

Huaxin Cement Co., Ltd.

Announcement on Resolutions of the Twenty Seventh Meeting of the Ninth Board of Directors

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

I. Convening of the Board Meeting

The Twenty Seventh Meeting of the Ninth Board of Directors of Huaxin Cement Co., Ltd. (hereinafter referred to as “the Company”) was convened in Wuhan on March 24-25, 2021 in person and by video/conference call. In principle, there should be 9 Directors present at the Meeting, actually 9 Directors were present. The Meeting was presided by the Chairman Mr. Xu Yongmo. Secretary to the Board was present at the Meeting. Chairman of the Board of Supervisors and some of the Senior Management attended the Meeting. The Company sent the Meeting Notification to all the Directors on March 14, 2021 by mail. The Meeting was in compliance with the provisions contained in relevant laws, rules, regulations and the *Articles of Association of the Company*, so it was legitimate and valid.

II. Reviewing of the Board Meeting

Through reviewing and voting, this Board Meeting adopted the following important resolutions

1. Annual Report 2020 and its abstract of the Company

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0).

For the full text of the Annual Report 2020, please refer to the website of Shanghai Stock Exchange: www.sse.com.cn, and the website of the Company: www.huaxincem.com.

For Annual Report 2020 abstract, please refer to China Securities Journal and Shanghai Securities News.

2. Annual Work Report 2020 of the Board of Directors

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0).

The detailed report will be disclosed on the website of the Shanghai Stock Exchange at www.sse.com.cn one week before the convening day of the Annual Shareholders' General Meeting 2020.

The above Report shall be submitted to the Shareholder's General Meeting for approval.

3. Final Financial Report 2020 and Financial Budget Report 2021

(Voting Result: Affirmative 9; Negative: 0; Abstention: 0);

For detailed information, please refer to the Annex 1.

The above Report shall be submitted to the Shareholder's General Meeting for approval.

4. 2020 Profit Distribution Proposal of the Company

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to "Huaxin Cement Co., Ltd. - Announcement on 2020 Profit Distribution Proposal of the Company" (Ref: 2021-010) published by the Company on the same day.

The above Proposal shall be submitted to the Shareholder's General Meeting for approval.

5. Proposal on Reappointment of the Accounting Firm for 2021 Financial Audit and Internal Control Audit of the Company

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to "Huaxin Cement Co., Ltd. - Announcement on the Reappointment of the Audit Firm for 2021 Financial Audit and Internal Control Audit of the Company" (Ref: 2021-011) published by the Company on the same day.

The above Proposal shall be submitted to the Shareholder's General Meeting for approval.

6. Annual Work Report 2020 of Independent Director Ms. Liu Yan

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

7. Annual Work Report 2020 of Independent Director Mr. Simon Mackinnon

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

8. Annual Work Report 2020 of Independent Director Mr. Wang Liyan

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information of item 6, 7 and 8, please refer to the Annual Work Report 2020 of Independent Directors disclosed on the website of Shanghai Stock Exchange: www.sse.com.cn.

9. Internal Control Assessment Report 2020

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to the Internal Control Assessment Report 2020 disclosed on the website of Shanghai Stock Exchange: www.sse.com.cn

10. Proposal in Respect of Nominating Mr. Xu Yongmo, Mr. Li Yeqing, Mr. Liu Fengshan, Ms. Geraldine Picaud, Mr. Chi Kong Lo and Ms. Tan Then Hwee as Director Candidates for the Tenth Board of Directors

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

The Ninth Board of Directors of the Company is coming to an end of its service period. Pursuant to the stipulations contained in the Articles of Association of the Company, after discussion, Mr. Xu Yongmo, Mr. Li Yeqing, Mr. Liu Fengshan, Ms. Geraldine Picaud, Mr. Chi Kong Lo and Ms. Tan Then Hwee are nominated by the Board as Director candidates for the Tenth Board of Directors.

Please refer to Annex 2 for Résumé of the director candidates.

The above proposal shall be approved by the Shareholders' General Meeting.

11. Proposal in Respect of Nominating Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong as the Independent Director candidates for the Tenth Board of Directors.

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

The Ninth Board of Directors of the Company is coming to an end of its service period. Pursuant to the stipulations contained in the Articles of Association of the Company, after discussion, Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Edward Jiang are nominated by the Board as Independent Director candidates for the Tenth Board of Directors.

Please refer to Annex 2 for Résumé of the independent director candidates.

