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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)

Implementation on Partial Cancellation of Shares under the 2020-2022 Core Employees Stock Ownership Plan

Importance:

- Reasons of the cancellation: According to the 2020-2022 Core Employees Stock Ownership Plan of Huaxin Cement Co., Ltd. (the “**ESOP**”), the Administration Measures of the 2020-2022 Core Employees Stock Ownership Plan of Huaxin Cement Co., Ltd. (the “**Administration Measures**”) and the performance evaluation results, Huaxin Cement Co., Ltd. (the “**Company**”) will cancel shares under the ESOP that cannot be vested due to failure in achieving the performance targets.
- Information on the cancellation of shares

Number of A shares to be cancelled	Date of cancellation
17,604,206 A shares	28 August 2023

I. Approval procedures performed and information disclosure

On 9 June 2023 and 20 July 2023, the 25th Meeting of the Tenth Board of Directors and the Third Extraordinary General Meeting in 2023, the First A Share Class Meeting in 2023 and the First H Share Class Meeting in 2023 were held respectively to approve the Proposal on the Partial Repurchase and Cancellation of Shares in the 2020-2022 Core Employees Stock Ownership Plan. For details, please refer to the Announcement on the Partial Repurchase and Cancellation of Shares under the 2020-2022 Core Employees Stock Ownership Plan issued by the Company on 9 June 2023 and the Poll Results of the Third Extraordinary General Meeting in 2023, the First A Share

Class Meeting in 2023 and the First H Share Class Meeting in 2023 issued by the Company on 20 July 2023.

According to the Company Law of the People's Republic of China (the “**Company Law**”) and other relevant laws and regulations, the Company has disclosed the Announcement on the Notification to Creditors on the Partial Repurchase and Cancellation of Shares under the 2020-2022 Core Employees Stock Ownership Plan on 10 June 2023. So far, the publicity period of 45 days has expired, and no creditor has requested the Company to pay off its debts or provide corresponding guarantees during the period.

II. Specific details of the cancellation

1. Reasons of the cancellation

The performance evaluation results for 2021 was 87.2% under plan A of the ESOP, 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 cancelled.

The milestone performance target of plan B under the ESOP 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 cancelled.

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

In view of the fact that the source of shares under the ESOP is the shares repurchased by the Company, according to the relevant regulations of Share Repurchase Rules for Listed Companies of the China Securities Regulatory Commission (the “**CSRC**”), the 17,604,206 shares should be cancelled because those shares cannot be vested due to failure in achieving the performance target.

2. Amount of cancellation

17,604,206 unvested shares under the ESOP shall be cancelled due to failure in achieving the performance target.

3. Arrangement for the cancellation

The Company has filed the application for the cancellation procedures at the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The cancellation of the above-mentioned shares is expected to be completed on 28 August 2023. After the cancellation is

completed, the Company will go through the relevant industrial and commercial change registration procedures in accordance with the law.

III. Changes of the share structure

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

Type of share	Before the change (share)	Change (share)	After the change (share)
A share	1,361,879,855	-17,604,206	1,344,275,649
Tradable shares not subject to sales restrictions	1,361,879,855	-17,604,206	1,344,275,649
Tradable shares subject to sales restrictions	-	-	-
H share	734,720,000	-	734,720,000
Total amount	2,096,599,855	-17,604,206	2,078,995,649

IV. Statements and undertakings

1. Statements of the Board of Directors: the decision-making procedures and information disclosure for the cancellation are in compliance with the requirements of laws, regulations, the Guiding Opinions on the Implementation of Employee Stock Ownership Plan for Listed Companies (the “**Guiding Opinions**”) of the CSRC and the provisions of the ESOP, without prejudice to the legitimate rights and interests of the participants of the ESOP or the interests of the creditors of the Company.

2. The Company undertakes that it has verified and assured the truthfulness, accuracy and completeness of the information in respect of the number of shares and cancellation date regarding the cancellation, and has duly informed the participants of the cancellation, who have not raised any objection against the cancellation. In case of any dispute between the participants and the Company due to the cancellation, the Company shall bear the relevant legal liability arising therefrom on its own.

V. Conclusive opinion of the legal opinion

According to the legal opinion issued by Hubei Sunshine Law Firm on the repurchase and cancellation of partial shares under the ESOP, as of the date of releasing its legal opinion, the Company has obtained the necessary approval and authorization for the repurchase and cancellation for current period, which were in compliance with the Company Law, Securities Law, Self-discipline Guidelines No. 7- Repurchase of Shares for Listed Companies of the Shanghai Stock Exchange (the “**Repurchase of Shares**”) and other laws and regulations, as well as the Articles of Association, the ESOP and Administration Measures; the reasons for, price and number of the repurchase and cancellation are in compliance with the Company Law, the Guiding Opinions, the Repurchase of Shares and other laws and regulations, and the relevant arrangements of the ESOP and Administration Measures; the repurchase and cancellation is subject to the share cancellation and capital reduction procedures in accordance with the Company Law, the Articles of Association and other relevant provisions in accordance with the law.

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

Wuhan, Hubei Province, the PRC

25 August 2023

As of the date of this announcement, 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.

* *For identification purpose only*