rate of 20%; for dividends received by mainland securities investment funds from investing in the Company’s H shares through the Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements; and

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- for dividends received by mainland enterprise investors from investing in the Company's H shares through the Shanghai-Hong Kong Stock Connect, the Company does not withhold tax on dividends, and the tax payable shall be declared and paid by such enterprises on their own.

In accordance with the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (CS [2016] No. 127) implemented on 5 December 2016,

- for dividends received by mainland individual investors from investing in the Company's H shares through Shenzhen-Hong Kong Stock Connect, the Company is obliged to withhold personal income tax at a tax rate of 20%; for dividends received by mainland securities investment funds from investing in the Company's H shares through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements; and
- for dividends received by mainland enterprise investors from investing in the Company's H shares through the Shenzhen-Hong Kong Stock Connect, the Company does not withhold tax on dividends, and the tax payable shall be declared and paid by such enterprises on their own.

For any questions about the above arrangements, H-share holders of the Company may consult their tax advisers about the impact of taxation of China and Hong Kong and other countries (regions) resulted from holding and selling the H shares of the Company.

3. Closure of register and eligibility for dividends for the year 2021

Note to H-share holders: The register of members of the Company for H shares will be closed from 26 May 2022 (Thursday) to 31 May 2022 (Tuesday) (both days inclusive). Share holders whose names are on the Company's register of members as at 31 May 2022 (Tuesday) are entitled to receive the dividends for the year 2021. H-share holders who wish to receive the proposed annual dividends (subject to approval at the upcoming 2021 AGM) but have not yet registered the transfer document must submit such documents and relevant share certificates before 4:30 p.m. on 25 May 2022 (Wednesday) to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration.

4. Proxy appointment

The proxy form for the resolution as set out in the Circular of the AGM will be sent to shareholders on the same day. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (A proxy may not be a shareholder of the Company) to attend and vote in his/her stead. The instrument appointing a proxy must be in writing under the hand of the shareholder or of his/her agent duly authorized in writing. If the shareholder is a legal person, the proxy form must be either under the seal of the legal person or under the hand of his/her legal representative or director or duly authorized person. If the proxy form is signed by an agent authorized by the shareholder, the authorization or other document authorizing the signing must be notarized.

In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the AGM or any adjournment thereof (in the case of the AGM, it shall be delivered before 2:00 p.m. on 19 May 2022 (Thursday) to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

A shareholder who has filled in and submitted the proxy form may at that time attend and vote in person at the AGM or any adjournment thereof as he/she wishes.

5. Procedures of registration for attending the AGM

Shareholders or their proxies shall present their identification documents when attending the AGM. If the shareholder present at the meeting is a legal person, his/her

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