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In this Circular, unless the context otherwise indicated, the following terms have the following meanings:

A share(s)	means	ordinary shares issued by the Company with a par value of RMB1.00 each, which are listed on the SSE and traded in RMB
A-share holder(s)	means	holders of A shares
Annual General Meeting or AGM	means	2021 Annual General Meeting to be held at 2:00 p.m. on Friday, 20 May 2022 at the Company's conference room on 2F, Block B, Huaxin Buildin g, No. 426 Gaoxin Avenue, Donghu New Technology Development Zone, Wuhan City, Hubei Province, China.
Articles of Association	means	Articles of Association of the Company (as amended from time to time)
Board of Directors	means	Board of Directors of the Company
Board of Supervisors	means	Board of Supervisors established by the Company in accordance with theCompany Law of the People's Republic of China
China	means	the People's Republic of China, excluding Hong Kong,

HKEx	means	The Stock Exchange of Hong Kong Limited
Latest Practicable Date	means	21 April 2022, the latest practicable date for the determination of certain information contained in this Circular
Listing Rules	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Reporting Period	means	From 1 January 2021 to 31 December 2021
RMB	means	Renminbi, the lawful currency of China
Shareholder(s)	means	shareholders of the Company, including A-share holders and H-share holders
Share(s)	means	shares of the Company with a par value of RMB1.00 each, including A shares and H shares
SSE	means	Shanghai Stock Exchange
Supervisor(s)	means	supervisors of the Company
USD	means	US Dollar, the lawful currency of the United States

1. INTRODUCTION

On behalf of the Board of Directors, I would like to invite you to attend the Annual General Meeting of the Company to be held at 2:00 p.m. on Friday, 20 May 2022 at the Company's conference room on 2/F, Block B,Huaxin Building, No. 426 Gaoxin Avenue, Donghu New Technology Development Zone, Wuhan City, Hubei Province, China.

The purpose of this Circular is to send you notice of the AGM and to provide you with the information reasonably necessary to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

2. AFFAIRS TO BE DEALT WITH AT THE AGM

The resolutions that the Company will propose at the AGM for shareholders' deliberation and approval including:

(1) Report on the Work of the Board of Directors in 2021

(2) Report on the Work of the Board of Supervisors in 2021

(3) 2021 Final Financial Report and 2022 Financial Budget Report

(4) 2021 Profit Distribution Plan

(5) 2021 Annual Report

(6) Proposal for Reappointing Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's Auditor for Financial Audit and Internal Control Audit for the Year 2022

(7) Proposal for Provision of Guarantee for Subsidiaries

The matters that the Company will report to shareholders at the AGM including:

(1) 2021 Annual Work Report of Independent Non-executive Directors

3. REPORT ON THE WORK OF THE BOARD OF DIRECTORS IN 2021

The Company will propose an ordinary resolution to consider and approve the Report on the Work of the Board of Directors in 2021 at the AGM. The Report on the Work of the Board of Directors in 2021 is attached in Appendix I to this Circular.

4. REPORT ON THE WORK OF THE BOARD OF SUPERVISORS IN 2021

The Company will propose an ordinary resolution to consider and approve the Report on the Work of the Board of Supervisors in 2021 at the AGM. The Report on the Work of the Board of Supervisors in 2021 is attached in Appendix II to this Circular.

5. 2021 FINAL FINANCIAL REPORT AND 2022 FINANCIAL BUDGET REPORT

The Company will propose an ordinary resolution to consider and approve the 2021 Final Financial Report and 2022 Financial Budget Report at the AGM.

I. Summary of the 2021 Final Financial Report

1. Financial position

(1) Assets and liabilities

The overall asset-liability ratio increased by 2.69 percentage points, and the current ratio decreased by 2.31% as compared with last year. As the total cash and bank balances of the Company is able to cover the existing current interest-bearing liabilities, the liquidity risk is relatively low.

