

Huaxin Cement Co., Ltd.

Announcement on Adjusting the Financing Guarantee for Some Subsidiaries

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.

Key notes:

- Guaranteed subject: Hainan Baihuitong Supply Chain Technology Co., Ltd. and its holding subsidiary
- This adjustment applies to the amount of financing guarantee already approved at the Company's 2021 annual general meeting. Among them, a new guarantee amount of RMB 1.35 billion is provided for Hainan Baihuitong Supply Chain Technology Company Limited and other wholly-owned and controlled subsidiaries. As of the end of 2022, the total amount of external guarantees actually incurred by the Company and its holding subsidiaries is RMB 9.922 billion.
- Any counter guarantee for this new guarantee: Joint shareholders of Huaxin Green Building Materials (Wuxing) Co., Ltd. to provide counter guarantee, no other counter guarantee.
- Cumulative number of overdue external guarantees of the company: None

I. Brief of the guarantee

On March 28, 2023, the Twenty-third Meeting of the Tenth Board of Directors of Huaxin Cement Company Limited (hereinafter referred to as the "Company") approved the Proposal on Adjustment of Financing Guarantee for Some Subsidiaries. The 2021 Annual Shareholders General Meeting of the Company reviewed and approved the Proposal on Providing Guarantees for subsidiaries with the total amount of guarantees authorized by the company at 17.998 billion yuan. According to the latest financing needs of some subsidiaries, we hereby apply to adjust the financing guarantee limit of some subsidiaries.

Category of authorized guarantee limit	Current loan limit	Fixed Assets Loan limit	Total limit
Approved amount	315,220	1,484,556	1,799,776
Already used limit	104,767	887,398	992,165
Newly applied limit	37,000	98,000	135,000
Deduction limit	12,720	52,703	65,423
Amount after approval	339,500	1,529,853	1,869,353

II. Basic information of newly added guaranteed subjects

1. Hainan Baihuitong Supply Chain Technology Co., Ltd. (hereinafter referred to as "Baihuitong") is an important entity in the company's layout in Hainan Free Trade Port, focusing on supply chain management, overseas trade and smart logistics. As the group's procurement platform, Baihuitong is responsible for the domestic coal and other bulk raw materials and international coal transit trade services. In order to ensure the business development, according to the trade financing needs of Baihuitong itself, it is necessary to apply for a financing guarantee of 140 million yuan.

2. In order to promote the integrated business development of the company and increase the market share of concrete business, the company applied for 430 million yuan of financing guarantee for Huaxin Concrete (Wuhan) Co., Ltd. and the subsidiaries of the concrete business unit, which was used for the demand for the working capital of concrete business M&A, leasing and production and operation.

3. The 7th meeting of the Tenth Board of Directors of the Company reviewed and approved the 30 million tons of machine-made sand production line project of Huaxin Green Building Materials (Wuxue) Co., Ltd. According to the total investment of the project of 2.2 billion yuan and the latest financing calculation, we apply for an increase of 780 million yuan of financing guarantee amount for Huaxin Green Building Materials (Wuxue) Co., Ltd. (540 million yuan of financing guarantee amount has been approved). A total of 1.32 billion yuan of guarantee was provided to Huaxin Green Building Materials (Wuxue) Co., Ltd., accounting for about 60% of the total investment.

The details are as follows:

No.	Name of the guaranteed	Newly increased guarantee limit	Legal person representative	Place of registration	Register capital	Shareholding Ratio	2022 total assets	2022 Total liabilities	2022 Net assets	2022 Operating revenue	2022 Net profit
1	Hainan Baihuitong Supply Chain Technology Co., Ltd	14,000	LIU YUNXIA	HAIKOU, HAINAN	1000	100%	48,019	45,016	3,003	159,528	2,644
2	Huaxin Concrete (Wuhan) Co., Ltd. and subsidiaries	43,000	LU GUOBING	WUHAN, HUBEI	19,830	100%	96,416	63,871	32,545	5,722	-2,336
3	Huaxin Green Building Materials (Wuxue) Co., Ltd	78,000	MEI XIANGFU	WUXUE, HUBEI	50,000	59%	88,070	34,752	53,318	16,424	3,318
The total amount of the newly increased guarantee amount is RMB 1.35 billion.											

