



HUAXIN 华新

2024

Huaxin Cement Co., Ltd

Environmental, Social and Governance (ESG) Report



About the Report

Huaxin Cement Co., Ltd. (hereinafter referred to as "Huaxin Cement", "Huaxin", "Company", "the company", "we", "us" or "our") has published its social responsibility/ environmental, social and governance (ESG) report every year since 2009, and the 2024 Environmental, Social and Governance (ESG) Report of Huaxin Cement Co., Ltd. (hereinafter referred to as the "Report") will comprehensively elaborate the Company's environmental, social and governance (hereinafter referred to as "ESG") management philosophy and policies, and the Company's performance in ESG in 2024.

Time range

This Report covers the period from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "reporting period"). In order to enhance the comparability and foresight of the Report, some of the contents have been appropriately extended to the previous and subsequent years.

Report boundaries

Unless otherwise specified, this Report covers Huaxin Cement Co., Ltd. and its subsidiaries (hereinafter referred to as the “Group”).

Reference standards

This Report has been prepared with reference to reporting standards, including the Code on Environmental, Social and Governance Reporting (ESG) in Appendix C2 to the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (herein after referred to as the “Main Board Listing Rules”), Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies–Sustainability Report (Trial), the United Nations Sustainable Development Goals (SDGs), and the GRI Standards.

This Report adheres to the four principles required by Appendix C2 to the Main Board Listing Rules, namely the principles of significance, quantifiability, balance and consistency.

Data description

The data in this Report are all from the Company's official documents and statistical reports, of which the operating data are from the "2024 Annual Report of Huaxin Cement Co., Ltd." (hereinafter referred to as the "Annual Report"), if the listed data is different, the Annual Report shall prevail. Unless otherwise specified, the currencies mentioned in this Report are listed in RMB.

Report approval

This Report was deliberated and approved by the 10th meeting of the 11th Board of Directors of the Company.

Reliability statement

The Board of Directors of the Company warrants that there are no false records, misleading statements or material omissions in the contents of this Report.

Report language

The Report is in Chinese and English, if there is a discrepancy between the two language versions, please refer to the Chinese version.

Report acquisition

This Report is published annually and in electronic form. To obtain the electronic version, please visit the official website of Huaxin Cement Co., Ltd. (<https://www.huaxincem.com>) or the website of the Hong Kong Stock Exchange (www.hkex.com.hk) to download and read.

CONTENTS

Message by the President	01	Environmental Protection First, Build a Low-Carbon Future	01	Innovation-Driven, Building an Industry Ecology	03	Operate Steadily and Lay a Solid Foundation for Governance	05
About Huaxin Cement	03						
Honors and Awards	05						
ESG Management	07						
		Insist on Green Production	15	Promote Scientific and Technological Innovation	51	Standardize Corporate Governance	77
ESG Governance Structure	07	Optimize Resource Usage	20	Industry Exchange and Co-construction	54	Strengthen Risk Management	81
Double Materiality Assessment	08	Focus on Ecological Protection	22	Quality Products and Services	56	Adhere to Business Ethics	84
		Create Green Products	24	Responsible Supply Chain	61		
		Respond to Climate Change	27				
		Partners Work Together to Forge a Talent-Powered Enterprise	02	Practice Responsibility and Build a Warm Society Together	04	Key Performance Tables Indicator Index	87 91
		Employee Rights and Care	39	Respond to the "Belt and Road" Initiative	69	SEHK ESG Index of Indicators	91
		Employee Development and Training	42	Contribute to Rural Vitalization	72	SSE ESG Index of Indicators	96
		Occupational Health and Safety	45	Participate in Community Welfare	73	GRI Content Index	97
						Reader Feedback Form	101

Message by the President



2024 is a key year to achieve the goals and tasks of the "14th Five-Year Plan", in the face of complex and severe situations such as the changing international situation and the continued sluggish market demand, Huaxin Cement has overcome many difficulties, firmly adhered to the three "bottom lines" of integrity, safety and environmental protection, and strictly controlled finance, product quality and compliance. We firmly implement the Company's new four major strategies - "overseas multi-business development strategy", "domestic integration and synergy strategy", "carbon emission reduction and value-added innovation strategy" and "digital AI-driven strategy", and implement ESG concepts and actions into the Company's daily operation and management. The Company has made breakthrough progress aimed at the fierce market competition, delivering an impressive report card of advancing despite challenges and enhancing quality with stability.

Improving the governance system and stabilizing the foundation for development. We integrate the ESG concept into the whole process of corporate operation and governance, take compliance operation as an important foundation, build a professional, diversified and inclusive decision-making structure, establish a comprehensive and multi-level risk prevention and control system, conduct internal and external audits on a regular basis, adhere to integrity management and fair competition, and lay a solid foundation for the long-term sustainable development of the enterprise.

Pioneering a green strategy and embarking on a new low-carbon journey. We practice the concept of green production, strive to reduce pollutants from the source, optimize production processes, innovate processes, improve resource utilization efficiency, vigorously promote renewable energy, continue to carry out environmental audits, strengthen factory environmental self-monitoring and standardized management of pollutant discharge permits, and make steady progress on the road of environmental protection and green development.

We are deeply involved in the compilation of national, industry and group standards, and contribute to the wisdom of Huaxin in carbon emission accounting and the revision of inspection guidelines in the cement industry. At the same time, with our robust scientific research, we have successfully developed a new type of high-strength, ultra-high toughness cement-based composite materials, with a number of important indicators that are significantly ahead of similar products in the world, bringing new opportunities for the development of the building materials industry. The Diwei project was successfully shortlisted for the 2024 GCCA Global Low-Carbon Development Case; In 2024, Huaxin was approved as one of the first batches of "low-

carbon standardized workstations in the building materials industry (cement)" awarded by the China Building Materials Federation. The "National Key R&D Program - Collaborative Disposal and Demonstration Project of Multi-source Organic Solid Waste Park in Large and Medium-sized Cities in the Yangtze River Economic Belt" has successfully passed the acceptance. We have successfully applied for the "14th Five-Year Plan" National Key Research and Development Program "Engineering Science and Comprehensive Intersection" Key Special Project "Silicate Cementitious Materials Manufacturing Process High Efficiency Carbon Reduction Engineering Theory and Technology".

Harnessing technological innovation to craft superior products. We are committed to building a corporate brand image of "Centennial Quality, Trusted Excellence," leveraging technological innovation as a powerful engine to drive sustainable development and long-term vitality. In terms of R&D and innovation management, we build a whole-process R&D organizational structure, optimize the R&D process, and ensure the standardized production and manufacturing of the whole process of products. We attach great importance to the protection of intellectual property rights, actively participate in industry exchanges and co-construction, and walk side by side with peers to make progress together. In terms of product quality control, we empower the industry with strong scientific research capabilities and technical support. In 2024, the quality indicators of factory products will be stable, and the foundation for digital innovation and capacity building will continue to be consolidated. At the same time, we uphold the value of "responsible supply chain", classify suppliers, carry out ESG risk assessment, use big data analysis, artificial intelligence and other cutting-edge technologies to optimize supply chain management, and work with partners to promote the progress and development of the industry.

Exploring the global market and expanding the business territory. In 2024, our business territory will expand to Zimbabwe, a country in eastern and southern Africa, and we have invested and operated cement and upstream and downstream enterprises in 12 overseas countries, becoming one of the enterprises with the highest degree of internationalization in China's building materials industry. The Company has a considerable cement production capacity and is under construction. We entered the West African market for the first time, and successfully contracted a production capacity of more than 10.5 million tons in Nigeria, consolidating its development layout in Africa. At the same time, the company actively develops non-cement business areas, and overseas aggregates, environmental protection and new materials businesses go hand in hand. The engineering

equipment business undertakes a number of overseas projects to help factories improve efficiency and production capacity. At the same time, the cement industry, procurement and logistics, finance, legal affairs and other departments collaborate to promote overseas business development in an all-round way from the aspects of technology, support team, financial standards and legal protection.

Cultivating the concept of people-oriented and conveying social responsibility. Employees are the core driving force of the company's development, and we always uphold the concept of people-oriented, and protect the basic rights and interests of employees in accordance with the law. We continue to improve smooth communication channels, encourage employees to actively participate in the construction of the company, and send condolences and care to employees in a timely manner when they encounter difficulties, so as to enhance employees' sense of belonging and happiness. At the same time, various leisure activities are organized to help employees relieve work pressure and relax. We continue to improve the talent incentive and growth system, help employees improve their professional skills, and are committed to cultivating all-round talents. We attach great importance to the safety and health of employees, conduct in-depth investigations of potential safety hazards, and regularly carry out occupational disease prevention and control training to protect the safety and health of employees. In the process of continuous development and growth, we actively practice corporate social responsibility, respond to the "Belt and Road" initiative, accelerate the international layout, and inject vitality into local development. helping rural revitalization through various ways such as agricultural assistance, student assistance, and assistance. actively participate in social welfare undertakings, convey care, and contribute to social development.

Mountains stand majestic due to their steepness, and the sea remains vast through its relentless surges. We have travelled thousands of mountains and rivers, and we still need to move forward in the future. There is still a long way to go, but there is a lot of faith; Glory belongs to the past, and the future needs to be explored. Standing at a new starting point and answering the call of the times for global sustainable development, we will anchor our goals, deepen our green layout, strengthen the empowerment of science and technology, and bravely assume social responsibility. With fearless determination, we will continue to write the new glory of Huaxin ESG and contribute to the sustainable development of the world.

President of Huaxin Cement Co., Ltd
Li Yeqing

About Huaxin Cement

Company Profile

Founded in 1907, Huaxin Cement Co., Ltd. is known as the cradle of China's cement industry and has been a leading supplier of building materials in China for 117 years. In 1994, the Company's A and B shares were listed on the Shanghai Stock Exchange. In 1999, it formed a strategic partnership with Holcim. On March 28, 2022, Huaxin Cement successfully transferred from B-share market to H-share market and was officially listed on the Main Board of the Hong Kong Stock Exchange.

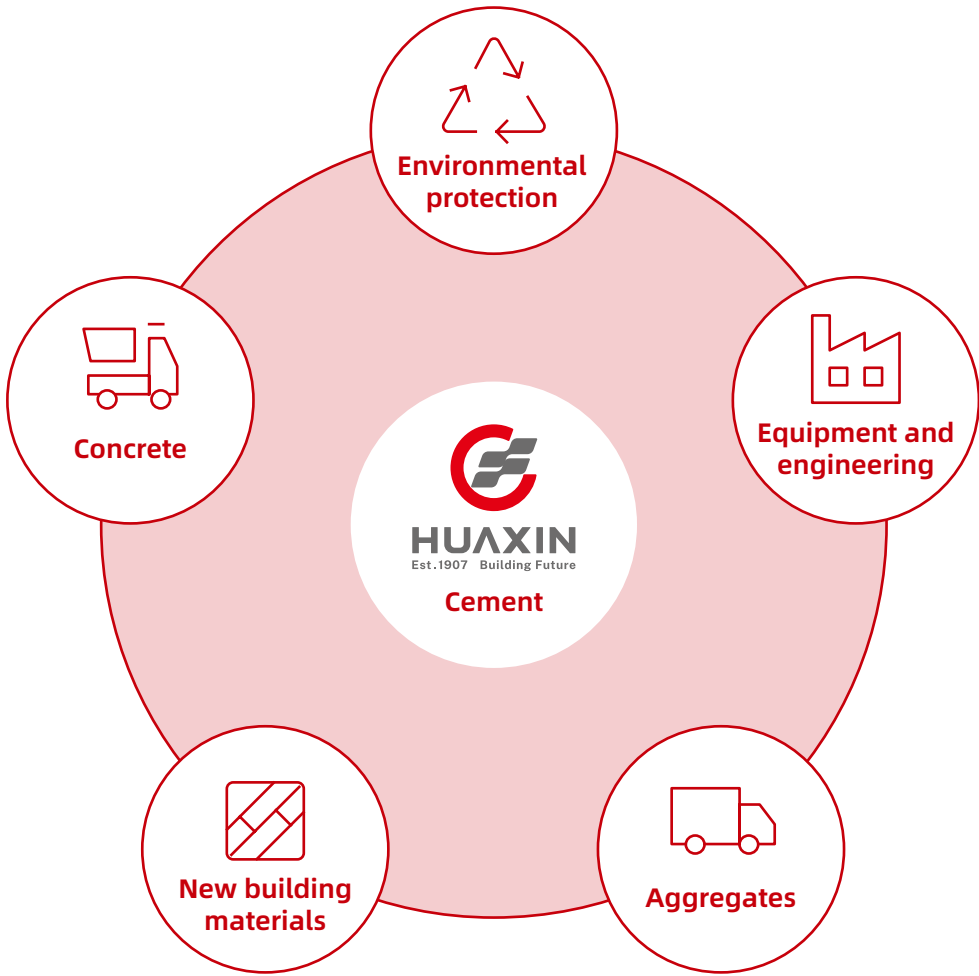
Since 2000, the Company has developed from a local cement firm into a global building materials group that possesses more than 300 subsidiaries in 17 provinces and cities in China and 16 overseas countries, and pursues integrated development along the whole industry chain covering cement, concrete, aggregates, environmental protection, equipment manufacturing & engineering, and new building materials. It now ranks among Top 500 Chinese Manufacturing Enterprises and the Fortune China 500. In addition, it has been selected into the "List of China's 500 Most Valuable Brands" for many years in a row, and its brand value has exceeded 100 billion RMB.

Company culture

Brand		A century-old brand with trustworthy quality
Spirit		Honest, dedicated, pragmatic, innovative
Mission		To clean our living environment, and provide reliable building materials
Vision		A better world starts with us
Value		Safety first, customer-centered, result-directed, honest and trustworthy, innovative development, and people-oriented

Company Business

At the beginning, when the Company went public, it was a specialized company engaged in cement production and sales, cement technical services, cement equipment (including research, manufacturing, installation, and maintenance), and cement import and export. In the past 20 years, as it implemented a number of development strategies on integrated development, environmental protection transformation, overseas development, and the expansion of new building materials business, the Company has expanded its businesses to include the production and sales of commercial concrete, aggregate, and cement-based new building materials, cement kiln collaborative disposal of wastes for environmental protection, domestic and international cement EPC contracting, the technology, equipment and engineering contracting for cement kiln collaborative disposal, and other related businesses. Over time, it has become a leading global building materials group in China that pursues integrated development along the whole industrial chain.



Operating income

34.217 billion RMB

Cement production capacity
(grinding capacity, including the capacity of joint ventures)

126 million tons/year

Waste disposal capacity

16.93 million tons/year

Aerated concrete products (bricks, slabs) production capacity

950,000 m²/year

Gross profit

4.112 billion RMB

Commercial concrete production capacity
(including commissioned processing capacity)

50,084 m²/hour

Cement equipment manufacturing capacity

50,000 tons/year

Ultra-high-performance concrete capacity

400,000 tons/year

Total assets

69.513 billion RMB

Aggregate capacity

285 million tons/year

Comprehensive environmental protection wall material production capacity of eco-friendly wall materials

660 million pieces/year

Cement packaging bag capacity

700 million pieces/year

Honors and Awards

Hubei Top 100 Enterprises 2024

Hubei Enterprise Confederation, Hubei Entrepreneurs Association

Asia's Top 500 Brands 2024

World Brand Lab

"Innovation and Application of Key Technologies for Intelligent Low-carbon Cement Production" Wins the Only Innovation Award at the WCA 2024

World Cement Association (WCA)

First Batch of Low-carbon Standardization Workstations in the Building Materials Industry (Cement)

China Building Materials Association

Excellent Practices in Listed Companies' Board Offices 2024

China Association for Public Companies

"SSE · Golden Quality - Corporate Governance Award" 2024

Shanghai Securities News

First Prize for National Modern Enterprise Management Innovation Achievements

China Enterprise Confederation, China Entrepreneurs Association

CGMA "Annual Excellence in Management Accounting Practice Award" 2024

The Association of International Certified Professional Accountants (AICPA & CIMA)

National May Day Labor Award

All-China Federation of Trade Unions

Typical ESG Practice Cases in Building Materials Industry

China Building Materials Association

"Rural Revitalization Volunteer Service Project" Selected as a Best Practice Case in Professional Volunteer Projects

12th Professional Volunteer Service Week and 1st Volunteer Service Technology Conference

East Africa Building and Construction Association's Cement Brand Excellence Award 2024

East Africa Building and Construction Association (EABC)

"Digital Supply Chain Transformation Practice" Wins the Excellent Supply Chain Case Award in the Cement Industry 2024

China Cement Association

"Belt and Road" Top 100 Best Practice Cases by Chinese Listed Companies over the Past Decade

China Association of Public Companies

Huaxin Tanzania Company Wins the Special Prize of Tanzania Annual Quality Award 2024

Tanzanian Ministry of Trade and Investment

Huaxin Chibi's NanShan Cement Limestone Mine Wins the "Top Ten Mines" Title 2024

China Cement Association

"Sludge Deep Dewatering and Full Resource Utilization Technology for Pollution Reduction and Carbon Emission Reduction" Project Wins the First Prize of Scientific and Technological Progress Award 2023

People's Government of Hubei Province

"Key Technologies for Intelligent Low-carbon Cement Production" Selected into the MIIT's Recommended Catalogue of Energy-saving and Carbon Reduction Technologies and Equipment (2024)

Ministry of Industry and Information Technology

Huaxin Huangshi Company Receives the First Batch of Carbon Label Certificates for Building Materials

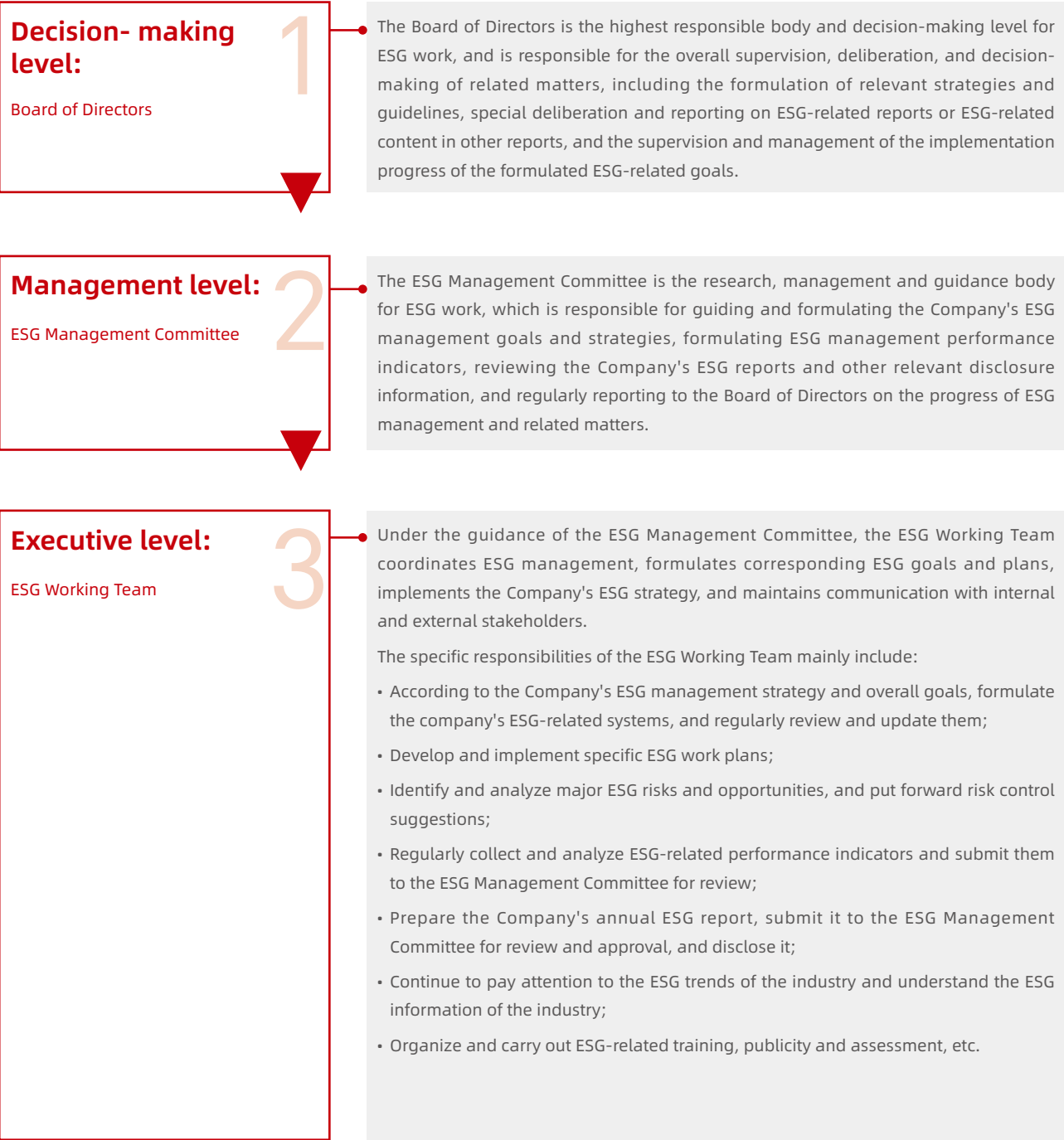
China Building Materials Association

ESG Management

Huaxin Cement has always practised the concept of ESG and deeply integrated ESG management into the company's daily business decisions. We proactively respond to regulatory requirements, actively meet the expectations and demands of stakeholders, accurately manage risks and opportunities related to sustainable development, and strive to create long-term and stable value for the company.

