
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Huaxin Cement Co., Ltd.**, you should at once hand this circular together with the accompanying proxy form and reply slip to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

**PARTIAL REPURCHASE AND CANCELLATION OF SHARES
UNDER THE 2020–2022 CORE EMPLOYEES STOCK OWNERSHIP PLAN
AUTHORIZATION TO THE BOARD OF DIRECTORS AND
ITS AUTHORIZED PERSONS TO HANDLE ALL THE MATTERS RELATED TO
THE REPURCHASE AND CANCELLATION OF PARTIAL SHARES OF
THE 2020–2022 CORE EMPLOYEES STOCK OWNERSHIP PLAN AND
CAPITAL REDUCTION
DESIGNATION OF THE AUTHORIZED PERSON OF
THE BOARD OF DIRECTORS
CORRESPONDING AMENDMENTS TO THE ARTICLES OF ASSOCIATION
2023–2025 CORE EMPLOYEE STOCK OWNERSHIP PLAN (DRAFT)
ADMINISTRATION MEASURES OF 2023–2025
CORE EMPLOYEE STOCK OWNERSHIP PLAN
AUTHORIZATION TO THE BOARD OF DIRECTORS TO HANDLE MATTERS
RELATED TO THE EMPLOYEE STOCK OWNERSHIP PLAN
AND
NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2023
NOTICE OF THE FIRST H SHARE CLASS MEETING IN 2023**

Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

The notice convening the third Extraordinary General Meeting in 2023 and the first H Share Class Meeting in 2023 to be held at the Company’s conference room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China on Thursday, 20 July 2023 at 2:00 p.m. is set out on pages 59 to 64 of this circular.

Whether or not you are able to attend the EGM or HSCM in person, you are requested to read the notice and to complete and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company’s H-share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by hand or by post 24 hours before the time designated for holding the EGM and HSCM or any adjournment thereof in any event; otherwise, it will be deemed invalid. For the EGM, the proxy form shall be returned before 2:00 p.m. on Wednesday, 19 July 2023. The completion and submission of the proxy form shall not preclude you from attending and voting at the EGM and HSCM in person or its adjournment (as the case may be) if you so wish.

* *For identification purpose only*

30 June 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms have the following meanings:

A Share Class Meeting or ASCM	means	first A Share Class Meeting in 2023 to be held on Thursday, 20 July 2023 after the ESGM
A share(s)	means	ordinary shares issued by the Company with a par value of RMB1.00 each, which are listed on the SSE and traded in RMB
A-share holder(s)	means	holders of A shares
Articles of Association	means	Articles of Association of the Company (as amended from time to time)
Board of Directors	means	Board of Directors of the Company
Board of Supervisors	means	Board of Supervisors the Company established in accordance with the Company Law of the People's Republic of China
China	means	the People's Republic of China, excluding Hong Kong, Macao Special Administrative Region and Taiwan for the purpose of this circular only
CSRC	means	China Securities Regulatory Commission
Director(s)	means	directors of the Company
Extraordinary General Meeting or EGM	means	third Extraordinary General Meeting in 2023 to be held on Thursday, 20 July 2023 at 2:00 p.m. at the Company's conference room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China, to consider, and if appropriate, the resolutions contained in the notice of the meeting, which is set out on pages 59 to 61 of this circular
H Share Class Meeting or HSCM	means	first H Share Class Meeting in 2023 to be held on Thursday, 20 July 2023 after the ESGM and ASCM
H share(s)	means	foreign shares issued by the Company with a par value of RMB1.00 each, which are listed on the HKEx and traded in Hong Kong dollars
H-share holder(s)	means	holders of H shares

DEFINITIONS

H-share registrar	means	Tricor Investor Services Limited
HKD	means	Hong Kong dollars, the lawful currency of Hong Kong
HKEx	means	The Stock Exchange of Hong Kong Limited
Hong Kong	means	Hong Kong Special Administrative Region of the People's Republic of China
Latest Practicable Date	means	26 June 2023, the latest practicable date for the determination of certain information contained in this circular
Listing Rules	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Participants	means	staff who are eligible to obtain A shares under the ESOP
RMB	means	Renminbi, the lawful currency of China
Share(s)	means	shares of the Company with a par value of RMB1.00 each, including A shares and H shares
Shareholder(s)	means	shareholders of the Company, including A-share holders and H-share holders
SSE	means	Shanghai Stock Exchange
Supervisors	means	Supervisors of the Company
The Company or Company	means	Huaxin Cement Co., Ltd. (stock code: 6655), a joint stock limited company incorporated in China, whose H shares and A shares have been listed on the Main Board of the HKEx and the SSE, respectively
The Employee Stock Ownership Plan or ESOP	means	2023–2025 Core Employee Stock Ownership Plan (Draft) of the Company



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Executive directors:

Mr. Li Yeqing (*President*)

Mr. Liu Fengshan (*Vice President*)

Non-executive directors:

Mr. Xu Yongmo (*Chairman*)

Mr. Martin Kriegner

Mr. Lo Chi Kong

Ms. Tan Then Hwee

Independent non-executive directors:

Mr. Wong Kun Kau

Mr. Zhang Jiping

Mr. Jiang Hong

*Headquarters and principal place
of business in China:*

Block B, Huaxin Building,

No. 426 Gaoxin Avenue,

East Lake High-tech Development Zone,

Wuhan City,

Hubei Province

China

Principal place

of business in Hong Kong:

17/F, Far East Financial Centre,

16 Harcourt Road

Hong Kong

To whom it may concern,

**PARTIAL REPURCHASE AND CANCELLATION OF SHARES
UNDER THE 2020–2022 CORE EMPLOYEES STOCK OWNERSHIP PLAN
AUTHORIZATION TO THE BOARD OF DIRECTORS AND
ITS AUTHORIZED PERSONS TO HANDLE ALL THE MATTERS RELATED TO
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AND
NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2023
NOTICE OF THE FIRST H SHARE CLASS MEETING IN 2023**

* *For identification purpose only*

LETTER FROM THE BOARD OF DIRECTORS

1. INTRODUCTION

On behalf of the Board of Directors, I would like to invite you to attend the Extraordinary General Meeting and H Share Class Meeting of the Company to be held on Thursday, 20 July 2023 at 2:00 p.m. at the Company's conference room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China.

The purpose of this circular is to send you notice on the EGM and HSCM and to provide you with the information reasonably necessary to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM and HSCM.

2. AFFAIRS TO BE DEALT WITH AT THE EGM

The resolutions that the Company will propose at the EGM for the Shareholders' consideration and approval include the following:

- (1) Proposal on Partial Repurchase and Cancellation of Shares under the 2020–2022 Core Employees Stock Ownership Plan
- (2) Proposal to the Shareholders' General Meeting to Authorize the Board of Directors and its Authorized Persons to Handle All the Matters Related to the Repurchase and Cancellation of Partial Shares of the 2020–2022 Core Employees Stock Ownership Plan and Capital Reduction
- (3) Proposal on Designation of the Authorized Person of the Board of Directors
- (4) Proposal on the Corresponding Amendments to the Articles of Association
- (5) Proposal on the 2023–2025 Core Employee Stock Ownership Plan (Draft)
- (6) Proposal on the Administration Measures of 2023–2025 Core Employee Stock Ownership Plan
- (7) Proposal to the Shareholders' General Meeting to Authorize the Board of Directors to Handle Matters Related to the Employee Stock Ownership Plan

Resolutions numbered 1 and 4 shall also be submitted to H-share holders for approval at the HSCM.

LETTER FROM THE BOARD OF DIRECTORS

3. PARTIAL REPURCHASE AND CANCELLATION OF SHARES UNDER THE 2020–2022 CORE EMPLOYEES STOCK OWNERSHIP PLAN

We refer to the announcement of the Company dated 9 June 2023 in relation to, among other things, the partial repurchase and cancellation of shares under the 2020–2022 Core Employees Stock Ownership Plan. According to the 2020–2022 Core Employees Stock Ownership Plan (the “2020–2022 ESOP”), the Administration Measures of the 2020–2022 Core Employees Stock Ownership Plan and the performance evaluation results, the Company will repurchase at nil consideration and cancel 17,604,206 A shares under the 2020–2022 ESOP that cannot be vested due to failure in achieving the performance target.

I. Specific details of the repurchase and cancellation

1. *Reasons of the repurchase and cancellation*

The performance evaluation results for 2021 was 87.2% under plan A, reaching the threshold value but was below the target. Therefore, the coefficient for 2021 performance was 59.9% and the number of shares granted under plan A-0 in 2020 and plan A-1.2 in 2021 should be adjusted. The performance evaluation results for 2022 was 50.4%, which was below the evaluation threshold, so the coefficient of 2022 should be 0. Therefore, the number of shares granted under plan A-0 in 2020, plan A-1.2 in 2021 and plan A-2.2 in 2022 should be adjusted.

A total of 2,723,597 shares under plan A was not granted due to the failure in target achievement and should be repurchased and cancelled.

The milestone performance target of plan B for the evaluation period of 2020 to 2022 did not meet the threshold, and the unlocking ratio should be 0. Therefore, the shares granted under plan B-0 in 2020 could not be unlocked and 14,880,609 shares under plan B should be repurchased and cancelled.

In conclusion, a total of 17,604,206 shares should be repurchased and cancelled because those shares cannot be vested due to failure in achieving the performance target.

2. *Repurchase price*

In accordance with the 2020–2022 ESOP, when the performance evaluation results fail to reach the threshold, the relevant shares will be repurchased by the Company at nil consideration after the evaluation period and then be re-granted to qualified employees or be cancelled under the 2020–2022 ESOP within statutory period. Therefore, the repurchase price is nil.

LETTER FROM THE BOARD OF DIRECTORS

3. Amount of repurchase

The Company intends to repurchase 17,604,206 unvested shares due to failure in achieving the performance target, accounting for 83.67% of the 21,039,361 shares held by the 2020–2022 ESOP account and 0.84% of the total shares of the Company.

II. Changes of the share structure

Share structure changes before and after the repurchase and cancellation of partial shares under the 2020–2022 ESOP are as follows:

Type of share	Before the change		Change	After the change	
	Number (share)	%		Number (share)	%
A share	1,361,879,855	64.96	-17,604,206	1,344,275,649	64.66
H share	<u>734,720,000</u>	<u>35.04</u>	<u>0</u>	<u>734,720,000</u>	<u>35.34</u>
Total amount	<u>2,096,599,855</u>	<u>100</u>	<u>-17,604,206</u>	<u>2,078,995,649</u>	<u>100</u>

Note: Total number of shares as of 9 June 2023.

III. Impact of the repurchase and cancellation to the Company

The partial repurchase and cancellation of shares under the 2020–2022 ESOP will not cause the shareholding structure of the Company to become ineligible for listing, impact the continued implementation of the 2020–2022 ESOP nor have a significant impact on the operation results of the Company. The management and core employees will continue to work diligently and responsibly to create values for the Shareholders.

IV. Adjustments to the registered share capital of the company and proposed corresponding amendments to the Articles of Association

Following the completion of the repurchase and cancellation, the registered share capital of the Company is expected to decrease by RMB17,604,206 and corresponding amendments will also be made to the articles in relation to the registered share capital in the Articles of Association.

The special resolutions in relation to the repurchase and cancellation, including the adjustment to the registered share capital and proposed corresponding amendments to the Articles of Association, are required to be submitted to the Shareholders' general meeting, A Share Class Meeting and H Share Class Meeting of the Company for consideration and approval.

LETTER FROM THE BOARD OF DIRECTORS

4. CORRESPONDING AMENDMENTS TO THE ARTICLES OF ASSOCIATION

We refer to the announcement of the Company dated 30 June 2023 in relation to, among other things, the proposed amendments to the corresponding articles in the Articles of Association (“**Proposed Amendments**”), which shall become effective after the approval of the Shareholders at the EGM.

Details of the Proposed Amendments are set out in Appendix I to this circular. The new Articles of Association are compiled in Chinese and there is no official English version. Therefore, the English version of the new Articles of Association is only a translated copy. In case of any ambiguity, the Chinese version shall prevail.

The above proposal shall be submitted to the EGM, ASCM and HSCM for consideration and approval by a special resolution.