In addition, according to business and financing needs, apply for reducing the following amount of financing guarantee:

Name of the guaranteed	Reduced guarantee limit
Huaxin (Hong Kong) International Holding	20 million USD(current loan)

Co., Ltd. and overseas subsidiaries	
Huaxin Cement Jizac Co., Ltd	40 million (Fixed asset loan)
Huaxin Cement (Chenzhou) Co., Ltd	100 million(Fixed asset loan)
Huaxin Cement (Xiangyang) Co., Ltd	160 million (Fixed asset loan)
Huaxin Cement (Zhuzhou) Co., Ltd	12 million(Fixed asset loan)
The total amount of guarantee amount reduced is RMB 654 million.	

III. Guarantee matters

(1) Scope of guarantee: based on the Proposal on Providing Guarantees for Subsidiaries reviewed and approved at the 2021 Annual Shareholders General Meeting, the amount of guarantee for the above guaranteed persons shall be adjusted.

(2) Guarantee limit: The newly increased guarantee limit is 1.35 billion yuan, the reduced guarantee limit is 654 million yuan, and the adjusted total guarantee limit is 18.694 billion yuan.

(3) The period for providing guarantee limit: the current loan guarantee contract shall be signed from the date of approval by the Board of Directors of the Company to the date of expiration of two years, and the Company shall be authorized to continue to provide guarantee when the business expires but needs to extend within the authorization period. The fixed asset loan guarantee contract shall be signed from the date of approval of the board of directors of the company to the date of expiration of two years, specific guarantee period shall be determined according to the signed guarantee contract.

(4) Guarantee method: the company's wholly-owned subsidiaries and holding subsidiaries can use the guarantee in one lump sum or by installments within the above limit. The specific amount, duration and method of guarantee are subject to the corresponding contract agreement. The company undertakes joint and several liability guarantee. The company's wholly-owned subsidiaries can adjust and use the guarantee limit according to the actual demand within the above total guarantee limit. When the company provides specific guarantees and signs relevant guarantee contracts, it is not necessary to hold a separate board meeting or shareholders' meeting for deliberation.

(5) Whether there is counter-guarantee in this guarantee: the joint venture shareholder of Huaxin Green Building Materials (Wuxue) Co., Ltd. provides counter-guarantee, and the others no counter-guarantee.

IV. Main contents of the guarantee agreement

The company will determine the specific amount of guarantee within the above applied guarantee limit 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

In view of the fact that the above-mentioned companies are all wholly-owned subsidiaries and holding subsidiaries of the Company, and that the above-mentioned companies have good financial status and solvency, and that the Company has effective control over their operation and management, finance, investment and financing, the Company has the ability to fully grasp and monitor the business activities of the guaranteed companies.

The purpose of adding and adjusting the financing guarantee quota of some subsidiaries is to better meet the financing needs of different subsidiaries and provide guarantee for their financing business such as bank borrowing, letter of credit, bank acceptance, letter of guarantee, financial leasing, bond issuance, etc. The guarantee risk can be controlled, therefore, the board of directors of the company agrees to the adjustment of the financing guarantee quota and agrees to submit this matter to the shareholders' meeting for approval.

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

As of December 31, 2022, the total amount of external guarantees of the Company and its holding subsidiaries was 9.922 billion yuan. After the net increase of 696 million yuan, the total amount of external guarantees authorized by the Company was 18.694 billion yuan, accounting for 60.62% of the latest audited net assets of the Company. The cumulative number of overdue guarantees is 0.

This guarantee includes providing guarantee for wholly-owned subsidiaries and holding subsidiaries with an asset-liability ratio of more than 70%. According to the provisions of the Listing Rules of Shanghai Stock Exchange and the Articles of Association, this external guarantee shall be reviewed and approved by the shareholders' meeting.

It is herewith announced.

Board of Directors of Huaxin Cement Co., Ltd
March 29, 2023