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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 the purchaser(s) or transferee(s).

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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6655)

2021 WORK REPORT OF THE BOARD OF DIRECTORS
2021 WORK REPORT OF THE BOARD OF SUPERVISORS
2021 FINAL FINANCIAL REPORT AND 2022 FINANCIAL
BUDGET REPORT
2021 PROFIT DISTRIBUTION PLAN
2021 ANNUAL REPORT
PROPOSAL FOR REAPPOINTING DELOITTE TOUCHE
TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP AS THE
COMPANY'S AUDITOR FOR FINANCIAL AUDIT AND
INTERNAL CONTROL AUDIT FOR THE YEAR 2022
PROPOSAL FOR PROVISION OF GUARANTEE FOR
SUBSIDIARIES
AND
NOTICE OF THE 2021 ANNUAL GENERAL MEETING

Huaxin Cement Co., Ltd. would like to hold the 2021 Annual General Meeting ("AGM") 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. The AGM Notice is set out on pages 31 to 36 of this Circular.

No matter whether you are able to attend the AGM, please read the notice carefully, fill in and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited, by hand or by post 24 hours before the time designated for holding the AGM or any adjournment thereof in any event; otherwise, it will be deemed invalid. For the AGM, the proxy form shall be returned before 2:00 p.m. on Thursday, 19 May 2022. The completion and submission of the proxy form shall not preclude you from attending and voting at the AGM in person.

References to dates and times in this circular are to Hong Kong dates and times.

* *For identification purpose only*

28 April 2022

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DEFINITIONS

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 <i>Company Law of the People's Republic of China</i>
China	means	the People's Republic of China, excluding Hong Kong, Macao Special Administrative Region and Taiwan for the purpose of this Circular only
The Company or Company	means	Huaxin Cement Co., Ltd. (stock code: 6655), a joint stock limited company incorporated in China, whose H shares and A shares have been listed on the main board of the HKEx and the SSE, respectively
CSRC	means	China Securities Regulatory Commission
Director(s)	means	directors of the Company
H-share holder(s)	means	holders of H shares
H-share registrar	means	Tricor Investor Services Limited
H share(s)	means	foreign shares issued by the Company with a par value of RMB1.00 each, which are listed on the HKEx and traded in Hong Kong dollars
HKD	means	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	means	Hong Kong Special Administrative Region of the People's Republic of China

DEFINITIONS

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 Circular
Listing Rules	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Reporting Period	means	From 1 January 2021 to 31 December 2021
RMB	means	Renminbi, the lawful currency of China
Shareholder(s)	means	shareholders of the Company, including A-share holders and H-share holders
Share(s)	means	shares of the Company with a par value of RMB1.00 each, including A shares and H shares
SSE	means	Shanghai Stock Exchange
Supervisor(s)	means	supervisors of the Company
USD	means	US Dollar, the lawful currency of the United States



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6655)

Executive directors:

Mr. Li Yeqing (*president*)

Mr. Liu Fengshan (*vice president*)

Non-executive directors:

Mr. Xu Yongmo (*chairman*)

Ms. Geraldine Picaud

Mr. Lo Chi Kong

Ms. Tan Then Hwee

Independent non-executive directors:

Mr. Wong Kun Kau

Mr. Zhang Jiping

Mr. Jiang Hong

*Headquarters and principal place
of business in China:*

Block B, Huaxin Building,
No. 426 Gaoxin Avenue,
Donghu New Technology,
Development Zone,
Wuhan City,
Hubei Province

Principal place

of business in Hong Kong:
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

To whom it may concern,

**2021 WORK REPORT OF THE BOARD OF DIRECTORS
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LETTER FROM THE BOARD OF DIRECTORS

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.

The purpose of this Circular is to send you notice of the AGM and to provide you with the information reasonably necessary to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

2. AFFAIRS TO BE DEALT WITH AT THE AGM

The resolutions that the Company will propose at the AGM for shareholders' deliberation and approval including:

- (1) Report on the Work of the Board of Directors in 2021
- (2) Report on the Work of the Board of Supervisors in 2021
- (3) 2021 Final Financial Report and 2022 Financial Budget Report
- (4) 2021 Profit Distribution Plan
- (5) 2021 Annual Report
- (6) Proposal for Reappointing Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's Auditor for Financial Audit and Internal Control Audit for the Year 2022
- (7) Proposal for Provision of Guarantee for Subsidiaries

The matters that the Company will report to shareholders at the AGM including:

- (1) 2021 Annual Work Report of Independent Non-executive Directors

3. REPORT ON THE WORK OF THE BOARD OF DIRECTORS IN 2021

The Company will propose an ordinary resolution to consider and approve the Report on the Work of the Board of Directors in 2021 at the AGM. The Report on the Work of the Board of Directors in 2021 is attached in Appendix I to this Circular.