The above proposal shall be approved by the Shareholders' General Meeting.

12. Proposal in Respect of Amending Partial Articles in the Articles of Association of the Company

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to the Annex 3.

The above proposal shall be approved by the Shareholders' General Meeting.

13. Proposal on the Modification of Corporate Accounting Policy (Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to "Huaxin Cement Co., Ltd. - Announcement on the Modification of Corporate Accounting Policy" (Ref: 2021-012) published by the Company on the same day.

It is herewith announced.

Huaxin Cement Co., Ltd.

Board of Directors

March 27, 2021

Annex 1:

Huaxin Cement Co., Ltd.
Final Financial Report 2020 and Financial Budget Report 2021

I. Brief on 2020 Financial Statement

(I) Financial Position

1. Asset and Liability

Unit: 10000 CNY

Item	Details	Balance at the end of 2020	Proportion	Balance at the end of 2019	Proportion	Change on a year on year basis
Asset	Current Asset	1,513,461	34.45%	1,014,849	31.82%	49.13%
	Non-current asset	2,879,390	65.55%	2,649,690	68.18%	8.67%
	Total	4,392,851	100.00%	3,664,539	100.00%	19.87%
Liability	Current Liability	1,160,260	68.40%	902,468	68.40%	28.57%
	Non-current liability	658,597	31.60%	425,303	31.60%	54.85%
	Including: liability with interest	1,818,857	100.00%	1,327,770	100.00%	36.99%
	Total	794,753	48.56%	420,429	48.56%	89.03%
Liquidity ratio		1.30		1.12		0.18
Asset liability ratio		41.40%		36.23%		Up by 5.17 percentage points

In 2020, total assets increased by 7.283 billion Yuan over the beginning of the period, among which: net cash flow from operating activities, the issuance of overseas bonds affected monetary fund and tradable financial assets, totaling at 9.646 billion Yuan, up by 4.5 billion Yuan over the beginning of the period; Huangshi 10k t/d line, Nepal line, 100 million t/y machine-made sand project, Tanzania Mavani investment led to the increase of fixed assets, intangible assets, construction in progress and other non-current assets at 2.1 billion Yuan; as Huangshi 10 k t/d line and Luquan line are put into operation, the scale will be further expanded. The inventory and other current assets investment will increase around 650 million Yuan.

In 2020, the Company appropriately increased M&A and loans with favorable interest rate according to the double performance plan and overseas investment. The Company issued 300 million USD overseas bond, the liability with interest rate increased 3.7 billion Yuan, the total liabilities increased 4.911 billion Yuan over the beginning of the period.

Despite the asset liability ratio increased 5.17 percentage points, the liquidity ratio rose from 1.2 to 1.3, cash, deposit, total monetary fund can cover current liabilities with interest rates, the risk of liquidity is low.

2. Equity change (excluding minority shareholders' equity, the same below)

Unit: 10000 CNY

Item	Balance at the end of 2020	Proportion	Balance at the end of 2019	Proportion	Change on a year on year basis
Equity attributed to shareholders of the Company	2,357,138	100.00%	2,130,904	100.00%	10.62%
Including: treasury shares	-61,005				
Other comprehensive incomes	-27,529		-1,742		-1480.67%
Undistributed profit	1,930,470	81.90%	1,620,454	76.05%	19.13%

At the end of 2020, the total equity attributable to shareholders of the parent company increased by 2.262 billion yuan from the beginning of the year. Despite the adverse effects of the pandemic in 2020, higher net profit was achieved. Therefore, the company's undistributed profit balance still increased 3.1 billion yuan after the mid-year distribution of 2.53 billion yuan in cash dividend.

In mid-2020, the need for the ESOP caused the company to repurchase 610 million yuan of stock from the market as treasury shares. In addition, with the increase in investment in overseas companies and the impact of exchange rate changes, the negative balance of foreign currency statement translation increased, resulting in a year-end reduction of approximately 258 million yuan in other comprehensive income from the beginning of the year.

