

**Huaxin Cement Co., Ltd.**  
**Announcement on Providing Working Capital to Changyang Tujia Nationality Autonomous County People's Government by the Subsidiary**

The board of directors and all directors of the Company confirm that there are no false records, misleading statements or material omissions in the content of this announcement, and assume individual and joint responsibility for the authenticity, accuracy and completeness of its content.

### **I. Brief of financial assistance**

Huaxin New Materials (Changyang) Company (Changyang aggregate) was a wholly-owned subsidiary of Huaxin Cement (Changyang) Company. The former has a 6 million tons of aggregate line constructed in November, 2017. In March 2021, Baishiping quarry right was obtained (reserve of 250 million tons).

Huaxin Cement (Changyang) Company signed an *Agreement of Cooperation to Build Huaxin Changyang Building Materials Industry Park* with local county government on September 16, 2021, which defined the rights and obligations of two parties in farmer households relocation and forest land expropriation. Changyang government is financially stretched and not able to continue the payment. Relocation and forest land expropriation is faced with slow progress.

In order to promote the progress of the construction of Changyang aggregate, the government signed the *Supplemental Agreement to Build Huaxin Changyang Building Materials Industrial Park*. Changyang aggregate will provide the Changyang county government with a working capital of 80 million RMB, specially used for land acquisition and house relocation of Huaxin Changyang New Building Materials Industrial Park. The capital turnover period is 4 years, and it will be repaid in 4 years. From 2023, 20 million yuan will be repaid each year, and the repayment will be completed before June 30, 2026. The interest is the same with the bank loan and shall be borne by the government.

The above shall be submitted to the shareholders' general meeting for approval.

### **II. Impact of the financial assistance**

The subsidiary Huaxin Changyang will provide no more than 80 million RMB to the government in an effort to accelerate the relocation, which is in line with the interests of the company.

### **III. Review procedure of the financial assistance**

#### 1. Board procedure

On March 29, 2022, 12<sup>th</sup> Meeting of the Tenth Board approved the proposal with 9 votes of consent. The Board approved the 80 million working capital and authorized the management to sign related contracts.

#### 2. Opinions of independent directors

Independent directors believe that the 80 million working capital is to accelerate the progress. It will not harm the interests of shareholders. The proposal is agreed.

It is herewith announced.

March 30, 2022