4. REPORT ON THE WORK OF THE BOARD OF SUPERVISORS IN 2021

The Company will propose an ordinary resolution to consider and approve the Report on the Work of the Board of Supervisors in 2021 at the AGM. The Report on the Work of the Board of Supervisors in 2021 is attached in Appendix II to this Circular.

LETTER FROM THE BOARD OF DIRECTORS

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		31 December		Year-on-year change
		2021	Proportion	2020	Proportion	
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, resulting in the increase of about RMB2.319 billion in interest-bearing liabilities. The scale of operations and project investment expanded, the purchase amount increased, and the accounts payable rose by RMB1.815 billion. The Company's total liabilities grew by RMB4.984 billion from the beginning of the year.

LETTER FROM THE BOARD OF DIRECTORS

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)*

*Currency: RMB
Unit: 0,000*

Item	31 December 2021	Proportion	31 December 2020	Proportion	Year-on-year change
Total equity attributable to shareholders of the Company	2,672,991	100%	2,357,138	100%	13.40%
Including: Treasury shares	-61,005		-61,005		
Other comprehensive income	-30,535		-27,529		-10.92%
Retained profits	2,240,568	83.82%	1,930,470	81.90%	16.06%

At the end of 2021, the total equity attributable to shareholders of the Company increased by RMB3.159 billion compared with the beginning of the year, of which the Company's undistributed profit balance increased by RMB3.101 billion compared with the beginning of the year.

2. *Business performance*

(1) *Business position*

*Currency: RMB
Unit: 0,000*

Item	2021	Budget for 2021	Change	2020	Change
Operating revenue	3,246,408	3,685,354	-11.91%	2,935,652	10.59%
Operating costs	2,139,249	2,313,240	-7.52%	1,803,526	18.61%
Gross profit	1,107,159	1,372,114	-19.31%	1,132,125	-2.21%
Gross profit margin	34.10%	37.23%	Down by 3.13 percentage points	38.56%	Down by 4.46 percentage points

LETTER FROM THE BOARD OF DIRECTORS

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 and 4.46 percentage points as compared with the budget for the current year and the same period of the preceding year.

LETTER FROM THE BOARD OF DIRECTORS

(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%	Down by 1.00 percentage points	4.86%	Down by 0.76 percentage points
General and administrative expenses	163,470	207,700	-21.30%	160,470	1.87%
Ratio of general and administrative expenses	5.04%	5.64%	Down by 0.60 percentage points	5.47%	Down by 0.43 percentage points
Financial expenses	17,026	40,185	-57.63%	30,571	-44.31%
Ratio of financial expenses	0.52%	1.09%	Down by 0.57 percentage points	1.04%	Down by 0.52 percentage points

In 2021, the selling and distribution expenses decreased by RMB96 million compared with the previous year. Due to the shrinking demand in the civilian market, the packaging materials for cement decreased by RMB79 million.

In 2021, financial expenses decreased by RMB135 million compared with the preceding year, mainly attributable to a year-over-year decrease of RMB134 million in exchange losses and a year-over-year increase of RMB92 million in interest income.

(3) Profitability

*Currency: RMB
Unit: 0,000*

Item	2021	2020	Year-over-year change
Net profit attributable to shareholders of the Company	536,353	563,060	-4.74%
Weighted average return on equity (%)	21.30	25.03	Down by 3.73 percentage points
Weighted average return on equity after extraordinary items (%)	21.07	24.68	Down by 3.61 percentage points

LETTER FROM THE BOARD OF DIRECTORS

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.

LETTER FROM THE BOARD OF DIRECTORS

(2) Investment budget

In 2022, the Company plans to invest RMB12.2 billion in aggregate, overseas cement and integration projects. Among them, the warrants investment will occupy about RMB6 billion, and the fixed-assets investment will occupy nearly RMB4 billion.

(3) Financing budget

In 2022, it is expected that the new capital market debt will reach about RMB2.3 billion (including overseas debt and domestic debt), and the total financial debt will be controlled within RMB15 billion by the end of 2022.

(4) Assets

In 2022, the total assets are expected to reach about RMB58.6 billion, and the asset-liability ratio is expected to remain around 42%.

This proposal has been approved at the 12th meeting of the 10th session Board of Directors, and is now submitted to the shareholders' general meeting for deliberation.

6. 2021 PROFIT DISTRIBUTION PLAN

The net profit of the Company in 2021 amounted to RMB3,256,784,379, and the consolidated net profit attributable to the shareholders amounted to RMB5,363,525,692. The profits of the Company available for distribution was RMB8,364,839,311 as at 31 December 2021.

Based on the Company's total share capital of 2,096,599,855 shares less the shares stored in the repurchased securities account on the record date for the implementation of the profit distribution for year 2021, a cash dividend of RMB1.00 per share (tax inclusive) was distributed to all shareholders. The undistributed amount will be retained as undistributed profit for distribution in future years. No public reserve capitalization is provided in the profit distribution plan for the current financial year.