(2) Changes in equity (excluding minority interests, the same below)

Currency: RMB
Unit: 0,000

Item	31 December 2021	Proportion	31 December 2020	Proportion	Year-on-year change
Total equity attributable to shareholders of the Company	2,672,991	100%	2,357,138	100%	13.40%
Including: Treasury shares	–61,005		–61,005		
Other comprehensive income	–30,535		–27,529		–10.92%
Retained profits	2,240,568	83.82%	1,930,470	81.90%	16.06%

At the end of 2021, the total equity attributable to shareholders of the Company increased by RMB3.159 billion compared with the beginning of the year, of which the Company's undistributed profit balance increased by RMB3.101 billion compared with the beginning of the year.

2. Business performance

(1) Business position

Currency: RMB
Unit: 0,000

Item	2021	Budget for 2021	Change	2020	Change
Operating revenue	3,246,408	3,685,354	–11.91%	2,935,652	10.59%
Operating costs	2,139,249	2,313,240	–7.52%	1,803,526	18.61%
Gross profit	1,107,159	1,372,114	–19.31%	1,132,125	–2.21%
Gross profit margin	34.10%	37.23%	Down by 3.13 percentage points	38.56%	Down by 4.46 percentage points

(2) Period expenses

Currency: RMB
Unit: 0,000

Item	2021	Budget for 2021	Change	2020	Change
Selling and distribution expenses	133,121	187,853	–29.14%	142,768	–6.76%
Ratio of selling and distribution expenses	4.10%	5.10%	Down by 1.00 percentage points	4.86%	Down by 0.76 percentage points
General and administrative expenses	163,470	207,700	–21.30%	160,470	1.87%
Ratio of general and administrative expenses	5.04%	5.64%	Down by 0.60 percentage points	5.47%	Down by 0.43 percentage points
Financial expenses	17,026	40,185	–57.63%	30,571	–44.31%
Ratio of financial expenses	0.52%	1.09%	Down by 0.57 percentage points	1.04%	Down by 0.52 percentage points

In 2021, the selling and distribution expenses decreased by RMB96 million compared with the previous year. Due to the shrinking demand in the civilian market, the packaging materials for cement decreased by RMB79 million.

In 2021, financial expenses decreased by RMB135 million compared with the preceding year, mainly attributable to a year-over-year decrease of RMB134 million in exchange losses and a year-over-year increase of RMB92 million in interest income.

(3) Profitability

Currency: RMB
Unit: 0,000

Item	2021	2020	Year-over-year change
Net profit attributable to shareholders of the Company	536,353	563,060	–4.74%
Weighted average return on equity (%)	21.30	25.03	Down by 3.73 percentage points
Weighted average return on equity after extraordinary items (%)	21.07	24.68	Down by 3.61 percentage points

(2) Investment

In case of any change in the total share capital of the Company before the equity registration date for equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and will announce the specific adjustment separately. As of the latest practicable date, the Company has no plan to change the total share capital of the Company.

7. 2021 ANNUAL REPORT

The 2021 annual report will be presented at the AGM to be approved by way of ordinary resolution. The 2021 annual report was published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), the website of the SSE (www.sse.com.cn) and the website of the Company (www.huaxincem.com). The 2021 annual report has also been dispatched together with this Circular to the H-share holders.

8. PROPOSAL FOR REAPPOINTING DELOITTE TOUCHE TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP AS THE COMPANY'S AUDITOR FOR FINANCIAL AUDIT AND INTERNAL CONTROL AUDIT FOR THE YEAR 2022

As the Company's auditor for financial audit and internal control audit for the year 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as Deloitte Touche Tohmatsu) performed its duties with due dedication and completed the annual audit in accordance with the independent, objective and fair professional standards. The service fee of Deloitte Touche Tohmatsu in 2021 was RMB4,702,700, of which the audit

2) The Shareholders' general meeting is requested to authorize the Board of Directors to determine the remuneration of Deloitte Touche Tohmatsu for

II. Details of the object and amount of the proposed guarantee are set out in Appendix III to this Circular.

III. Summary of Guarantee

(1) Scope of guarantee: Between the Company and its w6wlly-owned subsidiaries and between the Company and its controlling subsidiaries.

