

Huaxin Cement Co., Ltd. Announcement on the Providing Guarantee for Subsidiaries

The board of directors and all directors of the Company confirm that there are no false records, misleading statements or material omissions in the content of this announcement, and assume individual and joint responsibility for the authenticity, accuracy and completeness of its content.

Key note:

- Party to be guaranteed: Huaxin Cement (Huangshi) Company and 51 wholly owned subsidiaries and controlled subsidiaries
- The guaranteed amount is 6.29 billion yuan. By the end of 2021, the company provided guarantee balance 7.037 billion yuan for 51 companies.
- No counter guarantee
- Overdue guarantee: no

I. Brief introduction

On March 29, 2022, the twelfth meeting of the tenth board of directors of Huaxin Cement Company approved the Proposal on Providing Guarantee for Subsidiaries.

By December 31, 2021, the total guarantee approved by the Board of Directors for wholly owned and controlling subsidiaries is 17.474 billion RMB. Affected by periodical financing environment and subjective reasons of some subsidiaries, the actual utilized guarantee amount is 3.551 billion RMB and 0.547 billion USD, which equivalent to 7.037 billion RMB ,accounting for 26.32% of the latest audited net assets and 40.27% of the approved total guarantee amount. No overdue guarantee occurs.

According to the company's integration and international development strategy, more subsidiaries need to independently expand financing channels, improve independent financing ability and support their own business development. In this context, the new guarantee amount applied for this time is RMB 6.290 billion, including working capital loan of RMB 3.152 billion and fixed asset loan of RMB 3.138 billion. At the same time, 3.06 billion RMB of expired lines and 2.706 billion RMB of unused fixed loan lines will be reduced. After this approval, the total amount of external guarantee authorized by the company is 17.998 billion yuan. The details are as follows:

Unit: 10,000 RMB

Category of guarantee	Working capital loan	Fixed asset loan	Total
Original total approved	306,000	1,441,417	1,747,417
Actual utilized	111,890	591,761	703,651
Expiring	-306,000		-306,000
To be reduced		-270,622	-270,622
Newly applied	315,220	313,760	628,980
New total approved	315,220	1,484,556	1,799,776

The guarantee shall be approved by shareholders' general meeting.

II. Subsidiaries and guarantee amount

(1) Guarantee for the working capital loans (includes establishing letters of credit, bank acceptances, letters of guarantee)

Unit: 10,000 RMB

No.	Guarantee	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
1	Huaxin Cement (Huangshi) Ltd.	6,000	Mei Xiang Fu	Yuanguang Village, Fuchi Town, Yangxin County, Huangshi, Hubei	85,000	94%	309,559	201,496	108,063	140,122	20,703
2	Huaxin Cemet (Wuxue) Ltd.	6,000	Mei Xiang Fu	No. 1, Huaxin road, Wuxue, Hubei	30,000	100%	229,462	98,614	130,849	179,805	43,606
3	Huaxin Cement (Macheng) Ltd.	1,000	Mei Xiang Fu	Jinfan Village, Zhongguanyi Town, Macheng, Hubei	6,500	100%	10,844	4,120	6,724	8,087	-404
4	Huaxin Cement (Yangxin) Ltd.	6,000	Mei Xiang Fu	No. 1, Huaxin Road Weiyuankou Town, Yangxin County, Huangshi, Hubei	50,000	100%	143,566	48,334	95,231	168,238	37,069
5	Huaxin Cement (Chibi) Ltd.	5,000	Mei Xiang Fu	Nanshan Village, Zhonghuopu Town, Chibi, Hubei	14,000	100%	61,026	25,142	35,884	64,826	13,528
6	Huaxin Cement (Daye) Ltd.	5,000	Mei Xiang Fu	Pingshan Village, Huandiqiao Town, Daye, Hubei	32,700	70%	98,972	30,400	68,572	75,059	11,055
7	Huaxin Cement (Henan Xinyang) Ltd.	5,000	Mei Xiang Fu	Liulin Village, Shihe District, Xinyang, Henan	20,000	100%	53,549	22,669	30,880	58,983	4,803
8	Huaxin Aggregate (Yangxin) Ltd.	3,000	Mei Xiang Fu	Wangshu Village, Fuchi Town, Yangxin County	14,000	100%	68,638	31,233	37,405	72,640	28,534
9	Huaxin Cement (Xiangyang) Ltd.	8,000	Du Ping	No.1, Huaxin Avenue, Nanzhang County, Xiangfan, Hubei	14,000	100%	98,698	47,192	51,505	107,447	20,296