The Company's shares held by the Company's repurchased securities account shall not be included in the profit distribution. Cash dividends distributed by the Company are denominated and declared in Renminbi, paid to holders of A shares in RMB, and paid to holders of H shares in HKD or USD.

The Board of Directors has agreed to appoint Tricor Investor Services Limited as the agent of the Company to handle the distribution of dividends to H-share holders. The Board of Directors has agreed, upon approval of the 2021 Profit Distribution Plan by the AGM, to authorize the Company's executive directors Mr. Ye Jiaying (Vice President, Secretary to the Board of Directors) and Mr. Peng Puxin (either of whom has the right of signature) to execute the matters related to dividend distribution, sign the legal documents related to dividend distribution, and handle all relevant matters on behalf of the Company.

LETTER FROM THE BOARD OF DIRECTORS

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 Limited (www.hkexnews.hk), the website of the SSE (www.sse.com.cn) and the website of the Company (www.huaxincem.com). The 2021 annual report has also been dispatched together with this Circular to the H-share holders.

8. PROPOSAL FOR REAPPOINTING DELOITTE TOUCHE TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP AS THE COMPANY'S AUDITOR FOR FINANCIAL AUDIT AND INTERNAL CONTROL AUDIT FOR THE YEAR 2022

As the Company's auditor for financial audit and internal control audit for the year 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as **Deloitte Touche Tohmatsu**) performed its duties with due dedication and completed the annual audit in accordance with the independent, objective and fair professional standards. The service fee of Deloitte Touche Tohmatsu in 2021 was RMB4,702,700, of which the audit service fee of financial statements was RMB4,202,500, and that of internal control was RMB500,200.

In 2021, the Company also incurred RMB3,363,215 for audit services and RMB3,024,110 for the non-audit services provided due to the Company's secondary listing in Hong Kong for Deloitte Touche Tohmatsu, Deloitte Business Management Consulting (Shanghai) Co., Ltd., Deloitte Consulting (Shanghai) Co., Ltd. and Deloitte Management Consulting (Shanghai) Co., Ltd.. Deloitte Touche Tohmatsu acknowledges that such non-audit practice does not compromise its audit independence.

Whereas Deloitte Touche Tohmatsu has performed its due diligence in the Company's 2021 financial audit and internal control audit process, and has objectively and impartially expressed its opinions on the effectiveness of the Company's financial and internal control following the requirements of the Chinese CPA Standards on Auditing and professional standards of accounting firms, in order to maintain the continuity of the Company's audit work, the Audit Committee of the Board of Directors, on the basis of a full understanding and verification of the professional competence, investor protection, independence and integrity of Deloitte Touche Tohmatsu, now proposes that:

- 1) Deloitte Touche Tohmatsu Certified Public Accountants LLP is to be engaged as the Company's auditor for financial audit and internal control audit for the year 2022 until the end of the next annual general meeting of the Company.

LETTER FROM THE BOARD OF DIRECTORS

- 2) The Shareholders' general meeting is requested to authorize the Board of Directors to determine the remuneration of Deloitte Touche Tohmatsu for providing audit services for the Company in 2022.

9. PROPOSAL FOR PROVISION OF GUARANTEE FOR SUBSIDIARIES

To meet the financing needs of some wholly-owned subsidiaries and controlling subsidiaries of the Company, the Company intends to provide guarantee for their financing operations such as bank loans, letters of credit, bank acceptances, letters of guarantee, financial leasing and bond issuance. Please review and approve.

I. Overview

As at 31 December 2021, the total amount of authorized guarantee provided by the Company approved by the Board of Directors for its wholly-owned and controlling subsidiaries was RMB17,474 million. Affected by the phased financing environment of some subsidiaries and their own factors, the actual amount of guarantee utilised by the subsidiaries of the Company was RMB3,551 million and USD547 million, equivalent to RMB7,037 million in total, representing for 26.32% of the audited net assets of the Company at the end of the Reporting Period and 40.27% of the total amount of guarantee approved, respectively, without overdue guarantee.

According to the Company's integrated and international development strategy, it is necessary for its subsidiaries to expand financing channels and improve their own financing capacity so as to support their own business development. In this context, the Company applies for an additional guarantee limit of RMB6,290 million, including RMB3,152 million of working capital loans and RMB3,138 million of fixed-assets loans, and reduced the lapsed limit of RMB3,060 million and some unused fixed-assets loan limit of RMB2,706 million. After the review and approval, the total amount of guarantee authorized by the Company is RMB17,998 million. The details are as follows:

*Currency: RMB
Unit: 0,000*

Type of authorized guarantee limit	Working capital loan limit	Fixed-assets loan limit	Total limit
Approved limit	306,000	1,441,417	1,747,417
Including: used limit	111,890	591,761	703,651
Limit to be lapsed	-306,000	0	-306,000
Reduced limit	0	-270,622	-270,622
Additional limit applied for this time	315,220	313,760	628,980
Approved limit	315,220	1,484,556	1,799,776

LETTER FROM THE BOARD OF DIRECTORS

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.