5. PROPOSAL TO THE SHAREHOLDERS’ GENERAL MEETING TO AUTHORIZE THE BOARD OF DIRECTORS AND ITS AUTHORIZED PERSONS TO HANDLE ALL THE MATTERS RELATED TO THE REPURCHASE AND CANCELLATION OF PARTIAL SHARES OF THE 2020–2022 CORE EMPLOYEES STOCK OWNERSHIP PLAN AND CAPITAL REDUCTION

To successfully implement the repurchase and cancellation of partial shares of the 2020–2022 ESOP and capital reduction, the Board of Directors proposes to the Shareholders’ general meeting to authorize the Board of Directors and its authorized persons to handle all the matters related to the repurchase and cancellation of partial shares of the 2020–2022 ESOP, including but not limited to:

- (1) authorize the Board of Directors and its authorized persons to notify all creditors;
- (2) authorize the Board of Directors and its authorized persons to make decisions on requests from creditors to settle debts or provide guarantees as a result of the Company’s capital reduction (except when the matter of providing guarantees meets the criteria for consideration by the Shareholders at general meeting);
- (3) authorize the Board of Directors and its authorized persons to determine the implementation date of the share repurchase and cancellation and the registration date of the capital reduction, and to handle the required approval, registration, filing and approval procedures with the relevant government authorities and institutions, including but not limited to applying to the stock exchange for the repurchase and cancellation of shares, applying to the registration and settlement company for the relevant registration and settlement or business inquiry, making corresponding amendments to the Articles of Association and handling the relevant business registration matters such as change of registered capital and filing of the Articles of Association in accordance with the law;

LETTER FROM THE BOARD OF DIRECTORS

- (4) authorize the Board of Directors and its authorized persons to sign, execute, amend and terminate any agreements and documents related to the repurchase and cancellation of the shares. Authorize the Board of Directors to hire law firms and other intermediaries to implement the repurchase and cancellation and capital reduction;
- (5) after the approval by the Shareholders at general meeting on the repurchase and cancellation of shares and capital reduction, authorize the Board of Directors and its authorized persons to make adjustments to related matters accordingly in the event of changes in relevant laws, regulations and policies; and
- (6) authorize the Board of Directors and its authorized persons to handle relevant matters of the repurchase and cancellation of shares and capital reduction as permitted under the laws, regulations and Articles of Association, except where the relevant documents expressly provide for the exercise of rights by the general meeting of shareholders.

The above authorizations shall be effective from the date of approval by the Shareholders' at the general meeting to the date of the completion of all the matters relating to the repurchase and cancellation of the shares, and capital reduction.

6. PROPOSAL ON DESIGNATION OF THE AUTHORIZED PERSON OF THE BOARD OF DIRECTORS

To efficiently and orderly complete the repurchase and cancellation of partial shares of the 2020–2022 ESOP and capital reduction, after the Shareholders' approval of the Proposal on Authorization to the Board of Directors and its Authorized Persons to Handle All the Matters Related to the Repurchase and Cancellation of Partial Shares of the 2020–2022 Core Employees Stock Ownership Plan and Capital Reduction at the general meeting, the Board of Directors proposes to authorize Mr. Li Yeqing and its authorized persons to exercise the rights granted by the proposal and handle matters related to the proposal and other relevant matters as authorized by the Board of Directors.

7. PROPOSAL ON THE 2023–2025 CORE EMPLOYEE STOCK OWNERSHIP PLAN (DRAFT)

In order to continuously deepen the long-term incentive mechanism of core employee stock ownership, effectively motivate core employees, enhance the Company's core competitiveness based on the principle of shared responsibility and shared value, and ensure realization of the Company's strategic objectives and corporate vision, the Company formulated the 2023–2025 Core Employee Stock Ownership Plan (Draft) (“ESOP”).

The ESOP is based on the long-term development goals of the Company, integrating the annual performance goals with long-term incentives to promote the sustainable, healthy, and long-term development of the Company. Through the long-term incentive mechanism, the Company further enhances team cohesion among employees and the dynamism of the Company and attract, motivate, and retain core employees of great importance in the Company's future development. Meanwhile, the ESOP establishes and

LETTER FROM THE BOARD OF DIRECTORS

improves the benefit-sharing mechanism between workers and owners, realises the alignment of the interests of the Company, Shareholders and employees, and attract all parties to pay attention to the long-term development of the Company, and therefore bringing more efficient and lasting returns to the Shareholders.

After fully soliciting the opinions of employees on the proposed implementation of the ESOP, the Company has formulated the plan in accordance with the *Company Law of the People's Republic of China* (“**Company Law**”), the *Securities Law of the People's Republic of China* (“**Securities Law**”), the *Guiding Opinions on the Implementation of Employee Stock Ownership Plan for Listed Companies* of CSRC (“**Guiding Opinions**”) and other relevant laws, regulations, rules, regulatory documents and the Articles of Association.

For details of the ESOP, please refer to Appendix II of this circular: 2023–2025 Core Employee Stock Ownership Plan (Draft) of Huaxin Cement Co., Ltd..

8. PROPOSAL ON THE ADMINISTRATION MEASURES OF 2023–2025 CORE EMPLOYEE STOCK OWNERSHIP PLAN

To regulate the implementation of the ESOP, the Company drafted the Administration Measures of 2023–2025 Core Employee Stock Ownership Plan in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, and other applicable laws, regulations, rules and regulatory documents and the Articles of Association.

For detailed content, please refer to Appendix III of this circular: 2023~2025 Core Employee Stock Ownership Administration Measures of Huaxin Cement Co., Ltd..

9. PROPOSAL TO THE SHAREHOLDERS' GENERAL MEETING TO AUTHORIZE THE BOARD OF DIRECTORS TO HANDLE MATTERS RELATED TO THE ESOP

To ensure the successful implementation of the ESOP, the Board proposes to the Shareholders' general meeting to authorize the Board of Directors to handle matters related to the ESOP, including but not limited to:

- (1) modifying the ESOP;
- (2) considering and approving each sub-plan of the ESOP;
- (3) deciding on amendments to and termination of the ESOP;
- (4) deciding on the renewal and early termination of the ESOP;
- (5) handling all matters of locking-up and unlocking of the stocks under the ESOP;
- (6) making appropriate amendments to the ESOP in response to changes in the applicable laws, regulations and policies, if any, within the effective period of the ESOP as considered and approved by the Shareholders at general meeting;
- (7) preparing and executing all the documents related to the ESOP;

LETTER FROM THE BOARD OF DIRECTORS

- (8) approving participation in share allotment and other refinancing plans of the Company within the term of the ESOP; and
- (9) handling other matters necessary for the ESOP, except for rights that are expressly required to be exercised by the Shareholders at general meeting.

10. EXTRAORDINARY GENERAL MEETING AND H SHARE CLASS MEETING

The EGM and HSCM will be held on Thursday, 20 July 2023 at 2:00 p.m. at the Company's conference room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China. The EGM Notice and HSCM Notice are set out on pages 59 to 64 of this circular.

Mr. Li Yeqing, who is a shareholder of A shares and H shares, shall abstain from voting on the Proposal on Designation of the Authorized Person of the Board of Directors at the ESG.

The Participants who are shareholders of A shares and/or H shares shall abstain from voting on the resolutions relevant to the ESOP at the EGM.

Save for the above persons, as of the Latest Practicable Date, none of the Company's connected persons, Shareholders or their respective associates had any material interest in the subject matters of the resolutions to be submitted at the EGM/class meetings and must abstain from voting at the EGM/class meetings.

Proxy forms of the EGM and HSCM are enclosed herewith. Whether or not you are able to attend the EGM or HSGM in person, you are requested to read the notices and to complete and return the enclosed proxy forms as soon as possible in accordance with the instructions printed thereon. H-share holders must return the proxy form or other authorized documents to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by hand or by post 24 hours before the time designated for holding the EGM and HSCM or any adjournments thereof in any event; otherwise, it will be deemed invalid. For the EGM, the proxy form shall be returned before 2:00 p.m. on Wednesday, 19 July 2023. The completion and submission of the proxy forms shall not preclude you from attending and voting at the EGM and HSCM in person or their adjournments (as the case may be) if you so wish.

LETTER FROM THE BOARD OF DIRECTORS

11. CLOSURE OF H-SHARE REGISTER

To determine the name list of H-share holders eligible to attend the EGM and HSCM, the Company will close registration for H Share transfers from Monday, 17 July 2023 to Thursday, 20 July 2023 (both days inclusive). In order to be eligible to attend and vote at the EGM or HSCM, all share transfer documents together with the relevant share certificates must reach the Company's H-share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Friday, 14 July 2023.

12. VOTING BY POLL

In accordance with Rule 13.39 (4) of the Listing Rules, all resolutions submitted at the EGM and HSCM shall be voted on by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands where permitted by the Articles of Association. The voting results will be uploaded onto the Company's website (<https://www.huaxincem.com>) and the website of HKEx news of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) after the EGM and HSCM.

13. RECOMMENDATION

Having considered the circumstances as set out above, the Board of Directors is of the opinion that all the resolutions to be presented at the EGM and HSCM are in the best interest of the Company and the Shareholders as a whole. As such, the Board of Directors recommends that the Shareholders vote in favor of all the resolutions as set out in the notices of the EGM and HSCM.

Yours faithfully
By order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
30 June 2023



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Comparative Table of the Amendments to the Articles of Association

No.	Original Article	Proposed to be amended as
1	Article 6 The registered capital of the Company is RMB2,096,599,855.	Article 6 The registered capital of the Company is RMB 2,078,995,649 .
2	<p>Article 23 The share structure of the Company is composed of 2,096,599,855 ordinary shares, including 1,361,879,855 A shares, representing 64.96% of the total share capital, and 734,720,000 B shares, representing 35.04% of the total share capital.</p> <p>As approved by the China Securities Regulatory Commission and the Hong Kong Stock Exchange, the Company's domestically listed foreign shares are converted into the H Shares and listed on the Main Board of the Stock Exchange of Hong Kong by the way of introduction.</p> <p>After the aforesaid domestically listed foreign shares are converted into the H Shares and listed on the Main Board of the Stock Exchange of Hong Kong, the share structure of the Company is composed of 2,096,599,855 ordinary shares, including 1,361,879,855 A shares, representing 64.96% of the total share capital, and 734,720,000 H shares, representing 35.04% of the total share capital.</p>	<p>Article 23 The share structure of the Company is composed of 2,078,995,649 ordinary shares, including 1,344,275,649 A shares, representing 64.66% of the total share capital, and 734,720,000 H shares, representing 35.34% of the total share capital.</p>

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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Huaxin Cement Co., Ltd.

2023–2025 Core Employee Stock Ownership Plan
(Draft)

STATEMENT

The Company and all of members of the board of directors confirm that the Employee Stock Ownership Plan and its summary do not contain false information, misleading statements or material omission, and are jointly and severally liable for the truthfulness, accuracy and completeness thereof.

RISK DISCLOSURE

1. The Employee Stock Ownership Plan may only be implemented upon consideration and approval by the Shareholders at general meeting. There is no certainty as to whether the Employee Stock Ownership Plan will be approved at the Shareholders' general meeting.
2. The specific source of funds, contribution ratio and implementation plan of the ESOP are preliminary. It is uncertain whether the ESOP will be implemented.
3. The Company will disclose the progress as required in due course. Investors are advised to make prudent decisions and pay attention to investment risks.

IMPORTANT NOTES

1. The 2023–2025 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd. (Draft) (“**ESOP**”) is formulated by Huaxin Cement Co., Ltd. (“**Company**” or “**Huaxin Cement**”) in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Listing Rules of Shares of Shanghai Stock Exchange*, the *Guiding Opinions on Pilot Implementation of Employee Stock Ownership Plan by Listed Companies*, the *Guidelines No.1 for the Self-regulation of Companies Listed on Shanghai Stock Exchange — Standardized Operation* and other applicable laws, regulations, rules and regulatory documents and the *Articles of Association of Huaxin Cement Co., Ltd.*.

* For identification purpose only

2. It is intended that this ESOP will be implemented in three phases in 2023, 2024 and 2025 respectively.
3. This ESOP follows the principles of legal compliance, voluntariness, long-term participation, benefit sharing and risk self-retention, and does not compel the employees to participate by way of allocation, unsolicited allotment or otherwise.
4. This ESOP is applicable to all directors (excluding independent directors and directors working part-time for the Company), supervisors, officers, associate vice president/senior directors in the top management team, functional department heads, business unit management, and management of branches and subsidiaries (plants) of the Company, and other core technical and business personnel having significant influence on the Company's performance. The total number of participants in this ESOP is expected to be no more than 900.
5. The funds used for this ESOP are from the annual long-term incentive compensation accrued by the Company, other legitimate remunerations or self-raised funds of the employees. The total amount of funds used in the 3 phases of this ESOP will not exceed RMB223.5 million.
6. The stocks used for this ESOP are the A shares of Huaxin Cement that are purchased (through, among others, block trading and centralized bidding), repurchased, or otherwise acquired and held to the extent permitted by laws and regulations, by the Company on the secondary market. The specific number of stocks to be held under each sub-plan will be determined when the sub-plan is formulated. The total number of stocks to be held under each established and validly existing sub-plan shall not exceed 10% of the total share capital of the Company, and the aggregate number of stocks to be held by an employee under each sub-plan shall not exceed 1% of the total share capital of the Company. Stocks to be held by the Company's employees under this ESOP shall exclude the stocks acquired by the employees prior to the Company's initial public offering, the stocks purchased by the employees on the secondary market and the stocks acquired by the employees under any stock incentive plan.
7. This ESOP shall be implemented in three phases. During the 3 years from 2023 to 2025, an independent employee stock ownership sub-plan shall be developed for each year respectively.