ESG Governance Structure

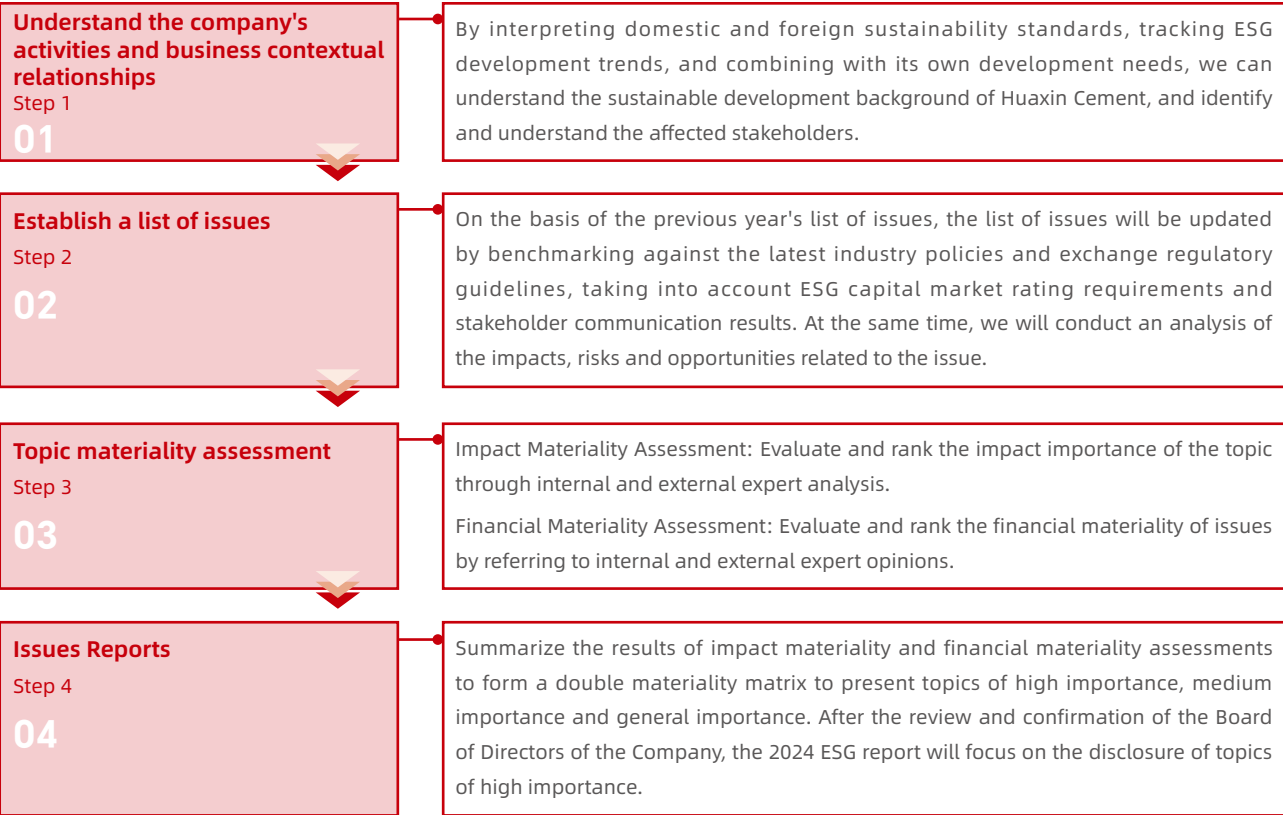
Huaxin Cement has established and improved the ESG governance structure, built a three-level management structure of "Board of Directors-ESG Management Committee-ESG Working Team", clarified the ESG governance responsibilities at all levels, and effectively ensured the orderly development of ESG-related work plans. During the reporting period, the Company established an ESG Management Committee and set up an ESG Working Team under the committee to enhance ESG management implementation and resource allocation.



Double Materiality Assessment

Double materiality analysis is a key part of ESG management, which helps enterprises manage ESG impacts, risks and opportunities from the two dimensions of financial materiality and impact materiality, thereby improving the scientific and accurate nature of ESG management, and enhancing corporate value and long-term competitiveness.

In 2024, we conducted a questionnaire survey and quantitative analysis of the materiality of the Company's issues in accordance with the criteria for judging the materiality and financial materiality of the impact in the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies–Sustainability Report (Trial) (herein after referred to as the "Guidelines"), and with reference to the relevant norms of the GRI Standard for materiality assessment.



Communication with stakeholders

We actively communicate with our stakeholders and collect their expectations and demands through multiple channels.

Stakeholders	Main topics of concern	Communication channels
Governments and regulatory authorities 	- Environmental management - Tackling climate change - Promote circular economy - Scientific and technological innovation - Anti-corruption and clean government	- Information disclosure - Government meetings - Policy suggestions - Site visits - Daily communication and reporting
Shareholders & Investors 	- Tackling climate change - Green and environmentally friendly products - Product quality and safety - Scientific and technological innovation - Corporate Governance - Risk management	- General Meeting of Shareholders - Periodic reports and announcements - Investor hotline - Performance briefing and other communication activities
Clients 	- Green and environmentally friendly products - Product quality and safety - Protection of customer rights	- Questionnaire - Quality monitoring system - Social media, etc.
Partners 	- Scientific and technological innovation - Supply chain management - Industry exchange and development	- Supplier conference - Questionnaire - Project cooperation - Industry exchanges - Business negotiation
Employees 	- Diversity, Equity & Inclusion - Labor rights - Occupational health and safety - Communication and caring - Development & Training	- Labor Union - Employee survey - Employee training - Symposiums, talks, etc. - Daily communication
Society and the public 	- Environmental management - Rural revitalization - Social welfare	- Volunteer service - Information disclosure - Job fairs

List of issues

Note: The time frame is defined as short-term (within 3 years [inclusive]), medium-term (3 years to 5 years [inclusive]) and long-term (more than 5 years).

In order to meet the regulatory requirements and stakeholder needs, we carefully selected the list of topics against the 21 topics set out in the Guidelines, with reference to the Company's sustainable development background and business practices, and the results of stakeholder communication. During the reporting period, we identified a total of 24 sustainability-related issues, including 8 environmental issues, 12 social issues and 4 governance issues.

The Company initially identifies and analyzes the actual and potential impacts, risks and opportunities related to sustainability issues, as shown in the table below.

Dimension	Huaxin Cement's sustainable development issues	Impact cycle	Positive impact	Negative impact	Risk	Opportunity	Corresponding to the topics of the Guidelines
Environment	Environmental management	Short term	√	√	√		Environmental compliance management
	Tackling climate change	Long term	√	√	√	√	Climate change tackling
	Energy use	Medium and long term	√	√	√	√	Energy usage
	Water management	Medium and long term	√	√	√		Usage of water resources
	Waste management	Short term	√	√	√		Pollutant discharge Waste disposal
	Promote circular economy	Medium and long term	√			√	Circular economy
	Green and environmentally friendly products	Long term	√			√	Company supplementary topics
	Biodiversity and natural resource conservation	Medium and long term	√	√	√	√	Ecosystem and biodiversity protection
Society	Product quality and safety	Medium and long term	√	√	√	√	Safety and quality of products and services
	Protection of customer rights	Medium and long term	√	√	√	√	Safety and quality of products and services Data security and customer privacy protection
	Diversity, Equity & Inclusion	Medium and long term	√			√	Employees
	Labor rights	Medium and long term	√	√	√	√	Employees
	Occupational health and safety	Short term		√	√		Employees
	Communication and caring	Medium and long term	√			√	Employees
	Development & Training	Medium and long term	√			√	Employees
	Scientific and technological innovation	Medium and long term	√			√	Innovation-driven Ethics of science and technology
	Supply chain management	Medium and long term	√	√	√	√	Supply chain security Equal treatment to small and medium-sized enterprises
	Industry exchange and development	Long term	√			√	Company supplementary topics
	Rural revitalization	Long term	√			√	Rural revitalization
	Social welfare	Long term	√			√	Contributions to the society
Governance	Anti-corruption and clean government	Short term	√	√	√		Anti-commercial bribery and anti-corruption Anti-unfair competition
	Corporate Governance	Medium and long term	√	√	√		Company supplementary topics
	Operate in compliance	Medium and long term	√	√	√		Company supplementary topics
	Risk management	Medium and long term	√	√	√		Due diligence

Impact materiality assessment results

We assess the impact of sustainability-related issues in terms of both the likelihood and severity of impacts. Among them, the possibility is evaluated from three perspectives: the scale of the impact, the scope and the irremediability.

Impact materiality assessment results		
Highly important	Moderately important	Generally important
- Tackling climate change - Environmental management - Biodiversity and natural resource conservation - Corporate Governance - Labor rights - Occupational health and safety - Development & Training - Anti-corruption and clean government	- Risk management - Waste management - Green and environmentally friendly products - Product quality and safety - Diversity, Equity & Inclusion - Scientific and technological innovation - Protection of customer rights - Industry exchange and development	- Energy use - Promote circular economy - Communication and caring - Supply chain management - Operate in compliance - Water management - Rural revitalization - Social welfare

Financial materiality assessment results

We assess the financial importance of sustainability-related issues in terms of the likelihood of the impact and the extent of the financial impact, taking into account three-time cycles: short-term (within 3 years [inclusive]), medium-term (3 to 5 years [inclusive]), and long-term (more than 5 years).

Financial materiality assessment results		
Highly important	Moderately important	Generally important
- Environmental management - Tackling climate change - Green and environmentally friendly products - Product quality and safety - Occupational health and safety - Operate in compliance - Scientific and technological innovation - Corporate Governance	- Biodiversity and natural resource conservation - Supply chain management - Energy use - Development & Training - Anti-corruption and clean government - Promote circular economy - Industry exchange and development - Risk management	- Water management - Protection of customer rights - Labor rights - Waste management - Diversity, Equity & Inclusion - Communication and caring - Rural revitalization - Social welfare

Summary of the results of the double materiality assessment

Degree of double materiality		
Highly important	Moderately important	Generally important
- Tackling climate change - Environmental management - Green and environmentally friendly products - Occupational health and safety - Biodiversity and natural resource conservation - Product quality and safety - Corporate Governance - Development & Training	- Scientific and technological innovation - Supply chain management - Anti-corruption and clean government - Operate in compliance - Energy use - Labor rights - Industry exchange and development - Risk management	- Waste management - Promote circular economy - Protection of customer rights - Water management - Diversity, Equity & Inclusion - Communication and caring - Rural revitalization - Social welfare



Environmental Protection First, Build a Low-Carbon Future

The Company implements the requirements of national ecological civilization, promotes cleaner production, and builds a green factory. We increase resource recycling and promote sustainable development of ecology. Huaxin Cement launches green products to drive green development with scientific and technological innovation. We actively respond to climate change and protect biodiversity, explore new models of green operation, and contribute to the realization of the national "dual carbon" goal.

SDGs

6
CLEAN WATER
AND SANITATION

7
AFFORDABLE AND
CLEAN ENERGY

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13
CLIMATE
ACTION

14
LIFE
BELOW WATER

15
LIFE
ON LAND

01

Insist on Green Production

Improve Environmental Management

In 2024, 85 of the Company's subsidiaries was certified with ISO14001 environmental management system.



Huaxin Environmental Engineering Co., Ltd. Environmental Management System Certification

Environmental emergency management

Environmental and carbon asset management training

In the context of the national "14th Five-Year Plan", the proposal to accelerate the green transformation of economic and social development of the cement industry (traditional high-emission industry) is clearly imminent. Huaxin Cement continues to strengthen environmental management and supervision, focuses on strengthening pollutant control, promotes green production and operation holistically, and builds an environment-friendly enterprise.

Huaxin Cement strictly abides by the Environmental Protection Law of the People's Republic of China, the Environmental Protection Tax Law of the People's Republic of China, and the applicable laws and regulations of each location of operation. We continuously establish and improve the ecological environmental protection management system, and optimize the company's environmental management measures. Huaxin Cement starts from the three dimensions of the internal system, organizational structure and supervision system to ensure the effective implementation of environmental management measures.

Internal system

The Company formulates and implements management systems such as "Measures for Environmental Protection Management", "Notice on Standardizing Environmental Monitoring", "Notice on the Implementation of Environmental Protection Monthly Reporting System", "Regulations on the Management of Hazardous Waste Disposal" and so on.

In 2024, the Company issued new documents such as the “Notice on Strengthening Self- monitoring and Management”, the “Notice on Carrying out Special Investigation Actions for Environmental Protection Risks in Key Areas”. The Company continuously optimized the closed-loop risk management and control mechanism of "self-monitoring, self-correction and self-improvement".

Organizational structure

The Company has set up an environmental management committee to review and approve internal environmental management policies. In addition, each subordinate unit has also set up an environmental protection management committee. It is equipped with full-time management institutions and personnel to ensure that responsibilities are properly assigned and the Company's environmental protection compliance operations are effectively implemented.

Supervision system

The Company continues to carry out internal environmental audits to identify and resolve potential risks promptly. In 2024, the Company carried out on-site environmental audits for 57 units and conducted inspections at factories regarding environmental permits from organized emissions, unorganized emissions, and mine reclamation. These actions improved the level of environmental management.

The subsidiaries of Huaxin Cement strictly follow the requirements of laws and regulations such as the Emergency Response Law of the People's Republic of China and the Interim Management Measures for the Emergency Management of Environmental Emergencies. The Group formulates emergency plans for environmental emergencies and regularly conducts emergency drills to ensure that when environmental emergencies occur, the company can respond quickly and effectively, to prevent the impact on the environment and the public.

The Group actively conducts environmental protection training, and strives to improve all employees' environmental awareness and practical ability. During the reporting period, Huaxin Cement encouraged employees to report environmental risks actively and continued to carry out the "Environmental Protection Observation Tour" activity, covering a total of 9,000 people. The Group implemented special training for more than 100 environmental protection managers and carbon emission supervisors across the Company's subordinate units to improve their skills.

Environmental and carbon asset management training

Case



In October 2024, Huaxin Cement conducted environmental and carbon asset management training for the environmental protection management departments and the heads of the leading departments of carbon asset. It aimed to improve employees' understanding and operation of carbon asset, and ensured that the Group's carbon emission management complies with national and local regulations and standards. The topics covered included the latest national environmental protection policies, the Group's environmental protection system, the latest developments in the construction of the national carbon market, as well as the collection methods and measurement rules of basic carbon emission data.

Environmental actions

In 2024

Huaxin Dingxiao Company has won the title of provincial "Environmental Protection Integrity Enterprise" for three consecutive years

Huaxin Daye Company was awarded "Ecological and Environmental Protection Green Label Enterprise"

Huaxin Cement embodies the concept of low-carbon environmental protection through practical actions. In 2024, the Company's subordinate units carried out environmental protection actions in various fields. The environmental protection factory of Chibi Industrial Park cooperated with the Comprehensive Law Enforcement Brigade of the Agriculture Bureau to assist in the harmless disposal of pesticide packaging waste; Shuicheng Company assisted the Panzhou City Drug Rehabilitation Center in safely destroying expired drug rehabilitation drugs; Huaxin Environment Co., Ltd. helped small and micro enterprises in Wuhan Optics Valley Bio-City to transfer and dispose of hazardous waste; Zhaotong Environmental Protection Factory and the Municipal Environmental Protection Bureau held an open day for environmental protection facilities.

Huaxin Chibi Company assisted the Agricultural Bureau in the harmless disposal of pesticide packaging waste

Case



The toxic and harmful substances on the pesticide residue packaging are difficult to degrade, and simple treatment will cause soil and surface water pollution, affecting rural green environmental protection and people's physical and mental health. After learning about the situation, Chibi Industrial Park cooperated with the Comprehensive Law Enforcement Brigade of the Chibi Agricultural Bureau to use cement rotary kilns to destroy a total of 35,000 kilograms of pesticide packaging waste, avoiding the pollution of humans, livestock and the ecological environment caused by the residual pesticides in this batch of waste.

Strengthen Pollutant Control

Huaxin Cement strictly abides by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and regulations of each place of operation. The Group strictly follows the requirements of national and local pollutant discharge standards, total pollutant discharge requirements, and concentration control in the pollutant discharge permit.

The Group has formulated the "Environmental Protection Management Measures", "Water Management Measures", "Hazardous Waste Disposal Management Regulations", "Solid Waste Management Measures", and "Notice on Standardizing the Management of Pollutant Discharge Permits", committed to reducing pollutants from the source and promoting the sustainable development of the enterprise. The pollutant discharge did not adversely affect employees and local residents during the reporting period.

Wastewater management

The Group treats wastewater by employing a quality classification to achieve "net-zero" discharge of wastewater along the river. We continue to strengthen the supervision of wastewater treatment, carry out sewage reuse, and properly treat the wastewater generated in the production and construction process. During the reporting period, the Group carried out compliant treatment of sewage discharge to achieve zero wastewater discharge.



The sewage containing a small amount of pollutants formed is completely collected and treated within 15 minutes through the rainwater and sewage diversion project. Then, the rainwater enters the reclaimed water reuse system in the plant area without discharge.



Treatment of production wastewater through circulating water treatment system: If it cannot be directly recycled, it shall be treated by physical and chemical methods such as oil separation, precipitation and flocculation, and then comprehensively utilized.

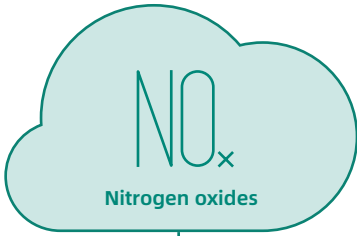


After domestic sewage is treated by methods such as oil separation, filtration, biological contact oxidation, and disinfection, it is used for plant greening, road sprinkling, dust reduction, humidification tower and water spraying, etc. After domestic sewage generated by the wharf is collected completely, it will be treated ashore and reused.

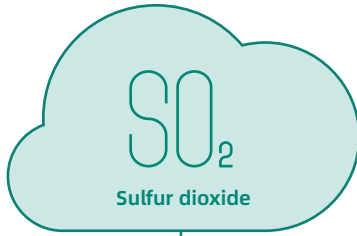


Exhaust gas management

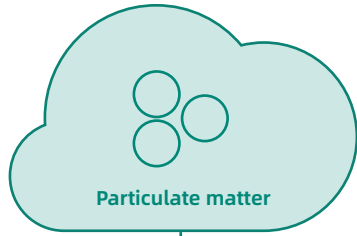
The Group has established a sound waste gas management mechanism, regularly evaluates it and introduces targeted improvement measures. The Grup adopts advanced pollutant prevention and control technology, employing the method of "source control and real-time monitoring" for major air pollutants such as nitrogen oxides, sulfur dioxide and particulate matter to implement pollution prevention and control.



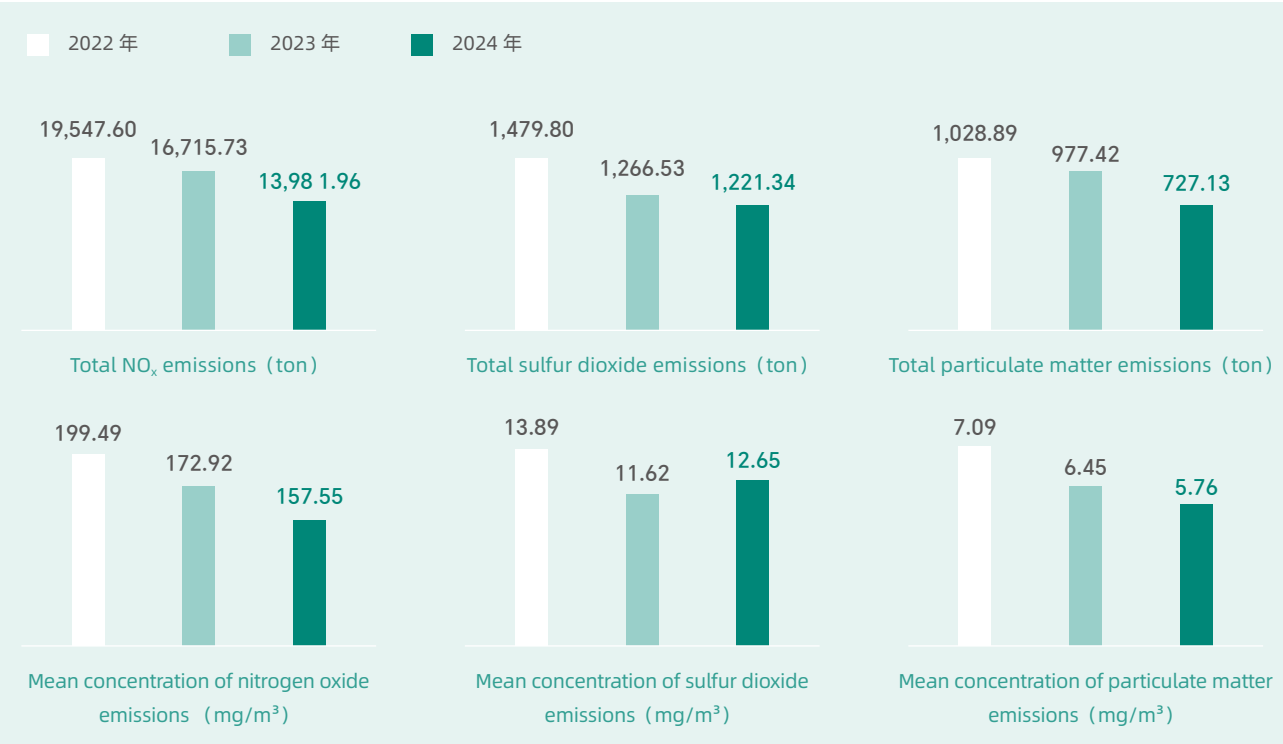
Through continuous optimization and improvement of staged combustion technology, selective catalytic reduction (SCR) technology, and optimization of selective non-catalytic reduction system (SNCR). The Group has achieved continuous and stable emissions of nitrogen oxides while greatly reducing the amount of ammonia used. Through continuous optimization and improvement, the Group's nitrogen oxide emissions per ton of clinker in 2024 reduced by about 5.4% compared with 2023. The Group has achieved low consumption and low environmental load operation for denitrification.