LETTER FROM THE BOARD OF DIRECTORS

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 Non-executive Directors at the Annual General Meeting.

11. ANNUAL GENERAL MEETING

The AGM will 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 to consider and approve the Report on the Work of the Board of Directors in 2021, Report on the Work of the Board of Supervisors in 2021, 2021 Final Financial Report and 2022 Financial Budget Report, 2021 Profit Distribution Plan, 2021 Annual Report, Proposal for Reappointing Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's Auditor for Financial Audit and Internal Control Audit for the Year 2022, and Proposal for Provision of Guarantee for Subsidiaries as appropriate. The AGM Notice is set out on pages 31 to 36 of this Circular.

LETTER FROM THE BOARD OF DIRECTORS

A proxy form of the AGM is enclosed herewith. No matter whether you are able to attend the AGM, please read the notice carefully, fill in and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited, by hand or by post 24 hours before the time designated for holding the AGM or any adjournment thereof in any event; otherwise, it will be deemed invalid. For the AGM, the proxy form shall be returned before 2:00 p.m. on Thursday, 19 May 2022. The completion and submission of the proxy form shall not preclude you from attending and voting at the AGM in person.

12. 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.

13. VOTING BY POLL

In accordance with Rule 13.39 (4) of the Listing Rules, all resolutions submitted at the AGM shall be voted on by poll except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands where permitted by the articles of the listed issuer. The voting results will be uploaded onto the Company's website (<https://www.huaxincem.com>) and the website of HKEx news (<http://www.hkexnews.hk>) after the AGM.

14. RECOMMENDATION

The Board of Directors is of the opinion that all the resolutions to be presented at the AGM are in the best interest of the Company and its Shareholders. It is therefore recommended that you vote in favor of all the resolutions as set out in the notice of the AGM.

Yours faithfully
By order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
28 April 2022



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6655)

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 circumstances of overcapacity, overweight on low carbon, and energy supply crunch, Huaxin still anchored the established target of Five-Year Double Performance, and adhered to green and low-carbon development. It further implemented the strategy of "Integrated Transformation Development, Overseas Expansion, High-tech Building Materials Expansion, and Traditional Industry + Digital Innovation", encouraged the management to rally staff to forge ahead and overcome difficulties, continued to promote the transformation of the Company's plan for B-to-H projects, and advanced the Company towards an international level. The Company adjusted the organizational structure to form a flat management framework that gathers wide support and work efficiency, helping implement the Company's strategies more effectively. In 2021, Huaxin made breakthrough in various aspects, revealing a good start for the Fourteenth Five Year Plan.

* For identification purpose only

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

I. DAILY WORK OF THE BOARD OF DIRECTORS

1. Meetings of the Board of Directors

In 2021, the Board of Directors held 14 board meetings, online or offline. Members of the Board carried out their work responsibly, under the principles laid out in the *Company Law of the People's Republic of China*, *Rules of Procedure of Shareholders' Meeting*, *Rules of Procedure of the Board of Directors*, *Work Regulations for Independent Directors*, and other laws and regulations.

Within the Reporting Period, all affairs related to the meeting, including the holding procedures, the requirements for attendees, the qualifications of the convener, and the voting procedures, were dependent on relevant laws, regulations, and the *Articles of Association*. Resolutions and agreements adopted at the meeting were put in force. For details of the meeting agenda and resolutions, please refer to “V. Meetings of the Board of Directors held within the Reporting Period” in Chapter IV “Corporate Governance” of the Annual Report 2021.

2. Performance of duties by special committees of the Board of Directors

Within the reporting period, all special committees of the Board of Directors held 14 meetings in total, including 2 meetings of the Strategy Committee, 5 meetings of the Audit Committee, 2 meetings of the Nomination Committee, 4 meetings of the Remuneration and Assessment Committee, and 1 meeting of the Corporate Governance and Compliance Committee. Due to the pandemic, the special committees considered and reviewed issues/reports and communicated through email, WeChat, telephone, and onsite + online videoconferencing, fully fulfilling their duties. For details of the duties performed by the special committees of the Board of Directors, please refer to “VII. Information on special committees under the Board of Directors” in Chapter IV “Corporate Governance” of the Annual Report 2021.

3. Performance of duties by directors

Directors all paid close attention to the Company's affairs, like the Company's operation and management, financial status, domestic and foreign project investment, related transactions, the progress of B-to-H projects, corporate bond issuance, and corporate governance. They carefully reviewed and discussed the delivered proposals and reports, provided their professional knowledge to make feasible strategic decisions, and tried their best to put forward suggestions for the Company's healthy and sustainable development. For details, please refer to “VI. Performance of duties by directors” in Chapter IV “Corporate Governance of the Annual Report 2021”.

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.

