

Huaxin Cement Co., Ltd.

Announcement on the Contract Signing of Transfer of Mining Rights of Controlled Subsidiary

To the best of our knowledge, the Board of Directors of the Company and its members confirm that there is no material false or misleading statement or material omission in this announcement and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its content.

Key notes:

1. On 20 September 2022, Huangshi Huaxin Green Building Materials Co.,Ltd (Huangshi Huaxin Green Building Materials), a controlled subsidiary of the Huaxin Cement Co., Ltd (the Company), won the bid for the mining rights of the limestone quarry for construction materials (solvent, cement) in Yuanguang-Liangfan Mining Concession, Yangxin County, Hubei Province for a transfer duration of 25 years which covers a mining area of approximately 4.4064 km² with resource reserve of approximately 2,135 million tons and planned annual production capacity of approximately 95 million tons, with RMB 4,480 million. On 10 October 2022, the Transfer Agreement was signed. .

2. The transfer of mining rights does not constitute related party transaction, nor does it constitute major asset restructure regulated in the *Provisions on Issues Concerning Regulating the Material Asset Reorganizations of Listed Companies*.

I. Brief of the transaction

Huaxin Cement Co., Ltd (the Company) held the First Extraordinary Shareholders' General Meeting of 2021 on January 28, 2021, reviewing the Proposal on Constructing Huangshi Huaxin Green Building Materials Industry Park and approved of establishing Huangshi Huaxin Green Building Materials Co., Ltd (Huangshi Huaxin Green Building Materials). The Company was the subject of the investment, investing RMB 10 billion to construct Huangshi Huaxin Green Building Materials Industry Park (including 100 million tons/year machine-made sand line and mining right price).

On 20 September 2022, Huangshi Huaxin Green Building Materials bid for the mining rights of the limestone quarry for construction materials (solvent, cement) in Yuanguang-Liangfan Mining Concession, Yangxin County, Hubei Province. On 10 October 2022, Huangshi Huaxin Green Building Materials signed the contract with the Natural Resources Bureau of Huangshi Municipality.

The Transfer Agreement of Mining Rights does not constitute related party transaction, nor does it constitute major asset restructure regulated in the Provisions on Issues

Concerning Regulating the Material Asset Reorganizations of Listed Companies.

II. Basics of the Mining Right

Transferor: Natural Resources Bureau of Huangshi Municipality

Name of the quarry: Limestone quarry for construction materials (solvent, cement) in Yuanguang-Liangfan Mining Concession, Yangxin County, Hubei Province

Location of the mining concession: Taogang town, Fuchi town, Yangxin County, Hubei Province

Type of quarry: limestone for construction stones, solvent, cement

Duration of transfer: 25 years (since the obtaining of mining permission, including 2 years of infrastructure construction)

Production scale: 95 million tons/year

Scope of the mining concession: 4.4064 KM² mining area (designed mining area 4.2554 KM²)

Resource reserve: around 2,135 million tons

Detailed information and specific requirements of this listing can be found in the announcement (Huang Kuang Jiaoyi Gao [2022] No.2) of listing of mining rights for sale issued by the Transaction Center of Natural Resources Bureau of Huangshi Municipality on the website of Hubei Provincial Public Resources Property Right Transaction.

<http://27.17.15.196/jynoticeController/jynoticedetail?id=NOTfba537be-5d38-45b9-95e7-6879b4e401f5&source=2&type=2>)

III. Introduction of transaction parties

1. Huangshi Huaxin Green Building Materials Co., Ltd

Type: Limited Liability Company

Registered capital: 4.3 billion RMB

Date of establishment: May 20, 2020

Registered address: Binjiang Industry Park, Fuchi Town, Yangxin County, Huangshi City, Hubei Province

Business scope: mining of mineral resources (non-coal mines) in China; port operations; port cargo handling activities (projects subject to approval in accordance with the law can only carry out business activities after approval by relevant departments. Approval documents or licenses shall prevail) General items: stone processing for construction; manufacturing of non-metallic mineral products; manufacturing of new building materials (excluding hazardous chemicals); manufacturing of lightweight building materials; engineering management services; labor services (excluding labor services dispatch); leasing services (excluding licensing leasing services); transportation equipment leasing services; storage equipment leasing services; manufacturing and sales of building block (apart from the licensed business, operate projects not prohibited or restricted by laws and

regulations); general cargo warehousing services.

2. Natural Resources Bureau of Huangshi Municipality

The Natural Resources Bureau of Huangshi Municipality is a department under the Huangshi Municipality Government. Its main responsibilities include fulfilling the responsibilities of the owner of local natural resources assets such as land, minerals, forests, wetlands, and water, and the control of all national land and space uses; It is responsible for the survey, monitoring, evaluation, confirmation of rights, registration, compensation for use of assets, development and utilization of natural resources; It is responsible for the establishment of a spatial planning system and supervising its implementation, coordinating the ecological restoration of national land and space, organizing the implementation of the strictest cultivated land protection system, and preventing and controlling geological disasters, mineral resources management, organizing the preparation of detailed urban control plans and urban designs in key areas and reviewing, examining and approving, and submitting for approval in accordance with the prescribed licensing rights, management of construction project planning and surveying and mapping geographic information, supervision and management of forest resources, terrestrial wildlife resources and various nature reserves; responsible for natural resource inspection and administrative law enforcement.

