

Huaxin Cement Co., Ltd

Announcement on the Reappointment of the Audit Firm for 2021 Financial Audit and Internal Control Audit of the Company

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.

Highlights:

- The name of the audit firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP

I. Basic information of the accounting firm to be appointed

(I) Information on the agency

1. Basic information

Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) (hereinafter referred to as Deloitte Touche Tohmatsu) was formerly known as Huijiang Deloitte Touche Tohmatsu Certified Public Accountants Co., Ltd., which was established in February 1993. Later it was renamed as Deloitte Touche Tohmatsu Certified Public Accountants LLP in 2002. With the approval of the Ministry of Finance and other departments in September 2012, the company was converted into a special general partnership. Deloitte Touche Tohmatsu registered address is 30th Floor, No. 222 East Yan'an Road, Huangpu District, Shanghai.

Deloitte Touche Tohmatsu has the practising certificate of the accounting firm approved by the Ministry of Finance. It has also been approved to engage in H-share enterprise auditing business with the approval of the Ministry of Finance and China Securities Regulatory Commission. Deloitte Touche Tohmatsu has filed for securities service business in accordance with the regulations of "Administrative Measures for Recordation of Securities Service Business by Accounting Firms" and other relevant documents issued by the Ministry of Finance and China Securities Regulatory Commission. Deloitte Touche Tohmatsu has been engaged in securities and futures related services for more than 20 years and has extensive experience in securities services.

The audit business of the Company is mainly undertaken by the Deloitte Touche Tohmatsu Certified Public Accountants LLP Wuhan Branch (hereinafter referred to as "Deloitte Wuhan Branch"). Deloitte Wuhan Branch was established in August 2015. The registered office of Deloitte Wuhan Branch is Room 4901, Block I, New World International Trade Building, No. 568 Jianshe Avenue, Jiangnan District, Wuhan City. Approved by Hubei Provincial Department of Finance, Deloitte Wuhan Branch is equipped with accounting firm branch practising certificate. It has been engaged in securities services.

2. Information on the personnel

Mr. Fu Jianchao is the chief partner of Deloitte Touche Tohmatsu. At the end of 2020,

the number of partners was 205 with 6,445 practising employees, 1,239 certified public accountants, among which, more than 240 certified public accountants have signed audit reports on securities service business.

3. Business scale

Deloitte Touche Tohmatsu's audited business income for 2019 totaled RMB 4.1 billion, of which audit business income was RMB 3.1 billion and securities business income was RMB 677 million. Deloitte provided 2019 annual report audit service for 57 listed companies with total service fee of 249 million RMB. Industries engaged in by listed companies that Deloitte provided service to are mainly manufacturing, finance, real estate, transportation, warehouse and postal service, mining.

4. Capacity to protect investors

The cumulative compensation limit of occupational insurance purchased by Deloitte Touche Tohmatsu exceeds RMB 200 million, which is in compliance with relevant regulations. Deloitte Touche Tohmatsu has not assumed civil liability in relevant civil lawsuits due to its practice in the past three years.

5. Independence and integrity record

Deloitte Touche Tohmatsu and its employees have not received any criminal or administrative penalties due to their practice in the past three years, and have not received any administration supervision measures by securities regulatory authorities or self-regulatory measures and disciplinary sanctions by self-regulatory organizations such as stock exchanges and industry associations.

(II) Information on the project members

1. Member information

Mr. Chen Jialei, partner of the project, joined Deloitte Touche Tohmatsu in 2002 and has been engaged in professional service of audit and capital market. He is now a practising member of China Certified Public Accountants and has been in securities service over 18 years, provided audit service for listed companies and served as project partner and signature certified public accountant, is well equipped with professional competence.

Mr. Yuan Shouqing, the quality control re-auditor has long been engaged in audit and professional services related to capital market and now he is a practising member of China Certified Public Accountants. Mr. Yuan Shouqing has been in securities service over 25 years, provided audit service for listed companies and served as project partner and signature certified accountant, is well equipped with professional competence.