APPENDIX I REPORT ON THE WORK OF THE BOARD OF DIRECTORS IN 2021

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 Company Compliance Management Measures System for the Company's Environmental, Social and Governance Reports System of Avoidance of Conflicts of Interest System of Corporate Governance Report

At the same time, the Board of Directors urged more strictly internal supervision and inspection, in a bid to foster a sounding environment featuring integrity and honesty.

V. KEY TASKS IN 2022

The year 2022 is a crucial year in the Fourteenth Five-Year Plan Period and also the first year for the Company to be listed and traded on the main board of the HKEx after converting its B shares to H shares. It is also an important year to assess the mid-term performance of the Double Performance Plan. The Board of Directors will continuously work together to advance the strategy of "Integrated Transformation Development, Overseas Expansion, High-tech Building Materials Expansion, and Traditional Industry + Digital Innovation". Domestically, the Company will boost the integrated development of aggregates, wall materials and concrete, and increase the hazardous waste disposal capacity, while keeping cement business stable. Overseas, the Company will accelerate the development of business, and achieve market

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 with securities regulators, intermediaries and investors, safeguard shareholders' rights and interests, and expand service channels for investors, to better serve investors. The Board will spare no effort to support the Company to give full play to the role of an international financing platform after completing the conversion of B shares to H shares, to help the development of the Company's business overseas.

3. Keep improving the corporate governance system

In 2022, the Board of Directors will take the lead in corporate governance, and further improve the Company's governance structure in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and the Listing Rules. It will continue to release information concerning periodic reports and major affairs timely and accurately, strengthen the compliance management of the Company's related party transactions, and ensure the standard process. At the same time, the Company will follow new regulations of the SSE and the HKEx to ensure that its work is legal and compliant. It will put more efforts to prevent all kinds of risks, and improve the capability of corporate governance, so that investors' interests can be better safeguarded.

Looking forward, the Board of Directors will continue to work hard undertaking its duties and responsibilities to live up to the shareholders' expectation. It will keep working on scientific decisions and improve the governance system, laying a sound foundation for the healthy, sustainable, stable, and efficient development of the Company.



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6655)

Report on the Work of the Board of Supervisors in 2021

To shareholders and their representatives,

In 2021, the Board of Supervisors strictly observed the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Articles of Association*, and *Rules of Procedure of the Board of Supervisors*, and fulfilled its responsibilities and duties to safeguard the interests of the Company and the legitimate rights and interests of shareholders. The work of the Board of Supervisors in 2021 was set out in details as follows:

I. MEETINGS OF THE BOARD OF SUPERVISORS

Within the reporting period, the Chairman of the Board of Supervisors attended all meetings of the Board of Directors and Shareholders' meetings in 2021, understood the Company's proposals and resolutions and their making procedures, as well as the business performance, and fulfilled its due duties. At the same time, the Chairman worked with members of the Board of Supervisors to supervise and deliberate a series of major issues of the Company.

Within the reporting period, the Board of Supervisors held 6 meetings:

1. On 25 March 2021, the 11th Meeting of the 9th session of the Board of Supervisors was held. At the meeting, the Board of Supervisors adopted the *Report on the Work of the Board of Supervisors in 2021*, the 2020 Annual Report and Summary of 2020 Annual Report, the 2020 *Internal Control Assessment Report*, and the *Proposal for the Change in Accounting Policies*.
2. On 2 April 2021, the 12th Meeting of the 9th session of the Board of Supervisors was held. At this meeting, the Board of Supervisors approved the *Proposal for Nominating Mr. Peng Qingyu, Mr. Zhang Lin and Mr. Yang Xiaobing as Candidates for Shareholder Supervisors of the 10th Board of Supervisors*.

* For identification purpose only

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.

4. The deliberation and opinions of the Board of Supervisors on the Internal Control Assessment Report 2021

The Board of Supervisors deliberated the Internal Control Assessment Report 2021 and found it was finished in a legal and regulated way and truly and objectively reflected the current situation of the Company's internal control. The Company has established a sound internal control system and formulated a series of reasonable internal control rules in accordance with national laws and requirements of securities regulatory authorities. All internal control rules were effectively carried out in the whole process of production and operation, delivering results in risk prevention and control. Therefore, the Board of Supervisors agree all matters mentioned in the Internal Control Assessment Report 2021.

5. The deliberation and opinions of the Board of Supervisors on Annual Report 2021

The Company prepared and reviewed the Annual Report 2021 in line with national laws, regulations, and the provisions of the CSRC. The Report truly, accurately and completely reflected the Company's current situation, without any false records, misleading statements or material omissions. By the time of issuing this opinion, no employees involved in preparing and deliberating of the Annual Report 2021 and its abstract were found to have violated confidentiality regulations.

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.



