# Huaxin Cement Co., Ltd.

# Explanation Announcement on the Matters Related to the Domestically Listed Foreign Shares Changing the Listing Venue and Listed on the Main Board of Hongkong Stock Exchange Limited By Way of Introduction

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.

Huaxin Cement Co., Ltd (hereinafter referred to as the Company) published Plan pf Huaxin Cement Domestically Listed Foreign Shares Changing the Listing Venue and Listed on the Main Board of Hongkong Stock Exchange Limited By Way of Introduction and its revision (hereinafter referred to as B2H plan or the plan) on August 22, 2020 and August 28, 2021 on Shanghai Stock Exchange website, intriguing many investor inquiries. Some investors have misunderstood the plan. The Company explained on the related matters as follows:

## I. Purpose of the B2H plan and Significance

The B2H plan is decided upon the trading liquidity of B share in domestic market and the necessity of international development of the Company. It s neither IPO nor new share issuance. After the execution of the plan, the inactivity of B share will be altered. In the meantime, the plan will further improve the corporate governance structure, accelerate the advancement of the globalization and enhance the international influence. In addition, overseas capital market enables a wider financing platform and value realization, good for the operation capability of overseas capital and capitalize on the overseas capital and market incentive to enhance competiveness.

The B2H plan conformed with corporate strategy, approved by the Shareholders General Meeting and is conducive to the long term development.

## II. Related to the cash option

To fully protect the interests of all B shareholders, the Company has announced that including but not limited to Matthews China Dividend Fund and Matthews Asia Dividend Fund manged by Matthews International Capital Management, LLC and Anhui Conch Cement and its designated third party will be the cash provider.

The Listing Rules of Hongkong Stock Exchange Limited requires that not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders. Therefore, the cash option provided by the cash providers can not exceed 50% of total number of the expected H shares in public hands (public B shares), namely the option declared by B shareholders can not exceed the 50% of total number of the predicted H shares in public hands. Once the options declared by B shareholders exceed 50% of public B shares, the B2H plan will terminate, and cash option turns invalid. B shares will continue to be traded in B share market of Shanghai Stock Exchange.

III. Failed to get approval on the waiver on the public holding not less than 14.73%

Hongkong Stock Exchange Listing Rules required a certain ratio of issued shares shall be held in