Each employee stock ownership sub-plan shall be valid for up to 60 months from the day when the drafted sub-plan is considered and approved by the Company's Board of Directors and when the Company makes an announcement that the last portion of stocks to be transferred to the sub-plan are transferred. The stocks transferred to each employee stock ownership sub-plan shall be unlocked in three phases respectively on the days that are 12 months, 24 months and 36 months from the day when the Company makes an announcement that the last portion of stocks to be transferred to each sub-plan are transferred, and shall be unlocked in three phases at a proportion of 30%, 30% and 40% respectively. The specific number of stocks to be vested in each Holder in each year will be calculated and determined according to the Company's performance indicators and the results of the Holder's performance assessment.

8. This ESOP shall be managed by the Company. The Company shall establish the Administration Committee which shall act as the manager of this ESOP and be responsible for exercising shareholders' rights on behalf of this ESOP and effectively safeguarding the legitimate rights and interests of the Holders. During the term of this ESOP, the Administration Committee may engage relevant professional organizations to provide management, consulting and other services for this ESOP.
9. After this ESOP is considered and unanimously approved to by the Board of Directors, the Company shall send a notice on convening a shareholders' general meeting to request shareholders to consider this ESOP at the shareholder's general meeting, and authorize the Board of Directors to handle relevant matters. This ESOP may only be implemented with the approval of the shareholders' general meeting.
10. The financial, accounting treatment and tax issues in connection with implementation of this ESOP shall be handled in accordance with the relevant financial regulations, accounting principles and tax regulations. The employees shall solely bear the taxes payable by them in connection with the implementation of this ESOP.
11. The implementation of this ESOP will not lead to the non-compliance of the Company's equity structure with the listing conditions.

CHAPTER I DEFINITION

Unless otherwise stated, the terms below shall have the following meanings:

Huaxin Cement or Company	means	Huaxin Cement Co., Ltd.
Employee Stock Ownership Plan or ESOP	means	the 2023–2025 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd.
Sub-plan or Phase Plan	mean	the 2023 Core Employee Stock Ownership Plan, 2024 Core Employee Stock Ownership Plan, or 2025 Core Employee Stock Ownership Plan to be implemented under this ESOP
Administration Measures for Employee Stock Ownership Plan	means	the Administration Measures for 2023–2025 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd.
Draft or ESOP Draft	mean	the 2023–2025 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd. (Draft)
Holder or Participants	mean	the Company’s employees participating in this ESOP
Holder’s Meeting	mean	the meeting of the Holders under this ESOP
Administration Committee	means	the ESOP Administration Committee
Underlying Stocks	means	A shares of Huaxin Cement
CSRC	means	China Securities Regulatory Commission
Exchange or SSE	means	Shanghai Stock Exchange
Depository and Clearing Company	means	China Securities Depository and Clearing Corporation Limited, Shanghai Office
Company Law	means	the <i>Company Law of the People’s Republic of China</i>
Securities Law	means	the <i>Securities Law of the People’s Republic of China</i>

APPENDIX II 2023-2025 CORE EMPLOYEE STOCK OWNERSHIP PLAN (DRAFT)

Guiding Opinions	means	<i>the Guiding Opinions on Pilot Implementation of Employee Stock Ownership Plan by Listed Companies</i>
Standardized Operation	means	<i>the Guidelines No.1 for the Self-regulation of Companies Listed on Shanghai Stock Exchange — Standardized Operation</i>
Articles of Association	mean	<i>the Articles of Association of Huaxin Cement Co., Ltd.</i>
RMB	means	Chinese Yuan Renminbi

Note: Any difference between total number and sum of all numbers present in this ESOP, if any, is due to rounding off.

CHAPTER II PURPOSE AND BASIC PRINCIPLES

I. Purpose

This ESOP is formulated in accordance with the Company Law, the Securities Law, the *Guiding Opinions*, the *Standardized Operation* and other applicable laws, administrative regulations, rules and regulatory documents and the *Articles of Association*.

This ESOP is designed to continuously deepen the long-term incentive mechanism of core employee stock ownership, effectively motivate core employees, enhance the Company's core competitiveness based on the principle of shared responsibility and shared value, and ensure realization of the Company's strategic objectives and corporate vision.

II. Basic Principles

1. *Legal compliance*

In implementing this ESOP, the Company shall perform the procedures prescribed by laws and administrative regulations, and timely disclose true, accurate and complete information. This ESOP shall not be used for insider trading, manipulation of securities market and other securities frauds.

2. *Voluntariness*

The Company shall implement this ESOP at its own discretion and based on the principle of voluntary participation.

3. *Long-term service*

The Underlying Stocks held under the Phase Plans shall be unlocked in three phases within the unlocking period, which is conducive to motivating core employees to serve the Company for a long period, promoting the achievement of long-term performance indicators and boosting sustainable development of the Company.

4. *Shared benefits*

Vesting of shares under this ESOP is linked to the Company's key performance indicators in order to strengthen the shared vision and closely associate the long-term benefits of core employees with that of the shareholders of the Company.

5. *Risk self-retention*

The Participants shall bear sole responsibility for their respective profits and losses under this ESOP, bear their own risks in connection with this ESOP, and rank *pari passu* with other investors.

CHAPTER III PARTICIPANTS AND INCLUSION CRITERIA

I. Legal Basis for Determination of Participants

The Company shall determine the list of Participants in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Standardized Operation* and other applicable laws, regulations and regulatory documents and the Articles of Association and by taking into consideration of actual situation. The Participants must be employed by the Company (including the Company's holding subsidiaries, same as below) and have entered into a labor or service contract with the Company.

II. Inclusion Criteria of Participants

The Participants shall identify with the Company's corporate culture, have the required capabilities for their respective posts, have innovative spirit, executive ability and outstanding performance, and have made significant contributions to the Company's development. In addition, the Participants shall be:

1. directors (excluding independent directors and directors working part-time for the Company), supervisors, and senior executives of the Company;
2. associate vice president/senior directors in the top management team;
3. functional department heads, business unit management, or management of branches and subsidiaries (plants); or
4. other core technical and business personnel having significant influence on the Company's performance.

The Board of Directors shall determine the Participants based on the above criteria each year as authorized by the shareholders at general meeting.

III. Scope of Participants

The total number of Participants shall not exceed 900. The final list of Participants and their respective shareholdings under each Sub-plan shall be determined in the year when the Sub-plan is implemented. The Board of Directors may adjust the list of Participants and their respective shareholdings under in each Sub-plan depending on the changes in employees and their performance evaluation results.

IV. Verification of Participants

The Company shall seek legal opinions from lawyers on the compliance of this ESOP and the qualifications of the Participants with the applicable laws, regulations and regulatory documents and the Articles of Association.

**CHAPTER IV SOURCES AND AMOUNTS OF THE FUNDS AND STOCKS
FOR THIS ESOP**

I. Source of Funds

1. Annual long-term incentive compensation accrued by the Company for the employees;
2. Other legitimate remunerations and self-raised funds of the employees;
3. Other sources permitted by laws and regulations.

There exist no awards, subsidies, subsistence allowances and other arrangements in connection with this ESOP provided by third parties. The Company shall not offer financial assistances or loan guarantees for the Participants by virtue of this ESOP.

II. Source of Stocks

The Underlying Stocks are A shares of Huaxin Cement that are purchased (through, among others, block trading and centralized bidding), repurchased, or otherwise acquired and held to the extent permitted by laws and regulations, by the Company on the secondary market. The source of Underlying Stocks under each Sub-plan each year shall be determined when the Sub-plan is concluded.

The Underlying Stocks under each Sub-plan shall be purchased by the Company within 6 months upon review and approval of the Sub-plan by the Board of Directors.

III. Amount

It is expected that the total long-term incentive compensation or legitimate remunerations, self-raised fund to be accrued for the Sub-plans of 2023, 2024 and 2025 will be up to RMB223.5 million. Considering that there are uncertainties in the date and price of and the amount of funds used for purchasing the Underlying Stocks under each Sub-plan, the final aggregate number of the Underlying Stocks remains uncertain.

The total number of stocks to be held under each established and validly existing Sub-plan shall not exceed 10% of the total share capital of the Company. The aggregate number of stocks to be held by an employee under each Sub-plan shall not exceed 1% of the total share capital of the Company. Total stocks to be held under this ESOP shall exclude the stocks acquired by the employees prior to the Company's IPO, the stocks purchased by the employees on the secondary market and the stocks acquired by the employees under any stock ownership incentive plan.

In order to ensure flexibility of this ESOP and avoid frequent amendments to the Draft, the specific Sub-plans shall be subject to the Announcement on the Implementation of Employee Stock Ownership Plan released by the Company each year, provided, however, that the Sub-plans shall conform to the principles and framework determined according to the Draft.

CHAPTER V SCHEDULE

I. Term

1. This ESOP shall be implemented in three phases. In the 3 years from 2023 to 2025, an independent employee stock ownership plan shall be developed each year. Each Phase Plan shall be valid for up to 60 months from the day when the Phase Plan is reviewed and approved by the Company's Board of Directors and when the Company makes an announcement that the last portion of stocks to be transferred to the Phase Plan are transferred. Any Underlying Stocks under any Sub-plan that are to be purchased on the secondary market shall be purchased within 6 months upon review and approval of the Sub-plan by the Company's Board of Directors. This ESOP shall be terminated automatically if it is not renewed upon expiry.
2. The term of this ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the Underlying Stocks and the Board of Directors, provided, however, that the term of this ESOP shall be extended by 12 months each time.
3. The Company shall make an informative announcement six months prior to the expiry of each Phase Plan which shall state the number of stocks held under the Phase Plan and its proportion to the Company's total share capital.

II. Lock-up Period

The lock-up period under a Phase Plan shall be the 12 months from the day when the Company makes an announcement that the last portion of Underlying Stocks are transferred to the Phase Plan. Within the lock-up period, the above lock-up arrangement shall also apply to all shares derived from and acquired as a result of issuance of bonus shares, conversion of capital reserve into share capital, share allotment, conversion of convertible bonds into shares and other reasons.

III. Unlocking Period

The Underlying Stocks acquired under a Phase Plan shall be unlocked in three phases respectively on the days 12 months, 24 months and 36 months after the day when the Company makes an announcement that the last portion of Underlying Stocks are transferred to the Phase Plan. The stocks to be unlocked in the three phases shall respectively account for 30%, 30% and 40% of the shares to be vested.

The above unlocking arrangement shall apply to Underlying Stocks acquired under this ESOP, as well as all shares derived from and acquired as a result of distribution of stock dividends, conversion of capital reserve and other reasons.

IV. Other Lock-up Provisions

This ESOP shall be in compliance with market trading rules in all aspects. The Company's stocks under this ESOP are not allowed to be traded within:

1. thirty days prior to the release of the Company's annual reports and semi-annual reports, or where the release is postponed due to any special reason, the period from the day thirty days prior to the initial release date to the day immediately prior to the actual release date;
2. ten days prior to the release of quarterly reports, earnings forecasts and performance briefings of the Company;
3. the period from the day when a major event that might have a significant impact on the trading price of the Company's stocks and their derivatives occurs or enters the decision-making process to the day when the event is disclosed according to law; and
4. any other lock-up period designated by the CSRC and the Exchange.

V. Renewal Procedure

This ESOP may be renewed subject to approval of the Holders' Meeting and the Board of Directors one month prior to its expiry.

CHAPTER VI PERFORMANCE EVALUATION

I. Performance Evaluation

The performance indicators to be evaluated under this ESOP include company performance indicators and individual performance indicators. The proportion of stocks to be vested in the Holders under each Sub-plan will be determined at the end of the lock-up period based on the performance results of the Company and individual performance evaluation.

1. Company performance evaluation

The proportion of shares to be vested under this ESOP (X) shall be determined based on the fulfillment of performance indicators which is determined according to the sum of budget completion rate and the rank among benchmarking enterprises. The details are stated below:

Aspect	Budget Completion Rate (Q)		Ranking among Benchmarking Enterprises (R)	
Weight	40%		60%	
Indicator	Completion rate of annual EBITDA budget (A)	Completion rate of annual OCF adequacy ratio (B)	Ranking of annual EBITDA growth rate (a)	Ranking of annual OCF adequacy ratio (b)
Weight in Corresponding Aspect	60%	40%	60%	40%
Calculation of Indicator Attribution Ratio	$Q = A*60\% + B*40\%$		$R = a*60\% + b*40\%$	
Application of Company Performance Indicators	$X = Q*40\% + R*60\%$			

Therein: Completion rate of OCF adequacy ratio = Net operating cash flow/EBITDA/target value of OCF adequacy ratio

Eight comparable listed companies in the industry are selected by the Board of Directors as the benchmarking enterprises. The attribution ratios corresponding to the rankings of indicators A and B among these 8 companies are listed below:

Ranking	6th-9th	5th	4th	3rd	2nd	1st
Attribution Ratio	0	50%	75%	100%	125%	150%

If the company performance indicators under this ESOP fail to be fulfilled in whole or in part, the corresponding shares unvested shall not be unlocked and shall be withdrawn and disposed of by the Administration Committee, and any proceeds therefrom shall be vested in the Company.