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

*(a joint stock company incorporated in the People's Republic of China with limited liability)***(Stock Code: 6655)****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	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
1	Huaxin Cement (Huangshi) Co., Ltd.	6,000	Mei Xiangfu	Yuanguang Village, Fuchi Town, Huangshi City, Hubei Province	85,000	94%	309,559	201,496	108,063	140,122	20,703
2	Huaxin Cement (Wuxue) Co., Ltd.	6,000	Mei Xiangfu	No. 1 Huaxin Road, Wuxue City, Hubei Province	30,000	100%	229,462	98,614	130,849	179,805	43,606
3	Huaxin Cement (Macheng) Co., Ltd.	1,000	Mei Xiangfu	Jinfan Village, Zhongguanyi Town, Macheng City, Hubei Province	6,500	100%	10,844	4,120	6,724	8,087	-404
4	Huaxin Cement (Yangxin) Co., Ltd.	6,000	Mei Xiangfu	Weiyuankou Town, Yangxin County, Huangshi City, Hubei Province	50,000	100%	143,566	48,334	95,231	168,238	37,069
5	Huaxin Cement (Chibi) Co., Ltd.	5,000	Mei Xiangfu	Nanshan Village, Zhonghuopu Town, Chibi City, Hubei Province	14,000	100%	61,026	25,142	35,884	64,826	13,528
6	Huaxin Cement (Daye) Co., Ltd.	5,000	Mei Xiangfu	Huandiqiao Town, Daye, Huangshi City, Hubei Province	32,700	70%	98,972	30,400	68,572	75,059	11,055
7	Huaxin Cement (Xinyang) Co., Ltd.	5,000	Mei Xiangfu	Liulin Township, Shihe District, Xinyang City, Henan Province	20,000	100%	53,549	22,669	30,880	58,983	4,803
8	Huaxin Aggregate (Yangxin) Co., Ltd.	3,000	Mei Xiangfu	Wangshu Village, Fuchi Town, Yangxin County, Hubei Province	14,000	100%	68,638	31,233	37,405	72,640	28,534
9	Huaxin Cement (Xiangyang) Co., Ltd.	8,000	Du Ping	No. 1 Longhua Avenue, Chengguan Town, Nanzhang County, Xiangyang City, Hubei Province	14,000	100%	98,698	47,192	51,505	107,447	20,296
10	Huaxin Cement Xiangyang Xiangcheng Co., Ltd.	4,000	Du Ping	Yujiahu Economic and Technological Development Zone, Xiangcheng District, Xiangyang City, Hubei Province	4,000	100%	12,635	3,318	9,317	23,929	2,550
11	Huaxin Cement (Yichang) Co., Ltd.	14,000	Du Ping	No. 1 Huaxin Road, Zhicheng Town, Yidu City, Hubei Province	15,000	100%	96,536	42,400	54,136	88,160	21,254
12	Huaxin Cement (Changyang) Co., Ltd.	9,000	Du Ping	Changyang Tu Autonomous County, Yichang City, Hubei Province	24,900	100%	66,863	29,234	37,629	52,515	6,759
13	Huaxin Cement (Zigui) Co., Ltd.	8,000	Du Ping	Guojiaba Village, Guojiaba Town, Zigui County, Yichang City, Hubei Province	24,000	100%	89,688	44,129	45,559	73,519	12,616
14	Huaxin New Materials (Zigui) Co., Ltd.	5,000	Du Ping	Group 6, Guojiaba Village, Guojiaba Town, Zigui County	10,000	100%	5,797	167	5,630	—	—

* *For identification purpose only*

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

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	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		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	as at 31 December 2021				
1	Huaxin Cement (Huangshi) Co., Ltd.	Huangshi factory relocation and construction of clinker production line with an annual output of 2.85 million tons	Mining rights	82,000	20,000	Mei Xiangfu	Yuanguang Village, Fuchi Town, Huangshi City, Hubei Province	85,000	94%	309,559	201,496	108,063	140,122	20,703					
2	Huaxin Cement (Huangshi) Co., Ltd.	New wall material project of Huaxin Cement (Huangshi) Co., Ltd.	Build a production line with an annual capacity of 240 million baking-free bricks	19,012	12,358	Mei Xiangfu	Yuanguang Village, Fuchi Town, Huangshi City, Hubei Province	85,000	94%	309,559	201,496	108,063	140,122	20,703					
3	Huaxin Green Building Materials (Wuxue) Co., Ltd.	Machine-made sand and gravel project with an annual output of 30 million tons in Wuxue Industrial Park	Invest in a machine-made sand and gravel production line with an annual output of 30 million tons	97,445	54,000	Mei Xiangfu	No. 1 Huaxin Road, Wuxue City, Hubei Province	50,000	59%	0	0	0	0	0					
4	Huaxin Jiaotou (Chibi) New Building Materials Co., Ltd.	Aggregate and sand production line project with an annual output of 3 million tons	An aggregate and machine-made sand production line with an annual output of 3 million tons	33,690	10,200	Wang Yiren	Chibi, Xianning City, Hubei Province	10,000	51%	21,244	6,974	14,270	6,357	2,350					
5	Huaxin (Zhuzhou) New Material Technology Co., Ltd.	Commercial concrete production line project with an annual output of 1 million cubic meters in Zhuzhou	A commercial concrete production line with an annual output of 1 million cubic meters in Zhuzhou	9,500	7,600	Zheng Xiaohu	Shifeng District, Zhuzhou City, Hunan Province	3,500	100%	3,499	-1	3,500	—	—					
6	Huaxin Cement (Zhuzhou) Co., Ltd.	Kiln inlet wet flue gas desulfurization project	Kiln inlet wet flue gas desulfurization project in Zhuzhou	1,850	1,200	Du Ping	Hutang Village, Longchuan Town, Lukou District, Zhuzhou City, Hunan Province	34,000	100%	145,118	92,499	52,619	67,786	10,372					