No.	Guarantee	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
10	Huaxin Cement Xiangyang Xiangcheng Ltd.	4,000	Du Ping	Economic Development Zone, Yujia Lake, Xiangcheng District, Xiangfan, Hubei	4,000	100%	12,635	3,318	9,317	23,929	2,550
11	Huaxin Cement (Yichang) Ltd.	14,000	Du Ping	No.1 Huaxin Road, Zhicheng, Yidu, Hubei	15,000	100%	96,536	42,400	54,136	88,160	21,254
12	Huaxin Cement (Changyang) Ltd.	9,000	Du Ping	Baishiping Village, Longzhouping Town, Changyang County, Hubei	24,900	100%	66,863	29,234	37,629	52,515	6,759
13	Huaxin Cement (Zigui) Ltd.	8,000	Du Ping	Guojiaba Village, Guojiaba Town, Zigui County, Hubei	24,000	100%	89,688	44,129	45,559	73,519	12,616
14	Huaxin Xincai (Zigui) Co., LTD	5,000	Du Ping	Guojiaba Village, Guojiaba Town, Zigui County, Six groups	10,000	100%	5,797	167	5,630	-	-
15	Huaxin Cement (Enshi) Ltd.	7,000	Du Ping	Gaoqiaoba, Enshi, Hubei	6,000	100%	31,080	15,055	16,026	29,837	4,274
16	Huaxin Cement (Hefeng) Minzu Building Materials Ltd.	5,000	Du Ping	Xiaojiaping, Taiping Village, Hefeng County, Hubei	4,764	51%	21,077	7,562	13,516	18,421	779
17	Huaxin Jinlong Cement (Yunxian) Ltd.	8,000	Du Ping	Chadian Town, Economic Development Zone, Yunxian County, Hubei	8,000	80%	71,447	26,289	45,158	51,980	7,575
18	Huaxin Cement (Fangxian) Ltd.	5,000	Du Ping	Gaochuan Village, Hualongyan Town, Fangxian County, Shiyan, Hubei	8,000	70%	40,212	14,282	25,930	32,694	4,130
19	Chongqing Huaxin Yanjing Cement Ltd.	6,000	Du Ping	Caijiawan, Caojie Street, Hechuan District, Chongqing	21,000	80%	52,798	29,747	23,051	56,854	13,145
20	Chongqing Huaxin Diwei Cement Ltd.	5,000	Du Ping	Luohuang Town, Jiangjin District, Chongqing	45,268	97%	116,968	70,259	46,709	45,692	10,308

No.	Guarantee	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
21	Huaxin Cement Chongqing Fuling Ltd.	8,000	Du Ping	Sanmenzi Village, Fuling District, Chongqing	20,000	100%	64,984	22,295	42,689	70,963	16,319
22	Huaxin Cement (Quxian) Ltd.	8,000	Du Ping	Juantong Village, Quxian County, Dazhou, Sichuan	24,000	100%	86,867	36,109	50,758	74,912	18,603
23	Huaxin Cement (Chenzhou) Ltd.	6,000	Du Ping	Baohe Village, Beihu District, Chenzhou, Hunan	22,000	100%	89,953	44,234	45,720	72,691	14,060
24	Huaxin Cement (Zhuzhou) Ltd.	18,000	Du Ping	Nanzhou New Zone, Lukou Economic Development Zone, Zhuzhou County, Hunan	34,000	100%	145,118	92,499	52,619	67,786	10,372
25	Huaxin Aggregate (Zhuzhou) Ltd.	5,000	Du Ping	Hutang Village, Longchuan Town, Lukou District, Zhuzhou City, Hunan Province	10,000	70%	34,552	25,053	9,498	2,964	-502
26	Huaxin Cement (Lengshuijiang) Ltd.	6,000	Du Ping	Huangni Village, Heqing Town, Lengshuijiang, Hunan	20,000	90%	83,895	23,202	60,693	59,932	10,108
27	Huaxin Cement (Daoxian) Ltd.	5,000	Du Ping	No.1, Huaxin Avenue, Daoxian County, Hunan	18,000	100%	38,528	12,791	25,737	44,209	5,098
28	Huaxin Cement (Enping) Ltd.	8,000	Du Ping	Hengpi Town, Enping, Guangdong	28000HKD	65%	68,608	54,263	14,345	70,189	6,187
29	Huaxin Cement (Sangzhi) Ltd.	5,000	Du Ping	Ruitapu Town, Sangzhi County, Zhangjiajie, Hunan	15,000	80%	49,108	9,465	39,644	31,016	4,543
30	Huaxin Cement (Zhaotong) Ltd.	7,500	Yuan Dezu	Beizha Town, Zhaoyang District, Zhaotong, Yunnan	10,000	100%	49,691	21,634	28,058	49,620	6,971
31	Huaxin Cement (Kunming Dongchuan) Ltd.	4,000	Yuan Dezu	Tongdu Town, Dongchuan District, Kunming, Yunnan	14,000	100%	39,390	16,731	22,659	27,892	3,139
32	Huaxin Cement (Lincang) Ltd.	2,000	Yuan Dezu	Industrial Park, Linxiang District, Lincang, Yunnan	36,090	100%	83,235	36,486	46,749	39,193	5,152