(2) Guarantee limit: The additional guarantee limit is RMB6,290 million.

(3) Term of guarantee limit: For guarantee of working capital loans, the Company shall sign relevant guarantee contract from the date of approval by the Board of Directors to the date of expiration of two years, and shall be authorized to continue to provide guarantee for its subsidiaries upon business renewal within the authorized period. For guarantee of fixed-assets loans, the Company shall sign relevant guarantee contract from the date of approval by the Board of Directors to the date of expiration of two years, and the specific guarantee period shall be determined according to the signed guarantee contract.

(4) Guarantee style: The Company's wholly-owned and contrwlling subsidiaries may use the guarantee for once or several times within the above limit, and the specific guarantee amount, term and method shall be subject to relevant contract. The Company shall undertake joint and several liability guarantee, and its w6wlly-owned subsidiaries may exchange the guarantee limit within the above total guarantee limit according to actual needs. When the Company provides specific guarantee and signs relevant guarantee contract, it is not necessary to hold another meeting of the Board of Directors or the Shareholders' general meeting for deliberation.

(5) Whether there is counter-guarantee in this guarantee: No counter guarantee.

IV. Main contents of guarantee contract

The Board of Directors believes that the Company provides guarantees for its wholly-owned and congs BT /F2 10.5t6 T.2(a12-7(C(p2)4(9.3)-5’s4(41s)latest)-41s03n(udit66..41

4. The implementation of the resolutions adopted at the Shareholders' meeting by the Board of Directors

Within the reporting period, 1 annual general meeting and 6 extraordinary general meetings were held. Resolutions made at the meetings were fully implemented by the Board of Directors in accordance with the requirements of the Company Law of the People's Republic of China, the Articles of Association, and other relevant laws, regulations and rules.

II. INFORMATION DISCLOSURE

In 2021, the Company conducted about 850 communications with investors.

Way of exchange	Category of communications	Number of exchanges
On-site exchange in the Company	The chairman and management made communications with shareholders at the Shareholders' Meeting	7
	Receiving visiting investors, fund managers, and analysts/researchers in the building materials industry	19
Performance analysis meeting	Performance analysis meeting of the Company's quarterly, semi-annual and annual reports jointly held by the Company and the Shanghai Stock Exchange Roadshow Center/Securities Regulatory Commission/Securities Company	8
Online/offline meeting organized by the third party	Participating in the offline/online securities market investment strategy meeting organized by securities companies	22
	Participating in the online/telephone conferences organized by securities companies to communicate with investors	24
SSE e-interactive	Answering questions from investors	96
Email	Replying investors using the mailbox of the Company dedicated for investor	71
Hotline for investors	Answering calls from investors	more than 30/month
Tel/WeChat	Rel/Wefmpan6eATc [(On-)nuy anle351.ystsnve351e(Cha)-4searntells	

IV. CORPORATE GOVERNANCE

In 2021, the Board of Directors kept improving in accordance with regulations by advancing the corporate governance structure to make it closer to the international standard. For systems adopted by the Board of Directors, the Company made timely reviewing and amendments in accordance with requirements in the Listing Rules, and

breakthroughs in new material industry, making sure the Company can improve production capacity and efficiency for high-quality development while keeping carbon emissions lower. The Board of Directors will continue to play the leading role, concentrate on risk management and control, make scientific and efficient decisions on major issues, fully implement the resolutions adopted at the Shareholders' meeting, and work with the management on the annual business plan and phase targets of the Double Performance.

1. Make scientific decisions to support the management to achieve the targets and plans in 2022

The Company will encourage the management to work with staff on scientific decision-making, compliance governance, and risk management for major projects, centering on the four development strategies, so as to achieve the goals of the Double Performance in 2022.

