

Huaxin Cement Co., Ltd.

Announcement on the Guarantee for a Subsidiary

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.

Highlights:

- Name of the guaranteed subject: Huangshi Huaxin Green Building Materials Industry Co., Ltd.
- The Company will provide the Green Building Materials Company with a total amount of no more than 5.7 billion yuan guarantee and a term of no more than 7 years. As of now, the Company provides 0 guarantee for Green Building Materials Company. The guarantee needs the approval of the Shareholders' General Meeting.
- Counter guarantee: nil
- Accumulated overdue amount of external guarantee: none

I. Overview on the guarantee

(I) Brief on the guarantee

The First Extraordinary Shareholders' General Meeting on January 28, 2021 approved the *Proposal on Building Huangshi Huaxin Green Building Materials Industry Park*. On April 28, 2021, the First Meeting of the Tenth Board of Directors approved the Proposal on Adjusting the Construction Plan of Huangshi Huaxin Green Building Materials Industry Park. Huangshi Huaxin Green Building Materials Company will be the subject of investment to invest 9.957 billion Yuan to build Huangshi Huaxin Green Building Materials Industry Park (including 2 million tons/y active calcium and deep process production line, 100 million tons /y machine made sand line and a dock line).

Currently, Huangshi Huaxin Green Building Materials Industry Park is under construction. Huaxin plans to provide Green Building Materials Company with guarantee at the amount no more than 5.7 billion Yuan and a term of no more than 7 years.

(II) Internal decision-making procedure of the guarantee

On April 28, 2021, the First Meeting of the Tenth Board of Directors reviewed and approved the *Proposal on Providing Guarantees for Huangshi Huaxin Green Building Materials Industry Co., Ltd.*

The guarantee amount was 5.7 billion yuan, accounting for 22.14% of the company's most recent audited net assets. According to the Shanghai Stock Exchange Stock Listing Rules and the Articles of Association, this guarantee still needs to be submitted to the company's shareholders meeting for deliberation.

II. Basic information of the guaranteed party

Huangshi Huaxin Green Building Materials Industry Co., Ltd. was established on May 20, 2020. Registered address is Hubei province, Yangxin County, Fuchi town. Legal

representative is Mr. Mei Xiangfu. Registered capital is 2 billion Yuan (three parties contribute registered capital based on share proportion). The shareholders and shareholding ratios are Huaxin Cement Co., Ltd. (60%), Huangshi Urban Development Investment Group Co., Ltd. (20%), and Yangxin County State-owned Mining Investment Co., Ltd. (20%). The business scope includes: limestone mining, processing and sales; construction aggregate and wall material production and sales; construction material sales; port construction; port loading and unloading services; warehousing services; asset leasing; labor contracting.

Green Building Materials Company is a newly establishment, yet to be rated. There is no major contingencies affecting its solvency. Main financial data of the latest year:

Item	December 31, 2020	March 31, 2021
Total assets	70001	69954
Total liabilities	1	-11
Among: bank loan	0	0
Total equities	70000	69965
Operating revenue	0	0
Net profit	0	-35

III. Main contents of the guarantee contract

The company adopts a full-amount joint liability guarantee to provide green industry companies with a total guarantee of no more than 5.7 billion Yuan and a period of no more than 7 years.

This guarantee has not yet signed a guarantee agreement, and the specific content of the guarantee is subject to the terms of the final signed guarantee agreement.

IV. Opinions of the Board of Directors

The Green Building Materials Company is the controlled subsidiary of Huaxin. The company provides full joint liability guarantees for bank loans for its project construction, mainly based on the credit requirements of financial institutions, the equity structure of the Green Building Materials Company, control operations, and financial institutions' evaluation on the capability of guarantee of Huangshi City Development Investment Group and Yangxin State-owned Mining Investment Company. The guarantee will help solve the funding gap for the project construction and promote the construction of the projects.

The Board of Directors has conducted a comprehensive assessment of the industry prospects, future solvency and credit status of the Green Building Materials Company's construction projects, and believes that the provision of guarantees for the Green Building Materials Company has fully considered the foreseeable benefits and risks, and the guarantee risk is controllable. The decision-making procedures for the provision of guarantees for the company are in compliance with laws, regulations and the Articles of Association and other relevant provisions, and there is no situation that harms the interests of the company and all shareholders.

V. Accumulated external guarantee amount and overdue guarantee

As of March 31, 2021, the total external guarantees of the company and its holding subsidiaries were 5.061 billion yuan, accounting for 19.66% of the company's most recent audited net assets. The guarantee amount was 5.7 billion yuan, accounting for

22.14% of the company's most recent audited net assets, and the total guarantee amount accounted for 41.81% of the company's most recent audited net assets.

The accumulated amount of overdue guarantees by the company is zero.

VI. Attachment online

Business license and the latest financial statements of Huangshi Huaxin Green Building Materials Industry Co., Ltd.

It is herewith announced.

Board of Directors of Huaxin Cement Co. Ltd.
April 30, 2021