No.	Guarantee	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
33	Huaxin Cement (Lijiang) Ltd.	7,000	Yuan Dezu	Xingquan Town, Huaping County, Lijiang, Yunnan	10,000	100%	43,246	15,046	28,200	41,719	8,521
34	Huaxin Cement (Honghe) Ltd.	2,000	Yuan Dezu	Honghe Hani and Yi Autonomous Prefecture, Yunnan Province	50,000	100%	92,412	21,086	71,326	40,082	2,334
35	Huaxin Cement (Fumin) Ltd.	5,000	Zhu Rui	Yongding Sub-district Office, Fumin County, Yunnan Province	39,000	100%	89,315	46,233	43,082	4,586	186
36	Huaxin Cement (Yunlong) Ltd.	2,000	Song Peiren	Rende Village, Caojian Town, Yunlong County, Dali, Yunnan	30,000	100%	43,089	9,710	33,379	35,243	1,453
37	Yunwei Baoshan Organic Chemical Co., LTD	5,000	Yuan Dezu	Yudongpotou, Shuichang Town, Shidian County, Baoshan city, Yunnan Province	10,000	80%	25,530	42,901	-17,371	35,191	934
38	Huaxin Cement (Diqing) Ltd.	6,000	Yuan Dezu	Shangjiang Village, Shangri-la County, Diqing, Yunnan	9,500	69%	40,949	14,106	26,843	38,423	6,809
39	Huaxin Cement (Jianchuan) Ltd.	5,000	Pan Shipeng	Building Materials Industrial Park, Jianchuan County, Dali, Yunnan	27,000	100%	59,421	18,976	40,445	46,586	7,929
40	Huaxin Cement (Huangshi) Equipment Manufacture Ltd.	3,000	Hu Zhenwu	Chengyue Street, Xisaishan District, Huangshi, Hubei	13,000	100%	53,579	32,249	21,330	24,525	1,759
41	Huaxin Environmental Engineering Ltd. (including its subsidiaries)	60,000	Wang Jiajun	No. 1, 2nd floor, International Enterprise Center, Special No.1, Guanggu Avenue, Hongshan District, Wuhan	100,000	100%	265,412	142,497	122,915	96,637	15,964
42	Huaxin New Building Materials Co., Ltd.	4,000	Wang Jiajun	International Enterprise Center, Special No.1, Guanggu Avenue, Hongshan District, Wuhan	5,000	100%	82,275	47,579	34,696	15,403	-2,660
43	Huaxin (HK) International Holding Ltd.	20 million dollars	Xu Gang	Room 402, Yihe Mansion, Middle Ring Kangle Square, Hong Kong China	15,794	100%	369,345	319,742	49,603	12,236	8,138
	Total	3.152 billion RMB									

(2) Guarantee for the fixed assets loans (includes finance lease)