The Group effectively controls the source of sulfur dioxide production by rationally matching raw materials. The Group strengthens the control of raw material ingredients and fuel sulfur content, combined with accurate central control process control. It uses online pollutant monitoring data as a guide to ensure that sulfur dioxide emissions meet the standard. To further alleviate the additional impact of sulfur dioxide emissions on the environment under unexpected conditions, the company actively explores sulfur dioxide control measures under adverse conditions such as the shutdown of raw material mills, and adopts wet desulfurization, composite desulfurization and other means to achieve continuous and stable emissions.



The Group uses the production line to stop the kiln and perform preventive maintenance of the dust removal equipment during the off-peak production period to ensure that the dust removal equipment is in the best working condition. At the same time, the Group adopts the measures of "incoming vehicle washing device + internal road spraying + regular cleaning" to suppress transportation dust; The installation of "roller table cleaning machine + mobile dust collection" realizes the steady reduction of dust in the packaging cement area. Through the zoning management strategy, the concentration of particulate matter emissions from the Group's factories has decreased by about 11% compared with 2023.



Waste management

The Group adheres to sustainable development, continuously optimizes the waste management process, implements the "3R" measures of waste, and strives to achieve efficient use of resources and reduce the impact of waste on the environment.

The Group promotes cleaner production, optimizes production processes, improves resource utilization efficiency, and reduces raw material consumption and waste generation. We take full advantage of co-disposal of cement kilns to standardize the classification, collection, storage and disposal of waste, and realize zero discharge of general industrial waste in cement plants. We regulate the collection, storage and entrusted disposal of toxic and hazardous waste, and achieve 100% compliance with disposal of toxic and hazardous waste.

According to the principle of "classified collection, partitioning/storage, and self-utilization", the Group stores or removes industrial waste and domestic waste separately and treats them unified. For hazardous waste, such as waste mineral oil, laboratory waste liquid, empty paint buckets, empty oil drums, etc., this is handed over to a qualified third party for treatment or recycling to achieve zero discharge of solid waste from cement plants.

Hazardous waste

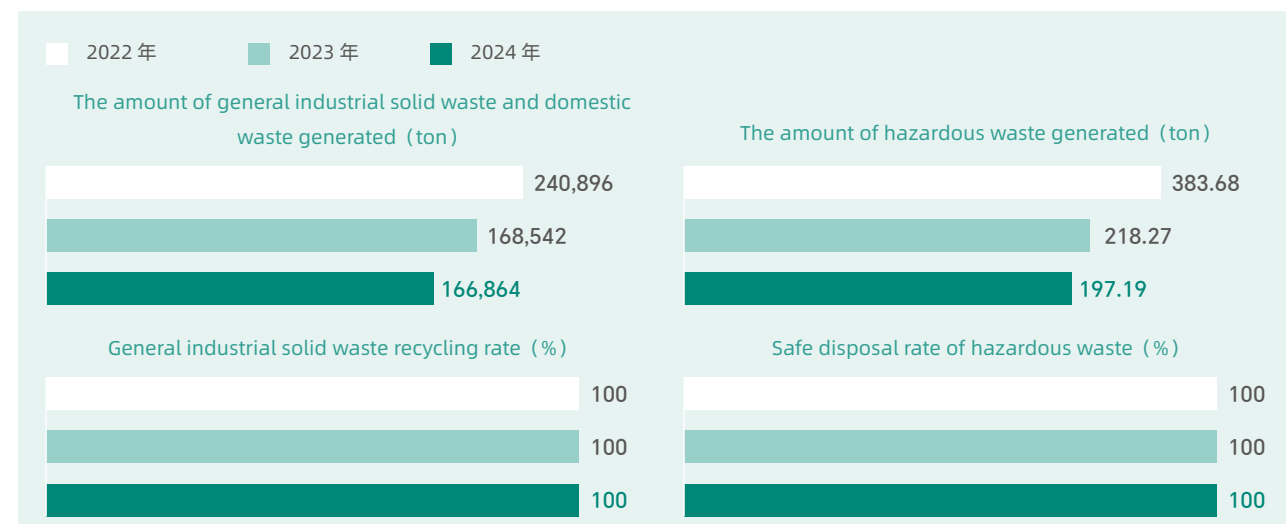


Based on the requirements of the National Hazardous Waste List and the Standardized Management Index System for Hazardous Waste, the Group implements the classification, collection, storage and disposal of hazardous waste. The Group starts from the source to build a whole-process monitoring system, builds a hazardous waste temporary storage room that meets the requirements of the "Hazardous Waste Storage Control Discharge Standards", and entrusts a qualified third party to dispose of hazardous waste by regulations. We strictly implement the hazardous waste transfer bill system to ensure the environmental impact of hazardous waste throughout its life cycle from generation to final disposal is effectively monitored.

General Solid Waste



The Group actively implements garbage classification and treatment measures, and carefully classifies solid waste into two categories: collaborative kiln disposal and non-collaborative kiln disposal. Among them, waste paper, plastics, rubber, wood products, textiles, etc., are classified as alternative fuels and are harmlessly treated through cement kilns. The muck and construction waste are used as alternative raw materials to participate in the cement production process to ensure that they meet the cement quality standards. For recyclable items such as metal spare parts, the factory will sign an agreement with a waste disposal unit with corresponding qualifications to standardize treatment and recycling to ensure the entire disposal process is safe and harmless.



Optimize Resource Usage

The Group adheres to "integrated" development and promotes the transformation of energy-saving, emission-reduction technologies and the use of clean energy. We strengthen the management of water resources, integrate the concept of green packaging into the packaging design path. We are committed to being a pioneer in the green and low-carbon industry with low consumption and low emissions.

Strengthen Energy Efficiency Management



Huaxin Cement (Huangshi) Co., Ltd. Energy
Management System Certification

As of the end of the reporting period,

40 of the Group's domestic cement plants have obtained third-party certification for energy management systems,

of which **18** factories have obtained third-party low-carbon product certification for cement products.

The Group strictly abides by the Energy Conservation Law of the People's Republic of China and regulations of each place of operation, and formulates energy management systems such as "Main Raw Materials and Energy Consumption Quota Management". The Group actively adopts technological transformation and optimization, alternative fuels and energy-saving facilities to improve energy efficiency and reduce energy demand.

Energy management initiatives

Energy substitution and combustion optimization

Independent research and development of multi-component fuel mixed burning burner for using alternative fuels in the kiln head. The thermal substitution rate of alternative fuel at the kiln head can be increased by 20%, and the standard coal per ton of clinker can be reduced by about 10 kg.

Equipment retrofit and energy efficiency upgrade

The distribution transformer was retrofitted from a transformer with a capacity of 500KVa to a transformer with a capacity of 315KVa, which reduced the energy requirements required for production.

After implementing secondary/third wind technical transformation and optimization, the secondary air temperature increased by 40~70 °C. The standard coal per ton of clinker decreased by about 1kg.

The separation efficiency of the preheater C1 was improved, and the separation efficiency was increased by more than 2% after the transformation of 7 line. The standard coal per ton of clinker decreased by about 0.8kg.

Operation management and energy-saving control

Limit using the intercooler oven preheating system of the printing machine in summer to avoid unnecessary energy consumption.

Huaxin Diwei uses solid waste as an alternative fuel to promote renewable energy applications in the cement industry

Case



After more than ten years of continuous R&D and practice, Huaxin Cement has successfully converted solid wastes such as domestic waste and industrial hazardous waste into alternative fuels for cement kilns. We realise the efficient conversion of waste to renewable energy and promote green upgrading of the Group's energy structure. With this technical achievement, the Group won the second prize in the 2016 National Science and Technology Progress Award.

In May 2024, after the acceptance of the expert group organized by the China Building Materials Federation, Huaxin Diwei Company first realized the continuous, stable and large-scale application of this technology, and the fuel substitution rate was stable at more than 60%, reaching the international advanced level. After the implementation of the project, the heat substitution rate of alternative fuels has increased by more than 3.5 times. The comprehensive energy consumption of the Group's clinker unit product has been reduced by 41.80kgce/t based on the clinker output of 600,000 tons/year, which can save 26,600 tons/year of standard coal and reduce carbon emissions by 85,200 tons/year.

Key technologies for low carbon intelligent manufacturing of cement

In May 2024, "Key Technologies for Low-carbon Intelligent Manufacturing of Cement" led by Yeqing Li, President of the company, was successfully selected into the "Recommended Catalogue of National Energy Conservation and Carbon Reduction Technology and Equipment in the Field of Industry and Information Technology (2024 Edition)" by the Ministry of Industry and Information Technology. Huaxin Cement effectively reduces interference step by step during the low-carbon production of cement and helps cement plants improve TSR through its self-developed intelligent management system. The technology has been implemented and promoted in 26 plants both at home and abroad, which sets a benchmark for energy saving and carbon reduction in the cement industry, and promotes the green transformation of the industry.

Case

Huaxin Intelligent Advanced Control System (HIAC)

It can carry out precise and high-frequency operations and maintain stable quality under the planned output. The Group maximizes the feeding of alternative raw fuels and significantly reduces production energy consumption.

Huaxin Intelligent Online Quality Control System (HOQC)

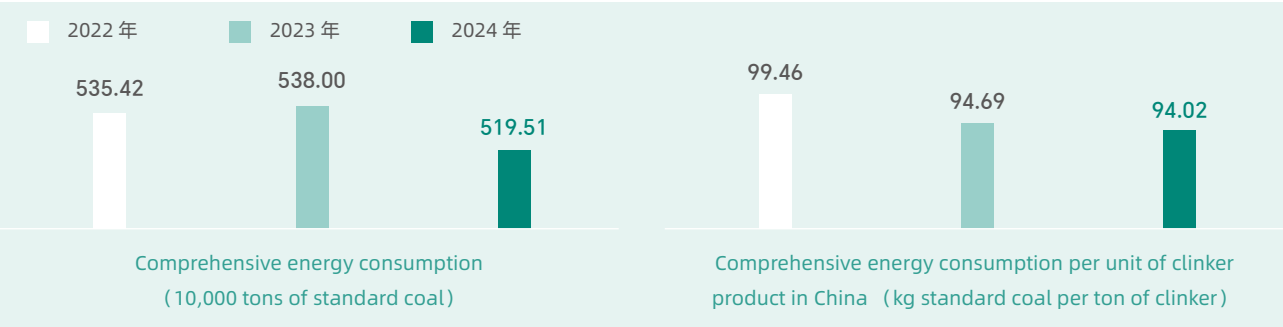
A quality prediction model that can be trained to guide production in real-time using the predicted results.

Huaxin Intelligent Combined Storage Material Handling System (HIMP)

It can automatically classify and store raw fuels in the factory. We efficiently and accurately match raw materials of different qualities according to production quality control requirements.

Huaxin Intelligent Equipment Monitoring and Optimization System (HERO)

It is connected to most of the field equipment sensors and cameras to ensure full coverage of key points without dead ends. It collects a large amount of multi-modal data to achieve fault prediction and on-site safety control and early warning.



Conservation of Water Resources

In 2024

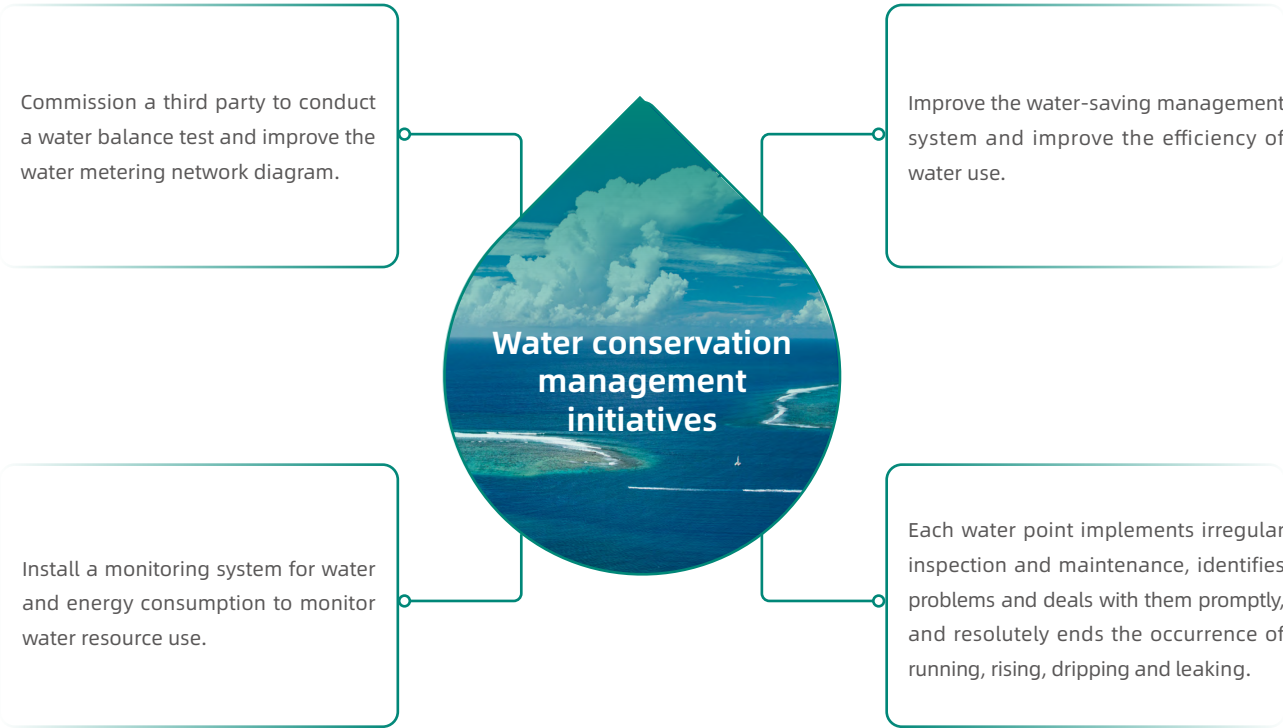
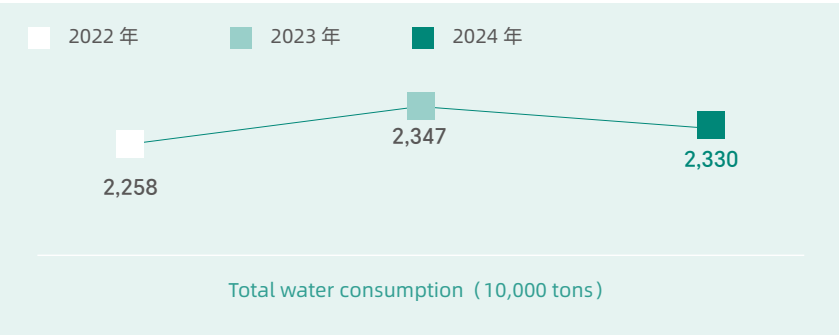
Huaxin Luquan Company was honored as "Kunming Water-saving Enterprise"

Yangxin Company was honored as "Huangshi Water-saving Enterprise".

The Group takes water sources in strict accordance with the Water Law of the People's Republic of China, Regulations on the Administration of Water Intake Permits and Water Resources Fee Collection and regulations of each place of operation. The Group standardizes the water intake process of river surface water, strictly controls the amount of water resources, actively improves the efficiency of water resource utilization, and increases the amount of water reused.

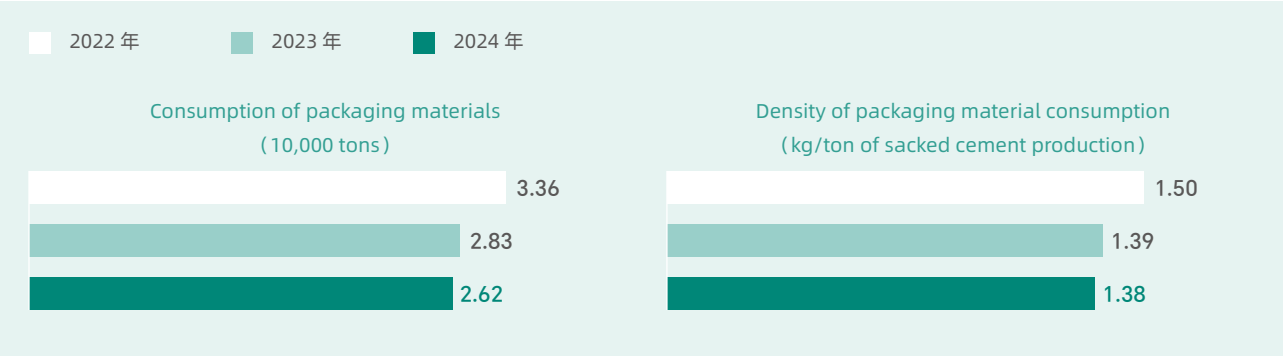
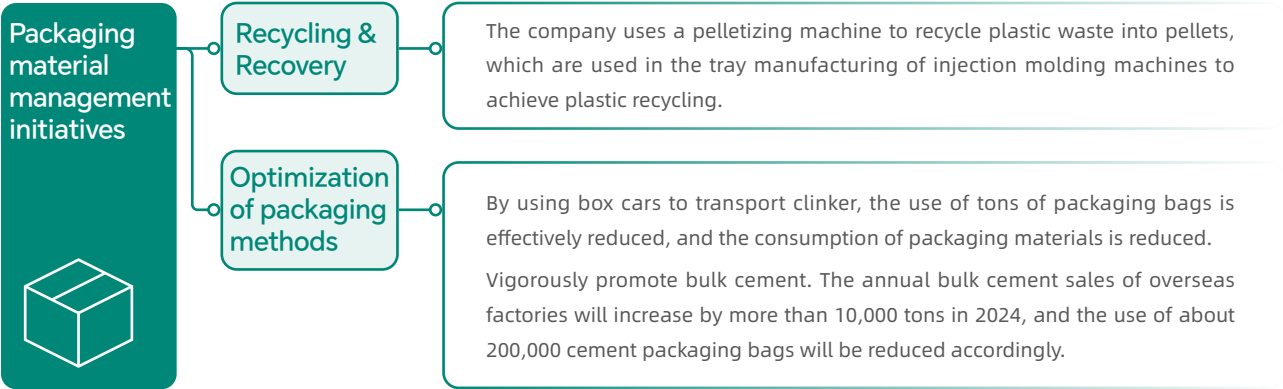
Huaxin Cement does not conduct high-water projects in water-scarce areas to avoid additional pressure on local water resources. As of the end of the reporting period, none of Huaxin Cement's production sites were located in water-stressed areas. During the reporting period, we had no problems finding suitable water sources.

In 2024, Huaxin Luquan Company was honored as "Kunming Water-saving Enterprise" and Yangxin Company was honored as "Huangshi Water-saving Enterprise".



Use of Packaging Materials

Huaxin Cement is committed to green, low-carbon and high-quality development in the industry. The Group follows the GB/T 9774-2020 "Cement Packaging Bag" standard, and fully implements the green packaging recycling. We strictly manage the classification, specification, marking, layout printing and bag-making materials of cement packaging bags, and use environmentally friendly water-based inks for square bottom valve bags. These materials can be 100% recycled, in line with the national requirements for green packaging, and help achieve a circular economy.



Focus on Ecological Protection

As a model of sustainable development in the cement industry, Huaxin has established and is committed to the concept of ecological protection. The Group unwaveringly pursues the path of green development, and makes every effort to promote the harmonious coexistence of man and nature, from supporting local ecological construction to building green mines and green factories.