(II) Business Performance

1. Operating performance

Unit: 10000 CNY

	2020	2020 Budget	Change	2019	Change
Sales revenue	2,935,652	2,902,234	1.15%	3,143,921	-6.62%
Cost of Sales	1,744,023	1,659,929	5.07%	1,862,531	-6.36%
Gross Profits on Sales	1,191,628	1,242,305	-4.08%	1,281,391	-7.01%
Gross Profits Margin on Sales	40.59%	42.81%	Down by 2.2 percentage points	40.76%	Down by 0.17 percentage points

In 2020, affected by the COVID-19 pandemic and floods along Yangtze River operating income decreased by 2.083 billion yuan from the previous year. Among them, the sales volume of cement and clinker decreased by 930,000 tons year-on-year; the prices of major products such as cement, aggregates and concrete all dropped to various degrees, down by 26 yuan/t (7.28%), 7 yuan/t (12.07%) and 20 yuan/m³ (4.67%) respectively. In order to reduce the adverse impact of the pandemic and floods on operations, while the company strove to curb the decline in cement sales, it actively expanded the market and sales of aggregates and concrete. The

operating revenue in 2020 will still achieve the budget target, with a completion rate of 101%. .

Operating costs in 2020 decreased by RMB 1.185 billion compared with the same period of the previous year. On the one hand, sales of cement and clinker decreased year-on-year; on the other hand, raw material consumption decreased, fuel and power prices fell, and the cost of major products such as cement, aggregate and concrete decreased by 12 yuan/t, 2 yuan/t and 34 yuan/m³. The decline in the production cost of major products has not fully offset the adverse impact of the decline in sales prices. The gross profit margin of sales in 2020 decreased by 2.22 and 0.17 percentage points over the budget and the same period of the previous year.

2. Periodic Expenses

Unit: 10000 CNY

	2020	2020 Budget	Change	2019	Change
Selling and distribution expenses	202,271	238,293	-15.12%	204,849	-1.26%
Selling expense ratio	6.89%	8.21%	Down by 1.32 percentage points	6.52%	Up by 0.37 percentage points
General and administrative expenses	160,470	154,096	4.14%	155,849	2.97%
G&A expense ratio	5.47%	5.31%	Up by 0.16 percentage points	4.96%	Up by 0.51 percentage points
Finance expenses	30,571	32,741	-6.63%	20,815	46.86%
Finance expense ratio	1.04%	1.13%	Down by 0.09 percentage points	0.66%	Up by 0.38 percentage points

Selling and distribution expenses in 2020 decreased slightly from the previous year by 26 million yuan. The consumption of materials such as packaging bags, logistics costs, and depreciated expenses increased by 54 million yuan compared with the same period last year, while staff costs and repair expenses decreased by 65 million yuan and 25 million yuan respectively. .

In 2020, G&A expenses increased by 46 million yuan compared with the previous year. The COVID-19 pandemic at the beginning of the year led to a long-term shutdown of factories in Hubei and other regions. Salary of the production staff's and equipment depreciation and amortization and other shutdown losses were included in G&A expenses, resulting in an increase of 0.46 year on year. The company launched the B-to-H project and issued overseas bonds, and intermediary service expenses increased by 37 million yuan year-on-year; expenses such as travel, conferences and entertainment decreased by 34 million yuan year-on-year.

In 2020, the company's financial expenses increased by 98 million yuan from the previous year, mainly due to a year-on-year increase 125 million yuan in exchange losses and a decrease of 46 million yuan in interest expenses.

3. Profitability

Unit: 10000 CNY

	2020	2019	Change
Net profit attributable to shareholders of the Company	563,060	634,230	-11.22%
Return on net assets, weighted average (%)	25.03	33.63	Down by 8.6 percentage points
Return on net assets, weighted average after deducting non-recurring gains and losses (%)	24.68	32.77	Down by 8.09 percentage points

During the reporting period, the price of main products dropped, resulting in the decline of gross margin, coupled with shutdown losses and expenses increased due to the pandemic. Net profit attributable decreased 847 million yuan over the same period of last year. Net profit attributable to shareholders of the Company decreased 711 million yuan.

(III) Cash Flow

Unit: 10000 CNY

	2020	2020 budget	Change	2019	Change
Net cash flow from operating activities	840,547	753,000	11.63%	967,919	-13.16%
Net cash flow from investing activities	-500,804	-852,232	41.24%	-448,670	-11.62%
Net cash flow from financing activities	18,769	5,634	233.14%	-550,692	103.41%

The net cash flow from operating activities dropped 1.274 billion yuan over last year due to the profit decrease for the year and on the other hand, new projects were put into operation and the scale were expanded, hence the inventory and operating receivables fund occupation increased.

The net cash flow from investing activities increased 520 million yuan over last year, as a result of less capital collected from the investment, but it decreased 3.51 billion yuan over the budget, mainly due to the delay of construction investment and M&A caused by the pandemic, the investment expenditure declined.