2. Further improve the Company's investor relation management and build an international financing platform

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(Stock Code: 6655)

2. The independent opinions of the Board of Supervisors on financial position of the Company

Through the inspection of the Company's financial position and financial management in 2021, the Board of Supervisors confirmed that the Company's assets were managed according to regulations and that all financial reports truly reflected the financial position and operating results of the Company, with no violations of regulations and disciplines. The Board of Supervisors also reviewed the auditor's report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP and believed that the auditor's report was prepared on a true and objective basis.

3. The independent opinions of the Board of Supervisors on related party transactions

Within the reporting period, the transactions between the Company and related parties were legally conducted in complete procedures, with fair and reasonable prices. All transactions were made openly, impartially and fairly, with no potential risks generated.

4. The deliberation and opinions of the Board of Supervisors on the Internal Control Assessment Report 2021

The Board of Supervisors deliberated the Internal Control Assessment Report 2021 and found it was finished in a legal and regulated way and truly and objectively reflected the current situation of the Company's internal control. The Company has established a sound internal control system and formulated a series of reasonable internal control rules in accordance with national laws and requirements of securities regulatory authorities. All internal control rules were effectively carried out in the whole process of production and operation, delivering results in risk prevention and control. Therefore, the Board of Supervisors agree all matters mentioned in the Internal Control Assessment Report 2021.

5. The deliberation and opinions of the Board of Supervisors on Annual Report 2021

The Company prepared and reviewed the Annual Report 2021 in line with national laws, regulations, and the provisions of the CSRC. The Report truly, accurately and completely reflected the Company's current situation, without any false records, misleading statements or material omissions. By the time of issuing this opinion, no employees involved in preparing and deliberating of the Annual Report 2021 and its abstract were found to have violated confidentiality regulations.

In 2021, the Board of Supervisors made every effort to supervise every key link in production and operation, organized internal forces for joint prevention and control of risks in key links of production and operation, and achieved results in risk prevention and control.

In 2022, the Board of Supervisors will fully implement the Company's strategic policy, carry out supervision and inspection work as regulated in the Company Law of the People's Republic of China and the Articles of Association, and further improve the Company's corporate governance structure and regulate the operation and management, to better safeguard the legitimate rights and interests of the Company and its shareholde