Green Mines

By the end of 2024

Mines of Huaxin Cement had been selected as national green mines

13

Mines had been selected as provincial green mines

10

The Group complies with the "Measures for the Management of Environmental Protection of Huaxin Cement Co., Ltd.", the "Regulations on the Management of Environmental Protection of Factories along the River (Trial)" and regulations of each place of operation. We strictly prohibit our subordinate units from mining operations within the ecological red line delineated by government departments at all levels. The Group requires all subordinate units to strictly implement mine soil and water conservation, mine reclamation and biodiversity conservation.

Huaxin Cement focuses on formulating scientific and systematic mining plans, comprehensively implementing green mine construction, and ensuring the comprehensive utilization of mine resources. Before determining the mine mining plan, the mine ecological restoration plan is designed, and the original appearance or original use of the mine is fully considered. We provide a scientific basis for the realization of the ecological restoration measures of "mining and restoration", and truly realize the sustainable utilization of the mine while ensuring the maximization of the utilization of mine resources and the minimization of ecological and environmental impact.

By the end of 2024, 13 mines of Huaxin Cement had been selected as national green mines and 10 mines had been selected as provincial green mines.

The green coverage rate of the Monk Fort limestone mine of Zigui Company reached 100% of the greenable area

Case

The mining of Heshangbao Mine is in strict compliance with the requirements of the "Code for the Construction of Green Mines in Cement Limestone". It has scientifically promoted the restoration and management of the mine environment, land reclamation, soil and water conservation, etc. We implemented "seam and needle" greening on both sides of the mine road and the factory area, and the green coverage rate of the mine has reached 100% of the greenable area.

In 2024, a third-party assessment expert group of green mines in Hubei Province visited the mine to inspect the mining situation. The expert group spoke highly of Huaxin's adoption of "top-down, horizontal layering" efficient and green mining technology. They highlighted the notable features of the belt transportation line, such as the use of closed transportation, dust collection at the starting point, and dust spraying and prevention at the end point.



Huaxin Chibi Company's Nanshan cement limestone mine won the title of "Top Ten Mines" of China Cement Association in 2024

Case



of Chibi Company won the title of "Top Ten Mines" of China Cement Association in 2024.

Huaxin Chibi Company firmly implements the development concept of "lucid waters and lush mountains are invaluable assets", and continues to promote the construction of green and low-carbon digital mines. With the help of mechanization, informatization, automation and intelligence, the Group implements a series of projects, including final slope monitoring, step reclamation and greening, uphill road hardening, water diversion uphill, road spraying, slope beautification and lighting, mine functional zoning and comprehensive renovation and transformation of the ecological environment in the mining area, to beautify the ecological environment of the mining area and improve the quality of green mine construction. At the 18th Annual Meeting of Cement Mines of China Cement Association, the Nanshan Cement Limestone Mine

Green Factory

- 2024
- Honghe Company was recognized as a national "Green Factory".
 - Lincang Company was recognized as a provincial-level "Green Factory" in Yunnan Province.
 - Yichang Company was recognized as a provincial-level "Green Factory" in Hubei Province.
 - Daye Company was recognized as a provincial-level "Green Factory" in Hubei Province.

In order to promote the construction of green factories, Huaxin Cement has comprehensively established "beautiful factories". Through various initiatives, we promote the construction of "clean, green, bright and beautiful" garden-style factories, and achieve various environmental performance indicators to reach the industry-leading level. During the reporting period, we implemented an on-site benchmarking evaluation of 30 units to create beautiful factories to meet the standards, "promote reform through evaluation", and promote the overall improvement of all units.

By the end of 2024, 20 Huaxin Cement factories had been selected as national green factories and 8 factories had been selected as provincial green factories.

Huaxin Shigatse Company won the title of the first batch of "Waste-free Factory"

Case

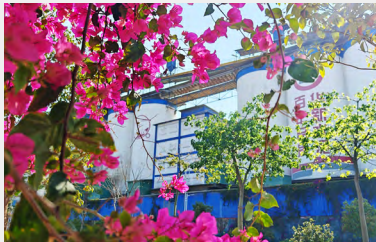


and high-level protection of the ecological environment.

Huaxin Shigatse Company actively participated in the construction of "waste-free city" in Shigatse City. At the end of 2024, Huaxin Shigatse Company's cement kiln co-disposal of domestic garbage project was put into trial operation, which made up for the insufficient capacity of end disposal of garbage classification for the construction of "waste-free city" in the city. During the same period, Huaxin Shigatse Company was awarded the title of the first batch of "waste-free factories" in the city. In the future, the Group will continue to play a leading role in demonstrating, and constantly consolidating and improving the results of the construction of "waste-free factories", contributing to the promotion of high-quality development of the regional economy

Huaxin Honghe Company built a "big garden" factory

Case



years of persistent ecological greening construction, the company has realized the modern ecological pattern of "factory in the forest, forest in the factory, and people in the landscape".

Create Green Products

The Group is committed to researching and developing green and environmentally friendly products, actively exploring innovative environmental protection technologies and production materials, promoting green and low-carbon development, and contributing to the implementation of the "dual carbon" goal.

Green Product Research and Development

Huaxin Cement actively researches low cement consumption based on strength and durability performance guarantees, deeply excavates technical methods for reducing concrete costs and increasing efficiency, and continues to promote green carbon reduction research and development.

Taking C30 concrete as an example, through technological innovation, the water consumption of product production has been reduced by 10-15kg/m³, and the carbon footprint of concrete has been reduced by 22kgCO₂e/m³. At the same time, the Group conducted research on the curing and utilization technology of CO₂ in the field of concrete, and successfully manufactured low-calcium clinker with different mineral compositions to prepare carbonized concrete, achieving a carbon sequestration rate of 15%. With the long-term investment in environmental protection technology, the Group has successfully applied the relevant technology to a number of factories and projects, and realized the commercialization of scientific research results.

Low-carbon building materials help carbon neutrality, and carbon absorption performance leads industry innovation

Case

Low-calcium cement has a low calcium content, which is usually used in industrial waste residue as a raw material, thereby reducing the amount of limestone used. Limestone releases a lot of carbon dioxide during calcination, and the production process of low-calcium cement reduces this process, thereby reducing carbon emissions. In 2024, the Group completed the secondary production of low-calcium cement clinker, with a carbon emission value of 321kg/t- 439kg/t, which is 15%-30% lower than that of general Portland cement clinker, and a coal heat consumption of 660kcal/kg, a year-on-year decrease of 200kcal/kg, and a carbon reduction of about 78.6kg/t per unit of clinker.

The Group uses new low-calcium cement to develop carbon-absorbing standard bricks and carbon-absorbing aerated concrete. After laboratory testing, the performance of these two types of products is comparable to that of similar traditional products. At the same time, it has the function of carbon absorption and reduction, reducing carbon emissions by more than 30% compared with similar products.

Carbon-absorbing standard bricks have been successfully produced in Wuxue Industrial Park. The products have good market prospects and help the Group's solid waste treatment, utilization, and carbon emission reduction.



Green Product Certification

We actively promote product carbon footprint tracking and certification of green and low-carbon products, aiming to promote green and low-carbon development, while enhancing the Group's overall image and product market competitiveness.

Huaxin Huangshi Company won the first batch of carbon label certificates for building materials

Case



In November 2024, Huaxin Huangshi Company was awarded the carbon label certificate for building materials issued by the China Building Materials Federation, becoming one of the first low-carbon cement factories to meet the requirements. This achievement marks Huaxin Huangshi's important stride in embracing the concept of green development and improving the environmental performance of products.

Huaxin Huangshi Company was awarded the first batch of carbon label certificates for building materials

Ready-mixed concrete has been certified as a green building material product

Case



Huaxin Chibi Company carried out green building materials certification in 2024, setting the concrete plant as a benchmark plant for green production, and strictly implemented low-carbon production standards. The company invested 5 million RMB in the technical transformation and equipment update of environmental protection equipment. In 2024, the company's ready-mixed concrete products successfully won the "three-star certification of ready-mixed concrete green building materials products", meaning that Huaxin cement concrete has differentiated competitive advantages in the production process, management level, and product quality.

China Green Building Materials Product Certification

Grade 42.5 ordinary Portland cement was certified as a low-carbon product

Case



Carbon Label Certificate for Building Materials Products



China Low Carbon Product Certification



Certification of Limit of Hazardous Substances in Cement

Respond to Climate Change

Governance



Strategy



Risk management



Metrics and targets



Huaxin Cement integrates the concept of green and low-carbon into its management strategy, aligns with the Implementation Plan for Carbon Peaking in the Building Materials Industry, actively responds to the challenges of climate change, and continuously improves the management capabilities of climate risks and opportunities. The Company is committed to achieving green, low-carbon high-quality development.

To better respond to the challenges brought about by climate change, the Company has established a top-down climate change governance structure.

The Company has established an ESG Management Committee to lead the Company's governance work related to climate change, including formulating management objectives and strategies related to climate change, and analyzing various indicators related to climate change. The Company's ESG Management Committee pays close attention to the industry's low-carbon transformation, listens to external experts' opinions, and holds regular quarterly meetings to supervise. The committee reviews the progress of relevant projects to ensure the deep integration of climate change management and the company's business.

Climate change has a potential impact on the Company's financial position: the frequent occurrence of extreme weather can lead to physical problems such as production disruptions, difficulties in the transportation of raw materials, and damage to assets. The transition to a green company can also expose companies to transition risks, such as market and reputational risks.

Huaxin Cement adopts the attitude of "steady and enterprising, gradual progress", fully grasps the trend of climate change, implements short-term, medium-term and long-term management strategies, conducts long-term tracking of the company's climate governance based on the ESG indicator system, and responds to various risks encountered in daily operations promptly.

We regularly assess climate-related risks and opportunities, considering their likelihood and their material impact on our financial and operational operations.

Bearing in mind the requirements for climate information disclosure in Appendix C2, the Company follows the process of "Climate Risk Identification-Climate Risk Assessment-Climate Risk Prioritization-Climate Risk Management", comprehensively considers various climate risk priorities from the four dimensions of "possibility, impact, adaptability and resilience", integrates them into daily risk management. We will continue to improve our risk response strategies and strive to enhance our ability to prevent and control climate change risks.

The Company formulated the "White Paper on Low-Carbon Development of Huaxin Cement Co., Ltd." to establish its future carbon emission reduction path and goals and disclose its progress every year.

Climate Risk Identification

Types of climate risks/opportunities

Physical risks
Acute risks
Extreme weather

Transition risks
Policy transition risks
National policies have been tightened and supervision has been strengthened

Transition risks
Technology transformation risks
Emission reduction technology is not yet mature

Transition risks
Market and reputational transition risks
Reputational risks from high emissions and greenwashing

Opportunities
Products & Services
Benefits from green products

Opportunities
Resource and energy utilization
Competitive advantage from improved energy efficiency

Huaxin Cement comprehensively identifies climate change-related risks and follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We preliminarily identify the risks and opportunities brought by climate change to enterprises from three aspects: physical risks, transition risks, and market opportunities, and scientifically guide the implementation of climate response actions.

Description of the risk/opportunity

Climate change will bring extreme natural disasters such as floods and hurricanes with high intensity and frequency and extreme weather such as drought and rainfall. These activities will impact the cement industry's production, transportation and sales.

With the proposal of the national "dual carbon" commitment and the deepening of the response to climate change, the cement industry will face the impact of more changing policies and strict regulations.

It is difficult to achieve carbon neutrality in the cement industry in terms of investment and emission reduction volume of existing emission reduction technologies, clean energy, forest carbon sequestration and industrial electrification.

The cement industry is one of the most energy-consuming industries in China. In today's growing focus on climate change and low-carbon transition, the nature of the cement industry can create a negative impression on stakeholders. This negative impression turn poses market and reputational challenges for companies.

With the increasing global attention to environmental protection and sustainable development, consumers are increasingly inclined to choose environmenta-friendly and low-carbon products. In addition, as one of the high-energy-consuming industries in China, the cement industry can also reduce its carbon emissions by producing green products.

Energy efficiency improvement is an important measure to achieve the goal of the "Special Action Plan for Energy Conservation and Carbon Reduction in the Cement Industry", and at the same time, the reduction of unit energy consumption of cement products can also bring cost advantages to the Company and create new economic growth points.



Climate Scenario Analysis

During the reporting period, the Company conducted a systematic review of its global business, comprehensively considered the energy conservation needs and carbon reduction, and finally selected the International Energy Agency (IEA) scenario. We use a qualitative analysis approach to assess in detail the risks and opportunities companies face under different warming scenarios. The coverage of this scenario analysis is only for all factories and operations in Chinese mainland, and does not involve the Company's overseas business. The analysis is based on supporting judgement information from the reporting period. For details on how the Company identify, assess, prioritize and monitor climate-related opportunities and how such assessment is integrated into the Company's overall risk management process, please refer to the section headed Double Materiality Assessment in this report.

Scenario-settingInternational Energy Agency (IEA)	
Scenario Stated Policies Scenario (STEPS) Warming is expected by the end of the century ~2.5°C	Scenario introduction It is assumed that no new policies will be issued, and only the results of future energy development projections based on current policies will be used. In this scenario, greenhouse gas emissions continue to increase, and the probability of physical risks increase significantly.
Scenario Announced Pledges Scenario (APS) Warming is expected by the end of the century ~1.8°C	Scenario introduction It is assumed that all governments’ climate commitments are met on time. In this scenario, physical and transition risks remain relatively balanced.
Scenario Net Zero Emissions Scenario (NZE) by 2050 Warming is expected by the end of the century ~1.5°C	Scenario introduction Hypothesizing net-zero emissions by 2050 aligns with limiting global temperature rise to 1.5° C. In this scenario, the probability of transition risk due to excessive acceleration will be greater than physical risk.
The main assumptions considered in scenario analysis	
Macroeconomics	key indicators such as economic growth, inflation, and exchange rates that can reflect the overall health status of the region
Corporate business	the region in which the business is located, the relationship between the business and the external environment, and the sustainability of the business
Energy Systems	Renewable Energy Use, Clean Energy Use, Energy Storage/Conversion
Technology development	CCUS carbon capture technology, low-carbon and environmental-friendly building materials research and development



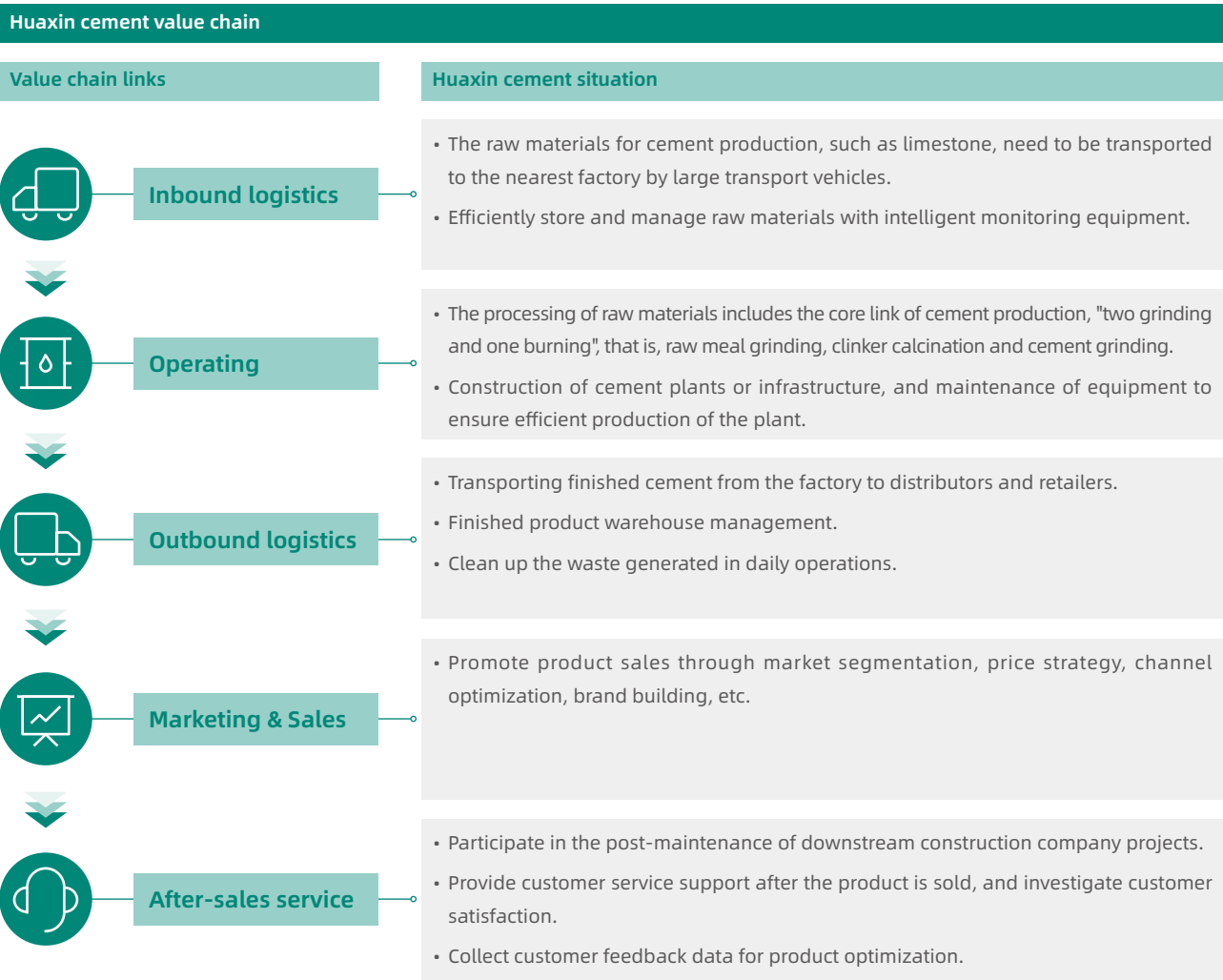
In our scenario analysis, we comprehensively consider the likelihood of each risk/opportunity occurring, and the analysis results are divided into three levels: "low probability, medium probability, and high probability", and disclose the following results:

Types of climate risks/opportunities			Stated Policies Scenario (STEPS)	Announced Pledges Scenario (APS)	Net Zero Emissions Scenario (NZE) by 2050
Physical risks	Acute risks	Extreme weather	High probability	Medium probability	Low probability
Transition risks	Policy transition risks	National policies have been tightened and supervision has been strengthened	Low probability	Medium probability	Medium probability
	Technology transformation risks	Emission reduction technology is not yet mature	Medium probability	Medium probability	Medium probability
	Market and reputational transition risks	Reputational risks from high emissions and greenwashing	Low probability	Medium probability	High probability
Opportunities	Products & Services	Benefits from green products	Low probability	Low probability	High probability
	Resource and energy utilization	Competitive advantage from improved energy efficiency	Medium probability	High probability	High probability

Climate Impact Analysis

Based on the results of climate risk identification and scenario analysis, we conducted a risk impact analysis based on our physical assets, including office buildings, factories, mines, and warehouses. At the same time, we take into account the impact of various risks and opportunities on the business, taking "2024-2025" as the short-term, "2026-2030" as the medium-term, and "2031-2050" as the long-term, and carry out separate assessments of risks and opportunities in different periods.

Given that most Huaxin Cement's assets are located on the ground and exposed to environmental conditions, we are highly vulnerable to climate change risks. Based on its actual situation and industry characteristics, Huaxin Cement has identified five vulnerable value chain links, and conducted a detailed analysis of the affected value chain links and the impact on the company's business.



Types of climate risks/opportunities	Current financial impact
Physical risks Acute risks Extreme weather	- The collection and transportation of cement raw materials can be affected by extreme weather, which can increase operating costs. - Downstream construction operations are highly susceptible to extreme weather (such as heavy rain, heavy snowfall, etc.) and are suspended, resulting in financial losses for the company. - Frequent flooding can damage plant equipment and increase maintenance costs.
Affect time	
short-term, medium-term, long-term	
Types of assets that are affected	
- office building - factory - mine - warehouse	
Types of businesses that are affected	
- Cement manufacturing - Concrete aggregate manufacturing - Equipment & Engineering Construction - Waste disposal	
Affected value chain links	
- Inbound logistics - Outbound logistics - Operating	Expected financial impact - Extreme weather can lead to safety hazards in outdoor operations (e.g., deterioration of site conditions, employee health risks, etc.), resulting in employee injuries, which can increase the company's medical compensation and operating costs. - Loss of revenue due to asset-limited operations during periods of extremely low temperatures. Response - The company provides each customer with a concrete instruction manual, and actively communicates with customers in advance about the construction plan in summer, winter, rain, snow, high temperature and other extreme weather, makes technical disclosure, and issues a contact letter to reduce the possibility of products being affected by extreme weather. - In response to extreme weather, the plant adjusted the concrete mix ratio and production process in time to meet the construction site's needs. - The company continues to expand its integrated business, realize the integration of the whole industry chain, and reduce the impact of climate change from upstream and downstream. - Strengthen the design of the mine and its power grid to withstand cold weather conditions such as persistent freezing and blizzards.