2. Individual performance evaluation

The individual performance evaluation coefficient (Y) will be determined on the basis of annual individual performance evaluation result and shall not be greater than 1.0.

II. Application of Evaluation Result

Number of shares to be vested in each Holder = Number of shares granted to the Holder × X × Y.

If the number of Underlying Stocks actually vested in a Holder is less than the planned number of Underlying Stocks to be vested in the Holder, the Underlying Stocks planned to be but actually not vested in the Holder shall be withdrawn and disposed of by the Administration Committee, and all proceeds from disposal of such stocks shall be vested in the Company.

CHAPTER VII MANAGEMENT MODEL

I. Management Organization and Model

This ESOP shall be managed by the Company. The Company shall establish the Administration Committee which shall act as the manager of this ESOP and be responsible for exercising shareholders' rights on behalf of this ESOP and effectively safeguarding the legitimate rights and interests of the Holders under this ESOP. During the term of this ESOP, the Administration Committee may engage relevant professional organizations to provide management, consulting and other services required for the day-to-day management of this ESOP. The internal management authority of this ESOP is the Holders' Meeting. The Administration Committee is responsible for the day-to-day management of this ESOP and exercising the shareholders' rights on behalf of this ESOP. The Board of Directors is responsible for preparing and amending the Draft and handling other matters relating to this ESOP as authorized by the Company's shareholders at general meeting.

The Company has appropriate risk prevention and isolation measures in place to effectively safeguard the Holders' legitimate rights and interests.

II. Holders

(I) Rights of the Holders

1. The Holders shall be entitled to attend and vote at Holders' Meetings;
2. The Holders shall be entitled to Underlying Stocks under this ESOP according to their respective shareholdings hereunder;
3. The Holders waive the voting rights attached to the Underlying Stocks indirectly held by them under this ESOP, and authorize the Administration Committee to exercise the voting rights and other rights on their behalf.
4. The Holders shall be entitled to other powers granted by laws, administrative regulations and this ESOP.

(II) Obligations of the Holders

1. The Holders shall strictly observe the applicable laws, regulations and regulatory documents and the relevant provisions of this ESOP;
2. Except as provided in this ESOP, the Holders shall not withdraw from this ESOP, transfer the stocks to be held by them hereunder, use those stocks to secure and repay debts, or otherwise dispose of those stocks within the term of this ESOP;
3. The Holders shall solely bear the taxes payable due to their participation in this ESOP as set forth by the national and other relevant laws and regulations;

4. The Holders shall perform other obligations set forth in laws, administrative regulations and this ESOP.

III. Holders' Meeting

(I) The Holders' Meeting is the internal management authority having the power to manage this ESOP. All Holders are entitled to participate and vote at Holders' Meetings either in person or by proxy. All travel expenses, accommodation and meal costs, and other expenses and costs incurred by each Holder and his/her proxy in connection with attendance at the Holders' Meetings shall be solely borne by the Holder.

(II) A Holders' Meeting shall perform the following functions and powers:

1. To appoint and remove members of the Administration Committee;
2. To consider on and approve the changes, termination and renewal of this ESOP;
3. To amend the *Administration Measures for Employee Stock Ownership Plan*;
4. To consider on the income distribution plan within the term hereof;
5. To authorize the Administration Committee to carry out financing activities in connection with the stocks under this ESOP;
6. To authorize the Administration Committee to supervise the day-to-day management of this ESOP;
7. To authorize the Administration Committee to decide on the management of the assets in the ESOP account (including but not limited to use of the cash and accrued dividends of the stocks held under this ESOP to purchase wealth management products, lending of securities held and other businesses contributing to asset appreciation);
8. To authorize the Administration Committee to exercise shareholders' rights;
9. To consider whether or not to participate in the financing of the Company through share allotment, additional issuance, issuance of convertible bonds or otherwise within the term of this ESOP, and to consider on funding solutions; and
10. Other functions and powers exercisable by the Holders' Meeting as prescribed by laws and regulations or the CSRC.

(III) A Holders' Meeting shall be convened as below:

1. A Holders' Meeting shall be convened by the Administration Committee and shall be chaired by the Chairman of the Administration Committee or by a member of Administration Committee designated by the Chairman of the Administration Committee if the Chairman is unable to perform such duties.
2. The Administration Committee shall convene the Holders' Meeting by giving a notice at least 3 business days prior to the date of meeting to all Holders through personal delivery, mail, fax, email or otherwise.
3. The notice of meeting shall at least state:
 - (1) the time, place and form of the meeting;
 - (2) the major matters (or proposals) to be considered at the meeting;
 - (3) the convener and chairman of the meeting, and in case of an extraordinary meeting, the person requesting to hold the meeting and his/her written request;
 - (4) the materials required for voting at the meeting;
 - (5) that each Holder is expected to attend the meeting in person or through any other Holder on his/her behalf;
 - (6) the contact and contact information; and
 - (7) the date on which the notice is given.

A Holders' Meeting may be convened by giving a verbal notice under any emergency or special circumstance. The verbal notice shall at least state the contents specified in items (1) and (2) above and an explanation that the Holders' Meeting needs to be held as soon as possible due to emergency.

Considering the large quantity of Holders and in order to maximize convenience and efficiency, a Holders' Meeting may be held through teleconferencing, videoconferencing or similar communication tools, provided that all Holders attending the meeting can fully express their opinions and that all Holders' rights to be informed and vote are fully protected. All Holders attending the meeting through such communication tools shall be deemed as having attended the meeting in person.

(IV) Voting procedures at Holders' Meetings

1. The chairman shall submit each proposal fully discussed to all attending Holders for voting as appropriate. The chairman may also decide to submit all proposals fully discussed to all attending Holders for voting at the same time. Voting shall be made in writing.

2. The Holders shall have the voting rights determined according to their respective shareholdings under this ESOP.
3. Each Holder may cast a vote for or against or abstain from voting at a Holders' Meeting. A Holder will be deemed to abstain from voting if: (1) no choice is made or more than one choice is made by him/her; (2) he/she is absent from the meeting before the meeting is closed and makes no choice; or (3) he/she fails to complete, incorrectly completes or illegibly completes his/her vote or fails to cast his/her vote. The vote cast by a Holder after the chairman announces the voting result or the designated voting time expires will not be counted.
4. The chairman shall announce the voting result at the meeting. A proposal shall be deemed to have been passed and form a valid resolution if it is consented to by the attending Holders holding more than 50% (inclusive) of total Underlying Stocks under this ESOP, unless it is specially set forth that the proposal may be passed only when it is consented to by the attending Holders holding more than two thirds of total Underlying Stocks under this ESOP.

The issues below shall be approved by the special resolution by the Holders' Meeting:

- (1) Extend the duration of the ESOP;
 - (2) Amending the ESOP;
 - (3) Other items shall be approved by the special resolution of the Holders' Meeting.
5. Any resolution made at a Holders' Meeting must be submitted to the Company's Board of Directors and shareholders' general meeting for consideration as required by the Company's Articles of Association.
 6. The chairman of a Holders' Meeting shall cause proper meeting minutes to be maintained.

IV. Administration Committee

- (I) The Administration Committee is established to take charge of this ESOP and be responsible for the day-to-day management and supervision of this ESOP and exercising shareholders' rights on behalf of the Holders.
- (II) The Administration Committee consists of 5 members and 1 chairman. The members shall be elected by the Holders' Meeting. The chairman shall be elected subject to the consent of a majority of the members. The members of the Administration Committee shall not be removed until this ESOP expires.

(III) The Administration Committee shall abide by laws, administrative regulations and the *Administration Measures for Employee Stock Ownership Plan* and shall perform the duty of loyalty to this ESOP:

1. Not to accept bribes or other illegal income by taking advantage of its functions and powers and not to embezzle the assets of this ESOP;
2. Not to misappropriate the funds of this ESOP;
3. Not to deposit the assets or funds of this ESOP in an account opened in its name or any other name without the prior consent of the Holders' Meeting;
4. Not to lend the funds of this ESOP or create security over this ESOP without the prior consent of the Holders' Meeting;
5. Not to prejudice the interests of this ESOP by taking advantage of its functions and powers; and
6. Not to disclose any trade secret relating to this ESOP without authorization.

The Administration Committee shall be liable for the losses, if any, caused to this ESOP due to its breach of the duty of loyalty.

(IV) The Administration Committee shall perform the following functions and powers:

1. To convene the Holders' Meetings;
2. To supervise the day-to-day management of this ESOP on behalf of all Holders;
3. To decide on the management of the assets in the ESOP account (including but not limited to use of the cash and accrued dividends of the stocks held under this ESOP to purchase wealth management products, lending of securities held and other businesses contributing to asset appreciation) on behalf of the Holders;
4. To exercise the shareholders' rights attached to the shares under this ESOP on behalf of all Holders;
5. To decide whether to engage relevant professional organizations to provide management, consulting and other services required for the day-to-day management of this ESOP;
6. To sign relevant external agreements and contracts with third parties on behalf of this ESOP;
7. To manage the distribution of the proceeds from this ESOP, and to decide on the sale, distribution and other relevant matters of the Underlying Stocks upon expiry of the lock-up period and the unlocking period;

8. To handle the registration of proportion and succession of the stocks held by each Holder under this ESOP, and dispose of the stocks held by any Holder failing to fulfill his/her performance indicators;
 9. To develop and implement the arrangements regarding this ESOP's participation in additional issuance of shares, distribution of shares, issuance of convertible bonds and other refinancing activities of the Company;
 10. To take charge of the reduction of shareholdings or stock transfer under this ESOP; and
 11. To perform other functions and powers authorized by the Holders' Meeting.
- (V) The Chairman of Administration Committee shall have the following functions and powers:
1. To chair the Holders' Meetings, and convene and chair meetings of the Administration Committee;
 2. To exercise shareholders' rights on behalf of all Holders as authorized by the Administration Committee;
 3. To supervise and check the execution of resolutions adopted at the Holders' Meetings and meetings of the Administration Committee;
 4. To sign relevant external agreements and contracts with third parties on behalf of this ESOP; and
 5. To perform other functions and powers granted to the Administration Committee.
- (VI) The Administration Committee may hold a meeting from time to time which shall be convened by the Chairman of Administration Committee by giving a notice of meeting to all of its members 3 days prior to the date of meeting, provided, however, that the foregoing period of notice may be waived subject to unanimous consent of the members. The meetings of the Administration Committee may be held and voting at the meetings may be made through means of communication, provided that the matters for voting are unanimously consented to by all members of the Administration Committee. Where a meeting of the Administration Committee needs to be held as soon as possible due to emergency, the notice of meeting may be given through telephone or otherwise orally at any time, provided that the person convening the meeting shall make an explanation therefor at the meeting.

- (VII) Members of the Administration Committee may propose an extraordinary meeting of the Administration Committee. The Chairman of Administration Committee shall convene an extraordinary meeting of the Administration Committee within 3 days upon receipt of such proposal and chair the meeting.
- (VIII) A meeting of the Administration Committee may be held only when a majority of the members of the Administration Committee are expected to be present. A resolution made by the Administration Committee may be adopted only when it is voted for by a majority of the members. Each member of the Administration Committee has one vote.
- (IX) Resolutions of the Administration Committee shall be put to open vote.
- (X) Members of the Administration Committee shall attend a meeting of the Administration Committee in person or, when personal attendance is impossible for any reason, through another member appointed via a written letter of authorization signed by the appointing member which shall clearly state the name of the appointed member, the purpose for which the appointed member is appointed, scope of authorization and validity period of the letter of authorization. The appointed member shall exercise the rights of the appointing member within the scope of authorization. A member will be deemed to have waived the right of voting at a meeting of the Administration Committee if he/she fails to attend the meeting either in person or by proxy.
- (XI) The Administration Committee shall make records of the decisions made with respect to the matters considered at each meeting which shall be signed by the members present at the meeting.

V. Rights Authorized to the Board of Directors by the Shareholders' General Meeting

Upon approval of this ESOP, the Company's shareholders at general meeting authorizes the Board of Directors to be fully responsible for handling the matters relating to this ESOP, including but not limited to:

1. modifying this ESOP;
2. considering and approving each Sub-plan;
3. deciding on the amendments to and termination of this ESOP;
4. deciding on the renewal and early termination of this ESOP;
5. handling all matters of locking-up and unlocking of the stocks under this ESOP;
6. making appropriate amendments to this ESOP in response to changes in the applicable laws, regulations and policies, if any, within the effective period of this ESOP as considered and approved of this ESOP by the shareholders at general meeting;

7. preparing and executing all the documents related to this ESOP;
8. approving participation in the share allotment and other refinancing plans of the Company within the term of this ESOP; and
9. handling other matters necessary for this ESOP, except for rights that are expressly required to be exercised by the shareholders at general meeting.

