

Huaxin Cement Co., Ltd. Announcement on 2020 Dividend Distribution

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:

- Cash dividend of 1.08 Yuan per A share; cash dividend of 0.166530 USD per B share.

- Relevant dates

Stock type	Date of share registration	Last trading date	Ex-dividend date	Date of cash dividends distribution
A Share	2021/6/16	—	2021/6/17	2021/6/17
B Share	2021/6/21	2021/6/16		2021/6/29

- Differentiated dividend distribution: yes

I. Shareholders' General Meeting that adopted the Profit Distribution Plan

On April 27, 2021, the Annual Shareholders' General Meeting 2020 of the Company reviewed and approved the Profit Distribution Plan.

II. Profit Distribution Plan

1. Distribution year: 2020

2. Distribution range:

All shareholders of the Company registered in China Securities Depository and Clearing Corporation Limited Shanghai Branch (hereinafter referred to as the "CSDC SH Branch) after the closing of Shanghai Stock Exchange (SSE) on the date of share registration.

3. Differentiated Dividend Distribution Plan:

(1) Differentiated dividend distribution plan

On April 27, 2021, the Annual Shareholders' General Meeting 2020 of the Company reviewed and adopted the 2020 Profit Distribution Plan of the Company. The total 2,096,599,855 shares (total shares at the end of 2020) minus 1,649,977 shares (repurchased shares in the special account by the date of share registration), on the basis of the rest 2,094,949,878 shares, a cash dividend of 1.08 Yuan per share (incl. tax) shall be distributed to all shareholders. Hence 2,262,545,868.24 Yuan shall be distributed.

(2) Calculation of ex-dividend ex-right of the differentiated dividend distribution

According to *Trading Rules of the Shanghai Stock Exchange*, the opening price after dividend and right can be referred to as followed:

Referred price after dividend and right= (closing price before the date of this announcement - cash dividend) ÷ (1+change ratio of the outstanding shares)

There are no bonus shares or capital reserve transferred to increase share capital in this profit distribution, therefore the change ratio of the outstanding shares is 0. Referred opening price= closing price before the date of this announcement - cash dividend.

① Ex-dividend and ex-right plan and calculation of A share of the Company

The total number of A share of the Company is 1,361,879,855, minus repurchased A shares 1,649,977, the number of A shares included in actual profit distribution is 1,360,229,878.

Virtually distributed cash dividend=(shares included in the profit distribution plan× cash dividend per share actually distributed) ÷ total number of A share = (1,360,229,878×1.08)÷1,361,879,855≈1.07869 Yuan/share

If the closing price prior to the date of this announcement is 20.79 Yuan, the referred price after right (dividend) = (20.79-1,360,229,878 × 1.08 ÷ 1,361,879,855) ÷ (1+0)=19.71131 Yuan/share.

If the distribution is based on the total number of A share of the Company 1,361,879,855 prior to the date of this announcement, the referred price after right (dividend) = (20.79-1.08) ÷ (1+0) =19.71 Yuan/share.

Impact of the referred price after ex-dividend (right) = (referred price after ex-dividend (right) according to the actual distribution calculation –referred price after ex-dividend (right) according to the virtual distribution calculation) ÷ referred price after ex-dividend (right) according to the actual distribution calculation = (19.71-19.71131) ÷19.71=0.0066%

In conclusion, whether the accumulated repurchase shares should enjoy dividend, the impact of which is below 1%. Namely, the referred price after ex-dividend (right) = closing price before the date of this announcement – 1.07869 Yuan.

② Ex-dividend and ex-right plan and calculation of B share of the Company

The Company only repurchased A share, the number of B share actually included in the profit distribution plan is consistent with the total number of B share, therefore, cash dividend per B share is 1.08 Yuan/share (0.166530 USD/share).

Referred price of B share after right (dividend) = closing price before the date of this announcement – distributed cash dividend= closing price before the date of this announcement–0.166530 USD/share

III. Relevant dates

Stock type	Date of share registration	Last trading date	Ex-dividend date	Date of cash dividends distribution
A Share	2021/6/16	—	2021/6/17	2021/6/17
B Share	2021/6/21	2021/6/16		2021/6/29

IV. Implementation method of dividends distribution

1. Implementation Method

(1) CSDC SH Branch shall be entrusted to distribute the cash dividends through its capital clearing system to holders of tradable shares not subject to conditional sales who have registration records on the stock right registration date after SSE closes and have transacted the appointed trade in member brokerages of SSE. Shareholders who have already transacted the appointed trades can withdraw the dividends in cash in the appointed securities brokerages on the distribution day. Cash dividends for shareholders who haven't transacted the appointed trades shall be temporarily kept by CSDC SH Branch, and the shareholders can withdraw their cash dividends after they transact the appointed trades.

(2) The distribution of bonus shares or capital reserve transferred to increase share capital will be credited directly to the shareholders' accounts by proportion by CSDC SH Branch according to the shares registered in SSE on the registration date after SSE closes.