Types of climate risks/opportunities	Current financial impact
Transition risks Policy transition risks National policies have been tightened and supervision has been strengthened	The tightening of national carbon emission policies and the strengthening of supervision will enable companies to invest more in the procurement of energy-saving equipment and environmental protection training.
Affect time	
short-term, medium-term, long-term	
Types of assets that are affected	
- factory - mine	
Types of businesses that are affected	
- Cement manufacturing - Concrete aggregate manufacturing - Equipment & Engineering Construction	
Affected value chain links	
Operating	Expected financial impact - With the construction of the national carbon market and emission trading market, carbon taxes and prices have brought additional cost pressure to enterprises. - Stringent environmental regulations will increase the risk of environmental litigation for companies, increasing the cost of additional fines. Response - The company actively pays attention to the latest changes in national environmental protection laws and regulations, industry policies, etc., and takes timely response measures. - The company conducted carbon market analysis, collecting and studying the national, provincial and municipal carbon quota accounting methods, carbon trading rules, and China's certified resource emission reduction (CCER) offset mechanism. We analyzed and predicted the price fluctuations of the carbon market, and formulated unified carbon trading strategy suggestions to support the committee's decision-making. - The company released the "White Paper on Low- Carbon Development of Huaxin Cement Co., Ltd.", which clarified the carbon reduction goals and formulated a detailed path.

Types of climate risks/opportunities	Current financial impact
Transition risks Technology transformation risks Emission reduction technology is not yet mature	• Increase the research and development of technologies such as CCUS, alternative fuel co-disposal, and kiln head burner optimization and transformation, and the company's R&D costs will rise rapidly in the short term.
	Expected financial impact
Affect time medium-term, long-term	• At present, there are certain uncertainties in emission reduction technology, such as CCUS technology, which is still in the stage of exploration, research, and development, and has not yet been popularized. The technology has certain risks from an investment perspective and emission reduction effect. If the R&D results cannot be put into commercial use, it will bring economic losses to the company.
Types of assets that are affected	
• factory • mine	
Types of businesses that are affected	
• Cement manufacturing • Concrete aggregate manufacturing	
Affected value chain links	
• Operating	

Types of climate risks/opportunities	Current financial impact
Transition risks Market and reputational transition risks Reputational risks from high emissions and greenwashing	• The downstream construction industry has gradually strict requirements for the environmental protection attributes of cement, concrete, wall materials and other high-emission products, damaging the brand and affecting the company's revenue.
	Expected financial impact
Affect time medium-term, long-term	• Greenwashing can lead suppliers and investors to cast doubt on the company's integrity, changing their investment decisions or terminating their cooperation with the company.
Types of assets that are affected	
• office building • mine • factory • warehouse	
Types of businesses that are affected	
• Cement manufacturing • Concrete aggregate manufacturing	
Affected value chain links	
• Marketing & Sales • After-sales service	

Types of climate risks/opportunities	Current financial impact
Opportunities Products & Services Benefits from green products	• In line with the national "dual carbon" goal, reduce the risk of additional expenditure caused by excess carbon emissions or environmental violations. • Meeting the demand for environmental-friendly products in the downstream construction industry will help increase the company's market share.
	Expected financial impact
Affect time long- term	• Catering to future consumer preferences for eco-friendly products, further expanding the company's market share.
Types of assets that are affected	
• office building • mine • factory • warehouse	
Types of businesses that are affected	
• Cement manufacturing • Concrete aggregate manufacturing	
Affected value chain links	
• Marketing & Sales • After-sales service	

Types of climate risks/opportunities	Current financial impact
Opportunities Resource and energy utilization Competitive advantage from improved energy efficiency	• Optimizing the energy management system and carrying out technical transformation of production equipment can reduce energy consumption and control production costs.
	Expected financial impact
Affect time short-term, medium-term, long-term	• Comply with the government's requirements for energy conservation and carbon reduction, and avoid fines and penalties for violations.
Types of assets that are affected	
• office building • mine • factory • warehouse	
Types of businesses that are affected	
• Cement manufacturing • Concrete aggregate manufacturing • Waste disposal	
Affected value chain links	
• Operating	

Carbon Emission Management

We scientifically analyze the Company's internal and external environment and formulate carbon emission management goals. We also clarify the Company's transformation plan, carry out annual carbon emission reduction actions according to the set goals, evaluate annual emission reduction performance, and ensure the implementation of the Company's carbon emission policy.

Carbon reduction targets

Reducing carbon emissions



By 2030

Compared with 2005, the company's CO₂ emissions per unit of operating income will be reduced by

70%+



By 2030, the company's direct CO₂ emissions per ton of cement (Scope 1) intensity will be reduced to

475 kilograms



By 2030, the direct CO₂ intensity (Scope 1) per cubic concrete will be reduced to

124 kg



Progress in 2024

The carbon dioxide emissions of the company's domestic business unit operating income was

8.94 tons/10,000 RMB

Compared with 2005 (29.2 tons/10,000 RMB in 2005), representing a decrease of

69.38%



The company's domestic direct CO₂ emissions per ton of cement (Scope 1) intensity was

583.26 kg

The company's direct CO₂ emission intensity (Scope 1) per unit of cubic concrete in China was

151.80 kg

Carbon reduction targets

Alternative fuel energy



By 2030, the proportion of alternative fuel energy in primary energy consumption

25%+

Planned investment between 2020 and 2030 for technology research and development to reduce carbon emissions and the transformation and upgrading of production systems.

10.5 billion RMB

Progress in 2024

The proportion of alternative fuel energy in domestic kiln lines in primary energy consumption has reached

26.7%

Group consolidation (including overseas) reached

21.7%

Domestic factories have implemented alternative fuel kiln transformation projects, and some have implemented energy efficiency improvement projects from the fifth level to the sixth level of the preheater. From 2020 to 2024, the accumulated investment amounted to

5.849 billion RMB

Greenhouse gas verification

Huaxin Cement conducts internal and external greenhouse gas accounting and verification in strict accordance with the Carbon Emission Accounting and Reporting Requirements Part 8: Cement Production Enterprises (GB/T 32151.8- 2023), the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of China Cement Production Enterprises (Trial) and the Regulations on the Management of Environmental Audits of Huaxin Cement Co., Ltd. (Provisional).

In order to improve the quality of external data disclosure, in 2024, the company's 43 domestic kiln lines have completed the platform data filling by the requirements of the Ministry of Ecology and Environment, and cooperated with various provinces and cities to complete the 2023 annual data verification. The verification is mainly based on the clinker section of performance accounting, including the verification of fuel, electricity, process emissions, etc.

Carbon asset management

Huaxin Cement actively participates in the carbon trading market and constantly explores new energy conservation and reduction paths. Since 2014, the Company has accumulated 10 years of rich experience in the three pilot areas of Hubei, Guangdong and Chongqing, fully participated in the formulation, verification, trading and implementation of quotas. The Company deeply understood the policies and processes of each pilot area, and responded quickly to the requirements of the national carbon market. In 2017, Huaxin Cement signed a carbon trading agreement with Shell, creating a precedent for forward CCER (China Certified Voluntary Emission Reduction) trading in the national unified carbon market, reflecting the company's positive attitude and strategic layout for participating in the national carbon market.

For carbon trading, the Company has set up a carbon asset management committee with the vice president as the director and the relevant functional centers such as finance, production technology, legal affairs, and finance. We incorporate carbon asset management into the overall development strategy of the company. The Company has formulated the "Carbon Asset Management Measures" and other systems to ensure the standardization and process of carbon asset management. In addition, we regularly organize carbon asset management training and experience sharing activities every year to enhance the professional capabilities of our team.

As of the end of the reporting period, 14 factories in Hubei, 4 factories in Chongqing and 1 factory in Guangdong of Huaxin Cement have completed their performance tasks on time and by the requirements.

Huaxin completed the largest carbon asset repurchase transaction in the national carbon market

Case

On April 29, 2024, Huaxin completed the largest carbon asset repurchase transaction since the establishment of the national carbon market, with a transaction scale of 100 million RMB. This transaction has positive significance for the company to revitalize its stock of carbon assets to obtain carbon reduction funds, promote transformation and upgrading. Huaxin is also conducive to leading more social funds to invest in the field of green emission reduction.

In recent years, the Company has insisted on the research and development of carbon emission reduction technologies and continued to promote green and low-carbon development. In the future, the Company will continue to focus on green development, increase investment in pollution reduction, carbon reduction, energy conservation and consumption reduction, and provide Huaxin samples for traditional industries to practice green and sustainable development. The Company's financing funds will be invested in the transformation of carbon reduction technology and production system upgrading, further digging into the potential of carbon reduction technology, and improving energy efficiency.

Huaxin's carbon monitoring and carbon measurement pilot work achieves milestones

案例

In order to smoothly promote the deepening of carbon monitoring and assessment pilot and carbon emission measurement pilot work led by the Ministry of Ecology and Environment and Hubei Provincial Market Supervision and Administration Bureau, respectively, Huaxin set up the Carbon Monitoring and Carbon Measurement Pilot Working Group on January 24, 2024.

Since the implementation of the carbon monitoring carbon measurement pilot, the Company has achieved milestones. Firstly, it has realized the collection and analysis of carbon dioxide online monitoring data of Huaxin Huangshi Company, and found that the difference between the carbon dioxide online monitoring and the accounting results mainly originated from the boundary selection and flow rate measurements. Secondly, it has set up the first online monitoring platform for carbon measurement of the cement industry in Hubei Province, covering information on online measurement data collection based on the accounting method, accounting display and online monitoring data display of the direct measurement method. Thirdly, the formation of one local measurement specification, issued "Cement Enterprise Energy Measurement Data Conversion to Carbon Emission Data Technical Specification" (JJF (E) 144 -2025), which fills the blank of the conversion method of energy data to carbon data in the cement industry, provides a technical basis for the verification and validation of carbon data, and effectively improves plant data quality control management through the establishment of data interoperability and sharing mechanisms.

Partners Work Together to Forge a Talent-Powered Enterprise

Huaxin Cement firmly believes that talents are the cornerstone of development and regards employees as the most valuable wealth. We are committed to taking care of the rights and interests of employees and providing good benefits for employees. We are building a diverse development platform to help employees continue to grow; Concerning about the health and safety of employees, through all- round measures, in order for employees to feel at ease in care, improve in growth, and forge ahead in safety.

SDGs

3GOOD HEALTH AND WELL-BEING

4QUALITY EDUCATION

5GENDER EQUALITY

8DECENT WORK AND ECONOMIC GROWTH

10REDUCED INEQUALITIES

Employee Rights and Care

The Company strictly abides by various national labor laws and regulations in the location of each operation site, carefully polishes and continuously improves the employee recruitment system, builds a scientific and reasonable salary system. we motivate employees to climb the peak of their careers. At the same time, we actively build a diversified and smooth employee communication mechanism, deeply understand employees' concerns, listen to their voices attentively, and continue to carry out employee care work. Thus, every employee can find a sense of belonging and happiness in the Group and work together for a better future.

Ensure Employment Compliance

The Group abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on the Prohibition of Child Labor and other relevant laws and regulations to ensure that the recruitment process and employment decisions are based on laws and regulations. We have formulated the "Employee Recruitment Management Measures" to ensure the recruitment process is open and transparent. The Group is building a solid institutional foundation for high-quality talent team.

In 2024, the Company revised and issued a new version of the "Measures for the Administration of Employee Transfers", the "Measures for the Administration of Labor Contracts", and the "Human Resources Authorization Policy". We formulated the Regulations on the "Management of Flexible Retirement for Employees" to protect the legitimate rights and interests of employees effectively.

During the reporting period, the total number of employees of Huaxin Cement was 20,174, and the labor contract signing rate was 100%. The employee turnover rate is 8.18%, and the workforce is stable overall.

Equal employment

Huaxin Cement adheres to the principle of equal employment, integrates fairness and justice into every aspect of talent recruitment and management. The Company prohibits any form of discrimination based on age, nationality, gender, race, ethnicity, religious belief and other factors, and prohibits all forms of harassment. Huaxin Cement effectively protects the legitimate rights and interests of female employees, and strives to build an inclusive and diverse talent team.

Prohibition of Child Labor

During the recruitment process, the company verifies the employee's identity before providing the employment contract, and has zero tolerance for child labor. During the investigation, if any suspected child labor is found, the Company will immediately initiate a special investigation procedure and terminate the employment relationship if necessary. We strictly defend the dignity of the law and the bottom line of the Company's employment.

Anti-forced labor

The employment contract drawn up by the Company clearly and unambiguously defines the terms of the working conditions, covering the reasonable planning of working hours and the specific details of overtime arrangements. The Company strictly prohibits any misconduct that may violate labor standards, and has a zero-tolerance attitude towards forced labor and other infringements. Once any signs of suspected forced labor are found, the Company will carry out an investigation and severely punish the employees involved by relevant regulations.

Compensation and Benefits

In strict accordance with relevant laws and regulations, Huaxin Cement has formulated the "Salary Management Measures", "Total Salary Management Measures", "Employee Welfare Management Measures" and other systems. The Company has built a scientific salary management and welfare system to give employees market-competitive salaries. The Company adopts a differentiated salary management system, and the total compensation of employees covers basic salary, short-term incentives, long-term incentives, overtime wages and various allowances stipulated by the company, to fully mobilise employees' enthusiasm.

Statutory benefits

Statutory benefits refer to the basic guaranteed benefits provided to employees by relevant laws and regulations of the state and local governments. These laws and regulations include social insurance, housing provident fund, high temperature subsidy, statutory holidays, one-child subsidy and other items.

Core benefits

Benefits provided by the company for employees, including supplementary pension and supplementary medical insurance, accident insurance, housing assistance, family visit assistance, health check-ups, holiday gifts, working meals, car reform and communication projects.

Flexible benefits

Flexible benefits include transportation subsidies, employee training, labor protection supplies, female worker care, difficulty assistance, employee recuperation, sports and entertainment.

Employee Communication

Huaxin Cement always adheres to the people-oriented concept and respects employees' rights to free association and collective bargaining. The Company is committed to creating a working atmosphere of unity and friendship, and ensures that employees' demands are reasonably expressed. We properly resolved through smooth communication channels, to promote the company's and employees' harmonious development.

The Company's intelligent Q&A platform for employees, "HR Customer Service", was officially launched on December 10, 2024. By integrating the Company's current human resources policies and systems, the platform answers various questions related to human resources, including recruitment, salary, benefits, training, professional titles, discipline management and other modules. The Company quickly responds to various questions of employees, query the Company's rules and regulations, business processes, etc., and improve work efficiency and employee experience.

- 1

The fifth session of the ninth workers' congress of the company
- 2

Huaxin Yawan Company held the first China-Tajikistan Staff Football Match to promote cultural integration



Employee Care

In Huaxin, employee care is background color of enterprise development. We are aware that the physical and mental health, all-round development and quality of life of employees are the foundation for the enterprise's prosperity. The company has gone from ensuring employees' mental health to giving condolences and assistance. From paying attention to the special needs of female employees, to holding special cultural and sports activities and employee recuperation activities, we have implemented multi-level care measures, aiming to make every employee feel warm.

Mental health counseling

Huaxin Cement attaches great importance to employees' mental health. Each business unit invites psychological experts to hold lectures on mental health management and health consultation, and combines regular psychological assessment to help employees learn to alleviate mental health problems.

Condolences and assistance to employees

In 2024, the company organized Spring Festival warmth activity, helping 380 employees in difficulty and raising about 570,000 RMB. In the summer, we carried out the "Summer Cool" condolence activity, visited and condoled the front-line employees who stuck to their posts in the hot season. Huaxin sent heatstroke prevention and cooling materials to most employees; Carred out the "Golden Autumn Scholarship" activity to help the growth and development of the children of employees in difficulty.

Female employee care

Huaxin Cement adheres to the concept of humanistic care, protects the rights and interests of female employees, and accurately implements caring measures in every detail of daily work. The Company regularly organizes gynecological examination and "two cancer" screening activities for female employees; set up a baby room in the company to take care of the needs of lactating female employees. The Company also held a variety of colorful cultural and sports activities to celebrate the International Women's Day, organized the selection of women pacesetters, outstanding female cadres evaluation and commendation activities. We led and encouraged most female employees to base themselves on their posts and contribute to the wisdom and strength of women.

The Company has set up a special health care fund for female employees, so that most female employees can apply for corresponding assistance when they encounter major illnesses and accidents. In 2024, 58,280.00 RMB was raised from the health fund for female employees, and 15 female employees were supported.

- 1
- The company showed support to front-line employees in the "send cool" activities
- 2
- Huaxin Fuling Company carried out a mental health knowledge lecture on "Establishing a Sunny Attitude and Enjoying a Happy Life"
- 3
- "Bloom her strength and grace is also flying" Goddess Day activities



Employee recuperation activities

Featured cultural and sports activities

In order to enrich the spiritual and cultural life of employees and stimulate their passion for work, in 2024, the company arranged more than 900 employees to participate in recuperation activities, effectively alleviating employees' physical and mental pressure.

In 2024, the Company organized and carried out activities such as "Huaxin Cup" employee badminton matches, themed salons, themed outdoor outings, fun games, and friendships for single employees, to enrich the amateur cultural life of employees. Everyone can relax and enhance communication after work, create a corporate culture atmosphere of unity and struggle, strive for first-class, and enhance employees' sense of belonging and cohesion.

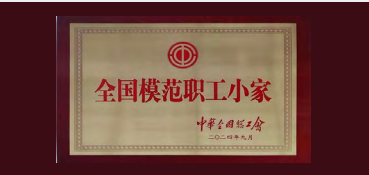
4 Employee recuperation activities

5 "Huaxin Cup" staff badminton match



Huaxin Packaging Branch won the title of "National Model Worker Family" by the All-China Federation of Trade Unions

Case



In recent years, the trade union of Huaxin Packaging Branch has actively performed various functions, and through a series of innovative measures. It has successfully created a home trusted by employees, created a warm, harmonious and progressive working environment for employees, and provided a strong impetus for the Company's development. In 2024, the packaging branch won the "National Model Worker Family" title by the All-China Federation of Trade Unions.

Huaxin attaches great importance to talent training, and has organized a series of talent development and designed plans such as reserve talent projects and overseas talent reserve projects. The Company's strategic planning and business need to consolidate the construction of a talent team further and enhance the enterprise's core competitiveness.

Employee Development and Training

Staff Training

Huaxin Cement attaches great importance to the training and development of employees, and builds a multi-level training system to help employees move forward steadily on their career paths. During the reporting period, the Company formulated regulations such as the Company's "Training Management System", the "Internal Trainer Management Regulations", and the "Employee Entry and Transfer Training Management Measures". It revised the Company's "Training Expense Management Measures" to improve the efficiency and quality of employee training continuously.

In 2024, we steadily carried out various talent training work to effectively ensure the quality and effectiveness of training courses, met the development needs of personnel at all levels, and promoted the overall quality of talents. During the reporting period, 100% of Huaxin Cement's employees were trained.

During the reporting period,
Percent of Huaxin Cement's employees
trained

100%

Average number of training hours per employee

By gender:	Hours for men		Hours for women	
	28		34	
By rank:	Hours for grass-roots employees		Hours for middle management	Hours for senior management
	42		29	29

Management training

Huaxin Cement continues to carry out customized management training programs based on the actual business of the company, including the company's senior management classroom, executive training, Mini-MBA, intermediate management, basic management, newly promoted management personnel training and other programs. Company executives and senior functional directors serve the in-house training instructors for the company-level customized management courses. In 2024, a total of 1,115 people completed various management training programs; 15,392 people completed the training of online management courses; and 331 people completed online English training.

- 1 Mini-MBA (VI.) Opening Ceremony
- 2 Training courses for newly promoted managers



Technical training

Huaxin Cement attaches great importance to improving the professional and technical ability of all employees, and customizes courses for employees according to their different positions. During the reporting period, the Company carried out preventive maintenance (PMC) courses and process engineer (PPE) certification training programs for strategic key positions. We held process management system training, thermal technology, grinding, ultra-low emission, refractory materials, waste heat power generation and other process technology engineer training programs. In order to keep up with the cutting-edge trends of the industry and deeply explore the path of green development, the Company actively organizes experts to participate in industry technical exchange meetings and technical exchange activities with the themes of carbon neutrality, carbon peaking, environmental protection and energy saving.

In 2024, the Company had 1,991.5 hours of technical training, covering 1,553 trainees.

The Company provides professional function training courses for talents in different positions, including procurement, marketing, finance, human resources and other positions, so as to lay a solid foundation for employees' career development.

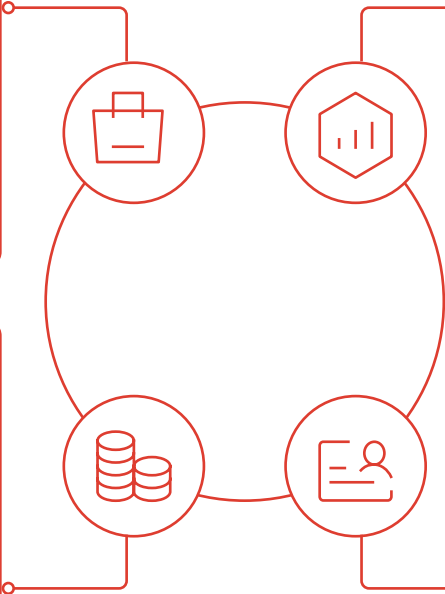
Professional Functional Training

Procurement training

In 2024, 5 procurement process training, 4 procurement compliance and case analysis training, 4 e-commerce platform operation training, and 20 "consultant" on-site + video trainings wer organized.