APPENDIX III

PROVISION FOR GUARANTEE FOR SUBSIDIARIES
— PARTY GUARANTEED AND GUARANTEE AMOUNT

No.	Party guaranteed	Project	Construction	Total investment	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
7	Huaxin New Materials (Changyang) Co., Ltd.	Phase I mining rights; Aggregate production line; Wall material	Mining rights: RMB392 million; Aggregate production line: RMB230 million; wall material: RMB90 million	71,000	37,000	Du Ping	Changyang Tu Autonomous County, Yichang City, Hubei Province	21,300	100%	44,285	21,847	22,438	4,051	935
8	Huaxin Cement (Fangxian) Co., Ltd.	Huaxin Yunyang Circular Economy Industrial Park Project	Huaxin Yunyang Circular Economy Industrial Park Project	10,111	5,000	Du Ping	Fangxian County, Shiyan City, Hubei Province	8,000	70%	40,212	14,282	25,930	32,694	4,130
9	Huaxin Cement (Xiangyang) Co., Ltd.	Huaxin Aggregate Xiangyang Project; Paid Disposal of Huangjiaya Limestone Mining Rights; Nanzhang Commercial Concrete Integration Project; Nanzhang Lime Project	Huaxin Aggregate Xiangyang Project: RMB59.61 million; Paid Disposal of Huangjiaya Limestone Mining Rights: RMB43.15 million; Nanzhang Commercial Concrete Integration Project: RMB36.87 million; Nanzhang Lime Project: RMB49.98 million.	18,961	12,000	Du Ping	Nanzhang County, Xiangyang City, Hubei Province	14,000	100%	98,698	47,192	51,505	107,447	20,296
10	Huaxin Cement (Xiangyang) Co., Ltd.	Xiangyang Aggregate Phase II Project	Xiangyang Aggregate Phase II Project	36,846	24,000	Du Ping	Nanzhang County, Xiangyang City, Hubei Province	14,000	100%	98,698	47,192	51,505	107,447	20,296
11	Huaxin Cement (Chenzhou) Co., Ltd.	Integration Phase I and Phase II	Integration Phase I: RMB25 million Integration Phase II: RMB152 million Expansion of mining rights: RMB92.61 million	26,961	16,000	Du Ping	Beihu District, Chenzhou City, Hunan Province	22,000	100%	76,547	30,827	45,720	72,691	14,060
12	Huaxin Cement (Wanyuan) Co., Ltd.	300D/T high-activity lime production line transformation project 1.5 million tons/year aggregate production line	300D/T high-activity lime production line transformation project 1.5 million tons/year aggregate production line; sandstone mine construction project	9,249	6,000	Du Ping	Manaoxi Village, Guandu Town, Wanyuan City	21,000	100%	48,701	14,009	34,693	39,496	8,750
13	Chongqing Huaxin Cantian Cement Co., Ltd.	Integration	Integration	27,765	10,000	Du Ping	Yongchuan District, Chongqing	27,000	100%	135,415	90,389	45,027	64,966	19,179
14	Huaxin Cement (Sangzhi) Co., Ltd.	Sangzhi company integration	1 million tons of aggregate and 500,000 cubic meters of commercial concrete production line	5,997	3,000	Du Ping	Sangzhi County, Hunan Province	15,000	80%	49,108	9,465	39,644	31,016	4,543
15	Huaxin Cement (Quxian) Co., Ltd.	Aggregate Phase II Project & Integration Project	New 14 million tons/year aggregate production line & integration project	27,517	4,000	Du Ping	Quxian County, Dazhou City, Sichuan Province	24,000	100%	86,867	36,109	50,758	74,912	18,603
16	Huaxin New Materials (Zigui) Co., Ltd.	Aggregate Phase I 5 million tons/year production line in Zigui	Aggregate Phase I 5 million tons/year production line in Zigui	75,890	57,000	Du Ping	Guojiaba Town, Zigui County	10,000	100%	5,797	167	5,630	—	—
17	Huaxin Environmental Engineering (Hefeng) Co., Ltd.	Waste-to-energy project	WTE project in Hefeng	6,677	2,000	Du Ping	Hefeng County	1,000	51%	2,950	2,950	—	—	—
18	Huaxin Cement (Zhaotong) Co., Ltd.	Zhaotong Company's Mining Project of North Limestone Mine	Zhaotong Company's Mining Project of North Limestone Mine	7,570	3,000	Yuan Dezu	Zhaoyang District, Zhaotong City, Yunnan Province	10,000	100%	49,691	21,634	28,058	49,620	6,971