**CHAPTER VIII AMENDMENTS TO AND TERMINATION OF THIS ESOP AND
DISPOSAL OF HOLDERS' RIGHTS AND INTERESTS**

I. Amendments to this ESOP

This ESOP may be amended within the term hereof with the prior the consent of the Holders attending a Holders' Meeting and holding more than two thirds of Underlying Stocks hereunder and with the prior approval of the Company's Board of Directors.

II. Termination of this ESOP

1. The Phase Plans under this ESOP shall be terminated automatically upon expiry thereof.
2. The Phase Plans may be terminated prior to expiry thereof when the stocks thereunder are sold out.
3. The term of a Phase Plan may be extended with the prior consent of the Holders attending a Holders' Meeting and holding more than two thirds of the stocks thereunder and with the prior approval of the Company's Board of Directors one month prior to expiry of the Phase Plan, provided, however, that the Phase Plan shall be extended by no longer than 12 months each time.

III. Arrangements Regarding Disposal of the Rights and Interests under this ESOP

1. Except as otherwise required by laws, administrative regulations and departmental rules or without the prior consent of the Administration Committee, the Holders shall not withdraw from this ESOP, transfer the stocks to be held by them hereunder, mortgage or pledge those stocks as collateral for debts, use those stocks to repay debts, or otherwise dispose of those stocks within the term of this ESOP.
2. Within the lock-up period hereunder, the Holders shall not request for distribution or transfer of the interests under this ESOP.
3. Within the lock-up period hereunder, the shares acquired from the existing shares under this ESOP as a result of conversion of capital reserve into share capital and allotment of stock bonus shall be locked up for the same period as the existing shares, and shall not be sold in the secondary market or otherwise transferred.
4. Within the unlocking period hereunder, the Administration Committee shall successively dispose of the assets of this ESOP and distribute the proceeds therefrom to the Holders based on their respective shareholdings or request the Depository and Clearing Company to transfer the Underlying Stocks to the personal accounts of the Holders based on their respective shareholdings according to the requirements of the relevant laws and regulations.

5. When a Holder fully fulfills the performance indicators, the proportion of stocks to be vested in the Holder shall be determined according to the company performance evaluation result and individual performance evaluation result. When a Holder fails all or part of the performance indicators, the stocks not yet vested shall not be unlocked and shall be withdrawn and disposed by the Administration Committee, and the proceeds from those stocks shall be vested in the Company.
6. The cash dividends derived from the Underlying Stocks when the Company distributes dividends within the term of this ESOP shall be included in the monetary assets of this ESOP. The Administration Committee shall decide whether to distribute them as authorized by the Holders' Meeting.
7. The cash or other distributable proceeds, if any, acquired as a result of sale of the Underlying Stocks within the term of this ESOP shall first be used to pay the taxes, trading cost and other expenses incurred by this ESOP.
8. In the event of any other matter not covered herein, the stocks held by the Holders under this ESOP shall be disposed of in the way determined by the Holders' Meeting.

IV. Disposal in Case of Changes in the Company and Holders

(I) Merger, division and change of actual control of the Company

In the event of change of control, merger or division of the Company, unexpected additional capital contribution by a shareholder, significant changes in external market environment or any other special circumstance, the Board of Directors shall, as authorized by the shareholders' general meeting, decide to continue to perform, amend, suspend or terminate this ESOP as the case may be.

(II) Formal retirement/expiration of labor contract, work-related injury or death of the Holders

In case of retirement/expiration of labor/service contract (including earlier rescission), work-related injury or death of any Holder within the lock-up period of the Underlying Stocks under a Sub-plan of this ESOP, the interests held by the Holder (or his/her successor) under the Sub-plan shall be converted in proportion to the attendance rate of the Holder within the lock-up period (attendance rate within the lock-up period = number of attendance months/the lock-up period) and liquidated uniformly within the unlocking period; in case of retirement or work-related injury or death of any Holder within the unlocking period of the Underlying Stocks under a Sub-plan of this ESOP, the interests held by the Holder (or his/her successor) under the Sub-plan shall remain unchanged and shall be settled when this ESOP is liquidated. In addition, for any Holder is rehired by the Company after retirement during the term of this ESOP, the rights and interests that the Holder is entitled to hereunder shall remain unchanged and shall remain valid pursuant to this ESOP.

(III) Handling of non-work-related disability or death of the Holders

For any Holder whose labor relations with the Company is terminated due to non-work-related disability or death of the Holder, the interests held by the Holder hereunder shall be cancelled if such termination occurs within the lock-up period, or shall continue to be held by the Holder (or his/her successor) and be settled when this ESOP is liquidated if such termination occurs within the unlocking period:

(IV) Handling of the Holders' title changes

1. In the event of any promotion of a Holder, the interests held by the Holder under this ESOP shall remain unchanged and continue to be executed in accordance with this ESOP;
2. In the event of any other title change of a Holder, the Administration Committee will, at its sole discretion, handle such change according to the cause of such change and the current policies of the Company.
3. For any Holder who ceases to work at the Company as the branch/subsidiary or the business sector that the Holder serves is sold by the Company, the interests held by the Holder hereunder shall be cancelled if such cessation occurs within the lock-up period of the Underlying Stocks hereunder, or shall continue to be held by the Holder and be settled when this ESOP is liquidated if such cessation occurs within the unlocking period of the Underlying Stocks hereunder.

(V) Handling of voluntary resignation of the Holders

Under any of the following circumstances, the interests held by the Holder under this ESOP shall be cancelled if the circumstance occurs within the lock-up period of the Underlying Stocks under this ESOP or shall be disposed of by the Administration Committee at its sole discretion according to the specific circumstance and the current policies of the Company, if the circumstance occurs within the unlocking period of the Underlying Stocks under this ESOP:

1. the labor contract or service contract of the Holder is terminated and not renewed upon expiry;
2. the Holder resigns and leaves the Company; or
3. any other circumstance designated by the Company's Board of Directors.

(VI) Under any of the following circumstances, the interests held by a Holder under this ESOP shall be cancelled, and if the circumstance is serious, the Board of Directors shall recover or authorize the Administration Committee to recover, ipso facto, the losses suffered by the Company due to such circumstance:

1. the position of the Holder changes or the Holder resigns as the Company's interests or reputation are damaged significantly due to the Holder's incompetence, violation of professional ethics, disclosure of Company's secrets, dereliction of duty, breach of duty or other misconducts;
2. the Holder is dismissed by the Company as the Company's interests or reputation are damaged significantly due to the Holder's violation of laws and professional ethics, disclosure of Company's secrets, dereliction of duty, breach of duty or other misconducts; or
3. any other circumstance designated by the Company's Board of Directors.

(VII) Other circumstances uncovered above shall be identified by and be handled as determined by the Board of Directors or the Administration Committee as authorized by the Board of Directors.

(VIII) Where the interests held by a Holder under this ESOP are cancelled due to occurrence of any of the circumstances stated above, the Administration Committee shall withdraw the cancelled interests and dispose of the corresponding Underlying Stocks, and all proceeds therefrom shall be vested in the Company.

CHAPTER IX PARTICIPATION OF THIS ESOP IN THE COMPANY'S FINANCING

The Administration Committee shall decide whether or not to participate in the financing and funding solutions of the Company through share allotment, additional issuance, issuance of convertible bonds or otherwise within the term of this ESOP, and submit its decision to the shareholders' general meeting for consideration.

CHAPTER X PERFORMANCE PROCEDURES OF THIS ESOP

- I. The Company shall sufficiently solicit comments from the employees through the workers' congress and other organizations prior to the implementation of this ESOP.
- II. The ESOP Draft shall be drafted by the Company's Board of Directors.
- III. When the Company's Board of Directors is considering the ESOP Draft, the independent directors and the board of supervisors shall give their comments about whether this ESOP is conducive to the Company's sustainable development and detrimental to the benefits of the Company and its shareholders, and about whether any employee is forced to participate in this ESOP by the Company through allocation, unsolicited allotment or otherwise.
- IV. When the Company's Board of Directors is considering the ESOP Draft, the directors interested in this ESOP shall abstain from voting. Upon adoption of this ESOP Draft, the Board of Directors shall announce its resolution, the summary of the ESOP Draft, the comments of independent directors, the comments of the board of supervisors, etc. within 2 business days.
- V. The Company shall seek legal opinions from a law firm with respect to this ESOP and announce the legal opinions prior to the shareholders' general meeting held to consider this ESOP.
- VI. A shareholders' general meeting shall be held to consider this ESOP. The voting shall be carried out both on site and online. The directors and shareholders interested in this ESOP shall abstain from the voting. This ESOP may be implemented only with the prior consent of the shareholders attending the shareholders' general meeting and representing a majority of valid voting rights (interested shareholders shall abstain from voting).
- VII. Within 2 business days upon transfer of the Underlying Stocks to this ESOP, the Company shall timely disclose the time when the Underlying Stocks are acquired, the quantity of the Underlying Stocks acquired, the proportion of the Underlying Stocks acquired to the Company's issued capital, etc..
- VIII. The Company shall perform other procedures required by the CSRC and the Exchange.

CHAPTER XI OTHER SIGNIFICANT MATTERS

- I. Adoption of this ESOP by the Company's Board of Directors and shareholders' general meeting neither implies that the Holders are entitled to continue to serve the Company and its subordinate businesses, nor constitutes the commitment of the Company and its subordinate businesses on the term of employment of the employees. The labor relationship between the Company and its subordinate businesses and their employees shall still be subject to their service or labor contracts.
- II. The financial, accounting treatment and tax issues in connection with implementation of this ESOP shall be handled in accordance with the applicable financial regulations, accounting standards and tax regulations. The employees shall solely bear the income taxes payable by them in connection with the implementation of this ESOP.
- III. The Holders under this ESOP include directors (excluding independent directors and directors working part-time for the Company), supervisors and officers of the Company who are therefore interested in this ESOP. There is no Concerted Action Agreement or any other arrangement relating to concerted action among the Holders. The Holders will waive the voting rights attached to the Company's shares indirectly held by them as a result of their participation in this ESOP. Therefore, there is no concerted action relationship between this ESOP and the Company's directors, supervisors and officers.
- IV. This ESOP shall be interpreted by the Company's Board of Directors, and shall come into force upon consideration and approval by the Company's shareholders at general meeting.

**HUAXIN CEMENT CO., LTD.*****華新水泥股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Huaxin Cement Co., Ltd

2023–2025 Core Employee Stock Ownership Administration Measures

CHAPTER I GENERAL PRINCIPLES

Article 1 To regulate the implementation of the Huaxin Cement Co., Ltd (“**the Company**” or “**Huaxin Cement**”) 2023–2025 Core Employee Stock Ownership Plan, the 2023–2025 Core Employee Stock Ownership Administration Measures is formulated in accordance with the *Company Law of the People's Republic of China* (“**Company Law**”), the *Securities Law of the People's Republic of China* (“**Securities Law**”), the *Listing Rules of Shares of Shanghai Stock Exchange* (“**Listing Rules**”), the *Guiding Opinions on Pilot Implementation of Employee Stock Ownership Plan by Listed Companies* (“**Guiding Opinions**”), the *Guidelines No.1 for the Self-regulation of Companies Listed on Shanghai Stock Exchange — Standardized Operation* (“**Standardized Operation**”) and other applicable laws, regulations, rules and regulatory documents, the *Articles of Association of Huaxin Cement Co., Ltd.* (“**Articles of Association**”), and the *2023–2025 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd. (Draft)* (“**ESOP draft**”).

CHAPTER II DRAFT OF THE EMPLOYEE STOCK OWNERSHIP PLAN**Article 2 Basic Principles****(I) Legal compliance**

In implementing this ESOP, the Company shall perform the procedures prescribed by laws and administrative regulations, and timely disclose true, accurate and complete information. This ESOP shall not be used for insider trading, manipulation of securities market and other securities frauds.

(II) Voluntariness

The Company shall implement this ESOP at its own discretion and based on the principle of voluntary participation.

* *For identification purpose only*

(III) Long-term service

The Underlying Stocks held under the Phase Plans shall be unlocked in three phases within the unlocking period, which is conducive to motivating core employees to serve the Company for a long period, promoting the achievement of long-term performance indicators and boosting sustainable development of the Company.

(IV) Shared benefits

Vesting of shares under this ESOP is linked to the Company's key performance indicators in order to strengthen the shared vision and closely associate the long-term benefits of core employees with that of the shareholders of the Company.