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No.	Party guaranteed	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets as at 31 December 2021	Total liabilities as at 31 December 2021	Net assets as at 31 December 2021	Operating revenue as at 31 December 2021	Net profit as at 31 December 2021
15	Huaxin Cement (Enshi) Co., Ltd.	7,000	Du Ping	Liujiaoting Subdistrict, Enshi City, Hubei Province	6,000	100%	31,080	15,055	16,026	29,837	4,274
16	Huaxin Cement (Hefeng) Co., Ltd.	5,000	Du Ping	Hefeng County	4,764	51%	21,077	7,562	13,516	18,421	779
17	Huaxin Jinlong Cement (Yunxian) Co., Ltd.	8,000	Du Ping	Chadian Town, Yunxian County, Hubei Province	8,000	80%	71,447	26,289	45,158	51,980	7,575
18	Huaxin Cement (Fangxian) Co., Ltd.	5,000	Du Ping	Hualong Town, Fangxian County, Shiyan City, Hubei Province	8,000	70%	40,212	14,282	25,930	32,694	4,130
19	Chongqing Huaxin Yanjing Cement Co., Ltd.	6,000	Du Ping	Caijiawan, Caojie Subdistrict, Hechuan District, Chongqing	21,000	80%	52,798	29,747	23,051	56,854	13,145
20	Chongqing Huaxin Diwei Cement Co., Ltd.	5,000	Du Ping	Luohuang Town, Jiangjin District, Chongqing	45,268	97%	116,968	70,259	46,709	45,692	10,308
21	Huaxin Cement Chongqing Fuling Co., Ltd.	8,000	Du Ping	Baitao Subdistrict, Fuling District, Chongqing	20,000	100%	64,984	22,295	42,689	70,963	16,319
22	Huaxin Cement (Quxian) Co., Ltd.	8,000	Du Ping	Juandong Township, Quxian County, Dazhou City, Sichuan Province	24,000	100%	86,867	36,109	50,758	74,912	18,603
23	Huaxin Cement (Chenzhou) Co., Ltd.	6,000	Du Ping	Dingshang Village, Baohe Township, Beihu District, Chenzhou City, Hunan Province	22,000	100%	76,547	30,827	45,720	72,691	14,060
24	Huaxin Cement (Zhuzhou) Co., Ltd.	18,000	Du Ping	Nanzhou New Area, Lukou Economic Development Zone, Zhuzhou County, Hunan Province	34,000	100%	145,118	92,499	52,619	67,786	10,372
25	Huaxin Aggregate (Zhuzhou) Co., Ltd.	5,000	Du Ping	Longchuan Town, Lukou District, Zhuzhou City, Hunan Province	10,000	70%	34,552	25,053	9,498	2,964	–502
26	Huaxin Cement (Lengshuijiang) Co., Ltd.	6,000	Du Ping	Huangni Village, Heqing Town, Lengshuijiang City, Hunan Province	20,000	90%	83,895	23,202	60,693	59,932	10,108
27	Huaxin Cement (Daoxian) Co., Ltd.	5,000	Du Ping	No. 1 Huaxin Avenue, Daoxian County, Yongzhou City, Hunan Province	18,000	100%	38,528	12,791	25,737	44,209	5,098
28	Huaxin Cement (Enping) Co., Ltd.	8,000	Du Ping	Hengbei Town, Enping City, Jiangmen, Guangdong Province	HKD 28,000	65%	68,608	54,263	14,345	70,189	6,187
29	Huaxin Cement (Sangzhi) Co., Ltd.	5,000	Du Ping	Sangzhi County, Zhangjiajie, Hunan Province	15,000	80%	49,108	9,465	39,644	31,016	4,543
30	Huaxin Cement (Zhaotong) Co., Ltd.	7,500	Yuan Dezu	Beizha Street, Zhaoyang District, Zhaotong City, Yunnan Province	10,000	100%	49,691	21,634	28,058	49,620	6,971
31	Huaxin Cement (Kunming Dongchuan) Co., Ltd.	4,000	Yuan Dezu	Bigu, Tongdu Town, Dongchuan District, Kunming City	14,000	100%	39,390	16,731	22,659	27,892	3,139
32	Huaxin Cement (Lincang) Co., Ltd.	2,000	Yuan Dezu	Linxiang District Industrial Park, Lincang City, Yunnan Province	36,090	100%	83,235	36,486	46,749	39,193	5,152
33	Huaxin Cement (Lijiang) Co., Ltd.	7,000	Yuan Dezu	Xingquan Town, Huaping County, Lijiang City, Yunnan Province	10,000	100%	43,246	15,046	28,200	41,719	8,521
34	Huaxin Cement (Honghe) Co., Ltd.	2,000	Yuan Dezu	Honghe Hani and Yi Autonomous Prefecture, Yunnan Province	50,000	100%	92,412	21,086	71,326	40,082	2,334
35	Huaxin Cement (Fumin) Co., Ltd.	5,000	Zhu Rui	Daying Sub-district Office, Fumin County, Yunnan Province	39,000	100%	89,315	46,233	43,082	4,586	186
36	Huaxin Cement (Yunlong) Co., Ltd.	2,000	Song Peiren	Rende Village, Caojian Town, Yunlong County, Dali Bai Autonomous Prefecture, Yunnan Province	30,000	100%	43,089	9,710	33,379	35,243	1,453
37	Yunwei Baoshan Organic Chemical Co., Ltd.	5,000	Yuan Dezu	Yudong Potou, Shuichang Township, Shidian County, Baoshan City, Yunnan Province	10,000	80%	25,530	42,901	–17,371	35,191	934
38	Huaxin Cement (Diqing) Co., Ltd.	6,000	Yuan Dezu	Shangri-La, Diqing Tibetan Autonomous Prefecture, Yunnan Province							