The net cash flow from financing activities increased 5.694 billion yuan, mainly due to the new loans for M&A and the issuance of overseas bonds.

II Brief Explanation on the 2021 Financial Budget

In 2021, the Company will launch four strategies including integrated development, overseas strategy of cement business, business expansion strategy of high-tech building materials and innovative strategy of traditional industry + digitalization; Huaxin will continue to focus on clients, cost and human to improve the performance. Main financial indicators are as followed:

(I) Production and Operation

In 2021, Huaxin plans to sell 84 million tons of cement and commercial clinker, 14 million m³ concrete, 49.8 million tons aggregate, dispose 3 million tons of eco wastes.

(II) Investment Budget

In 2021, the Company plans to invest 14.5 billion Yuan, mainly flowing to aggregate and cement business. In terms of aggregate, the investment is for the 100 million tons machine made sand and aggregate lines in cement plants; for cement business, the investment mainly goes to overseas project; continue to invest in concrete, eco and new material business.

(III) Financing Budget

In 2021, the Company will pay off 1.2 billion corporate bonds. It's predicted to continue to issue domestic and overseas bonds, increase M&A loans. The financial debt at the end of 2021 is predicted to be controlled within 13 billion yuan.

(IV) Asset status

In 2021, total assets are predicted to be around 54 billion yuan. Asset liability ratio is estimated to maintain around 42%.

Annex 2:

Resumes of the Director Candidates for the Tenth Board of Directors

Mr. Xu Yongmo, born in April 1956, Master of Engineering, Doctor and Post Doctorate who had studied in UK. 1982 ~ 1983, assistant engineer of Plasterboard Subsidiary of Beijing New Building Material Plant; 1986 ~ 1988, the principal of RMX laboratory of Concrete and Housing Building Materials Institute of China Building Materials Academy; 1988~1991, vice director of Technical Information Centre of China Building Materials Academy; 1998 ~ 2002, VP of China Building Materials Academy; from April 2002 to April 2017, VP of China Building Materials Federation; from June 2006 to December 2016, president of China Concrete & Cement Product Association; from December 2016 till now, executive president of China Concrete & Cement Product Association; from March 2007 till now, director-general of China Construction Units Association; from October 2007 to July 2019, VP of China Cement Association; from December 2011 to March 2019, director-general of China Silicate Association. He was Independent Director of the Company from April 2009 to March 2012. He became the Chairman of the Company from April 2012.

Mr. Li Yeqing, born in February 1964, doctor, senior engineer. He currently takes the positions of CEO, Secretary of the Party committee of both the Company and Huaxin Group Co., Ltd.. From July 1984, Mr. Li Yeqing successively graduated from Silicate Major of Wuhan Building Material Institute as Bachelor of Engineering, Industrial Management Major of Wuhan University of Technology as Master of Engineering; and Management Science and Engineering Major of Huazhong University of Science and Technology as Doctor of Business Administration. July 1984 ~ October 1987, Wuhan University of Technology Portland Engineering Department, teacher, League Committee vice secretary. He entered Huaxin Cement Plant (former name of the Company) in November 1987, taking position of quality control engineer of Central Lab, vice manager of Limestone Quarry, vice director of Extension Office and manager of production technology, and became vice manager of Huaxin Cement Plant in January 1993, he became Deputy General Manager of the Company at June 1994, General Manager of the Company in December 1999 (he was renamed as CEO of the Company since March 2004). He took the position of Director of the Company from April 1994. He concurrently took the positions of Vice Chairman of China Building Materials Federation since March 2009 and Vice Chairman of China Cement Association since May 2000. He concurrently took the positions of Chairman of Hubei Building Materials Federation since January 2014. He concurrently served as Executive Vice Chairman of the Sixth Council of China Building Materials Federation since October 2020.