(V) Risk self-retention

The Participants shall bear sole responsibility for their respective profits and losses under this ESOP, bear their own risks in connection with this ESOP, and rank *pari passu* with other investors.

Article 3 Participants***(I) Legal Basis for Determination of Participants***

The Company shall determine the list of Participants in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Standardized Operation and other applicable laws, regulations and regulatory documents and the Articles of Association and by taking into consideration of actual situation. The Participants must be employed by the Company (including the Company's holding subsidiaries, same as below) and have entered into a labor or service contract with the Company.

(II) Inclusion Criteria of Participants

The Participants shall identify with the Company's corporate culture, have the required capabilities for their respective posts, have innovative spirit, executive ability and outstanding performance, and have made significant contributions to the Company's development. In addition, the Participants shall be:

1. directors (excluding independent directors and directors working part-time for the Company), supervisors, and senior executives of the Company;
2. associate vice president/senior directors in the top management team;
3. functional department heads, business unit management, or management of branches and subsidiaries (plants); or
4. other core technical and business personnel having significant influence on the Company's performance.

The Board of Directors shall determine the Participants based on the above criteria each year as authorized by the shareholders at general meeting.

(III) Scope of Participants

The total number of Participants shall not exceed 900. The final list of Participants and their respective shareholdings under each Sub-plan shall be determined in the year when the Sub-plan is implemented. The Board of Directors may adjust the list of Participants and their respective shareholdings under in each Sub-plan depending on the changes in employees and their performance evaluation results.

(IV) Verification of Participants

The Company shall seek legal opinions from lawyers on the compliance of this ESOP and the qualifications of the Participants with the applicable laws, regulations and regulatory documents and the Articles of Association.

Article 4 Source of Funds

1. Annual long-term incentive compensation accrued by the Company for the employees;
2. Other legitimate remunerations and self-raised funds of the employees;
3. Other sources permitted by laws and regulations.

There exist no awards, subsidies, subsistence allowances and other arrangements in connection with this ESOP provided by third parties. The Company shall not offer financial assistances or loan guarantees for the Participants by virtue of this ESOP.

Article 5 Source of Stocks

The Underlying Stocks are A shares of Huaxin Cement that are purchased (through, among others, block trading and centralized bidding), repurchased, or otherwise acquired and held to the extent permitted by laws and regulations, by the Company on the secondary market. The source of Underlying Stocks under each Sub-plan each year shall be determined when the Sub-plan is concluded.

The Underlying Stocks under each Sub-plan shall be purchased by the Company within 6 months upon review and approval of the Sub-plan by the Board of Directors.

Article 6 Amount

It is expected that the total long-term incentive compensation, legitimate compensation or self-raised funds to be accrued for the Sub-plans of 2023, 2024 and 2025 will be up to RMB223.5 million. Considering that there are uncertainties in the date and price of and the amount of funds used for purchasing the Underlying Stocks under each Sub-plan, the final aggregate number of the Underlying Stocks remains uncertain.

The total number of stocks to be held under each established and validly existing Sub-plan shall not exceed 10% of the total share capital of the Company. The aggregate number of stocks to be held by an employee under each Sub-plan shall not exceed 1% of the total share capital of the Company. Total stocks to be held under this ESOP shall exclude the stocks acquired by the employees prior to the Company's IPO, the stocks purchased by the employees on the secondary market and the stocks acquired by the employees under any stock ownership incentive plan.

In order to ensure flexibility of this ESOP and avoid frequent amendments to the Draft, the specific Sub-plans shall be subject to the Announcement on the Implementation of Employee Stock Ownership Plan released by the Company each year, provided, however, that the Sub-plans shall conform to the principles and framework determined according to the Draft.

Article 7 Term and Lock-up Period

(I) Term

1. This ESOP shall be implemented in three phases. In the 3 years from 2023 to 2025, an independent employee stock ownership plan shall be developed each year. Each Phase Plan shall be valid for up to 60 months from the day when the Phase Plan is reviewed and approved by the Company's Board of Directors and when the Company makes an announcement that the last portion of stocks to be transferred to the Phase Plan are transferred. Any Underlying Stocks under any Sub-plan that are to be purchased on the secondary market shall be purchased within 6 months upon review and approval of the Sub-plan by the Company's Board of Directors. This ESOP shall be terminated automatically if it is not renewed upon expiry.
2. The term of this ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the Underlying Stocks and the Board of Directors, provided, however, that the term of this ESOP shall be extended by 12 months each time.
3. The Company shall make an informative announcement six months prior to the expiry of each Phase Plan which shall state the number of stocks held under the Phase Plan and its proportion to the Company's total share capital.

(II) Lock-up Period

The lock-up period under a Phase Plan shall be the 12 months from the day when the Company makes an announcement that the last portion of Underlying Stocks are transferred to the Phase Plan. Within the lock-up period, the above lock-up arrangement shall also apply to all shares derived from and acquired as a result of issuance of bonus shares, conversion of capital reserve into share capital, share allotment, conversion of convertible bonds into shares and other reasons.

(III) Unlocking Period

The Underlying Stocks acquired under a Phase Plan shall be unlocked in three phases respectively on the days 12 months, 24 months and 36 months after the day when the Company makes an announcement that the last portion of Underlying Stocks are transferred to the Phase Plan. The stocks to be unlocked in the three phases shall respectively account for 30%, 30% and 40% of the shares to be vested.

The above unlocking arrangement shall apply to Underlying Stocks acquired under this ESOP, as well as all shares derived from and acquired as a result of distribution of stock dividends, conversion of capital reserve and other reasons.

(IV) Other Lock-up Provisions

This ESOP shall be in compliance with market trading rules in all aspects. The Company's stocks under this ESOP are not allowed to be traded within:

1. thirty days prior to the release of the Company's annual reports and semi-annual reports, or where the release is postponed due to any special reason, the period from the day thirty days prior to the initial release date to the day immediately prior to the actual release date;
2. ten days prior to the release of quarterly reports, earnings forecasts and performance briefings of the Company;
3. the period from the day when a major event that might have a significant impact on the trading price of the Company's stocks and their derivatives occurs or enters the decision-making process to the day when the event is disclosed according to law; and
4. any other lock-up period designated by the CSRC and the Exchange.

(V) Renewal Procedure

This ESOP may be renewed subject to approval of the Holders' Meeting and the Board of Directors one month prior to its expiry.

Article 8 Performance Evaluation***(I) Performance Evaluation***

The performance indicators to be evaluated under this ESOP include company performance indicators and individual performance indicators. The proportion of stocks to be vested in the Holders under each Sub-plan will be determined at the end of the lock-up period based on the performance results of the Company and individual performance evaluation.

1. *Company performance evaluation*

The proportion of shares to be vested under this ESOP (X) shall be determined based on the fulfillment of performance indicators which is determined according to the sum of budget completion rate and the rank among benchmarking enterprises. The details are stated below:

Aspect	Budget Completion Rate (Q)		Ranking among Benchmarking Enterprises (R)	
Weight	40%		60%	
Indicator	Completion rate of annual EBITDA budget (A)	Completion rate of annual OCF adequacy ratio (B)	Ranking of annual EBITDA growth rate (a)	Ranking of annual OCF adequacy ratio (b)
Weight in Corresponding Aspect	60%	40%	60%	40%
Calculation of Indicator Attribution Ratio	$Q = A*60\% + B*40\%$		$R = a*60\% + b*40\%$	
Application of Company Performance Indicators	$X = Q*40\% + R*60\%$			

Therein: Completion rate of OCF adequacy ratio = Net operating cash flow/EBITDA/target value of OCF adequacy ratio

Eight comparable listed companies in the industry are selected by the Board of Directors as the benchmarking enterprises.

The attribution ratios corresponding to the rankings of indicators A and B among these 8 companies are listed below:

Ranking	6th-9th	5th	4th	3rd	2nd	1st
Attribution Ratio	0	50%	75%	100%	125%	150%

If the company performance indicators under this ESOP fail to be fulfilled in whole or in part, the corresponding shares unvested shall not be unlocked and shall be withdrawn and disposed of by the Administration Committee, and any proceeds therefrom shall be vested in the Company.

2. Individual performance evaluation

The individual performance evaluation coefficient (Y) will be determined on the basis of annual individual performance evaluation result and shall not be greater than 1.0.

(II) Application of Evaluation Result

Number of shares to be vested in each Holder = Number of shares granted to the Holder $\times X \times Y$.

If the number of Underlying Stocks actually vested in a Holder is less than the planned number of Underlying Stocks to be vested in the Holder, the Underlying Stocks planned to be but actually not vested in the Holder shall be withdrawn and disposed by the Administration Committee, and all proceeds from disposal of such stocks shall be vested in the Company.

Article 9 Performance Procedures

- (I) The Company shall sufficiently solicit comments from the employees through the workers' congress and other organizations prior to the implementation of this ESOP.
- (II) The ESOP Draft shall be drafted by the Company's Board of Directors.
- (III) When the Company's Board of Directors is considering the ESOP Draft, the independent directors and the board of supervisors shall give their comments about whether this ESOP is conducive to the Company's sustainable development and detrimental to the benefits of the Company and its shareholders, and about whether any employee is forced to participate in this ESOP by the Company through allocation, unsolicited allotment or otherwise.
- (IV) When the Company's Board of Directors is considering the ESOP Draft, the directors interested in this ESOP shall abstain from voting. Upon adoption of this ESOP Draft, the Board of Directors shall announce its resolution, the summary of the ESOP Draft, the comments of independent directors, the comments of the board of supervisors, etc. within 2 business days.
- (V) The Company shall seek legal opinions from a law firm with respect to this ESOP and announce the legal opinions prior to the shareholders' general meeting held to consider this ESOP.

(VI) A shareholders' general meeting shall be held to consider this ESOP. The voting shall be carried out both on site and online. The directors and shareholders interested in this ESOP shall abstain from the voting. This ESOP may be implemented only with the prior consent of the shareholders attending the shareholders' general meeting and representing a majority of valid voting rights (interested shareholders shall abstain from voting).

(VII) Within 2 business days upon transfer of the Underlying Stocks to this ESOP, the Company shall timely disclose the time when the Underlying Stocks are acquired, the quantity of the Underlying Stocks acquired, the proportion of the Underlying Stocks acquired to the Company's issued capital, etc..

(VIII) The Company shall perform other procedures required by the CSRC and the Exchange.

CHAPTER III ADMINISTRATION OF THE EMPLOYEE STOCK OWNERSHIP PLAN

Article 10 Management Model

This ESOP shall be managed by the Company. The Company shall establish the Administration Committee which shall act as the manager of this ESOP and be responsible for exercising shareholders' rights on behalf of this ESOP and effectively safeguarding the legitimate rights and interests of the Holders under this ESOP. During the term of this ESOP, the Administration Committee may engage relevant professional organizations to provide management, consulting and other services required for the day-to-day management of this ESOP. The internal organ having the power to manage this ESOP is the Holders' Meeting. The Administration Committee is responsible for the day-to-day management of this ESOP and exercising the shareholders' rights on behalf of this ESOP. The Company's Board of Directors is responsible for drafting and amending the Draft and handling other matters relating to this ESOP as authorized by the Company's shareholders at general meeting.

The Company has appropriate risk prevention and isolation measures in place to effectively safeguard the Holders' legitimate rights and interests.

Article 11 Holders

(I) Rights of the Holders

1. The Holders shall be entitled to attend and vote at Holders' Meetings;
2. The Holders shall be entitled to Underlying Stocks under this ESOP according to their respective shareholdings hereunder;
3. The Holders waive the voting rights attached to the Underlying Stocks indirectly held by them under this ESOP, and authorize the Administration Committee to exercise the voting rights and other rights on their behalf.

4. The Holders shall be entitled to other powers granted by laws, administrative regulations and this ESOP.

(II) Obligations of the Holders

1. The Holders shall strictly observe the applicable laws, regulations and regulatory documents and the relevant provisions of this ESOP;
2. Except as provided for in this ESOP, the Holders shall not withdraw from this ESOP, transfer the stocks to be held by them hereunder, use those stocks to secure and repay debts, or otherwise dispose of those stocks within the term of this ESOP;
3. The Holders shall solely bear the taxes payable due to their participation in this ESOP as set forth by the national and other relevant laws and regulations;
4. The Holders shall perform other obligations set forth in laws, administrative regulations and this ESOP.

Article 12 Holders' Meeting

(I) The Holders' Meeting is the internal organ having the power to manage this ESOP. All Holders are entitled to participate and vote at Holders' Meetings either in person or by proxy. All travel expenses, accommodation and meal costs, and other expenses and costs incurred by each Holder and his/her proxy in connection with attendance Holders' Meetings shall be solely borne by the Holder.