No.	Party guaranteed	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio

No.	Party guaranteed	Project	Construction	Total investment	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets as at December 31 2021	Total liabilities as at December 31 2021	Net assets as at December 31 2021	Operating revenue as at December 31 2021	Net profit as at December 2021
7	Huaxin New Materials (Changyang) Co., Ltd.	Phase I mining rights; Aggregate production line; Wall material	Mining rights: RMB392 million; Aggregate production line: RMB230 million; wall material: RMB90 million	71,000	37,000	Du Ping	Changyang Tu Autonomous County, Yichang City, Hubei Province	21,300	100%	44,285	21,847	22,438	4,051	935
8	Huaxin Cement (Fangxian) Co., Ltd.	Huaxin Yunyang Circular Economy Industrial Park Project	Huaxin Yunyang Circular Economy Industrial Park Project	10,111	5,000	Du Ping	Fangxian County, Shiyan City, Hubei Province	8,000	70%	40,212	14,282	25,930	32,694	4,130
9	Huaxin Cement (Xiangyang) Co., Ltd.	Huaxin Aggregate Xiangyang Project; Paid Disposal of Huangjiaya Limestone Mining Rights; Nanzhang Commercial Concrete Integration Project; Nanzhang Lime Project	Huaxin Aggregate Xiangyang Project: RMB59.61 million; Paid Disposal of Huangjiaya Limestone Mining Rights: RMB43.15 million; Nanzhang Commercial Concrete Integration Project: RMB36.87 million; Nanzhang Lime Project: RMB49.98 million.	18,961	12,000	Du Ping	Nanzhang County, Xiangyang City, Hubei Province	14,000	100%	98,698	47,192	51,505	107,447	20,296
10	Huaxin Cement (Xiangyang) Co., Ltd.	Xiangyang Aggregate Phase II Project	Xiangyang Aggregate Phase II Project	36,846	24,000	Du Ping	Nanzhang County, Xiangyang City, Hubei Province	14,000	100%	98,698	47,192	51,505	107,447	20,296
11	Huaxin Cement (Chenzhou) Co., Ltd.	Integration Phase I and Phase II	Integration Phase I: RMB25 million Integration Phase II: RMB152 million Expansion of mining rights: RMB92.61 million	26,961	16,000	Du Ping	Beihu District, Chenzhou City, Hunan Province	22,000	100%	76,547	30,827	45,720	72,691	14,060
12	Huaxin Cement (Wanyuan) Co., Ltd.	300D/T high-activity lime production line transformation projemTJ 05ion;												

No.	Party guaranteed	Project	Construction	Total investment	Guarantee limit	Legal representative	Domicile	Registered capital	Shareholding ratio	Total assets as at 31 December 2021	Total liabilities as at 31 December 2021	Net assets as at 31 December 2021	Operating revenue as at 31 December 2021	Net profit as at 31 December 2021
19	Huaxin Cement (Fumin) Co., Ltd.	Cement kiln co-processing of general industrial solid wastes; new Fumin integrated commercial concrete project; sand and gravel aggregate expansion project with an output of 1,200 tons per hour; transformation of vertical mills for raw materials	Alternative fuel pretreatment system; expansion and transformation of alternative fuel kiln system; building a concrete batching plant with an annual output of 1.6 million cubic meters; product workshop; a new vertical mill for raw materials	18,960	5,000	Zhu Rui	Daying Sub-district Office, Fumin County, Yunnan Province	39,000	100%	89,315	46,233	43,082	4,586	186
20	Huaxin Environmental (Yangxin) Renewable Resources Utilization Co., Ltd.	Yangxin Hazardous Waste Disposal Project	150,000 tons/year of hazardous waste pretreatment and classification, storage and transportation, and auxiliary projects; cement kiln co-processing project supporting the clinker production line of 2.85 million tons/ year	26,039	18,000	Wang Jiajun	Fuchi Town, Yangxin County, Huangshi City, Hubei Province	1,500	100%	2,997	1,497	1,500	–	–
21	Huaxin (Hong Kong) International Holdings Limited	Part of loans to Uzbekistan	Part of loans to Uzbekistan	71,500	6,403	Xu Gang	Hong Kong	15,794	100%	369,345	319,742	49,603	12,236	8,138