2. Cash dividends that will be distributed by the Company

Shares in the special account for the share repurchase (account B883046232) of Huaxin Cement Co., Ltd are shares repurchased by the method of centralized bidding and those shares will not participate in the profit distribution. Additionally, cash dividends for the following shareholders shall be distributed by the Company:

Serial number	Shareholder account	Shareholder name
<u>1</u>	B880854819	Huaxin Group Co., Ltd
<u>2</u>	B880008361	Huaxin Group Co., Ltd
<u>3</u>	B881807417	HOLCHIN B.V.
<u>4</u>	B883549727	Huaxin Cement-2020-2022 Core ESOP

3. Tax deduction instructions

3.1 Cash dividends distribution for A share holders

(1) According to Notice on Differentiated Personal Income Tax on Dividend of Listed Company (2015 Caishui No.101) and Notice on the Implementation of Differentiated Personal Income Tax on Dividend of Listed Company (2012 Caishui No.85), the Company shall suspend the income tax withholding and shall actually distribute the dividends of 1.08 Yuan per share to individual A share holders and securities investment funds. When individual shareholders and securities investment funds transfer their stocks, actual tax amount payable shall be measured by CSDC Shanghai branch based on the period of shares held, and be deducted and transferred by securities firms from individual accounts to CSDC Shanghai branch and then transfer to the Company within 5 working days of next month. The Company shall declare tax to taxation authorities within the prescribed time limit in the same month that the company receives the tax payment.

Actual tax calculation: for shares holding within 1 month (incl. 1 month), all dividends shall be measured as taxable income, actual tax burden is 20%; for 1 month to 1 year (incl. 1 year) 50% deducted temporarily and actual tax burden is 10%; and for more than 1 year, the income tax withholding on dividends is suspended.

(2) For A share institutional investors who are recognized as "resident enterprises" defined in "Enterprise Income Tax Law", the Company shall not withhold and pay the income tax for them. The actual cash dividends shall be paid to them is 1.08 Yuan per share.

(3) For Qualified Foreign Institutional Investors (QFII) who hold shares of the Company, the Company shall withhold and pay the income tax for them at the tax rate of 10% according to the "State Administration of Taxation – Notification on Relevant Issues Regarding China Resident Enterprises Distributing Dividends or Interests to QFII and Withholding and Paying Income Tax for Them" (Guoshui Han 2009 No. 47). Hence the actual distribution amount after tax shall be 0.972 Yuan/share.

(4) For investors of the Company's A Share (SH-HK Stock Connect program) from Hong Kong Stock Exchange, the Company will withhold the income tax at 10% rate according to the Notice on Tax Policy for SH-HK Stock Exchange Market Transaction Interconnection and Interworking Mechanism Pilot (Caishui [2014]No.81), and the actual dividend is RMB 0.972 Yuan per share after tax.

3.2 Cash dividends distribution for B share holders

For B shareholders, the dividends shall be distributed by the Clearing Corporation (entrusted by the Company) for B shareholders, and be paid in USD. Cash dividends shall be calculated in accordance with the *Listing of Foreign Investment Shares Inside China by a Company Limited by Shares Provisions Implementing Rules*, the middle rate of USD/Yuan (1:6.4853) announced by People's Bank of China on April 28, 2021 (the first working day after the resolution date of the 2020 Annual Shareholders' General Meeting). Cash dividend shall be 0.166530 USD/share (tax included).

(1) Non-resident corporation shareholders, according to the relevant provisions of "Official Reply on Collecting Enterprise Income Tax from Non-resident Enterprises Who Obtain Dividends of B-share Stocks" (Guo Shui Han [2009] No. 394) issued by the State Administration of Taxation (SAT) on July 24, 2009, the business income tax shall be withheld and paid by the Company at the tax rate of 10% when the Company distributes its 2019 annual cash dividends to the non-resident enterprise B shareholders. The distribution amount of cash dividend shall be 0.149877 USD/share.

(2) The resident individual shareholders of B-share, according to the Notice on the Differentiation of Individual Income Tax Policy of the Share Dividend Distributed by Listed Companies (Caishui 2015, No. 101) issued by Ministry of Finance on September 7, 2015 and the Notice on Differentiated Individual Income Tax Policy on Dividend of Listed Company (2012 Caishui No.85) published on November 16, 2012, the individual income tax shall not be withheld temporarily when the Company is distributing the dividends; when the individual shareholders are transferring the shares, the Clearing Corporation Company shall measure actual tax amount payable for share transfer according to the share holding period, and the amount shall be deducted and transferred by securities firm from individual accounts to clearing corporation company and then transfer to the Company within 5 working days of next month. The Company shall declare tax to taxation authorities within the prescribed time limit of the month received the tax payment.

(3) For foreign individual shareholders, according to Notice on Policies in Respect of Individual Income Tax (Cai Shui Zi [1994] No. 20) issued by the Ministry of Finance, State Administration of Taxation on May 13, 1994, tax for receiving dividends and bonuses from foreign-invested enterprises can be temporarily exempted from individual income taxes, thus the distribution of cash dividends shall be 0.166530

USD/share.

V. Consultation Information

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It is herewith announced.

Board of Directors of Huaxin Cement Co., Ltd.

July 10, 2021