Mr. Liu Fengshan, born in November 1965, master degree of public relations from Singapore Nanyang Technological University. Mr. Liu graduated from Kunming Engineering College in July 1987 and got bachelor degree of engineering. From 1987 to August 1998, he took the position of technician of Chimashan Quarry, workshop manager, deputy quarry manager, quarry manager and secretary of the Party Committee of Daye Non-ferrous Metal Company successively. From August 1998 to August 1999, he took the positions of quarry manager of Tonglushan Quarry and secretary of Party Committee of Daye Non-ferrous Metal Company. From August 1999 to January 2002, he was deputy secretary of Party Committee and secretary of Discipline Inspection Committee of Daye Non-ferrous Metal Company. From January 2002 to April 2004, he took the position of deputy secretary of

Discipline Inspection Commission of Huangshi City. From April 2004 to October 2006, he was the deputy secretary of Daye Municipal Party Committee and Mayor of Daye. From October 2006 to November 2006, he was deputy secretary general of Huangshi Municipal Party Committee. From November 2006 to September 2011, he took the positions of director general and secretary of Leading Party Group of Bureau of Civil Affairs of Huangshi City. Since September 2011, he took the positions of Chairman and General Manager of Huaxin Group Co., Ltd., as well as deputy secretary Party Committee of both Huaxin Group Co., Ltd. and Huaxin Cement Co., Ltd.. He became a Director of the Company from April 2012. He became VP of the Company from June 2012.

Ms. Geraldine Picaud, French national, born in Feb 1970, Geraldine Picaud became Chief Financial Officer for LafargeHolcim in January 2018. She holds a Master Degree in Business Administration from Reims Business School. In 2011, Geraldine Picaud joined the Group from CAC 40-listed ophthalmic optics company Essilor International, where she was Group CFO. Prior to that she was CFO of Volcafe Holdings, the Switzerland-based coffee business of ED&F Man. Géraldine initially joined ED&F Man in London in 2007 as Head of Corporate Finance in charge of M&A. This followed 13 years as CFO at international specialty chemicals group, Safic Alcan as Head of Business Analysis and then as CFO. She became Director of the Company from Apr 2018.

Mr. Chi Kong Lo, born in July 1963, MBA of Purdue University, CPA certified in Ohio USA. From 1987 to 1991, MIS Manager and Executive Assistant in Ohio government agency Lake Metroparks, From May 1991 to August 1998, successively held the post of Financial Manager of Carrier Taiwan Co., Ltd and CFO of Shanghai Yileng Carrier Air Conditioning Co., Ltd. From 1998 to 2002, CFO of Switzerland Suzhou Schindler Elevator Co. From 2003 to 2005, Executive Vice President of Schindler China. From 2005 to 2018, successively held the post of Area Manager of Sika AG Greater China, President/Chairman of Sika China, Vice President/Head of M&A of Sika AG Asia Pacific, Co-head Corporate M&A of Sika AG. Since August 2018, he has been the Country Head Greater China of LafargeHolcim Group. He became Director of the Company from Dec 27, 2018.

Ms. Tan Then Hwee, a Singapore national born in December 1972, holds an MBA and BBA in Marketing from Wichita State University, Kansas, USA. She has over twenty years of human resources management experience in an international business environment across Asia Pacific including leadership development, talent & succession management, employee engagement, organizational development and compensation & benefits management. From Feb 1996 to Feb 2000, she was HR manager of Lucent Technologies, USA. From November 2000 to Feb 2007, she served as project manager and HR business partner respectively in Philips, Hong Kong. From Apr 2007 to Mar 2019, she served as VP HR in Sika Asia Pacific. She concurrently took the position of VP HR of LafargeHolcim Group since Mar 2019 and she was elected to the Board of Directors of Ambuja Cements Ltd and a member of the Compliance Committee since April 2019. She became Director of the Company from September 2020.

Mr. Wong Kun Kau, born in November 1960, bachelor in social science from the University of Hong Kong. From August to November 2007, he was the head of investment banking-Asia in BNP Paribas Capital (Asia Pacific) Limited. Prior to joining Peregrine Securities Ltd., he was with Wardley Investment Services Ltd., Bank America Trust Co., (HK) Ltd., Nomura International (HK) Ltd. and Samuel Montagu &

Co., Ltd respectively. He is the founder and has been the CEO of Bull Capital Partners Limited since May 2008. He has been an independent non-executive director of REF Holdings Limited since August 2015, and he has been an independent non-executive director of Jianzhong Construction Development Limited since February 2020. Mr. Wong Kun Kau has over 28 years of experience in investment banking and corporate finance. From July 2010 to May 2019, he was an independent non-executive director of West China Cement Limited. From May 2012 to June 2016, he was an independent non-executive director of Anhui Conch Cement Company Limited. From August 2013 to May 2017, he was an independent non-executive director of Sansheng Holdings (Group) Company Limited. From June 2014 to June 2017, he was an independent non-executive director of China Shengmu Organic Milk Limited.