Financial training

Carried out experiential workshop training for middle-level financial managers, carried out financial "cost reduction and efficiency improvement training camp" courses and financial BI digital tool training. Huaxin updated financial management online courses to help all financial personnel continue to learn and grow.



Marketing training

The Company focuses on the capacity building of the marketing team, and actively carries out marketing training activities. During the reporting period, 46 online and offline marketing trainings were held, with 2,786 participants participating in the training.

Human resources training

Through a combination of offline and online training, we organized human resource management training programs such as new employees, new policies for delayed retirement and human resources practices. In 2024,128 employees participated in human resources training.

Financial training

Cultivation of international talents



In September 2024, the Company established Huaxin Overseas Business School, which marks a solid and powerful step in the Company's international talent training and strategic layout. As the first international talent training program launched by an overseas business school, the Company has formulated the "Elite Plan" to carry out a one-year systematic training for 30 general managers and other middle-level managers. "Elite plan" will help Huaxin to build an international talent team with a global leader vision.

Yeqing Li, President of the company, and Gang Xu, Vice President of the company, unveiled the plaque of Huaxin Overseas Business School



Talent Incentives



The national machinery, metallurgy and building materials industry awarded Huaxin Cement the title of "Craftsman College"

Huaxin has smoothed the career development channels of talents, following the principles of fairness, justice and openness. We have established and improved the incentive mechanism for employee promotion, including regular, exceptional, and honorary promotions. In 2024, Huaxin continued to build and improve the company's job system, and carried out special promotions and salary adjustments for some employees with outstanding performance.

We implement a differentiated salary strategy, incorporating short-term and long-term incentives into employee compensation. Huaxin manages employee compensation through the "Salary Management Measures" and "Total Salary Management Measures". During the reporting period, the Company issued the "Second Phase of the Core Employee Stock Ownership Plan in 2023-2025 (2024)" to promote the growth of employees and the company.

Huaxin Cement has formulated a performance appraisal system, carried out annual performance appraisal, and attached great importance to performance communication and counseling for employees. The company has built a perfect dual-channel career development mechanism to provide employees with a "dual-channel" career development path of management and technical/professional. We accurately identify various types of talents and formulate targeted talent development plans through talent inventory, core talent retention and succession planning, and other high potential talent discovery and training systems.

In order to motivate employees to improve their professionalism and fully mobilize their enthusiasm for labor, the Company actively organizes in various knowledge, labor and skill competitions. Huaxin set up a corresponding incentive mechanism, and organized employees to participate in the "Red Flag Cup" team leader competition in 2024, the 2024 National Cement Industry Chemical Analyst Skills Competition, the National Building Materials Industry Theme Competition to Promote High-quality Development, and the Hubei Province "Hubei Unique" Talent Skills Competition.

Participated in the first national "Red Flag Cup" team leader competition

Case

In 2024, Huaxin actively participated in the first national "Red Flag Cup" team leader competition, with 881 people from 64 company units joining. In the end, 57 people entered the top 200 in the preliminary competition of the building materials industry. In July, the semi-final of the building materials track was held in Huaxin Luquan Industrial Park. The semi-final was attended by 200 team leaders of building materials enterprises nationwide to examine their multi-faceted abilities with "theoretical examination + scenario simulation assessment". A total of 9 people from Huaxin were shortlisted for the national finals, and the Company won the "Best Organization Award" (being top ten enterprises in China, and the only building materials and the only one in Hubei).

1

Red Flag Cup Best Organization Award

2

The third place in the final of the Red Flag Cup Team Leader Competition was awarded

1



2



Huaxin Cement won good results in the 2024 National Cement Industry Chemical Analyst Skills Competition

Case

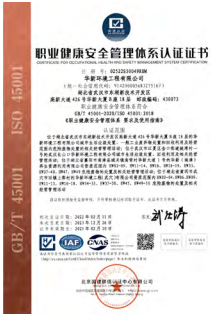
In 2024, Huaxin Cement took the National Cement Industry Chemical Analyst Skills Competition as an opportunity to carry out skills training actively. The Company selected 3 teams (9 members) to participate in the competition. In the end, 7 company employees won the medals of the individual competition, and the team won 1 group first prize and 2 group second prizes in one fell swoop. This achievement demonstrates the professional strength of Huaxin Cement employees, and the Company's emphasis on talent training and technological innovation.



Occupational Health and Safety

Huaxin Cement attaches great importance to the occupational health and safety of its employees. It is committed to creating a safe working environment with zero risks and hidden dangers and all-round protection.

Security Management



Huaxin Environmental Engineering Co., Ltd. Occupational Health and Safety Management System Certification

Huaxin Cement makes every effort to build a solid line of safety and health defence for employees, strictly abides by the Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Measures for the Administration of Occupational Health Examinations and regulations in the locations of each operation site. The Company formulates and implements internal rules and regulations such as "Safety and Health Management System Standards" and "Personal Protective Equipment Standards".

In order to further implement the responsibility of safe production, the Company revised and issued the "Travel Health Guidelines", "Intelligent Driving Safety Production Management Regulations", "Production Safety Accident Reporting, Investigation and Handling Measures", "Health and Safety Management Regulations for Hot Weather Operations", "Health Management Policy" and other systems in 2024. These requirements provide a solid basis for the company's safety production and employee health protection.

In 2024, 87 Huaxin Cement's production subsidiaries obtained ISO45001 certification.

Manage structure and objectives

Huaxin Cement has set up an occupational health and safety management committee as the highest management organization, and an occupational health and safety management office has been set up under it. The safety committee holds quarterly safety meetings, which is responsible for approving and evaluating the implementation plan and effect of the Company's major occupational health and safety activities. The committee also guides the orderly development of occupational health and safety activities.

In terms of staffing, the Company's headquarters, each regional/business unit and factory are equipped with professional health and safety department full-time personnel. In 2024, the Company added full-time personnel in the modules of safety regulations, environmental protection and safety, and logistics safety. Full-time personnel will carry out occupational health and safety-related work according to the requirements of the headquarters/region.

In addition, Huaxin Cement has set annual occupational health and safety targets and linked them to employee performance. In 2024, the management target was 0.90 for the fatality rate of 10 million and the accident rate per million working hours. The target for the number of safety training hours per employee is 36 hours per employee, which was achieved during the reporting period.

Security audits and risk assessments

In 2024, the Company issued the "Health and Safety Audit Management System", which manages deducted points for accidents with management responsibility. Huaxin promotes the transformation of safety control by paying equal attention to processes and results. During the reporting period, we completed 25 factories and 11 audit visits; and organized 144 managers to participate in the audit. Among which, 196 good practices were found and 119 highlights were shared, 1,408 problems were rectified, and 4 factories completed rectification.

The Company requires all units to fully implement and execute safety risk identification and assessment before operation, and authorized personnel on-site verification before operation. We also authorized personnel to only operate after on-site verification. During the reporting period, the Company implemented the "opening up the last mile of safe production" project, promoted the construction of a five-star safety standardization team, and carried out the "three questions for the soul" activity to remind safety risks and emergency response measures.

Investigation and management of potential safety hazards

In 2024, 100,501 potential safety hazards were submitted to the Company's health and safety management system, and 67,177 were rectified during the reporting period. Through health and safety audits and other work, 333 on-site support and counseling were carried out, 2,356 hidden dangers were investigated, and the rectification rate of potential safety hazards reached 100%. Special inspection tools were compiled for the safety risks of port terminal operation, self-inspection and spot checks were carried out on 27 terminals, 126 hidden dangers were identified, and 88 rectifications were completed, with a completion rate of 69.8%. Huaxin also carried out the "I am a safety whistleblower" activity, set up a two-dimensional code to encourage employees to declare hidden dangers, and expanded new ways to report hidden dangers.



Emergency management and accident investigation

The Company adheres to territorial dominance and hierarchical responsibility principles, and strengthens emergency management. At the factory level, the Company's subordinate units formulate special emergency and on-site disposal plans to carry out emergency training/drills to improve employees' emergency response capabilities. During work assignments, the team ensures that safety risks, control measures and emergency response methods are clearly communicated. The company implements a comprehensive approach where "everyone stresses safety, everyone knows how to respond to emergencies", ensuring that emergency management is solid and effective.

In 2024, the Company revised the "Measures for the Reporting, Investigation and Handling of Production Safety Accidents". It strengthened the responsibility for production safety by "warning with cases, promoting reform with cases, and explaining with cases". The Company adheres to the principle of "four redlines", shares and reviews the accidents, analyzes the pain points, blocking points, leakage points and difficulties in an all-round way. By doing so, Huaxin breaks the chain of risks and hidden dangers. Among which 153 cases across 12 phases were sorted out and shared, 8 accident investigations were organized, and 14 serious incident rectification plans were released and tracked.

During the reporting period, Huaxin Cement had one work-related fatality accident. After the accident occurred, the Company immediately activated the emergency response mechanism, analyzed the omissions before and after the accident, summarized the causes. Then Huaxin punished the person responsible for the accident and investigated the criminal responsibility according to the "Production Safety Accident Reporting, Investigation and Handling Measures" formulated by the company.

Huaxin Cement organizes various forms of safety culture activities to enhance employees' health awareness and safety production technical quality. We continuously improve the safety ability of management personnel at all levels of the company. In 2024, the Company completed 1,171,445 hours of occupational health and safety training for employees, with an average of 58 hours per person.

During the Reporting Period, the Company carried out the "Health and Safety Month" activity to further implement the responsibility of production safety and deepen the special governance of "strong responsibility and anti-violation". We organized health promotion, industrial hygiene improvement and online publicity activities, attracting 26,281 participants. Held "I Grow" safety project counseling and "Strong Responsibility, Anti-Violation" training, and carried out a total of 14 online and offline training, covering 1,988 people. In addition, the Company also held 4 safety capability improvement training courses, and organized 94 five-star team creation counseling. Huaxin carried out 3 sessions of safety production last mile 2.0 training, strengthened the safety knowledge learning and risk control of grassroots teams, promoting the solid implementation of safety production work.

Construction of safety culture

In 2024

Huaxin Cement won the "2024 Cement Industry Safety and Environmental Protection Knowledge Competition Excellent Organization Award"

Huaxin Chibi Company was awarded "Hubei Province Health Enterprise"
Huaxin Luquan Company was honored as "Healthy Enterprise in Kunming"



Five-star safety standardization team creation training



"I Grow" safety program training

Prevention and Treatment of Occupational Diseases

Huaxin Cement always adheres to the concept of "people-oriented, life first" and attaches great importance to the health of employees. We strive to control and eliminate the hazards of occupational diseases, and build a multi-level health security system for employees.

On-site improvement projects

- In 2024, the Company completed a total of 112 on-site improvement projects, involving dust, noise, and ergonomics, accounting for 52.7%, 22.3%, and 18.8% respectively.

Health and hygiene training

- During the reporting period, 324 employees were arranged to complete one-on-one earplug fit testing and training, and 613 employees participated in respirator fit testing.
- In 2024, the Company completed 26 occupational health and industrial hygiene trainings, with 2,166 participants and 3,233 hours of training. These trainings covered topics such as health maturity assessment, occupational health grading control, and explanation of the latest version of health management policies.

Health training

- The company provides an annual health check-up for its employees. In 2024, 8,494 employees of Huaxin Cement participated in the occupational physical examination, including 5,295 self-owned employees and 3,199 contract parties.
- For those who are exposed to hazards, the Company has also established an occupational health management file for them.

Occupational hygiene training for new employees



Innovation-Driven, Building an Industry Ecology

Huaxin Cement places innovation as the core driving force and regards product quality as the foundation of its success. The Company always pursues excellence, guaranteeing and improving product quality through continuous exploration and innovation. It attaches great importance to customer experience and provides high-quality services. It actively carries out industry cooperation and exchanges, works with supply chain partners to build an industry ecology of symbiosis and shared prosperity, and leads the industry to a new height of high-quality development.

SDGs



Promote Scientific and Technological Innovation

As a high-tech enterprise in the field of building materials, Huaxin Cement is committed to scientific and technological innovation, and has made remarkable achievements in the field of technological innovation through sustained investment and relentless innovation. The Company has built and improved the scientific and technological innovation management system, built an intellectual property management system, continuously stimulated innovation vitality, and continuously improved innovation capabilities. By the end of 2024, the Company has more than 200 patents and has won many honors, including "National High-tech Enterprise" and "Provincial Specialized and Special New Enterprise".

R&D and Innovation Management

In order to adapt to the ever-changing market environment and enhance our core competitiveness, we have made every effort to promote the construction and improvement of the R&D and innovation management system. In terms of management system, Huaxin Cement has formulated the "Interim Measures for Science and Technology Management" and the "Interim Measures for R&D Project Management" to continuously standardize the technological innovation of enterprises. We uphold ethical principles throughout the entire process of technology R&D, production, application, and marketing.

Huaxin Cement has built a scientific and efficient R&D organizational structure, and formed an R&D and innovation system with the technical committee as the strategic guide, the technology center as the core hub, and each business unit as the execution terminal to ensure that all stages of the R&D process are closely connected.

R&D Organizational Structure



Technical Committee
As the highest decision-making body for the Company's science and technology management, the Technical Committee is responsible for formulating the direction of science and technology development, and appointing the Chief Engineer and Deputy Chief Engineer to take charge of the Company's scientific and technological innovation management.

Technology Center
The Technology Center serves as the hub of the Company's scientific and technological innovation. It consists of business units such as the Technology Research Institute, environmental engineering and new materials, cement business, aggregates and wall materials, digitalization, engineering and equipment.

Business Units
Each business unit focuses on the Company's core business and cutting-edge technology fields, transforms scientific and technological innovation concepts into tangible R&D outcomes, and facilitates their efficient implementation through an efficient transformation mechanism.

R&D Process

The Company is committed to optimizing and improving the R&D process, from the accurate identification of needs, the design and development of products, testing and verification, and finally, the industrial application, thus forming a complete and efficient innovation chain, which effectively promotes sustainable development of the Company.

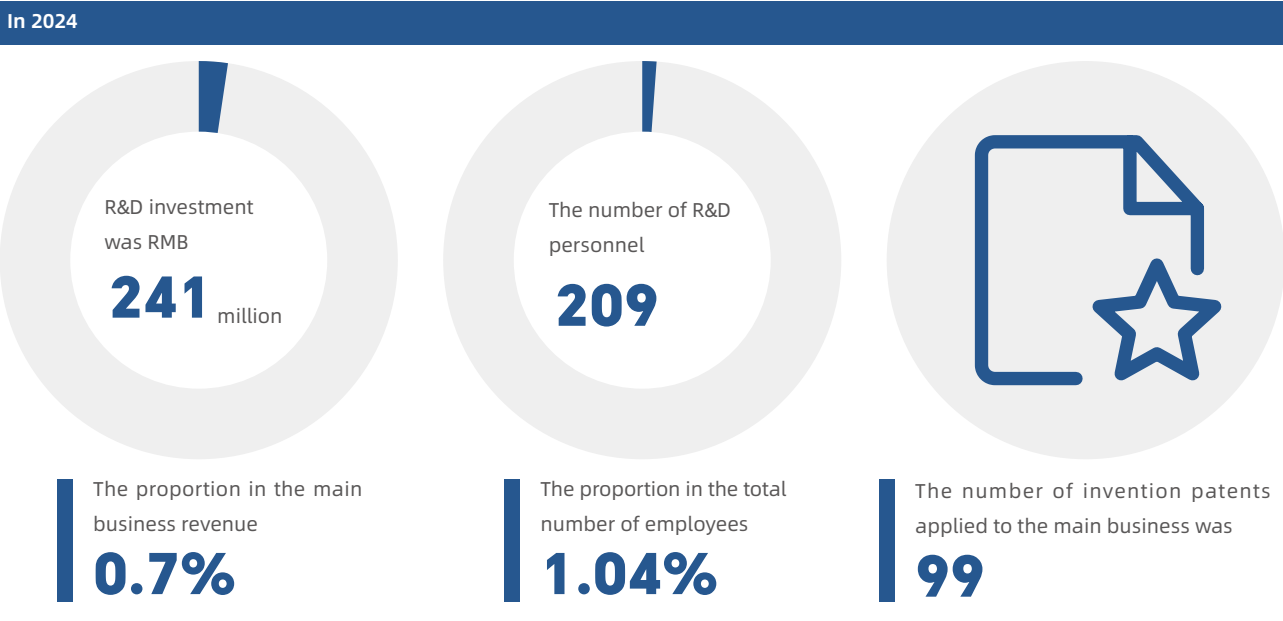


R&D Strategic Objectives

In 2024, the Company's key R&D work includes the research and application of comprehensive industrial solid waste utilization, the development and application of ultra-high-performance concrete, the development of digital intelligent production and management technologies and platforms, and the research and development of high-end aggregate products. In the future, the Company's scientific and technological innovation strategy will continue to transform and upgrade towards high-end, green and intelligent development, and comprehensively improve system efficiency, energy efficiency, carbon emission efficiency, and product and service efficiency.

R&D Talent Training

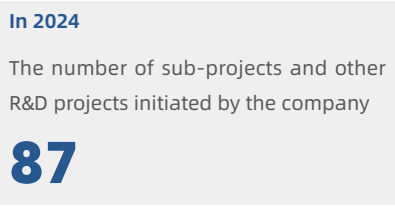
Huaxin Cement attaches great importance to R&D incentives and talent training, and stimulates innovation vitality through multi-dimensional measures. The Company vigorously introduces high-end talents, carries out internal professional skills training and skill competitions, and organizes a series of Hubei Provincial Youth Civilisation Post creation activities, so as to stimulate the enthusiasm of young employees for technological innovation and give full play to the advantages of technological innovation. In 2024, the Company organized and carried out the selection process of the Hubei Provincial Science and Technology Research Youth Commando, the Top 100 Industrial Reform Demonstration Team in Huangshi City, and the 3rd "Hubei Youzhuo" High-skilled Talent Skills Competition of the "Workers' Cup" in Hubei Province.



R&D and Innovation Progress

Driven by technological innovation, Huaxin Cement focuses on the two core areas: fundamental technology research and the promotion and application of scientific research products, and promotes R&D and innovation across all dimensions.

Fundamental Technology Research



During the reporting period, the Company made remarkable achievements in product development and fundamental theoretical and technical research. First of all, we increase the proportion of industrial waste in all aspects of cement and building materials production, and improve the treatment process and utilization capacity of various types of waste. Secondly, we dig deep into the performance and application of ultra-high-performance concrete, and develop a series of building materials products based on the concept of circular economy, so as to reduce production costs and environmental impact. In addition, we cultivate new quality productivity, research and development of AI and other digital technologies and collaborative applications of building materials production, and improve production efficiency and reduce energy consumption through intelligent control.

- In 2024, Huaxin Cement actively responded to the call of the China Building Materials Federation and participated in the undertaking of two fourth batches of major scientific and technological research projects in the national building materials industry:
- Key technologies for the research and development of new ultra-high- performance cementitious composites
 - R&D and application practice of "zero-carbon" integrated technology in cement plants

Promotion and Industrial Application of Scientific Research Products

Huaxin Cement continues to expand the promotion of scientific research products and industrial application, taking into account both domestic and overseas markets. In 2024, we provide more than 300 technical support services to the parks and factories within the Group through various forms such as technical guidance, business promotion, product promotion, and skills training. We have strengthened our technical service support for overseas factories and continued to promote the application of Huaxin grinding aids and mortars in overseas markets such as Zambia, Mozambique and South Africa. At the same time, we vigorously promote the application of Huaxin's self-synthetic super plasticizer in concrete in Hubei and Hunan, with a coverage rate of more than 60%.

Huaxin Cement Successfully Developed the First C600 Ultra-high Performance Concrete (UHPC) in China

Case



Huaxin Cement is committed to overcoming technical bottlenecks, promoting the iterative upgrading of ultra-high performance concrete (UHPC) technology, and contributing to the technological progress and development of the industry. In 2024, responding to the need for super-high-strength concrete materials (≥ 400MPa) for the protective structure of national defence projects, the company successfully broke through existing UHPC material and process limitations, and developed the first domestic super high-strength concrete with a compressive strength of more than 650MPa through theoretical innovation, material innovation and process innovation. This achievement solidifies Huaxin's leadership in the field of ultra-high-performance concrete, and will provide high-end material support for the construction of critical projects such as national defense initiatives.



