

Huaxin Cement Co., Ltd.

Announcement on the Modification of Corporate Accounting Policy

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.

Highlight:

- This change in accounting policies will not affect the company's total assets, total liabilities, net assets, and net profits in 2020 while the adjustment will occur in the beginning period of 2021 balance sheet.

I. Summary of the modification of accounting policy

1. Reasons of the modification

The Ministry of Finance of the People's Republic of China issued a notice on the revision and issuance of the "Accounting Standards for Business Enterprises No. 21-Lease" on December 13, 2018, and requires companies that are listed both at home and abroad and listed overseas and adopt International Financial Reporting Standards or Accounting Standards for Business Enterprises Companies that prepare financial statements to implement such modification on January 1, 2019; other listed companies will implement on January 1, 2021;

The Company should make changes to corporate accounting policy according to the above new standard.

2. Review of the Board

On March 24-25, 2021, the Twenty Seventh Meeting of the Ninth Board of Directors approved the Proposal on the Modification of Corporate Accounting Policy. The voting result: affirmative 9, negative 0, abstention 0.

The above matter does not require the approval of Shareholders' General Meeting.

II. The specific circumstances of this accounting policy change and its impact on the company

1. When implementing the regulations in Accounting Standards for Business Enterprises No. 21-Lease, the company and controlled subsidiaries, within a certain period, that acquire the use right of the leasing asset, shall reflect the rights and obligations due to the leasing (excluding short term leasing and low value asset leasing). Therefore, accounting shall recognize "the asset with use right" and "leasing liability". The accumulative impacted amount to the beginning period of 2021 balance sheet is as followed:

Unit: RMB

Item	Dec 31, 2020	Jan 1, 2021	Adjusted amount
Payment in advance	378,619,350	371,948,617	-6,670,733
Total current assets	15,134,612,209	15,127,941,476	-6,670,733
Asset with use right		158,638,600	158,638,600
Total non-current assets	28,793,896,942	28,952,535,542	158,638,600
Total assets	43,928,509,151	44,080,477,018	151,967,867
Current portion of non-current liabilities	1,874,484,159	1,904,815,975	30,331,816
Total current liabilities	11,602,596,811	11,632,928,627	30,331,816
Leasing liabilities		121,636,051	121,636,051
Total non-current liabilities	6,585,973,842	6,707,609,893	121,636,051
Total liabilities	18,188,570,653	18,340,538,520	151,967,867

III. Opinions of Independent Directors

Independent Directors believe that the company's modification of its accounting policies is reasonable in accordance with the relevant requirements of the "Accounting Standards for Business Enterprises No. 21-Lease" revised by the Ministry of Finance in 2018. The revised accounting policies comply with the relevant provisions of the standards. The company implements the revised accounting policy, which can objectively and fairly reflect the company's financial status and operating results. The procedure for the modification of the company's accounting policy complies with the relevant laws, regulations and the "Articles of Association", and there is no harm to the interests of the company and all shareholders. Therefore, we agree to the revision of this accounting policy.

IV. Opinions of the Board of Supervisors

Board of Supervisors believe that the accounting policy change is a reasonable and modification based on the specific accounting standards revised or newly issued by the Ministry of Finance. It is in compliance with the regulations. The implementation of the accounting policy change can objectively and fairly reflect the company's financial status and operating results; related decisions procedures comply with relevant laws and regulations and the "Articles of Association" and other provisions, and there is no harm to the interests of the company and shareholders.

It is herewith announced.

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