IV. The main content and performance arrangements

On 10 October 2022, Huangshi Huaxin Green Building Materials signed the contract *of Transfer of Mining Rights of the Limestone Quarry for Construction Materials (Solvent, Cement) In Yuanguang-Liangfan, Yangxin County, Hubei Province* with the Natural Resources Bureau of Huangshi Municipality, the details are as follows:

1. The entity signing the agreement

Party A (Transferor): Natural Resources Bureau of Huangshi Municipality

Party B (Transferee): Huangshi Huaxin Green Building Materials Co., Ltd

2. Main terms of the contract

1. Transfer method

The mining rights are transferred to Party B in the form of listings.

2. Transfer period

The period of transfer of mining rights stipulated in this contract is 25 years (effective since obtaining the mining permit, including 2 years of infrastructure construction)

3. Proceeds from the transfer of mining rights and payment arrangements

The payment will be delivered in three tranches: first payment: 30% of the Mining Right Consideration within 10 calendar days after the contract takes effect (i.e. before 20 October 2022); second payment: 30% of the Mining Right Consideration within 10 calendar days after 1 year the contract takes effect; final payment: 40% of the Mining

Right Consideration within 10 calendar days after 2 years the contract takes effect; Huangshi Huaxin Green Building Materials Co.,Ltd will pay with the internal resources and interest-bearing loans of financial institutions.

Payment method: According to the requirements of the national tax department, it is levied by the tax department.

4. Rights of Party A

(1) Upon the failure of Party B to pay the proceeds of the transfer of mining rights in full and on time, Party A may charge Party B a daily overdue payment penalty of 2‰ from the date of late payment, and register the relevant information into the enterprise integrity system.

(2) Upon the failure of Party B to apply to Party A for registration of mineral resources exploitation within the agreed period of time, Party A has the right to terminate this contract.

(3) In the event that Party A withdraws the mining license in accordance with the law due to a major change in the objective circumstances on which the mining license is based, for the public good, Party A has the right to terminate the contract and shall not be liable for compensation.

(4) After Party B obtains the mining license, except for force majeure and government policy reasons, if the resource reserves transferred are exhausted within the period of transfer (25 years) or the resource reserves are not fully exploited at the end of the transfer period, the department of natural resources and planning shall recover its mining rights free of charge.

5. Rights of Party B

(1) According to this contract, Party B has the right to apply to Party A for registration of mineral resources exploitation.

(2) Upon the failure of Party A to issue a mining license in accordance with the contract, Party B has the right to terminate the contract.

(3) After Party B pays off the proceeds of the transfer of mining rights, if it meets the circumstances of allowing the transfer to be changed, it has the right to transfer the mining rights in accordance with laws and regulations.

(4) In the event that the mining license is cancelled due to national policy adjustments, major natural disasters and other reasons, Party B has the right to apply for the verification of the proceeds of the transfer of mining rights in accordance with the actual resource reserves used, and to return the proceeds of the transfer of mining rights of the remaining resource reserves in accordance with relevant regulations.

(5) Conduct mining operations in accordance with the scope of the mining area, the effective period, the type of mining, the mining method, etc. specified in the mining license, and obtains the income from the sale of mineral products.

(6) Apply for the continuation and modification of mining rights in accordance with law.

(7) In the event of mining suspension due to force majeure or government reasons, and the reserve evaluated is not exhausted within the period of transfer, Party B is entitled to apply for the extension of the mining right.

(8) Party B is entitled to obtain the refund of reserve fund of geological environment recovery after fulfilling the obligations of geological environment recovery and land reclamation within the mining area that shall be completed by the original mining-right owner.

For any uncovered matters herein, implement in accordance with laws and regulations. For matters not specified in laws and regulations, a supplementary agreement shall be made through mutual consent. And the supplementary agreement shall have the same legal effect.

V. The impact of the related party transaction on the company

The 100 million tons/year machine-made sand production line of Huangshi Huaxin Green Building Materials is a key project demonstrating central government's post-epidemic support to Hubei province. It's large scale machine-made sand base drafted in the Hubei Machine-made Sand Industry High-quality Development Plan (2020-2025). As a key industry project of provincial level and supervised by Hubei provincial government, it's of great social, ecological and economic value. And it is also a key project in the integral development of the Group to create core competitiveness.

Yuanguang-Liangfan has large and quality reserve of limestone for construction materials (solvent and cement). Located near the main channel of Yangtze River, it boasts of favorable logistic conditions and convenient transportation to the core market. Against the backdrop of intensified resource protection and rare limestone resources, Huangshi Huaxin Green Building Materials's acquisition of the quarry right will guarantee stable supply to the Huangshi machine-made sand base. The performance of the contract will pose positive impact to the future performance.

It is herewith announced.

Huaxin Cement Co., Ltd.
Board of Directors
October 12, 2022