No	Guarantee	Project name	Project details	Total investment	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
1	Huaxin Cement (Huangshi) Ltd.	Huangshi factory relocation and construction of cement clinker production line with annual output of 2.85 million tons	The mining right	82,000	20,000	Mei Xiang Fu	Yuanguang Village, Fuchi Town, Yangxin County, Huangshi, Hubei	85000	94%	309,559	201,496	108,063	140,122	20,703
2	Huaxin Cement (Huangshi) Ltd.	New wall material project of Huaxin Cement (Huangshi) Co., LTD	production line with an annual capacity of 240 million no-burn environment-friendly bricks	19,012	12,358	Mei Xiang Fu	Yuanguang Village, Fuchi Town, Yangxin County, Huangshi, Hubei	85000	94%	309,559	201,496	108,063	140,122	20,703
3	Huaxin (Wuxue) Environment protecting building materials Co., Ltd	Machine made sand and gravel production line with an annual output of 30 million tons	Machine made sand and gravel production line with an annual output of 30 million tons	97,445	54,000	Mei Xiang Fu	Wuxue City, Hubei Province	50000	100%	229,462	98,614	130,849	179,805	43,606
4	Huaxin Jiaotou (Chibi) New Building Materials Co., LTD	Chibi aggregate sand and stone production line project with annual output of 3 million tons	3 million tons/year aggregate machine-made sand production line	33,690	10,200	Wang Yiren	Xianning City, Hubei Province chibi Zhonghuopu town	10000	51%	21,244	6,974	14,270	6,357	2,350
5	Huaxin (Zhuzhou) New Material Technology Co., LTD	1 million square concrete production line project	1 million square concrete production line project	9,500	7,600	Zheng Xiaohu	Zhuzhou, Hunan	3500	100%	3,499	-1	3,500	-	-
6	Huaxin Cement (Zhuzhou) Co., Ltd	Kiln tail wet desulfurization project	Kiln tail wet desulfurization project	1,850	1,200	Du Ping	Zhuzhou, Hunan	34000	100%	145,118	92,499	52,619	67,786	10,372
7	Huaxin new material (Changyang) Co., Ltd	Mining rights; aggregate production lines and wall material	Mining rights; aggregate production lines and wall material	71,000	37,000	Du Ping	Yichang Changyang Tujia Autonomous County	21300	100%	44,285	21,847	22,438	4,051	935

No	Guarantee	project name	Project details	Total project investment	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
8	Huaxin Cement (Fangxian) Ltd.	Huaxin Yunyang circular economy industrial park project	Huaxin Yunyang circular economy industrial park project	10,111	5,000	Du Ping	Fangxian, Shiyan, Hubei	8000	70%	40,212	14,282	25,930	32,694	4,130
9	Huaxin Cement (Xiangyang) Ltd.	Xiangyang aggregate; Disposal of huangjiaya limestone mining right; Nanzhang commercial concrete integration project; Nanzhang lime project	aggregate; Disposal of huangjiaya limestone mining right; commercial concrete integration project; lime project	18,961	12,000	Du Ping	Nanzhang County, Xiangfan, Hubei	14000	100%	98,698	47,192	51,505	107,447	20,296
10	Huaxin Cement (Xiangyang) Ltd.	Xiangyang aggregate Phase II project	Xiangyang aggregate Phase II project	36,846	24,000	Du Ping	Nanzhang County, Xiangfan, Hubei	14000	100%	98,698	47,192	51,505	107,447	20,296
11	Huaxin Cement (Chenzhou) Ltd.	Integrated projects phase I and II	Integrated projects phase I and II Mining rights increased	26,961	16,000	Du Ping	Beihu District, Chenzhou City, Hunan Province	22000	100%	89,953	44,234	45,720	72,691	14,060
12	Huaxin Cement (Wanyuan) Ltd.	300D/T high activity lime production line renovation project; 1.5 million tons aggregate production line	300D/T high activity lime production line renovation project; 1.5 million tons aggregate production line	9,249	6,000	Du Ping	Manaoxi Village, Guandu Town, Wanyuan City	21000	100%	48,701	14,009	34,693	39,496	8,750
13	Chongqing Huaxin Cantian Cement Co., LTD	Integration project	Integration project	27,765	10,000	Du Ping	Yongchuan District, Chongqing	27000	100%	135,415	90,389	45,027	64,966	19,179
14	Huaxin Cement (Sangzhi) Ltd.	Integration project	aggregate production concrete project	5,997	3,000	Du Ping	Sangzhi, Hunan	15000	80%	49,108	9,465	39,644	31,016	4,543

No	Guarantee	project name	Project details	Total investment	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
15	Huaxin Cement (Quxian) Ltd.	Aggregate Phase II Project & Integration project	14 million tons aggregate production line & integration	27,517	4,000	Du Ping	Qu County, Dazhou, Sichuan	24000	100%	86,867	36,109	50,758	74,912	18,603
16	Huaxin new material (Zigui) Co., Ltd	Aggregate phase 1 5 million tons production line	Aggregate phase 1 5 million tons production line	75,890	57,000	Du Ping	Zigui, Hubei	10000	100%	5,797	167	5,630	-	-
17	Huaxin Environmental Engineering (Hefeng) Ltd	waste rotary kiln incineration power generation project	waste rotary kiln incineration power generation project	6,677	2,000	Du Ping	Hefeng	1000	51%	2,950	2,950	-	-	-
18	Huaxin Cement (Zhaotong) Ltd.	limestone mine north mining area mining project	limestone mine north mining area mining project	7,570	3,000	Yuan Dezu	Zhaotong City, Yunnan Province	10000	100%	49,691	21,634	28,058	49,620	6,971
19	Huaxin Cement (Fumin) Ltd.	Cement kiln cooperative disposal of general industrial solid waste project; integration project; 1200 tons per hour sand aggregate expansion project; Transformation of raw material vertical mill	Alternative fuel pretreatment system; Expansion and reconstruction of alternative fuel kiln system; concrete mixing plant; Product workshop; Raw material vertical mill	18,960	5,000	Zhu Rui	Fumin County, Yunnan Province	39000	100%	89,315	46,233	43,082	4,586	186
20	Huaxin Environment (Yangxin) Renewable Resources Utilization Co., LTD	Yangxin hazardous waste disposal project	pre-treatment, reception, classification, storage and transportation system for 150,000 tons of hazardous waste/year; Coordinated disposal project of cement kiln for 2.85 million tons clinker production line	26,039	18,000	Wang Jiajun	Fuchi Town, Yangxin County, Huangshi city, Hubei Province	1,500	100%	2,997	1,497	1,500	-	-