Silver Award of the 4th Hubei Provincial High-Value Patent Competition

The project "Key Technologies for Collaborative Control of Sludge Deep Dewatering and Drying and Full Resource Pollution Reduction and Carbon Reduction" jointly completed by Huazhong University of Science and Technology, Huaxin and other units won the first prize of the 2023 Hubei Provincial Science and Technology Progress Award

"Key Technologies for Intelligent Low-carbon Manufacturing of Cement" was selected into the recommended catalogue of energy-saving and carbon-reduction technologies and equipment of the Ministry of Industry and Information Technology (2024)

"Aggregate Yard 3D Digital Twin Project" won second prize in the 2nd Building Materials Industrial Design Innovation Competition

"Cement green and low-carbon manufacturing technology" was selected into the "Science and Technology China" leading technology list of the China Association for Science and Technology

The "Industrial Intelligence Project Based on Big Data and AI Technology" won second prize in the Hubei Division of the first national "Data Element X" competition in 2024, and was recognized as a "typical application case of artificial intelligence enabling new industrialization in Hubei Province"

"Key Technology Innovation and Application of Intelligent Cement Low-carbon Manufacturing" won the only innovation award of the World Cement Association (WCA) in 2024

Intellectual Property Protection

Huaxin Cement strictly adheres to the "Intellectual Property Law of the People's Republic of China", "Detailed Rules for the Implementation of the Patent Law of the People's Republic of China" and other laws, continuously enhances the company's internal intellectual property management system, formulates the "Interim Measures for Patent Management", and clarifies the management requirements for patent application, authorization maintenance, entrusted agency and other areas, provides an institutional guarantee for the orderly progress of the company's scientific research work and the protection of independent intellectual property rights, and improves the company's intellectual property management capabilities in different fields such as R&D, production and operations. The company was awarded the title of "2023 National Intellectual Property Advantage Enterprise", which demonstrates its outstanding strength in creating, managing and applying intellectual property.

In 2024			
Number of patents declared	Number of patents authorized	Number of utility model patents have been authorized	Number of papers in national core journals
67	19	8	12

Industry Exchange and Co-construction

Huaxin Cement actively participates in industry exchanges and collaborative development, shares experiences and resources, and collaborates with peers to promote the common progress of the entire industry in technological innovation, unified standards, and market norms, so as to create a healthy and sustainable industrial ecosystem.

Formulation of Industry Standards

Huaxin Cement fully recognizes the importance of standard formulation, actively participates in the formulation of national standards and industry standards, leverages its own technical advantages to the fullest, and improves the technical level of national standards and industry standards. In 2024, the company took the lead in or participated in formulating 4 national standards and 3 industry standards.

Huaxin Cement Drafted a Provincial-level Industry Carbon Measurement Specification

Case



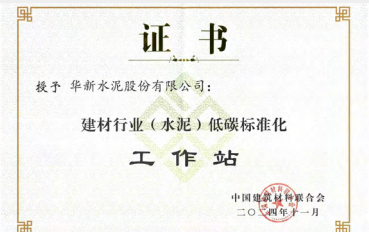
Huaxin drafted the "Technical Specification for Converting Energy Metering Data into Carbon Emission Data of Cement Enterprises"

To explore the three-in-one coordinated development path of "energy metering, carbon metering, and carbon accounting" in the cement industry, the Hubei Provincial Market Supervision Bureau organized the company to compile the "Technical Specification for Converting Energy Metering Data into Carbon Emission Data for Cement Enterprises" (hereinafter referred to as the "Specification") based on the characteristics of the industry and Huaxin's experience in carbon emission reduction.

In February 2024, the Company's carbon measurement pilot working group started the preparation of the "Specification" and formed a draft for comments. This involves public solicitation of opinions, convening review meetings, approval, publicity and other processes. During the reporting period, the "Specification" was approved and issued by the Hubei Provincial Administration for Market Regulation and is set to come into force on May 1, 2025. This not only fills the gap in the method for converting energy data to carbon data in the cement industry, but also marks an important step forward in promoting the standardization of local carbon measurement.

Huaxin Cement was Approved as the First Batch of Low-carbon Standardized Workstations in the Building Materials Industry (cement).

Case



Building Materials Industry (Cement) Low-carbon Standardization Workstation Certificate

Huaxin Cement's large-scale fuel substitution technology has reached a leading domestic and international advanced level, and the energy- saving and carbon-reducing technology transformation of the existing cement clinker production line in China has been successfully implemented. It provides an important technical pathway to enhance and promote the transformation of the energy structure of the industry, and has comprehensive promotional value. In May 2024, Huaxin Diwei's carbon emission dissection "Sparrow" project in the building materials industry passed the expert acceptance, and the fuel substitution rate of the project remained stable at more than 60%, and the comprehensive energy consumption of cement clinker was less than 50 kg of standard coal/ton. In November 2024, Huaxin was approved as the first batch of low-carbon standardized workstations in the building materials industry (cement). As of the end of the reporting period, the Company has followed up on 28 standards, and among the first batch of low-carbon industry standards approved by the Ministry of Industry and Information Technology, Huaxin has taken the lead in compiling 3 standards and participating in the compilation of 3 standards, ranking first among cement enterprises.

53

54

Huaxin Cement Leads the Development of Smart Factories in the Cement Industry

Case



Huaxin participated in the compilation of "Evaluation Requirements for Smart Factories in the Cement Industry"

In recent years, Huaxin Cement has become a benchmark enterprise in the industry with its outstanding intelligence in digital transformation achievements. The company participated in the formulation of the China Building Materials Association standard "Evaluation Requirements for Smart Factories in the Cement Industry", which served as an important reference for the intelligent development of the industry. In 2024, Huaxin's "Cement Whole-Process Low-carbon Smart Factory" project was selected as part of the list of the first batch of excellent smart factories in China.

Joint Research Projects

Huaxin Cement focuses on the major common challenges, key difficulties and critical issues in the cement industry. The Company engages in industry-university-research cooperation, working with Huazhong University of Science and Technology, Wuhan University of Technology and other units to carry out research and special activities in a scientific, efficient and systematic manner, injecting strong impetus into the sustainable and healthy development of the cement industry.

Huaxin Cement and Wuhan University of Technology Overcome the Key Low-Carbon Manufacturing Technology for Silicate

Case

In 2024, the Company and Wuhan University of Technology jointly declared the “14th Five-Year Plan” National Key R&D Program under the “Engineering Science and Comprehensive Intersection” on a key special topic “Silicate cementitious materials manufacturing process high-efficiency carbon-reducing engineering theory and technology”. It focuses on the key scientific problem of “the formation and regulation mechanism of silicate mineral phase under the complex working condition of high substitution of raw fuels”, in order to provide theoretical support and technical guarantee for the low-carbon production of silicate cementitious materials, and to lay a solid foundation for the R&D and application of low-carbon cementitious materials in the future.

The Cooperation Project of Huaxin Cement and Huazhong University of Science and Technology Wins the First Prize of Science and Technology Progress Award

Case



First Prize of Science and Technology Progress Award

In 2024, the project "Key Technologies for Collaborative Control of Deep Sludge Dewatering and Drying and Full Resource Utilization for Pollution Reduction and Carbon Reduction" jointly completed by Huaxin Cement and Huazhong University of Science and Technology won the first prize of the 2023 Hubei Provincial Science and Technology Progress Award. The project has been successfully applied in Huaxin Cement and other enterprises, among which Huaxin Daye Company is the first sludge cement kiln co-disposal ultra-low emission project in Hubei Province, and the largest sludge deep dewatering-cement kiln co-disposal project in a single kiln both domestically and internationally (a single kiln can process 280,000 tons of sludge per year, with a moisture content of 80%). As of the end of the reporting period, the project has processed more than 200,000 tons of sludge (with a moisture content of 80%), achieving a carbon emission reduction of 130,000 tons, which has greatly contributed to the pollution reduction and carbon reduction of China's sludge disposal industry and the construction of a waste-free city.

Exchange and Seminar Activities

Huaxin Cement attaches great importance to industry exchanges and seminars, actively participates in various professional conferences and forums, and deeply discusses the cutting-edge technology and development trend of the industry with domestic and foreign counterparts, experts and scholars.

Huaxin Cement Leads the Green and Low-carbon Development of the Industry

Case



On-site experience exchange meeting for alternative fuel benchmarking projects

In May 2024, the "Building Materials Industry Carbon Peak Pilot Enterprise - Chongqing Huaxin Diwei Cement Co., Ltd. Alternative Fuel Benchmarking Project On-site Experience Exchange Meeting" hosted by the China Building Materials Federation and undertaken by Huaxin Cement was held in Chongqing. The meeting conducted in-depth exchanges and discussions on the theme of "Sharing and Exchange of Large-scale Alternative Fuel Technology in Cement Kilns and Seeking Green and Low-carbon Development of the Industry".

Quality Products and Services

Huaxin Cement adheres to the “quality first” principle, recognizing that high-Quality Products and Services are the keys to winning customer trust, shaping the brand image and enhancing market competitiveness. We ensure product quality with strict quality control, respond to customer needs with efficient service, protect customer rights and interests with perfect privacy and data security, provide high-Quality Products and Services in an all-round way, and promote the long-term development of the company.

Quality Assurance

Huaxin Cement always regards product quality as the lifeline of the enterprise and earnestly fulfills its product responsibility. We continue to establish and improve the quality management system, standardize the quality verification and product recovery process, carry out quality monitoring and training activities, to ensure that every building materials product meets high quality standards, and lay a solid foundation for building safety.

Quality Management System

Huaxin Environmental Engineering Co., Ltd. Quality Management System Certification

The Company strictly abides by the "Product Quality Law of the People's Republic of China" and "Regulations for the Management of Cement Production Enterprises", and continues to promote product quality management in accordance with the laws and regulations of the place of production and various standards. We have formulated the "Huaxin Cement Co., Ltd. Market Product Quality Sampling Inspection Management Measures", "Huaxin Alternative Fuel Quality Control Management Measures", "Huaxin Aggregate Quality Control Management Measures" and other systems, integrating quality management requirements into raw material procurement, production process, and the whole process of factory products and after-sales service.

In 2024, a total of 91 of Huaxin Cement's various production subsidiaries have obtained ISO9001 quality management system certification; 98% of its operating cement business subsidiaries have obtained the certification of quality, environment, and occupational health and safety.

Quality control measures

High-Tech Applications

Comprehensively upgrade the control system, continue to deepen the application of high-tech such as Instant Gamma Neutron Activation Analysis (PGNAA) online analyzer and online particle size analyzer, and accurately control the quality of raw materials and finished products in real-time.

Intelligent Low-Carbon Manufacturing of Cement

Independent research and development of low-carbon manufacturing intelligent solutions, based on the unique low-carbon process under the high-quality data and experience model, the application of AI, MPC, Internet of Things, image coding, unmanned driving and other technologies to solve the large-scale use of complex alternative raw fuels in cement plants. The problem of production stability has achieved energy saving, carbon reduction and quality stability.

Automatic Sampling Equipment

The use of automatic sampling equipment to ensure the randomness and representativeness of samples, provide a solid data foundation for quality testing, and at the same time facilitate production and quality personnel to quickly and accurately obtain quality information, accurately implement quality control management, refine traceability quality control information, and improve product quality stability.

55

56

Training on Quality Topics

Huaxin Cement regularly organizes all-round and multi-level quality training, encourages quality management personnel to participate in external competitions, effectively improves the expertise and management ability of quality management personnel at all levels of the Company, and builds a solid talent foundation to support product quality.

In 2024, the Company carried out several trainings on topics related to quality management, including "Refuse- derived Fuel (RDF) Quality", "Hazardous Waste Quality", "Aggregate Quality Whole-process Control", and "Regulations on the Supervision and Management of the Main Responsibility of Industrial Product Production Units for Quality and Safety" etc., to improve the skill level of personnel in key positions. At the same time, the Company also held quality management work meetings from time to time to continuously improve the Company's quality management level.

Huaxin Cement Organized to Participate in the National Building Materials Industry to Promote High-quality Development (quality management direction) Theme Competition

Case



Group photo of Huaxin contestants in the quality theme competition

In 2024, the Company mobilized all grassroots quality management personnel to actively participate in the building materials industry to promote high-quality development (quality management direction) theme competition, and a total of 150 people signed up to participate in the online preliminary competition aiming to improve quality management knowledge and skills through participation. After rigorous selection, 8 players of the Company stood out from 8,000 contestants from more than 610 building materials enterprises across the country and entered the finals, and finally 2 Huaxin teams won the second prize and the third prize of the group respectively.



Customer Service

Huaxin Cement upholds a "customer centric" philosophy, views customer experience as the top priority of enterprise development, and is committed to providing customers with high-quality products and considerate services, continuously improving customer satisfaction and loyalty, and establishing long-term good partnerships with customers to foster a mutual beneficial partnership.

The Company has formulated policies such as "Customer Management System" and "Management Measures for the Development and Operation of Key Marketing Projects" to establish a comprehensive and standardized customer management system. According to the regulations, we communicate product and service information with customers through marketing activities and visits, efficiently handle inquiries, contracts, orders and changes, collect customer feedback and complaints, grasp customer needs and expectations, and report the resolution status in a timely manner; at the same time, we maintain close communication on the management and oversight of customers' assets to protect the rights and interests of customers.

Over the years, Huaxin has always been committed to providing high-Quality Products and Services for key national projects, and "Huaxin Fortress" brand cement has become the preferred brand for many key projects. The Company's products are widely used in many highways, railways, water conservancy and hydropower and bridge construction projects, including the Three Gorges Project of the Yangtze River, Wuhan Yangtze River Bridge and other major projects. In 2024, Huaxin was awarded the title of "Strategic Partner" by China Railway Seventh Bureau Group and the title of "Excellent Supplier" by China Railway Eleventh Bureau Group, highlighting the Company's outstanding contribution to the construction of key projects.

Customer Complaint Handling

The Company optimizes its customer complaint handling procedures, and formulates the "Customer Technical Service and Complaint Handling Management Measures" and "Aggregate Customer Complaint Handling Management Measures (Trial Draft)" along with other relevant policies. We collect and address customers' opinions and suggestions on service, quality, complaints and other related aspects through the national service hotline.

After receiving the customer complaint information, the sales representative will visit the scene within 24 hours to investigate, verify and analyze the issue. Then, the sales representative will report the customer complaint information to the department manager, and the department manager will sign and approve the opinions within one working day to arrange the business manager or coordinate and organize the service personnel of the factory quality control department to implement the service within 24 hours in the province and 48 hours outside the province.

Customer Satisfaction Monitoring

The marketing department is responsible for monitoring customer satisfaction, collecting, analyzing, and evaluating relevant information. Each branch, subsidiary and its related marketing department, is responsible for monitoring customer satisfaction, analyzing and evaluating the collected information, and transmitting it to the marketing department of the headquarters in a timely manner. In 2024, the Company conducted a customer satisfaction survey on logistics and aggregate products, and the overall evaluation was good.

Customer Communication Events

We actively conduct various customer engagement initiatives including customer visits, summer cooling, customer exchange seminars, civil channel competitions, industrial mixed customer exchanges, dealer talks, development exchange seminars and other activities to better understand customer needs and gather customer opinions and suggestions.

Digital Platform for Customer Service

We optimize the customer experience through the digital platform, and build Huaxin Mall into a comprehensive one-stop platform covering cement, aggregates, wall materials, mortar, ceramsite, new materials and other products, providing customers with various business services.

Huaxin Cement Has Been Selected as One of the Top 500 Asian Brands for Nine Consecutive Years

Case



Top 500 Asian Brands Certificate

In September 2024, the World Brand Lab released the list of the 2024 19th "Top 500 Asian Brands", and Huaxin has been included for nine consecutive years, ranking 162nd, with a steady rise in the ranking.

Over the years, Huaxin Cement has improved the multi-dimensional communication matrix through Chinese and English websites, magazines, new media and other enterprises. It has also established and operated overseas independent media platform accounts, provided customers with a more timely and efficient communication and interaction platform, and further improved customer service experience. With the steady progress of international brand building, Huaxin Cement is winning the trust and support of global customers with better services and products.



Huaxin Assisted in the Navigation of the Main Branch Lock of Ganjiang Nanchang hub

Case



Letter of commendation from the Eighth Engineering Bureau of China Water Resources and Hydropower

In 2024, Huaxin Super Kolon played a key role in the construction of the main branch lock project at the Ganjiang Nanchang Hub, ensuring the lock sail smoothly. With its outstanding product performance and efficient service support, the company has earned high recognition from the Eighth Engineering Bureau of China Water Resources and Hydropower, and received a letter of commendation.

Privacy Protection and Data Security

Customer Privacy Protection

Data is the core asset of enterprise digital transformation, impacting not only operational efficiency, but also customer trust and regulatory compliance. Aligned with the digital innovation strategy, Huaxin Cement continues to enhance the data security and privacy protection system to ensure stable progress in the company's digitalization journey.

The Company places great importance on the protection of customer privacy, and stipulates in the "Customer Management System" that all personnel who come into contact with customer files and information must sign the "Customer Files and Information Confidentiality Agreement" to regulate the use and dissemination of customer information, safeguard customer and company secrets, prevent the unauthorized disclosure in any form, and prohibit discussing customer information on any occasion with individuals unrelated to customer files and information management. At the same time, Huaxin Cement also explicitly stipulates in the "Commitment to Integrity of Marketing Personnel" and "Self-Discipline Guidelines for Integrity of Marketing Personnel" that "the company's customers, management, products, technology, sales and other trade secrets shall not be disclosed in any way", and "it is not allowed to disclose the price, channel policy, end customer and other information of other third- party customers to customers".

In addition, we provide customers with clear privacy policy explanations in the Huaxin Mall APP and web version, set up data system access controls and office equipment permissions and other measures to protect customer privacy, and we are committed to collecting and protecting customer information in a legal, legitimate and necessary manner.

In 2024, the Company had no substantiated complaints about violations of customer privacy and theft, leakage, and loss of customer data or important information.

The company formulated and issued the "Confidentiality Management Regulations" and "Information Security Management Regulations", established a data security management committee, set up a data security management office and a data security supervision office, and jointly carried out data security management with the Information Security Department of the Digital Innovation Center to enhance the company's ability to continue business security operations. The Company has developed and refined the information security management system and passed the ISO 27000 information security management system certification. During the reporting period, the Company did not encounter any major data security incidents.

Data Security Management



Huaxin Cement Co., Ltd. Information Security Management System Certification

Huaxin Cement Co., Ltd. Information Security Management System Certification

Cyber Security Contingency

The Company has formulated the "Regulations on Emergency Management of Cyber Security Incidents" and the "Emergency Plan for Serious Failure Events of Huaxin IT Key Systems", and conducts a disaster recovery drill once a year as a practice to ensure a swift response to cyber-attacks, data leaks and other emergencies.

Security Vulnerability Analysis

The Company conducts penetration tests on third-party external network systems to find and analyze security vulnerabilities. Additionally, it stimulates hacker attacks on the company's systems through third parties or self-organized personnel to test system vulnerabilities. In 2024, the Company analyzed a total of 50 third-party vulnerabilities and simulated one hacker attack.

Cybersecurity Training

The Company attaches great importance to network security training, and regularly holds diverse training activities to effectively enhance employees' network security awareness and emergency response capabilities, and build a solid line of defence for enterprise network security in an all-round way. In 2024, Huaxin Cement conducted one cybersecurity training session and one data security training session for security managers at headquarters. The Digital Innovation Center sent safety education and publicity materials to all employees of the company 13 times and released two promotional videos. The National Cyber Security Week was a seven-day awareness campaign, and four promotional videos were released.

Huaxin Cement Creates A New Benchmark for Industrial Internet Security Solutions

Case



Huaxin Cement was awarded the 2024 China's Top 20 Outstanding Safety Projects

In 2024, the Company was successfully selected as one of the "Top 20 Outstanding Security Projects in 2024 (CSO 20)" for its "Integrated Solution for Industrial Internet Security Situation Analysis and Operation in the Building Materials Industry". This award recognizes Huaxin's long-term commitment to digital transformation and information security construction, affirming its leading position and innovation ability in the industry. In the future, Huaxin will continue to advance the digital transformation strategy, enhance research and practice in the field of industrial Internet security, and strive to build a safer, more efficient and intelligent production management system, so as to provide scalable best practices and solutions for the digital transformation of the building materials industry and contribute to its high-quality development of the industry.