Mr. Zhang Jiping, born in November 1968, holds LL.B. degree and Master of Laws degree from the University of International Business and Economics in Beijing and LL.M. degree from New York University School of Law. He worked at the Legal Department of China Securities Regulatory Commission as staff attorney between 1993 and 1996. He worked at Simpson Thacher & Bartlett LLP in its New York and Hong Kong offices from 1997 to 2003. He joined Haiwen & Partners in February 2004, and now being as managing partner. He has over 25 years of legal experiences, and his practice primarily focuses on the FDI, M&A and capital markets areas.

Mr. Edward Jiang, born in March 1970, holder of Bachelor's Degree in Economics granted from Finance and Economics Department of Xiamen University, a Chinese CPA, currently working as off-campus instructor for graduate students at Shanghai University of Finance and Economics and Xiamen University, a representative of the Shanghai People's Congress and a member of the Standing Committee of the Jing'an District CPPCC. From August 1992 to June 2006: worked with the MOF Commissioners Office in Shanghai; From June 2000 to October 2015: worked as Chief Financial Officer, Chief Taxation Officer and Chief Governmental Affairs Officer with Philips; From October 2015 to present: working as Vice Chair of Shanghai Intellectuals Association Foreign Business Branch, Chair of Jing'an District Intellectuals Association, and in charge of O2Change startup incubator and incubation funds jointly created by over ten multinational corporations; currently acting as Chairman of Shanghai O2Change Network Technology Co., Ltd.

Annex 3:

Proposal in Respect of Amending Partial Articles in the *Articles of Association of the Company*

According to the *Decision on Amending Guidelines on the Articles of Association of Listed Companies* issued on April 17, 2019 by China Securities Regulatory Commission, the Company intends to amend partial articles in the *Articles of Association* and its attachment *Rules of Procedure of the Shareholders' General Meeting* and *Rules of Procedure of the Board of Directors*. Details are as followed:

No.	Original articles	Proposed to be amended as
1	<p>Article 16 The business scope of the Company as approved by the registration authority is: manufacture, storage and sales of cement, clinker, ready mixed concrete, building materials, other building material products and packaging materials; cement and building materials related technical service; architecture design and construction; manufacture, erection, maintenance, lease and sales of equipment; trading of raw materials and fuel including limestone, coal and petroleum coke, and industrial wastes and auxiliary materials used in production; trading of mechanical and electrical equipment and spare parts; import and export of the Company' products, technology and agency service; contracting of foreign building materials projects and domestic international bidding projects and dispatch of service personnel for implementing foreign projects (operation by licenses if the projects involve license permits); transportation agency services; opencast mining of limestone for cement use and sandstone as cement auxiliary materials. (If the projects require approval according to law, the operation can start after getting approval from related department.)</p>	<p>Article 16 The business scope of the Company as approved by the registration authority is: manufacture, storage and sales of cement, clinker, ready mixed concrete, building materials, other building material products and packaging materials; cement and building materials related technical service; architecture design and construction; manufacture, erection, maintenance, lease and sales of equipment; trading of raw materials and fuel including limestone, coal and petroleum coke, and industrial wastes and auxiliary materials used in production; trading of mechanical and electrical equipment and spare parts; import and export of the Company' products, technology and agency service; contracting of foreign building materials projects and domestic international bidding projects and dispatch of service personnel for implementing foreign projects (operation by licenses if the projects involve license permits); transportation agency services; opencast mining of limestone for cement use and sandstone as cement auxiliary materials; manufacture and sales of materials and agents for the use of environmental protection; research, development and transfer of environmental protection technology; sales of chemical products (polyethylene) and raw material (excluding hazardous articles, only applied to branches). (If the projects require approval according to law, the operation can start after getting approval from related department.)</p>
2	<p>Article 27 The Company may repurchase its shares by one of the following methods: a. open trading on a stock</p>	<p>Article 27 The Company may repurchase its shares by open centralized trading or other method approved by laws, regulations and the</p>