The guarantee limit by new fixed-assets loans was equivalent to RMB3.138 billion



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Notes:

1. Eligibility to attend the AGM and closure of H-share register

   To determine the name list of H-share holders eligible to attend the AGM, the Company will close registration for H Share transfers from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive). H-share holders of the Company whose names appear on the H Share register of members of the Company at the close of business on Friday, 20 May 2022 are entitled to attend and vote at the AGM. Holders of H Shares who wish to attend the AGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, before 4:30 p.m. on Monday, 16 May 2022.

   The Company will announce separately on the website of the SSE on the details of A-share holders' eligibility to attend the AGM.

2. Annual dividend distribution arrangement

   The Board of Directors proposes to distribute cash dividend of RMB1 (tax inclusive) per share to all shareholders of the Company in a total amount of RMB2,096,599,855 for the year ended 31 December 2021. The dividend distribution plan will be submitted to the AGM for deliberation. If the proposal is approved at the AGM, the Company will distribute cash dividends within tw

requirements of the tax agreement (arrangement). If the application is justified upon verification, the competent tax authority shall refund the difference between the tax paid and the tax payable calculated at the tax rate under the tax agreement (arrangement).

Withholding and remitting individual income tax for overseas individual shareholders

According to the Circular on Some Policy Questions Concerning Individual Income Tax (CSZ [1994] No. 020) issued by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are exempted from the individual income tax for the dividends and bonuses received from foreign-invested enterprises. When distributing dividends for the year ended 31 December 2021 to its shareholders who are foreign individuals listed on the H-share register, the Company, as a foreign-invested enterprise, will not withhold individual income tax of such shareholders.

Withholding income tax for Shanghai Stock Connect investors

For HKEX investors (enterprises and individuals) ("Shanghai Stock Connect Investors") who invest in the Company's A shares listed on the Shanghai Stock Exchange, the final dividend will be paid in RMB by the Company through China Securities Depository & Clearing Corporation Limited Shanghai Branch to the accounts of the nominal A-share holders. The Company withholds income tax at a tax rate of 10% and makes a withholding declaration to the competent tax authority. For Shanghai Stock Connect investors who are tax residents of other countries and subject to an income tax rate for cash dividends of lower than 10% pursuant to the tax agreement signed between their home country and China, enterprises or individuals can, by themselves or by entrusting a withholding agent, apply to the competent tax authority for enjoying any treatment under a relevant tax agreement. After examination and verification, the competent tax authority shall refund the tax on the basis of the difference between the amount levied and the amount of tax payable calculated according to the tax rate under a tax agreement.

Withholding income tax for Hong Kong Stock Connect investors

In accordance with the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transaction in the Shanghai and Hong Kong Stock Markets (CS [2014] No. 81) implemented on 17 November 2014,

. for dividends received by mainland individual investors from investing in the Company's H shares through Shanghai-Hong Kong Stock Connect, the Company is obliged to withhold personal income tax at a tax rate of 20%; for dividends received by mainland securities investment funds from investing in the Company's H shares through the Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements; and

4. Proxy appointment

The proxy form for the resolution as set out in the Circular of the AGM will be sent to shareholders on the same day. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (A proxy may not be a shareholder of the Company) to attend and vote in his/her stead. The instrument appointing a proxy must be in writing under the hand of the shareholder or of his/her agent duly authorized in writing. If the shareholder is a legal person, the proxy form must be either under the seal of the legal person or under the hand of his/her legal representative or director or duly authorized person. If the proxy form is signed by an agent authorized by the shareholder, the authorization or other document authorizing the signing must be notarized.

In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the AGM or any adjournment thereof (in the case of the AGM, it shall be delivered before 2:00 p.m. on 19 May 2022 (Thursday) to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

A shareholder who has filled in and submitted the proxy form may at that time attend and vote in person at the AGM or any adjournment thereof as he/she wishes.