No	Guarantee	project name	Project details	Total investment	Guarantee amount	Corporate representative	Registered address	Registered capital	Shareholding	Assets by the end of 2021	Liabilities by the end of 2021	Net assets by the end of 2021	Operating revenue 2021	Net profit 2021
21	Huaxin (HK) International Holding Ltd.(including subsidiaries)	Uzbek partial loan	Uzbek partial loan	71,500	6,403	Xu Gang	HK	15,794	100%	369,345	319,742	49,603	12,236	8,138
	Total	3.138 billion RMB												

The total guarantee amount of (1) and (2) is 6.29 billion RMB.

III. Guarantee items

(1) Scope of guarantee: Between the Company and wholly owned subsidiaries, between the Company and controlling companies.

(2) Guarantee amount: The newly increased guarantee is 6.29 billion RMB.

(3) Term of providing guarantee: the working capital loan guarantee shall sign the relevant guarantee contract in the period from the date of approval of the board of directors to the date of two years' expiration, and authorize the company to continue to provide guarantee for it when the business is renewed within the authorization period. For the fixed asset loan guarantee, the relevant guarantee contract shall be signed in the period from the date of approval by the board of directors to the date of expiration of two years, and the specific guarantee period shall be determined according to the signed guarantee contract.

(4) Mode of guarantee: Wholly owned subsidiaries and controlling subsidiaries can utilize the guarantee within the above amount at one time or for several times. Specific guarantee amount, duration and mode of guarantee shall be confirmed in the contracts. The Company undertakes Joint and several liability guarantee. Guarantee amount can be adjusted among wholly owned subsidiaries based on actual need within the aforesaid total guarantee amount. The Company can provide guarantee and sign guarantee agreements without convoking board approval or the general meeting of shareholders approval.

(5) Counter guarantee of this time: No.

IV. Main contents of guarantee agreements

The company will determine the specific guarantee amount within the above applied guarantee amount according to the production and operation of all wholly-owned and holding subsidiaries, and sign relevant agreements when each guarantee business occurs.

V. Opinion of the Board

Given that the above guarantees are all wholly-owned subsidiaries and holding subsidiaries of the company, and the above-mentioned companies have relatively good financial status and solvency, the company can effectively control them in terms of operation management, finance, investment, financing, etc. The Company has the ability to fully grasp and monitor the business activities of the guaranteed company.

The board of directors of the company believes that: the company provides guarantees for wholly-owned subsidiaries and holding subsidiaries in order to meet the financing needs of these companies, and for them to carry out bank loans, open letters of credit, bank acceptance, letter of guarantee, financial leasing, bond issuance. Therefore, the board of directors of the company agreed to the above-mentioned guarantee and agreed to submit the guarantee to the general meeting of shareholders for deliberation.

VI. The company's total number of external guarantees and the number of overdue guarantees

As of December 31, 2021, the actual utilized guarantees of the company and its holding subsidiaries amounted to RMB 7.037 billion, accounting for 26.32% of the

company's latest audited net assets; The new guarantee applied for this time is 6.290 billion yuan, accounting for 23.53% of the company's latest audited net assets; The total amount of external guarantees authorized by the company is RMB 17.998 billion, accounting for 67.33% of the company's latest audited net assets. The cumulative amount of overdue guarantee is 0.

This guarantee includes providing guarantees for wholly-owned subsidiaries and holding subsidiaries with asset liability ratio of more than 70%. According to the provisions of the stock listing rules of Shanghai Stock Exchange and the articles of association, this external guarantee shall be reviewed by the general meeting of shareholders.

Please consider the above proposal.

March 30th, 2022