	<p>exchange;</p> <p>b. by way of offer; or</p> <p>c. Other method approved by the China Securities Regulatory Commission (CSRC).</p> <p>In the event of repurchase by the Company pursuant to the stipulated circumstances under (c), (e), (f) in the Article 26, the repurchase shall be conducted in an open manner through concentrated trading.</p>	<p>China Securities Regulatory Commission (CSRC).</p> <p>In the event of repurchase by the Company pursuant to the stipulated circumstances under (c), (e), (f) in the Article 26, the repurchase shall be conducted in an open manner through centralized trading.</p>
3	<p>Article 43 The Shareholders' General Meeting is the organ of power of the Company and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> 1. to decide the business policy and investment plans of the Company; 2. to elect and replace directors and non-employee supervisors, and to decide on matters concerning the remuneration of directors and supervisors; 	<p>Article 43 The Shareholders' General Meeting is the organ of power of the Company and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> 1. to decide the business policy and investment plans of the Company; 2. to elect and replace non-employee directors, non-employee supervisors, and to decide on matters concerning the remuneration of directors and supervisors;
4	<p>Article 47 The Shareholders' General Meetings shall be held in terms of live conference, and a meeting place shall be prepared for the Shareholders' General Meeting. The Company will facilitate the attendance of the shareholders by providing on-line voting or other methods. Shareholders who attend a Shareholders' General Meeting with the foregoing methods shall be deemed as if present at the meeting.</p>	<p>Article 47 Venue of the Company's Shareholders' General Meeting: Location of the Headquarter of the Company</p> <p>The Shareholders' General Meetings shall be held in terms of live conference. The Company will facilitate the attendance of the shareholders by providing online voting. Shareholders who attend a Shareholders' General Meeting with the foregoing methods shall be deemed as if present at the meeting.</p>
5	<p>Article 100 Directors shall be elected or replaced by the Shareholders' General Meeting and shall serve a term of three years. The directors may serve a consecutive term if re-elected upon expiration of their term of office. Prior to the expiration of their term of office, the directors may not be removed by the Shareholders' General Meeting except on good grounds.</p> <p>The term of office of a director shall commence from the closing day of the appointing Shareholders'</p>	<p>Article 100 Non-employee directors shall be elected or replaced by the Shareholders' General Meeting and can be removed by the Shareholders' General Meeting before the expiration of the term of office. Directors shall serve a term of three years and may serve a consecutive term if re-elected upon expiration of their term of office.</p> <p>The term of office of a director shall commence from the closing day of the appointing Shareholders' General Meeting and shall expire upon the expiration of the term of office of the current Board of Directors. If new directors are not elected</p>

	<p>General Meeting and shall expire upon the expiration of the term of office of the current Board of Directors. If new directors are not elected in time after the expiration of the term of office of the former director, the former director shall still, according to provisions of relevant laws and regulations and the Articles of Association of the company, exercise his/her responsibilities of being a director before the newly-elected director takes office.</p> <p>A director can concurrently take the position of manager or other senior managerial personnel, but the number of directors concurrently taking the position of manager or other senior managerial personnel shall not exceed one half of all the directors of the company.</p> <p>The Board of Directors of the Company does not set up the director position held by staff representative for the present.</p>	<p>in time after the expiration of the term of office of the former director, the former director shall still, according to provisions of relevant laws and regulations and the Articles of Association of the company, exercise his/her responsibilities of being a director before the newly-elected director takes office.</p> <p>The position of director can be assumed by managers or other senior managerial personnel, but the number of directors that are concurrently assumed by managers or other senior managerial personnel shall not exceed half of all the directors of the company.</p>
6	<p>Article 110 The Board of Directors shall be composed of not less than nine directors. One director shall act as Chairman of the Board of Directors and one director shall act as Deputy Chairman of the Board of Directors. At least one third of the directors shall be independent directors. At least one independent director shall have expertise in accountancy.</p> <p>The Board shall set up special committees in charge of the strategy making, audit, nomination, remuneration and assessment, Governance and Compliance etc. Those special committees shall be responsible to the Board.</p>	<p>Article 110 The Board of Directors shall be composed of not less than nine directors. One director shall act as Chairman of the Board of Directors and one director shall act as Deputy Chairman of the Board of Directors. At least one third of the directors shall be independent directors. At least one independent director shall have expertise in accountancy.</p> <p>The Board shall set up special committees in charge of the strategy making, audit, nomination, remuneration and assessment, Governance and Compliance etc. Those special committees shall be responsible to the Board, fulfill duties according to the Articles of Association and the authorization of the Board. Proposals shall be submitted to the Board for deliberation. Members of special committees are all from directors. In Audit Committee, Nomination Committee and Remuneration and Assessment Committee, independent directors take the majority and assume the role of convener. The Convener of the Audit Committee shall be an accountant</p>

