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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)

ANNOUNCEMENT OF CONNECTED TRANSACTION
EXTERNAL EQUITY INVESTMENT

External equity investment

On 20 May 2022, the Company entered into a Capital Injection Agreement with Huangshi State-owned Assets Commission and Huangshi State-owned Assets Company, pursuant to which the Company will invest RMB 1 billion to take up 5.2173% shares of Huangshi State-owned Assets Company by its own funding.

Implication of the Listing Rules

Huangshi State-owned Assets Commission holds 100% equity interests in Huangshi State-owned Assets Company, which holds 100% equity interests in Huaxin Group Co., Ltd. (holding 16.12% in the equity interests of the Company), making it the substantial shareholder of the Company. Therefore, according to Rule 14A of the Listing Rules, the transaction contemplated under the Capital Injection Agreement constitutes a connected transaction. As certain applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules are more than 0.1%, but each of the applicable percentage ratios is less than 5%, the transaction contemplated under the Capital Injection Agreement is subject to the disclosure requirements, but is exempt from the circular (including independent financial opinion) requirement and shareholders' approval under Rule 14A.76(2) of the Listing Rules.

On 20 May 2022, the Company entered into the Capital Injection Agreement with Huangshi State-owned Assets Commission and Huangshi State-owned Assets Company. Details of which are as follows:

Date of the Capital Injection Agreement

20 May 2022

Parties to the Capital Injection Agreement

- (1) Huaxin Cement Co., Ltd
- (2) Huangshi State-owned Assets Commission
- (3) Huangshi State-owned Assets Company

Subject matter

All parties unanimously confirmed that Huangshi State-owned Assets Company will increase its registered capital by RMB 93,577,017.42 on top of the existing registered capital of RMB 1.7 billion and the registered capital of Huangshi State-owned Assets Company will be increased to RMB 1,793,577,017.42. In this investment, the Company will pay RMB 1 billion (injected capital) to Huangshi State-owned Assets Company, of which RMB 93,577,017.42 will be included into the registered capital of Huangshi State-owned Assets Company and RMB 906,422,982.58 will be included into Huangshi State-owned Assets Company's capital reserve. The capital injection shall be paid in cash, and be transferred to Huangshi State-owned Assets Company within 15 days after the Capital Injection Agreement takes effect. The source of the capital is the Company's own fund.

After the completion of the statutory procedures for capital injection, the registered capital of Huangshi State-owned Assets Company will be RMB 1,793,577,017.42, and the shareholding structure is as follows: the Company holds 5.2173 % of the equity interests in Huangshi State-owned Assets Company and Huangshi State-owned Assets Commission holds 94.7827% of the equity interests in Huangshi State-owned Assets Company.

Conditions for the Capital Injection Agreement to take effect

The Capital Injection Agreement shall not take effect until the parties have obtained the approval of the competent authorities for the capital injection.

Consideration and basis for its determination:

In this transaction, Zhongda Zhiyuan (Wuhan) Real Estate Asset Appraisal Co. Ltd. (中達致遠房地產資產評估(武漢)有限公司), which has securities and futures qualifications, was

engaged for the valuation of the total equity value of Huangshi State-owned Assets Company, and the valuation date is 31 December 2021. According to the Asset Valuation Report ([2022] No.4209) issued by Zhongda Zhiyuan (Wuhan) Real Estate Asset Appraisal Co. Ltd., as of 31 December 2021, the value of the total equity of Huangshi State-owned Assets Company using the asset approach was RMB 17,966,853,800, which represents an increase of RMB 3,792,285,100, or 26.75%, compared to the equity attributable to the shareholders of RMB 14,174,568,700.

Between the valuation date (i.e. 31 December 2021) and the date of settlement of equity under the Capital Injection Agreement, Huangshi State-owned Assets Commission injected capital of RMB200 million to Huangshi State-owned Assets Company on 8 March 2022. Therefore, based on the principle of fairness and justice, the parties to the Capital Injection Agreement unanimously agreed that the price for the Company's capital injection is set at RMB 10.6863 per share.

Reasons for the transaction

Huangshi State-owned Assets Company has rich experience and good track record in the development of green mine investment, sand and gravel handling center, clean energy, high-tech industry investment and other business development, which is in line with the development direction of the Company. The Company will strengthen its cooperation with Huangshi State-owned Assets Company after the investment and accelerate its development of non-cement business. The transaction will also improve the Company's scientific and technological innovation capabilities and will help the Company to achieve green and low-carbon transformation and development of an integrated industrial chain.

Information of the parties to the transaction

Huaxin Cement Co., Ltd

The Company engages in the production and sales of cement, commercial clinker, aggregate and concrete.