APPENDIX III
**PROVISION FOR GUARANTEE FOR SUBSIDIARIES
— PARTY GUARANTEED AND GUARANTEE AMOUNT**

No.	Party guaranteed	Project	Construction	Total investment	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	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021			
19	Huaxin Cement (Fumin) Co., Ltd.	Cement kiln co-processing of general industrial solid wastes; new Fumin integrated commercial concrete project; sand and gravel aggregate expansion project with an output of 1,200 tons per hour; transformation of vertical mills for raw materials	Alternative fuel pretreatment system; expansion and transformation of alternative fuel kiln system; building a concrete batching plant with an annual output of 1.6 million cubic meters; product workshop; a new vertical mill for raw materials	18,960	5,000	Zhu Rui	Daying Sub-district Office, Fumin County, Yunnan Province	39,000	100%	89,315	46,233	43,082	4,586	186						
20	Huaxin Environmental (Yangxin) Renewable Resources Utilization Co., Ltd.	Yangxin Hazardous Waste Disposal Project	150,000 tons/year of hazardous waste pretreatment and classification, storage and transportation, and auxiliary projects; cement kiln co-processing project supporting the clinker production line of 2.85 million tons/year	26,039	18,000	Wang Jiajun	Fuchi Town, Yangxin County, Huangshi City, Hubei Province	1,500	100%	2,997	1,497	1,500	—	—						
21	Huaxin (Hong Kong) International Holdings Limited	Part of loans to Uzbekistan	Part of loans to Uzbekistan	71,500	6,403	Xu Gang	Hong Kong	15,794	100%	369,345	319,742	49,603	12,236	8,138						

The guarantee limit by new fixed-assets loans was equivalent to RMB3.138 billion



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6655)

Notice of the 2021 Annual General Meeting

Notice is hereby given that the 2021 Annual General Meeting (AGM) of Huaxin Cement Co., Ltd. (“**the Company**”) will 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 for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the Company’s Circular dated 28 April 2022.

Ordinary Resolutions

1. To consider and approve report on the Work of the Board of Directors in 2021
2. To consider and approve report on the Work of the Board of Supervisors in 2021
3. To consider and approve 2021 Final Financial Report and 2022 Financial Budget Report
4. To consider and approve 2021 Profit Distribution Plan
5. To consider and approve 2021 Annual Report
6. To consider and approve proposal for Reappointing Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company’s Auditor for Financial Audit and Internal Control Audit for the Year 2022
7. To consider and approve proposal for Provision of Guarantee for Subsidiaries

In addition, shareholders will listen to the 2021 Annual Work Report of Independent Non-executive Directors and other matters at the 2021 AGM.

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

Wuhan City, Hubei Province, China
28 April 2022

* *For identification purpose only*

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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* (GSH [2008] No. 897), where a Chinese resident enterprise distributes dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax thereon at the uniform rate of 10%. Therefore, when the Company distributes dividends for the year ended 31 December 2021 to its shareholders who are overseas non-resident enterprises listed on the H-share register, it is obliged to withhold the enterprise income tax at a rate of 10%. After receiving the dividends, a non-resident enterprise shareholder may, by itself or through an authorized agent or withholding agent, submit an application to the competent tax authority for enjoying any treatment under a relevant tax agreement (arrangement), and provide proof that it is an actual beneficial owner satisfying the

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

- 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.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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 legal representative, director or other person authorized by a decision-making body shall present a copy of the resolution of the Board of Directors or other decision-making body appointing such person to attend the AGM.

6. Voting by poll

Pursuant to Rule 13.39 (4) of the Listing Rules, any vote of shareholders at an annual general meeting must be taken by poll except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands where permitted by the articles of the listed issuer. Accordingly, the Chairman of the AGM shall, in accordance with the powers conferred by the *Articles of the Association*, require a vote by poll on all resolutions presented at the AGM.

7. Miscellaneous

- (1) The AGM is expected to take no more than half a day. Shareholders of the Company who attend the AGM shall bear their own traveling and accommodation expenses.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

(2) Contact information of the Company:

Address: Block B, Huaxin Building,
No. 426 Gaoxin Avenue,
Donghu New Technology Development Zone,
Wuhan City,
Hubei Province, China

Postal code: 430073

Tel.: (86) 27 8777 3898

Fax: (86) 27 8777 3992

Contact person: Mr. Ye Jiaying (Secretary to the Board of Directors),
Ms. Wang Lu (Securities Affairs Representative)

8. All dates and times in this Notice refer to Hong Kong dates and times.

As of the date of this Notice, 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), Ms. Geraldine Picaud, 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.