		professional.
7	<p>Article 129 Senior managerial personnel shall serve full-time in the Company and be paid by the Company.</p> <p>Senior managerial personal shall at the controlling shareholder or the actual controlling person of the Company not take any positions other than director.</p> <p>Senior managerial personal may at subsidiaries of the Company act as director or senior managerial personnel.</p>	<p>Article 129 Senior managerial personnel shall serve full-time in the Company and be paid by the Company. Those who take administrative role other than director or supervisor in the controlling shareholders of the Company shall not take the office of senior managerial personnel in the Company.</p> <p>Senior managerial personal may at subsidiaries of the Company act as director or senior managerial personnel.</p>
8	<p>Article 158 Dividend Distribution Policy of the Company</p> <p>.....</p> <p>1. If the Company profits during the annual reporting period and the accumulative undistributed profit is positive, the Company shall implement a certain ratio of cash dividend distribution. Unless there are special circumstances, the sum of the cash dividends (including the interim cash dividends) shall not be less than 20% of the net profit attributable to shareholders of the Parent Company.</p>	<p>Article 158 Dividend Distribution Policy of the Company</p> <p>.....</p> <p>1. If the Company profits during the annual reporting period and the accumulative undistributed profit is positive, the Company shall implement a certain ratio of cash dividend distribution. Unless there are special circumstances, the sum of the cash dividends (including the interim cash dividends) shall not be less than one third of the net profit attributable to shareholders of the Parent Company.</p>
9	<p><i>Rules of Procedures of the Shareholders' General Meeting</i></p> <p>Article 4 The Shareholders' General Meeting is the organ of power of the Company, and is authorized with the following duties as per laws:</p> <p>a. to decide on the business policies and investment plans;</p> <p>b. to elect and replace directors and non-employee supervisors, and to decide on matters concerning the remuneration of directors and supervisors.</p>	<p><i>Rules of Procedures of the Shareholders' General Meeting</i></p> <p>Article 4 The Shareholders' General Meeting is the organ of power of the Company, and is authorized with the following duties as per laws:</p> <p>a. to decide on the business policies and investment plans;</p> <p>b. to elect and replace non-employee directors, non-employee supervisors, and to decide on matters concerning the remuneration of directors and supervisors.</p>
10	<p><i>Rules of Procedures of the Shareholders' General Meeting</i></p> <p>Article 23 A Shareholders' General Meeting shall be held at the registered domicile or the management place of the Company, unless otherwise specified by the</p>	<p><i>Rules of Procedures of the Shareholders' General Meeting</i></p> <p>Article 23 Venue of the Company's Shareholders' General Meeting: Location of the Headquarter of the Company.</p> <p>A meeting place shall be set up</p>

	<p>Board of Directors. A meeting place shall be set up for a Shareholders' General Meeting and the Shareholders' General Meeting shall proceed in the form of a live conference. The Company shall facilitate the attendance of the shareholders by making available safe, economic and convenient on-line voting or circular voting method according to laws, published administrative regulations, and regulations of CSRC or in the Articles of Association. Shareholders who attend a Shareholders' General Meeting with any of the foregoing methods shall be deemed as if present at the meeting. The shareholders may attend a Shareholders' General Meeting in person, or authorize proxies to attend the meeting and exercise the voting rights on their behalf.</p>	<p>for a Shareholders' General Meeting and the Shareholders' General Meeting shall proceed in the form of a live conference.</p> <p>The Company shall facilitate the attendance of the shareholders by providing on-line voting. Shareholders who attend a Shareholders' General Meeting with the above method shall be deemed as if present at the meeting. The shareholders may attend a Shareholders' General Meeting in person, or authorize proxies to attend the meeting and exercise the voting rights on their behalf.</p>
11	<p><i>Rules of Procedure of the Board of Directors</i></p> <p>Article 4 Special Committees of the Board of Directors</p> <p>The Board of Directors shall set up special committees in charge of strategy making, audit, nomination, remuneration and assessment. The special committees shall report to the Board of Directors.</p>	<p><i>Rules of Procedure of the Board of Directors</i></p> <p>Article 4 Special Committees of the Board of Directors</p> <p>The Board of Directors shall set up special committees in charge of strategy making, audit, nomination, remuneration and assessment. Those special committees shall be responsible to the Board, fulfil duties according to the Articles of Association and the authorization of the Board. Proposals shall be submitted to the Board for deliberation. Members of special committees are all directors. In Audit Committee, Nomination Committee and Remuneration and Assessment Committee, independent directors take the majority and assume the role of convener. The Convener of the Audit Committee shall be an accountant professional.</p>