(II) A Holders' Meeting shall perform the following functions and powers:

1. To appoint and remove members of the Administration Committee;
2. To consider and approve the changes, termination and renewal of this ESOP;
3. To amend the Administration Measures for Employee Stock Ownership Plan;
4. To consider the income distribution plan within the term hereof;
5. To authorize the Administration Committee to carry out financing activities in connection with the stocks under this ESOP;
6. To authorize the Administration Committee to supervise the day-to-day management of this ESOP;
7. To authorize the Administration Committee to decide on the management of the assets in the ESOP account (including but not limited to use of the cash and accrued dividends of the stocks held under this ESOP to purchase wealth management products, lending of securities held and other businesses contributing to asset appreciation);

8. To authorize the Administration Committee to exercise shareholders' rights;
9. To consider whether or not to participate in the financing of the Company through share allotment, additional issuance, issuance of convertible bonds or otherwise within the term of this ESOP, and to consider funding solutions; and
10. Other functions and powers exercisable by the Holders' Meeting as prescribed by laws and regulations or the CSRC.

(III) A Holders' Meeting shall be convened as below:

1. A Holders' Meeting shall be convened by the Administration Committee, shall be chaired by the Chairman of the Administration Committee or by a member of Administration Committee designated by the Chairman of the Administration Committee if the Chairman is unable to perform such duties.
2. The Administration Committee shall convene the Holders' Meeting by giving a notice at least 3 business days prior to the date of meeting to all Holders through personal delivery, mail, fax, email or otherwise.
3. The notice of meeting shall at least state:
 - (1) the time, place and form of the meeting;
 - (2) the major matters (or proposals) to be considered at the meeting;
 - (3) the convener and chairman of the meeting, and in case of an extraordinary meeting, the person requesting to hold the meeting and his/her written request;
 - (4) the materials required for voting at the meeting;
 - (5) that each Holder is expected to attend the meeting in person or through any other Holder on his/her behalf;
 - (6) the contact and contact information; and
 - (7) the date on which the notice is given.

A Holders' Meeting may be convened by giving an oral notice under any emergency or special circumstance. The oral notice shall at least state the contents specified in Items (1) and (2) above and an explanation that the Holders' Meeting needs to be held as soon as possible due to emergency.

Considering the large quantity of Holders and in order to maximize convenience and efficiency, a Holders' Meeting may be held through teleconferencing, videoconferencing or similar communication tools, provided that all Holders

attending the meeting can fully express their opinions and that all Holders' rights to be informed and vote are fully protected. All Holders attending the meeting through such communication tools shall be deemed as having attended the meeting in person.

(IV) Voting procedures at Holders' Meetings

1. The chairman shall submit each proposal fully discussed to all attending Holders for voting as appropriate. The chairman may also decide to submit all proposals fully discussed to all attending Holders for voting at the same time. Voting shall be made in writing.
2. The Holders shall have the voting rights determined according to their respective shareholdings under this ESOP.
3. Each Holder may cast a vote for or against or abstain from voting at a Holders' Meeting. A Holder will be deemed to abstain from voting if: (1) no choice is made or more than one choice is made by him/her; (2) he/she is absent from the meeting before the meeting is closed and makes no choice; or (3) he/she fails to complete, incorrectly completes or illegibly completes his/her vote or fails to cast his/her vote. The vote cast by a Holder after the chairman announces the voting result or the designated voting time expires will not be counted.
4. The chairman shall announce the voting result at the meeting. A proposal shall be deemed to have been passed and form a valid resolution if it is consented to by the attending Holders holding more than 50% (inclusive) of total Underlying Stocks under this ESOP, unless it is specially set forth that the proposal may be passed only when it is consented to by the attending Holders holding more than two thirds of total Underlying Stocks under this ESOP.

The issues below shall be approved as a special resolution at the Holders' Meeting:

- (1) Extend the duration of the ESOP;
 - (2) Amending the ESOP;
 - (3) Other items shall be approved by the special resolution of the Holders' Meeting.
5. Any resolution made at a Holders' Meeting must be submitted to the Company's Board of Directors and shareholders' general meeting for consideration as required by the Company's Articles of Association.
 6. The chairman of a Holders' Meeting shall cause proper meeting minutes to be maintained.

Article 13 Administration Committee

- (I) The Administration Committee is established to take charge of this ESOP and be responsible for the day-to-day management and supervision of this ESOP and exercising shareholders' rights on behalf of the Holders.
- (II) The Administration Committee consists of 5 members and 1 chairman. The members shall be elected by the Holders' Meeting. The chairman shall be elected subject to the consent of a majority of the members. The members of the Administration Committee shall not be removed until this ESOP expires.
- (III) The Administration Committee shall abide by laws, administrative regulations and the Administration Measures for Employee Stock Ownership Plan and shall perform the duty of loyalty to this ESOP:
1. Not to accept bribes or other illegal income by taking advantage of its functions and powers and not to embezzle the assets of this ESOP;
 2. Not to misappropriate the funds of this ESOP;
 3. Not to deposit the assets or funds of this ESOP in an account opened in its name or any other name without the prior consent of the Holders' Meeting;
 4. Not to lend the funds of this ESOP or create security over this ESOP without the prior consent of the Holders' Meeting;
 5. Not to prejudice the interests of this ESOP by taking advantage of its functions and powers; and
 6. Not to disclose any trade secret relating to this ESOP without authorization.

The Administration Committee shall be liable for the losses, if any, caused to this ESOP due to its breach of the duty of loyalty.

- (IV) The Administration Committee shall perform the following functions and powers:
1. To convene the Holders' Meetings;
 2. To supervise the day-to-day management of this ESOP on behalf of all Holders;
 3. To decide on the management of the assets in the ESOP account (including but not limited to use of the cash and accrued dividends of the stocks held under this ESOP to purchase wealth management products, lending of securities held and other businesses contributing to asset appreciation) on behalf of the Holders;
 4. To exercise the shareholders' rights attached to the shares under this ESOP on behalf of all Holders;

5. To decide whether to engage relevant professional organizations to provide management, consulting and other services required for the routine management of this ESOP;
 6. To execute relevant external agreements and contracts with third parties on behalf of this ESOP;
 7. To manage the distribution of the proceeds from this ESOP, and to decide on the sale, distribution and other relevant matters of the Underlying Stocks upon expiry of the lock-up period and the unlocking period;
 8. To handle the registration of proportion and succession of the stocks held by each Holder under this ESOP, and dispose of the stocks held by any Holder failing to fulfill his/her performance indicators;
 9. To develop and implement the arrangements regarding this ESOP's participation in additional issuance of shares, distribution of shares, issuance of convertible bonds and other refinancing activities of the Company;
 10. To take charge of the reduction of shareholdings or stock transfer under this ESOP; and
 11. To perform other functions and powers authorized by the Holders' Meeting.
- (V) The Chairman of Administration Committee shall have the following functions and powers:
1. To chair the Holders' Meetings, and convene and chair meetings of the Administration Committee;
 2. To exercise shareholders' rights on behalf of all Holders as authorized by the Administration Committee;
 3. To supervise and check the execution of resolutions adopted at the Holders' Meetings and meetings of the Administration Committee;
 4. To sign relevant external agreements and contracts with third parties on behalf of this ESOP; and
 5. To perform other functions and powers granted to the Administration Committee.
- (VI) The Administration Committee may hold meetings from time to time which shall be convened by the Chairman of Administration Committee by giving a notice of meeting to all of its members 3 days prior to the date of meeting. The foregoing notice period may be waived by unanimous consent of the members. The meetings of the Administration Committee may be held and voting at the meetings may be made through means of communication, provided that the matters for voting are

unanimously approved to by all members of the Administration Committee. Where a meeting of the Administration Committee needs to be held as soon as possible due to emergency, the notice of meeting may be given through telephone or otherwise orally at any time, provided that the person convening the meeting shall make an explanation therefor at the meeting.

(VII) Members of the Administration Committee may propose an extraordinary meeting of the Administration Committee. The Chairman of Administration Committee shall convene an extraordinary meeting of the Administration Committee within 3 days upon receipt of such proposal and chair the meeting.

(VIII) A meeting of the Administration Committee may be held only when a majority of the members of the Administration Committee are expected to be present. A resolution made by the Administration Committee may be adopted only when it is voted for by a majority of the members. Each member of the Administration Committee has one vote.

(IX) Resolutions of the Administration Committee shall be put to open vote.

(X) Members of the Administration Committee shall attend a meeting of the Administration Committee in person or, when personal attendance is impossible for any reason, through another member appointed via a written letter of authorization signed by the appointing member which shall clearly state the name of the appointed member, the purpose for which the appointed member is appointed, scope of authorization and validity period of the letter of authorization. The appointed member shall exercise the rights of the appointing member within the scope of authorization. A member will be deemed to have waived the right of voting at a meeting of the Administration Committee if he/she fails to attend the meeting either in person or by proxy.

(XI) The Administration Committee shall make records of the decisions made with respect to the matters considered at each meeting which shall be signed by the members present at the meeting.

Article 14 Rights Authorized to the Board of Directors by the Shareholders' General Meeting

Upon approval of this ESOP, the Company's shareholders at general meeting authorizes the Board of Directors to be fully responsible for handling the matters relating to this ESOP, including but not limited to:

1. modifying this ESOP;
2. considering and approving each Sub-plan;
3. deciding on the amendments to and termination of this ESOP;
4. deciding on the renewal and early termination of this ESOP;

5. handling all matters of locking-up and unlocking of the stocks under this ESOP;
6. making appropriate amendments to this ESOP in response to changes in the applicable laws, regulations and policies, if any, within the effective period of this as considered and approved by the shareholders at general meeting;
7. preparing and executing all the documents related to this ESOP;
8. approving participation in the share allotment and other refinancing plans of the Company within the term of this ESOP; and
9. handling other matters necessary for this ESOP, except for rights are that expressly required to be exercised by the shareholders at general meeting.

CHAPTER IV AMENDMENTS TO AND TERMINATION AND DISPOSAL OF HOLDERS' RIGHTS AND INTERESTS

Article 15 Changes

This ESOP may be amended within the term hereof with the prior the consent of the Holders attending a Holders' Meeting and holding more than two thirds of Underlying Stocks hereunder and with the prior approval of the Company's Board of Directors.

Article 16 Termination

- (I) The Phase Plans under this ESOP shall be terminated automatically upon expiry of each Phase Plan thereof.
- (II) The Phase Plans may be terminated prior to expiry thereof when the stocks thereunder are sold out.
- (III) The term of a Phase Plan may be extended with the prior consent of the Holders attending a Holders' Meeting and holding more than two thirds of the stocks thereunder and with the prior approval of the Company's Board of Directors one month prior to expiry of the Phase Plan, provided, however, that the Phase Plan shall be extended by no longer than 12 months each time.

Article 17 Arrangements Regarding Disposal of the Rights and Interests

- (I) Except as otherwise required by laws, administrative regulations and departmental rules or without the prior consent of the Administration Committee, the Holders shall not withdraw from this ESOP, transfer the stocks to be held by them hereunder, mortgage or pledge those stocks as collateral for debts, use those stocks to repay debts, or otherwise dispose of those stocks within the term of this ESOP.
- (II) Within the lock-up period hereunder, the Holders shall not request for distribution or transfer of the interests under this ESOP.

- (III) Within the lock-up period hereunder, the shares acquired from the existing shares under this ESOP as a result of conversion of capital reserve into share capital and allotment of stock bonus shall be locked up for the same period as the existing shares, and shall not be sold in the secondary market or otherwise transferred.
- (IV) Within the unlocking period hereunder, the Administration Committee shall successively dispose of the assets of this ESOP and distribute the proceeds therefrom to the Holders based on their respective shareholdings or request the Depository and Clearing Company to transfer the Underlying Stocks to the personal accounts of the Holders based on their respective shareholdings according to the requirements of the relevant laws and regulations.
- (V) When a Holder fully fulfills the performance indicators, the proportion of stocks to be vested in the Holder shall be determined according to the company performance evaluation result and individual performance evaluation result. When a Holder fails all or part of the performance indicators, the stocks not yet vested shall not be unlocked and shall be withdrawn and disposed by the Administration Committee, and the proceeds from those stocks shall be vested in the Company.
- (VI) The cash dividends derived from the Underlying Stocks when the Company distributes dividends within the term of this ESOP shall be included in the monetary assets of this ESOP. The Administration Committee shall decide whether to distribute them according to the authorization of the Holders' Meeting.
- (VII) The cash or other distributable proceeds, if any, acquired as a result of sale of the Underlying Stocks within the term of this ESOP shall first be used to pay the taxes, trading cost and other expenses incurred by this ESOP.
- (VIII) In the event of any other matter not covered herein, the stocks held by the Holders under this ESOP shall be disposed of in the way determined by the Holders' Meeting.

Article 18 Disposal in Case of Changes in the Company and Holders

(I) Merger, division and change of actual control of the Company

In the event of change of control, merger or division of the Company, unexpected additional capital contribution by a shareholder, significant changes in external market environment or any other special circumstance, the Board of Directors shall, as authorized by the shareholders at general meeting, decide to continue to perform, amend, suspend or terminate this ESOP as the case may be.