The proposed signature CPA Mr. Pang Yong has long been engaged in audit and professional services related to capital market and he is now a practising member of China Certified Public Accountants. Mr. Pang Yong has been in securities service over 12 years, provided audit service for listed companies and served as signature certified accountant, is well equipped with professional competence.

2. Independence and integrity record of the above members

The above members have not received any criminal or administrative penalties due to their practice in the past three years, and have not received any administration supervision measures by securities regulatory authorities or self-regulatory measures and disciplinary sanctions by self-regulatory organizations such as stock exchanges and industry associations.

There is no circumstance that may affect independence for Deloitte Touche Tohmatsu and the above project partner, the signature certified accountants, and the project quality control re-auditor.

(III) Audit fee

The audit fee for this period is calculated on the basis of the time consumed in the audit by Deloitte Touche Tohmatsu partners and other employees at all levels, taking into account the responsibilities and risks assumed by professional services. Audit fee for 2020 financial statements and internal control totals at 4.42 million RMB, up by 8.6% over 2019 audit fee.

In 2020, the Company also paid Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Consulting (Shanghai) Co., Ltd. other authentication service fee of 3.95 million RMB, Shanghai Deloitte Tax Accountant Co., Ltd. non- authentication business fee of 140 thousand RMB. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) confirmed that such non-audit businesses will not harm its audit independence.

II. Procedures of reappointing the audit firm

(I) The Audit Committee of the Board has obtained adequate knowledge on Deloitte Touche Tohmatsu Certified Public Accountants LLP and believed that Deloitte had fulfilled its duty during the audit process in accordance with the requirements of the auditing standards for China's Certified Public Accountants, complied with the criteria of professional ethics of accounting firms, and issued its opinions on the effectiveness of corporate finance and internal control objectively and justly. It had fulfilled the responsibility and obligation as an external audit firm and it's professional and competent to protect investors, which could meet the requirements of annual financial audit and internal control audit of the Company. Therefore, the Audit Committee agreed to reappoint Deloitte Touche Tohmatsu Certified Public Accountants LLP, and agreed to submit the Proposal on Reappointment of the Accounting Firm for 2021 Financial Audit and Internal Control Audit of the Company to the Twenty Seventh Meeting of the Ninth Board of Directors of the Company for review on March 24-25, 2021.

(II) The *Proposal on Reappointment of the Accounting Firm for 2021 Financial Audit and Internal Control Audit of the Company* has acquired pre-approval of Independent Directors before being submitted to the Board. Independent Directors believed that Deloitte Touche Tohmatsu has audit qualifications to engage in securities and futures-related business, it can perform its duties seriously during the practice, it has good business standards and professional ethics and has the professional ability to provide audit services on financial reporting and internal control to the Company. The decision-making procedures for reappointing the audit firm are in compliance with laws, regulations and the "Articles of Association", with no harm to the interests of the Company and its shareholders. The Audit Committee agreed to reappoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit firm to conduct 2021 annual financial audit and internal control audit of the Company.

(III) On March 24-25, 2021, the Company convened the Twenty Seventh Meeting of the Ninth Board of Directors. The Meeting approved the *Proposal on Reappointment of the Accounting Firm for 2021 Financial Audit and Internal Control Audit of the Company*. The Board agreed to submit the proposal to Shareholders' General Meeting for approval on reappointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit firm of 2021 financial audit and internal control audit and authorization to the Board to decide the audit fee of Deloitte Touche Tohmatsu Certified Public Accountants LLP for providing 2021 annual audit service to the Company.

(IV) The reappointment will be submitted to Shareholders' General Meeting for review and takes effective since the approval of Shareholders' General Meeting.

It is hereby announced.

Huaxin Cement Co., Ltd.
Board of Directors
March 27, 2021