

Huaxin Cement Co., Ltd

Announcement on Adjusting Total Fund for the Repurchase of A Shares of the Company By Means of Centralized Bidding

To the best of our knowledge, the Board of Directors of the Company and its members confirm that there is no material false, misleading statement or material omission in this announcement and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its content.

Importance:

- Approved by the Eighteenth Meeting of the Ninth Board of Directors of Huaxin Cement Co., Ltd, the total fund for repurchasing A shares is adjusted from the “upper limit not over 125 million Yuan (125 million is included), lower limit not less than 100 million Yuan (100 million Yuan is included)” to “upper limit not over 610 million Yuan (610 million Yuan is included), lower limit not less than 550 million Yuan (550 million Yuan is included)”. Others remain unchanged.

I. Basics of the A Share Repurchase Plan and Progress of the repurchase

The Company held the Fourteenth Meeting of the Ninth Board of Directors on December 17, 2019. *The Proposal on Repurchase of A Shares of the Company By Means of Centralized Bidding* was reviewed and approved (hereinafter referred to as Repurchase Plan), agreeing on the Company using self-fund to repurchase shares by means of centralized bidding. The upper limit of total fund for share repurchase will not be over 125 million Yuan (125 million Yuan is included), lower limit not less than 100 million Yuan (100 million Yuan is included). Price of the repurchased shares will be no more than 32.03 Yuan/share (including 32.03 Yuan/share). The repurchased shares are used for the Employee Stock Ownership Plan (ESOP) or stock incentive plan. Time limit of the share repurchase: Within 12 months after the review and approval by the Board. For specifics, please refer to Announcement on the Repurchase of A Shares of the Company By Means of Centralized Bidding published on www.sse.com.cn on Shanghai Stock Exchange on December 19, 2019. (Ref:2019-025)

The Company has set up a special securities account for the repurchase in China Securities Depository and Clearing Corporation Limited Shanghai Branch. For specifics, please refer to Report on the Repurchase of A Shares of the Company By Means of Centralized Bidding on January 4, 2020. (Ref:2020-001)

On February 4, 2020, the Company executed the first share repurchase by means of centralized bidding on Shanghai Stock Exchange trading system. By June 30, 2020, the Company cumulatively repurchased 5,329,650 shares, accounting for 0.25% of total shares of the Company. Average trading price is 22.99 Yuan/share. The highest trading price is 24.96 Yuan/share, the lowest is 19.74 Yuan/share. Total paid amount is 122,533,983 RMB (including trading fees). The share repurchase is in accordance with laws and regulations and requirements of share repurchase plan of the Company.

II. Adjustment of the A Share Repurchase Plan

Given the scope expansion of the evaluation index on performance of core employees stock incentive plan and thus the growth of incentive amount accordingly, the Company decides to adjust the total fund from “upper limit not over 125 million Yuan (125 million is included), lower limit not less than 100 million Yuan (100 million Yuan is included)” to “upper limit not over 610 million Yuan (610 million Yuan is included), lower limit not less than 550 million Yuan (550 million Yuan is included)”.

Under the condition of the upper limit adjusted to not over 610 million Yuan (610 million Yuan is included) and the Company has repurchased 5,329,650 shares, if the highest trading price is 32.03 Yuan/share and the upper limit of total fund is used up, the total fund after adjustment can be used to repurchase around 20,548,695 shares, accounting for 0.98% of total 2,096,599,855 shares of the Company.(exact amount of repurchased shares and actual change of share structure are subject to the following execution). Except for the above adjustment of the total fund, others in the Repurchase Plan remain unchanged.

III. Rationality, feasibility study and impacts on the operation, financial status and future development

The adjustment complies with the regulations in the Company Law, Implementation Rules for the Share Repurchase of Listed Companies of the Shanghai Stock Exchange and allows for current repurchase actualities as well as the cash and market situation. It's reasonable and feasible. Conducting the repurchase at appropriate time and paying for the repurchase within the repurchase period is flexible and does not constitute harm to corporate interests and the rights of minority shareholders, nor does it pose adverse impacts on the capability of sustainable operation, debt performance, financial status and future development.

By March 31, 2020, main financial status of the Company is as followed:

	March 31, 2020 (Unaudited)	December 31, 2019 (audited)
Total assets	36,335,665,690	36,645,386,717
Among: cash at bank and in hand	4,479,190,602	5,107,514,423
Total liabilities	12,750,628,211	13,277,703,972
Net assets attributable to shareholders of the Company	21,513,488,370	21,309,042,690
	Jan to March 2020 (unaudited)	Jan to December 2019 (audited)
Net cash flow from operating activities	434,960,772	9,679,185,865

If the upper limit of the total fund 610 million Yuan after adjustment is used up, accounting for 1.68% of the total assets of the Company by March 31, 2020, 2.84 % of net assets of the shareholders of the Company.

The repurchase after adjusting the amount of the total fund will not change the status of the Company being a listed company, nor will it lead to the distribution of the share structure of the Company not conforming with listing condition.

IV. Decision procedure of the adjustment of the share repurchase plan

On August 11, 2020, the Eighteenth Meeting of the Ninth Board of Directors of Huaxin Cement Co., Ltd approved the *Proposal on Adjusting Total Fund for the Repurchase of A Shares of the Company By Means of Centralized Bidding*. The proposal does not require the review of the Shareholders' General Meeting.

V. Opinions of the Independent Directors on adjusting the total fund for the repurchase of A shares of the Company by means of centralized bidding

Independent Directors of the Company believe that the adjustment accords with *Company Law of People's Republic of China, Securities Law of the People's Republic of China, Implementation Rules for the Share Repurchase of Listed Companies of the Shanghai Stock Exchange* and other relevant laws and regulations in the *Articles of Association*. Board resolution voting procedure is in line with laws and regulations.

The adjustment conforms to the reality of the Company, will not pose material impacts on the share repurchase of the Company, nor will it pose adverse impacts on the capability of sustainable operation, debt performance, financial status and future development. The adjustment will not change the status of the Company being a listed company, nor will it lead to the distribution of the share structure of the Company not meeting the listing condition.

Above all, we believe the share repurchase plan is legitimate and compliant, does not constitute harm to the Company or all the shareholders, especially the minority shareholders. It is reasonable and feasible. We unanimously agree with the proposal.

The Company will execute the share repurchase when timing is appropriate and fulfil the obligation of information disclosure according to relevant laws, regulations and stipulations of the stock exchange. Public investors are hereby kindly requested to notice investment risks.

It is hereby announced the above.

Huaxin Cement Co., Ltd
Board of Directors
August 13, 2020