(II) Formal retirement/expiration of labor contract, work-related injury or death of the Holders

In case of retirement/expiration of labor contract (including earlier rescission), work-related injury or death of any Holder within the lock-up period of the Underlying Stocks under a Sub-plan of this ESOP, the interests held by the Holder (or his/her

successor) under the Sub-plan shall be converted in proportion to the attendance rate of the Holder within the lock-up period (attendance rate within the lock-up period = number of attendance months/the lock-up period) and liquidated uniformly within the unlocking period; in case of retirement or work-related injury or death of any Holder within the unlocking period of the Underlying Stocks under a Sub-plan of this ESOP, the interests held by the Holder (or his/her successor) under the Sub-plan shall remain unchanged and shall be settled when this ESOP is liquidated. In addition, for any Holder is rehired by the Company after retirement during the term of this ESOP, the rights and interests that the Holder is entitled to hereunder shall remain unchanged and shall remain valid pursuant to this ESOP.

(III) Handling of non-work-related disability or death of the Holders

For any Holder whose labor relations with the Company is terminated due to non-work-related disability or death of the Holder, the interests held by the Holder hereunder shall be cancelled if such termination occurs within the lock-up period, or shall continue to be held by the Holder (or his/her successor) and be settled when this ESOP is liquidated if such termination occurs within the unlocking period:

(IV) Handling of the Holders' title changes

1. In the event of any post grade promotion of a Holder, the interests held by the Holder under this ESOP shall remain unchanged and continue to be executed in accordance with this ESOP;
2. In the event of any other title change of a Holder, the Administration Committee will, at its sole discretion, handle such change according to the cause of such change and the current policies of the Company.
3. For any Holder who ceases to work at the Company as the branch/subsidiary or the business sector that the Holder serves is sold by the Company, the interests held by the Holder hereunder shall be cancelled if such cessation occurs within the lock-up period of the Underlying Stocks hereunder, or shall continue to be held by the Holder and be settled when this ESOP is liquidated if such cessation occurs within the unlocking period of the Underlying Stocks hereunder.

(V) Handling of voluntary resignation of the Holders

Under any of the following circumstances, the interests held by the Holder under this ESOP shall be cancelled if the circumstance occurs within the lock-up period of the Underlying Stocks under this ESOP or shall be disposed of by the Administration Committee at its sole discretion according to the specific circumstance and the current policies of the Company, if the circumstance occurs within the unlocking period of the Underlying Stocks under this ESOP:

1. The labor contract or service contract of the Holder is terminated and not renewed upon expiry;

2. The Holder resigns and leaves the Company; or
3. Any other circumstance designated by the Company's Board of Directors.

(VI) Under any of the following circumstances, the interests held by a Holder under this ESOP shall be cancelled, and if the circumstance is serious, the Board of Directors shall recover or authorize the Administration Committee to recover, ipso facto, the losses suffered by the Company due to such circumstance:

1. The title of the Holder changes or the Holder resigns as the Company's interests or reputation are damaged significantly due to the Holder's incompetence, violation of professional ethics, disclosure of Company's secrets, dereliction of duty, breach of duty or other misconducts;
2. The Holder is dismissed by the Company as the Company's interests or reputation are damaged significantly due to the Holder's violation of laws and professional ethics, disclosure of Company's secrets, dereliction of duty, breach of duty or other misconducts; or
3. Any other circumstance designated by the Company's Board of Directors.

(VII) Other circumstances uncovered above shall be identified by and be handled in the way determined by the Board of Directors or the Administration Committee as authorized by the Board of Directors.

(VIII) Where the interests held by a Holder under this ESOP are cancelled due to occurrence of any of the circumstances stated above, the Administration Committee shall withdraw the cancelled interests and dispose of the corresponding Underlying Stocks, and all proceeds therefrom shall be vested in the Company.

CHAPTER V SUPPLEMENTARY

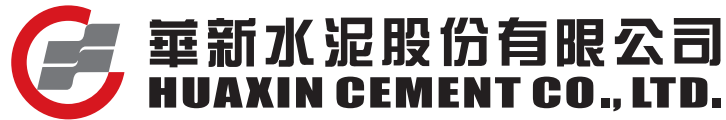
Article 19 Adoption of this ESOP by the Company's Board of Directors and shareholders' general meeting neither implies that the Holders are entitled to continue to serve the Company and its subordinate businesses, nor constitutes the commitment of the Company and its subordinate businesses on the term of employment of the employees. The labor relationship between the Company and its subordinate businesses and their employees shall still be subject to their service or labor contracts.

Article 20 The financial, accounting treatment and tax issues in connection with implementation of this ESOP shall be handled in accordance with the applicable financial regulations, accounting standards and tax regulations. The employees shall solely bear the income taxes payable by them in connection with the implementation of this ESOP.

Article 21 The Holders under this ESOP include directors (excluding independent directors and directors working part-time for the Company), supervisors and officers of the Company who are therefore interested in this ESOP. There is no Concerted Action

Agreement or any other arrangement relating to concerted action among the Holders. The Holders will waive the voting rights attached to the Company's shares indirectly held by them as a result of their participation in this ESOP. Therefore, there is no concerted action relationship between this ESOP and the Company's directors, supervisors and officers.

Article 22 This ESOP shall be interpreted by the Company's Board of Directors, and shall come into force upon consideration and approval by the Company's shareholders at general meeting.



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Notice of the Third Extraordinary General Meeting in 2023

Notice is hereby given that the Third Extraordinary General Meeting in 2023 (“**EGM**”) of Huaxin Cement Co., Ltd. (the “**Company**”) will be held on Thursday, 20 July 2023 at 2:00 p.m. at the Company’s Conference Room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 June 2023.

Special Resolutions

1. To consider and approve the Proposal on Partial Repurchase and Cancellation of Shares under the 2020–2022 Core Employees Stock Ownership Plan
2. To consider and approve the Proposal on the Corresponding Amendments to the Articles of Association

Ordinary Resolutions

1. To consider and approve the Proposal to the Shareholders’ General Meeting to Authorize the Board of Directors and its Authorized Persons to Handle All the Matters Related to the Repurchase and Cancellation of Partial Shares of the 2020–2022 Core Employees Stock Ownership Plan and Capital Reduction
2. To consider and approve the Proposal on Designation of the Authorized Person of the Board of Directors
3. To consider and approve the Proposal on the 2023–2025 Core Employee Stock Ownership Plan (draft)
4. To consider and approve the Proposal on the Administration Measures of 2023–2025 Core Employee Stock Ownership Plan

* *For identification purpose only*

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2023

5. To consider and approve the Proposal to Shareholders' General Meeting to Authorize the Board of Directors to Handle Matters Related to the Employee Stock Ownership Plan

By Order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
30 June 2023

Notes:

1. Eligibility to attend the EGM and suspension of H shares transfer registration

To determine the name list of H-share holders eligible to attend the EGM, the Company will close registration for H Share transfers from Monday, 17 July 2023 to Thursday, 20 July 2023 (both days inclusive). In order to be eligible to attend and vote at the EGM, all share transfer documents together with the relevant share certificates must reach the Company's H-share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Friday, 14 July 2023.

The Company will announce separately on the website of the SSE on the details of A-share holders' eligibility to attend the EGM.

2. Proxy appointment

The proxy form for the resolution as set out in the Circular of the EGM will be sent to shareholders on the same day. A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (A proxy may not be a shareholder of the Company) to attend and vote in his/her stead. The instrument appointing a proxy must be in writing under the hand of the shareholder or of his/her agent duly authorized in writing. If the shareholder is a corporation, the proxy form must be either under the seal of the corporation or under the hand of its legal representative or director or duly authorized person. If the proxy form is signed by an agent authorized by the shareholder, the authorization or other document authorizing the signing must be notarized.

In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the EGM or any adjournment thereof (in the case of the EGM, it shall be delivered before 2:00 p.m. on Wednesday, 19 July 2023 to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2023

A shareholder who has filled in and submitted the proxy form may at that time attend and vote in person at the EGM or any adjournment thereof as he/she wishes.

3. Procedures of registration for attending the EGM

Shareholders or their proxies shall present their identification documents when attending the EGM. If the shareholder present at the meeting is a corporation, its legal representative, director or other person authorized by a decision-making body shall present a copy of the resolution of the Board of Directors or other decision-making body appointing such person to attend the EGM.

4. Voting by poll

Pursuant to Rule 13.39 (4) of the Listing Rules, any vote of shareholders at the EGM must be taken by poll. Accordingly, the Chairman of the EGM shall, in accordance with the powers conferred by the *Articles of the Association*, require a vote by poll on all resolutions presented at the EGM.

5. Miscellaneous

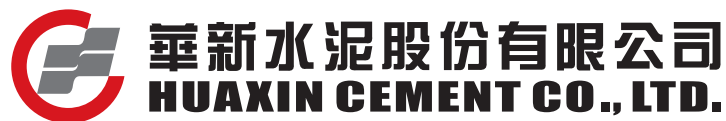
(1) The EGM is expected to take no more than half a day. Shareholders of the Company who attend the EGM shall bear their own traveling and accommodation expenses.

(2) Contact information of the Company:

Address:	Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China
Postal code:	430074
Tel.:	(86) 27 8777 3898
Fax:	(86) 27 8777 3992
Contact person:	Mr. Ye Jiaying (Secretary to the Board of Directors), Ms. Wang Lu (Securities Affairs Representative)

6. All dates and times in this circular refer to Hong Kong dates and times.

As of the date of this Notice, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.



HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Notice of the First H Share Class Meeting in 2023

Notice is hereby given that the First H Share Class Meeting in 2023 (“HSCM”) of Huaxin Cement Co., Ltd. (the “**Company**”) will be held on Thursday, 20 July 2023 immediately after the conclusion of the EGM and the ASCM at the Company’s Conference Room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 June 2023.

Special Resolutions

1. To consider and approve the Proposal on Partial Repurchase and Cancellation of Shares under the 2020–2022 Core Employees Stock Ownership Plan
2. To consider and approve the Proposal on the Corresponding Amendments to the Articles of Association

By Order of the Board of Directors
Huaxin Cement Co., Ltd.
Xu Yongmo
Chairman

Wuhan City, Hubei Province, China
30 June 2023

Notes:

1. Eligibility to attend the HSCM and suspension of H shares transfer registration

To determine the name list of H-share holders eligible to attend the HSCM, the Company will close registration for H Share transfers from Monday, 17 July 2023 to Thursday, 20 July 2023 (both days inclusive). In order to be eligible to attend and vote at the HSCM, all share transfer documents together with the relevant share certificates

* *For identification purpose only*

NOTICE OF THE FIRST H SHARE CLASS MEETING IN 2023

must reach the Company's H-share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Friday, 14 July 2023.

2. Proxy appointment

The proxy form for the resolution as set out in the Circular of the HSCM will be sent to shareholders on the same day. A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (A proxy may not be a shareholder of the Company) to attend and vote in his/her stead. The instrument appointing a proxy must be in writing under the hand of the shareholder or of his/her agent duly authorized in writing. If the shareholder is a corporation, the proxy form must be either under the seal of the corporation or under the hand of its legal representative or director or duly authorized person. If the proxy form is signed by an agent authorized by the shareholder, the authorization or other document authorizing the signing must be notarized.

In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the HSCM or any adjournment thereof (in the case of the EGM, it shall be delivered before 2:00 p.m. on Wednesday, 19 July 2023 to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

A shareholder who has filled in and submitted the proxy form may at that time attend and vote in person at the HSCM or any adjournment thereof as he/she wishes.

3. Procedures of registration for attending the HSCM

Shareholders or their proxies shall present their identification documents when attending the HSCM. If the shareholder present at the meeting is a corporation, its legal representative, director or other person authorized by a decision-making body shall present a copy of the resolution of the Board of Directors or other decision-making body appointing such person to attend the HSCM.

4. Voting by poll

Pursuant to Rule 13.39 (4) of the Listing Rules, any vote of shareholders at the HSCM must be taken by poll. Accordingly, the Chairman of the HSCM shall, in accordance with the powers conferred by the *Articles of the Association*, require a vote by poll on all resolutions presented at the HSCM.

5. Miscellaneous

(1) The HSCM is expected to take no more than half a day. Shareholders of the Company who attend the HSCM shall bear their own traveling and accommodation expenses.

NOTICE OF THE FIRST H SHARE CLASS MEETING IN 2023

(2) Contact information of the Company:

Address: Block B, Huaxin Building,
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East Lake High-tech Development Zone,
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Postal code: 430074

Tel.: (86) 27 8777 3898

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Contact person: Mr. Ye Jiaying (Secretary to the Board of Directors),
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6. All dates and times in this circular refer to Hong Kong dates and times.

As of the date of this Notice, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.