Huangshi State-owned Assets Commission

Being a functioning department under the Huangshi Municipal People's Government, the Huangshi State-owned Assets Commission is authorized by Huangshi Municipal People's Government to perform the duties as investor on behalf of the government and is responsible for supervising state-owned assets.

Except for indirectly holding of 16.12% of the equity interests in the Company, Huangshi State-owned Assets Commission does not have any relationship with the Company in terms of business, assets, creditor's rights and debts, personnel, etc.

Huangshi State-owned Assets Company

Unified social credit code: 914202007327274327

Registered address: Room 201, 301, 401, Building 14, Building 14-18, No. 185, Jinshan Avenue, Tieshan District, Huangshi Economic and Technological Development Zone

Legal representative: Cheng Shanshan

Registered capital: RMB 1.7 billion (capital injection of RMB 200 million completed on 8 March 2022)

Business scope: State-owned assets operation and management, state-owned assets property (share) rights transaction services, financing and investment, asset leasing, information consulting, agency and other intermediary services within the scope of authorization.

Date of establishment: 25 December 2002

As at 31 December 2021, the consolidate total assets of Huangshi State-owned Assets Company was RMB 32.219 billion, net assets was RMB 14.175 billion; asset liability ratio was 56.01%; the operating revenue of 2021 was RMB 6.512 billion; profit before tax was RMB 1.188 billion; net profit was 1.190 billion RMB (audited). Profit before tax in 2020 was RMB 1.001 billion and net profit was RMB 990 million (audited).

Except for indirectly holding 16.12% of the equity interests in the Company, Huangshi State-owned Assets Company does not have any relationship with the Company in terms of business, assets, creditor's rights and debts, personnel, etc.

Implications of the Listing Rules

Huangshi State-owned Assets Commission holds 100% equity interests in Huangshi State-owned Assets Company, which holds 100% equity interests in Huaxin Group Co., Ltd. (holding 16.12% in the equity interest of the Company), making it the substantial shareholder of the Company. Therefore, Huangshi State-owned Assets Commission and Huangshi State-owned Assets Company are connected persons of the Company. According to Rule 14A of the Listing Rules, the transaction contemplated under the Capital Injection Agreement constitutes a connected transaction. As certain applicable percentage ratios calculated pursuant to Chapter 14 of the

Listing Rules are more than 0.1%, but each of the applicable percentage ratios is less than 5%, the transaction contemplated under the Capital Injection Agreement is subject to the disclosure requirements, but is exempt from the circular (including independent financial opinion) requirement and shareholders' approval under Rule 14A.76(2) of the Listing Rules.

Directors' approval and opinions

On 30 May 2022, the Capital Injection Agreement and the transaction thereunder has been unanimously approved by the Directors (including the independent non-executive Directors). Mr. Li Yeqing and Mr. Liu Fengshan (directors from the Company) abstained from voting on the resolution approving the transaction. Save as disclosed above, none of the Directors has any material interests in the Capital Injection Agreement and the transaction thereunder, or is required to abstain from voting in respect of the aforesaid resolution. The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction are fair, reasonable and in the interests of shareholders.

Independent non-executive directors Mr. Zhang Jiping, Mr. Jiang Hong, Mr. Wong Kun Kau issued independent opinions as followed: the connected transaction is able to further deepening the strategic cooperation between the Company and Huangshi State-owned Assets Company and accelerates the development of non-cement business while at the same time enhances the technology and innovation capability of the Company and facilitates the green and low carbon development of the integration industry chain. The transaction is in compliance with the Company Law, the connected transaction rules as prescribed under the SSE Listing Rules, Shanghai Stock Exchange Listing Companies Self-Discipline Guidance No.5-Transaction and Related Party Transaction, Listing Rules and the applicable legal procedures. The transaction is based on fair negotiation and the terms are fair and reasonable. The transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Company. They reflect the principles of integrity, fairness and impartiality, and do not constitute any act that will prejudice the interests of the Company and its shareholders as a whole.

Definitions

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

Board	the board of Directors of the Company
Company	Huaxin Cement Co., Ltd, registered in PRC, the H shares of

	which are listed on the Main Board of the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
Huangshi State-owned Assets Commission	State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government
Huangshi State-owned Assets Company	Huangshi State-owned Assets Management Co., Ltd.
connected person(s)	has the meaning ascribed thereto under the Listing Rules
substantial shareholder	has the meaning ascribed thereto under the Listing Rules
Directors	the directors of the Company
Group	the Company and its subsidiaries
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC	the People's Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
RMB	Renminbi, the lawful currency of the PRC
SSE	Shanghai Stock Exchange
SSE Listing Rules	Rules Governing the Listing of Shares on Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	percent

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

Wuhan City, Hubei Province, the PRC

30 May 2022

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

** For identification purposes only*