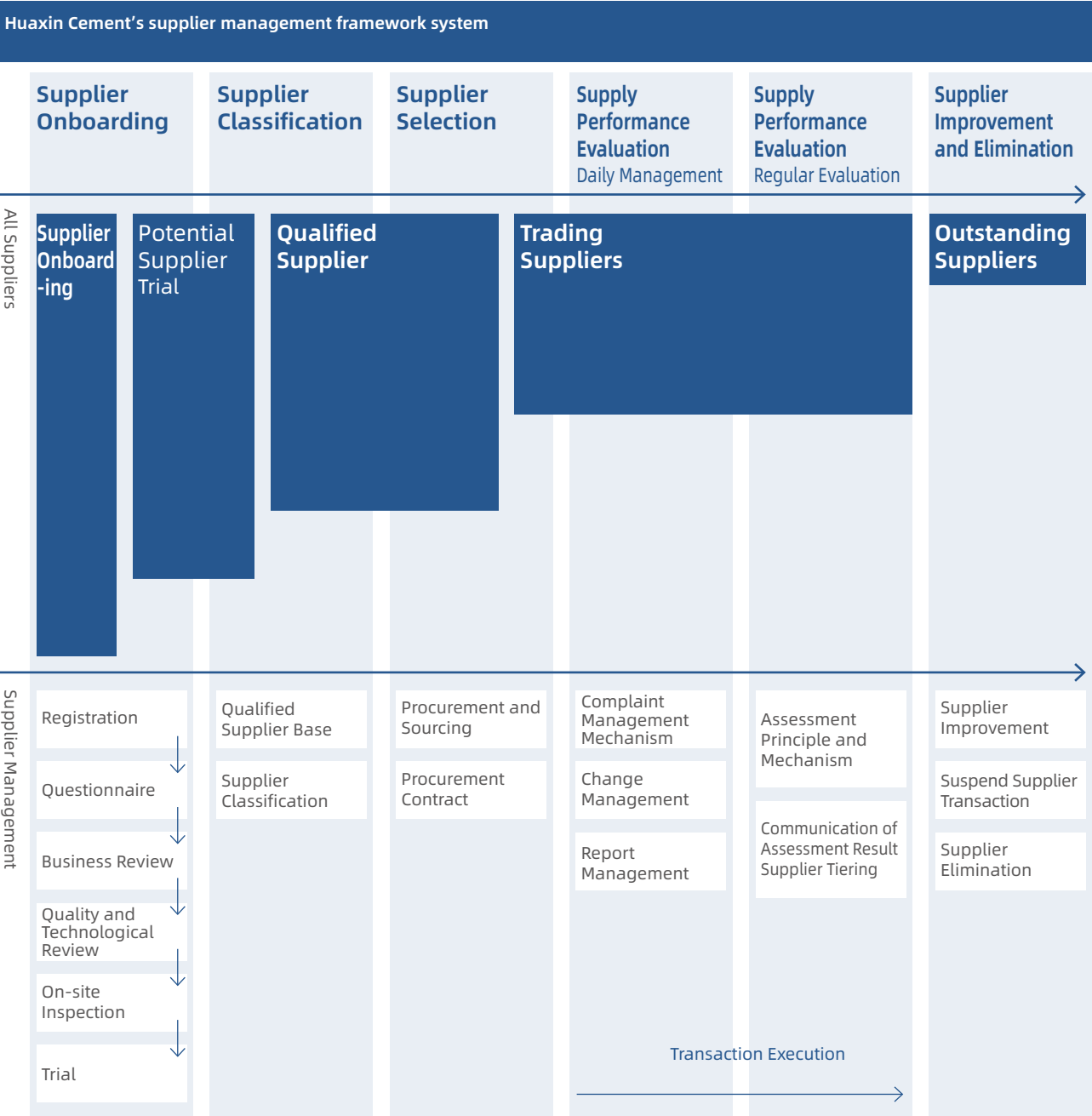
Responsible Supply Chain

Building a responsible supply chain is a crucial measure to enhance both enterprise competitiveness and sustainability. Through continuous improvements in supplier management, responsible sourcing and digital empowerment, Huaxin Cement has created an efficient, environmentally friendly and sustainable supply chain system, setting an example for the industry.

Supplier Management

To strengthen supplier management, Huaxin Cement has formulated the "Supplier Management Measures" to systematically regulate supplier entry, performance evaluation, elimination and daily management processes of suppliers. Additionally, to align with the Company's development and procurement strategy, the Company has formulated the "Implementation Rules for Engineering Suppliers" to further standardize the classification and grading management of engineering suppliers and optimize the selection and cooperation of engineering suppliers.

All suppliers must comply with the "Supplier Management Measures" and relevant regulations on the selection of suppliers. The Company regularly reviews the Supplier Management Measures and related practices to ensure their ongoing effectiveness. As of the end of the Reporting Period, the Company had a total of 4,646 suppliers, including 4,612 suppliers in mainland China and 34 overseas suppliers.



Supplier Onboarding

Huaxin Cement prioritizes procurement activities among qualified suppliers or suppliers in the directory, and sets certain conditional thresholds according to the type of procurement business. For suppliers that have a significant impact on the Company's production and operation, the procurement department will organize expert reviews according to the actual needs, conduct on-site inspections of suppliers who meet the requirements of the primary selection of supplier materials, and prepare supplier on-site inspection reports after the on-site inspection. In 2024, 291 new suppliers were admitted.

Supplier Evaluations

The Company has established and improved the supplier evaluation mechanism, and regularly conducts monthly, semi-annual and annual supplier ratings. In 2024, 864 A-level suppliers were selected, accounting for 19%; 1,141 B-level suppliers, accounting for 52%; 2,517 C-level suppliers, accounting for 55%; There are 33 D-level suppliers, accounting for 1%.

Supplier Elimination

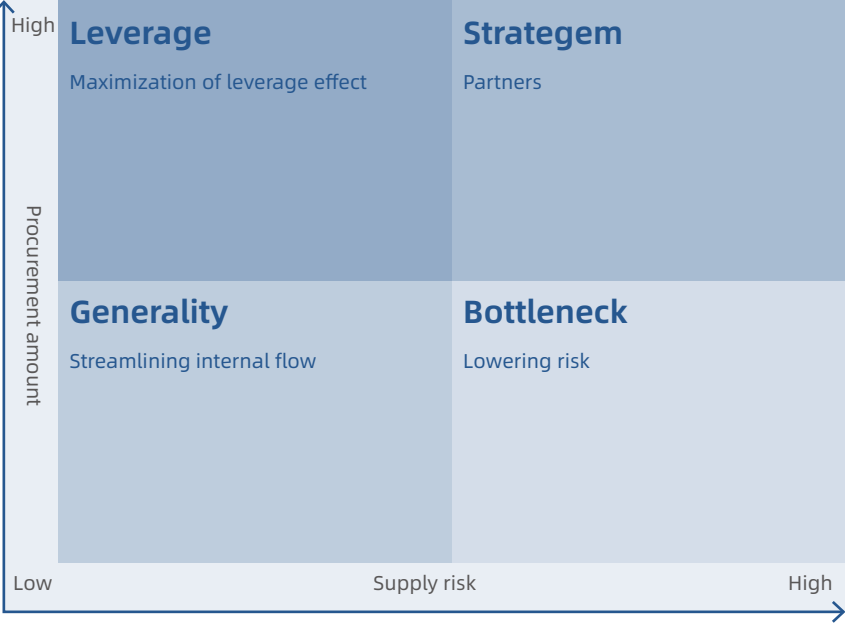
To strengthen the closed-loop management of suppliers, the procurement department issues warnings, downgrades or eliminates suppliers who violate or fail to meet the company's requirements in accordance with the provisions of the elimination rules. In 2024, 91 suppliers were eliminated.

Supply Chain Risk Management

In a complex market environment, Huaxin Cement attaches great importance to identifying and managing supply chain risks. The Company has established and continuously improved the supply chain risk early warning mechanism to monitor potential problems, such as raw material price fluctuations, logistics and transportation delays, and supplier performance risks in real time. At the same time, the Company optimizes the supplier management system, conducts strict screening and dynamic evaluation of suppliers, ensuring they meet requirements related to environmental protection, labor rights, compliance management, and more, and improves the stability and reliability of the supply chain.

Through in-depth analysis of the procurement amount and supply risk of various types of business in engineering procurement (covering the status of supply resources, business professionalism, qualification requirements, etc.), the company has built a scientific classification system for engineering procurement business, and formulated an accurate supplier development strategy accordingly. This measure not only optimizes resource allocation, but also effectively improves the stability and anti-risk ability of the supply chain.

Engineering procurement business division and management strategy



Protection of the Rights and Interests of Suppliers

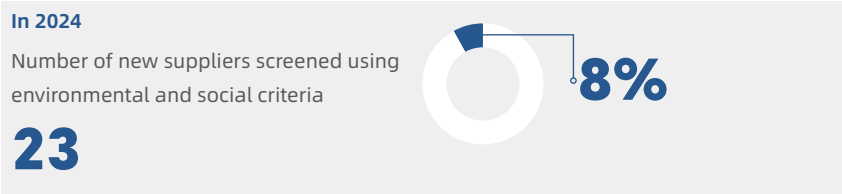
The Company upholds the principles of fairness, impartiality and transparency, and places great emphasis on the protection of the rights and interests of suppliers. We strictly abide by the "Supplier Management Measures" and relevant laws and regulations, ensuring that suppliers enjoy equal opportunities in access, cooperation, evaluation and other links. We have established a sound communication mechanism to respond to the demands and suggestions of suppliers in a timely manner. In addition, we have also set up a complaint channel for suppliers with zero tolerance for violations. This ensures that suppliers feel respected and trusted in our cooperation, and enables us to build a long-term, stable, mutually beneficial, and win-win cooperative relationship.

Supplier Training

We regularly conduct training sessions on quality management, safety management, sustainable development, integrity education and other topics to suppliers every year. These sessions effectively communicate the Company's supply chain governance requirements to suppliers, and improve their business capabilities and cooperation efficiency. During the reporting period, in response to the rapid growth of international business, the Company organized the 2024 international logistics shipping equipment packaging training, and invited more than 260 people from 71 units to participate through the "on-site + video" method to jointly optimize the transportation and packaging methods of marine equipment and reduce international logistics costs.

Responsible Sourcing

Huaxin Cement is committed to a responsible procurement policy. It comprehensively examines its environmental management and social responsibility performance when selecting suppliers, so as to effectively control supply chain environmental and social risks of the chain. According to the relevant requirements of the "Supplier Management Measures", the company's supplier access review covers key items such as safety management system, occupational health and employee rights and interests. In 2024, we conducted environmental and social impact assessments for our suppliers, and a total of 4,555 suppliers passed the environmental and social impact assessments. A total of 23 new suppliers were screened using environmental and social criteria, accounting for 8% of the total assessed.



Key Indicators of Environmental and Social Impact Assessment of Huaxin Cement Suppliers:

Safety management system

whether it has safety management/production-related certificates, such as safety production standardization certificate, ISO18001 system certificate, etc.

Occupational health

whether employees are insured with commercial insurance and regular occupational health examinations.

Environmental health and safety control procedures

whether the environmental health and safety control procedures are standardized; Whether the management records related to various system procedures, equipment operation procedures and management system training records are complete and properly kept; Whether it has special instruments for environmental health and safety control.

Environmental protection requirements

whether it complies with the requirements of relevant environmental protection laws and regulations, wastewater, waste gas, noise discharge, and hazardous chemical treatment meet the requirements of local regulatory authorities.

Social responsibility

whether there is an employee roster and a letter of commitment to no illegal workers with the company's seal; Whether there is an EIA approval document or annual EIA report from the local government; Whether there is a fire protection acceptance certificates or fire protection permit approval document.

Green Procurement Practices

Huaxin Cement prioritizes suppliers that meet environmental protection requirements, such as increasing the use of green raw materials such as phosphogypsum and industrial waste residues, promoting the green transformation of the supply chain, and contributing to sustainable development.

Coal Procurement

Based on energy conservation and carbon reduction, we prioritize waterway and rail transportation providers; Choose a professional port terminal with higher environmental protection standards as a partner to store coal in the dome silos to minimize the open stacking of coal, and require the carrier ship to be covered with tarpaulin to reduce the pollution of air and water resources.



Raw Material Procurement

We prioritise working directly with large chemical companies to optimize the supply structure, formulate phosphogypsum resource allocation plans, increase the amount of phosphogypsum, and reduce the environmental risks associated with solid waste phosphogypsum. In 2024, Huaxin's cumulative use of phosphogypsum accounted for 53% of gypsum use. We also increased the use of industrial waste residues such as lithium slag and copper tailing slag, with a total consumption of one million tons in 2024.



AFR Procurement

Externally, we will continue to develop market resources, optimize the category structure, and continuously improve and upgrade production equipment internally, build safe storage points, etc., to increase the usage and reduce safety risks. In 2024, the annual procurement volume of alternative fuels and raw materials (AFR) reached more than 1.8 million tons, and the cumulative value of the domestic calorific value substitution rate (TSR) reached 26.8%, maintaining our leadership in the industry in AFR utilization.



Procurement Integrity

Huaxin Cement has built a "pro-Qing" procurement cooperative relationship, with honesty and integrity as the cornerstone, to build a strong line of defense for cooperation and trust, and to ensure the healthy development of the supply chain.

Before the start of the project, we organize both the construction party and the supervision party to sign the "Project Integrity Agreement"; For spare parts and maintenance/mining/online shopping and other types of procurement projects, organize the supplier to sign the "Integrity Agreement", and the agreement and the contract are archived together. In addition, the company's procurement units refer to the "Huaxin Cement Co., Ltd. Integrity Procurement "Ten Prohibitions" to organize superiors to talk to subordinates and sign, ensuring at least one session per year.



Digitalization Empowers the Supply Chain

Huaxin Cement implements the strategy of "traditional industry + digital innovation", actively transitioning from traditional informatization to digitalization and intelligence, and enhancing supply chain management comprehensively with innovative technologies such as big data analysis, the Internet of Things, and artificial intelligence, aiming to create an agile, efficient and stable supply chain and logistics system. In 2024, Huaxin Cement's "Digital Supply Chain Transformation Practice" won the 2024 "Excellent Case of Supply Chain in the Cement Industry " by China Cement Association.

We implement electronic procurement, covering all aspects of bidding, contract signing, automatic reconciliation and settlement, etc., ensuring that procurement processes remain fair, fair and open. In September 2024, the first phase of Huaxin Cement Logistics Recruitment Digitalization was launched, which opened up the complete process from recruitment to settlement, and facilitating online, standardized and transparent online freight settlement for contracts. By the end of the reporting period, more than 4,000 online settlements had been completed, effectively improving operational efficiency.

The Intelligent System of Procurement Quality Inspection Was Launched and Promoted

Case

In 2024, Huaxin Cement implemented the "Intelligent Project of Coal Quality Inspection into the Plant" to enable the quality management and monitoring of the whole process, effectively high costs the problems of high cost of coal quality inspection, non-standardized process and compliance challenges in data management. During the reporting period, the project was rolled out in 33 factories in two phases. The project greatly improves the efficiency and accuracy of coal inspection, and provides a strong guarantee for the compliant and efficient operation of the supply chain.

Compliance management and control of coal entering the plant and quality inspection process

Through digital means, the standardization and transparency of the coal entry and quality inspection process are achieved, effectively preventing business risks and ensuring that the process is compliant.

Clear coal settlement data link

Optimize the coal settlement data link, so that the quality and measurement data can be based on evidence, and the cost accounting data will be more accurate, providing reliable support for financial decision-making.

Docking with third-party quality inspection data

Realize seamless connection with third-party quality inspection data, facilitate comparison and traceability of quality inspection data differences, and improve data credibility and auditability.



Digitalization Helps Green Logistics

With the deep integration of new energy and digital technology, Huaxin Cement has gradually built a green, low-carbon logistics operation model.

In 2024, Huaxin Logistics continues to enhance operational efficiency, achieving an annual logistics and transportation volume of 23 million tons at its headquarters. At the same time, the Company continues to strengthen its self-operated transportation services, and provides efficient and low-cost full-chain aggregate distribution services for the concrete business through the model of "direct signing of river vessels + direct signing terminals + small boat white list", ensuring 100% guarantee of the raw material supply of concrete business (including regional integration stations), and actively advances the Company's integration strategy.

Digital Scheduling of New Energy Vehicles

Promoting the application of new energy vehicles in logistics transportation not only has the significant advantage of environmental protection and energy saving, but also can further reduce logistics costs through efficient and convenient transportation services. In response to diverse business models and complex transportation scenarios such as new energy fleets and co-built fleets, Huaxin Cement has leveraged digital solutions to drive business transformation, and achieved innovative breakthroughs in the fields of new energy vehicle scheduling, charging efficiency, fleet management and operation reports, and significantly improved operational efficiency.

Docking with the Environmental Rating System

According to the requirements of the Provincial Environmental Protection Department, we implement hierarchical management and monitoring of incoming and outgoing vehicles based on emission standards, and integrate our systems with the platform of the Provincial Department to support the factory passing the environmental protection rating, which minimize production interruptions caused by environmental regulations, and avoid administrative penalties.

Build A Water Transport Logistics Management Platform

The water transportation business has transitioned to an online operation, enhancing efficiency through process and reducing costs by improving operational effectiveness. The business scope encompasses the bulk carrier shipping scenarios of the mainstream and tributaries of the Yangtze River and extends the business up and down. We have independently built a digital platform for Huaxin water transport logistics management to provide customers with end-to-end, multi-category, low-cost, efficient, safe, low-carbon and environmentally friendly supply chain services.

Optimize the Terminal Management System

We have optimized the terminal management system with digital technology, achieving an accuracy of more than 95% of inventory data and an inventory error rate of less than 5%; The average waiting time of ships has been shortened by more than 50%, and the utilization rate of logistics resources has been increased by 25%; Data transmission between the terminal and the maritime authority is fully automated and occurs in real-time, ensuring that information updates are no more than five minutes; The user-friendliness of the terminal system is increased by 80%, and the misoperation rate is reduced by 70%.

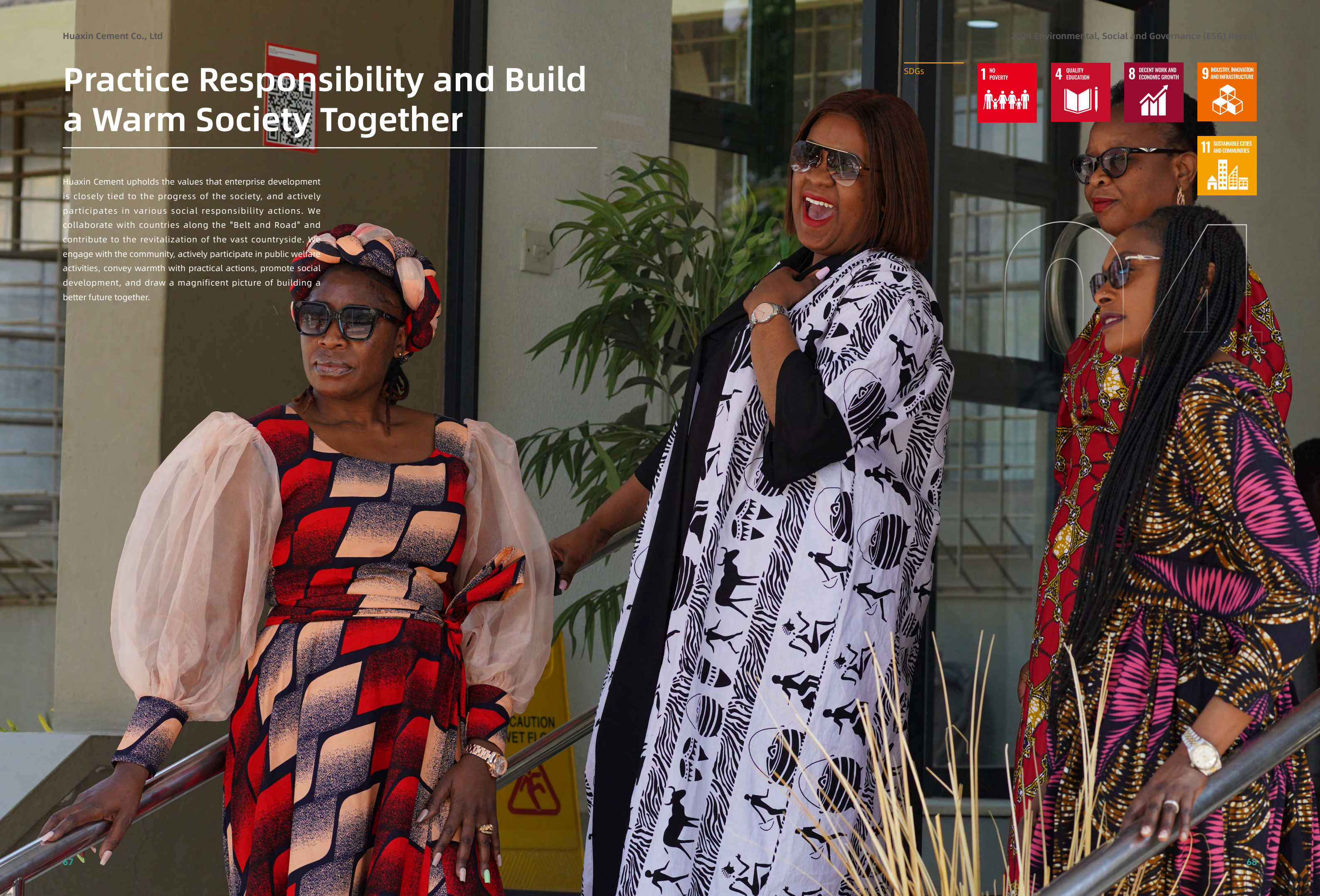
Huaxin builds a new mode of new energy logistics and transportation



Practice Responsibility and Build a Warm Society Together

Huaxin Cement upholds the values that enterprise development is closely tied to the progress of the society, and actively participates in various social responsibility actions. We collaborate with countries along the "Belt and Road" and contribute to the revitalization of the vast countryside. We engage with the community, actively participate in public welfare activities, convey warmth with practical actions, promote social development, and draw a magnificent picture of building a better future together.

SDGs



Respond to the "Belt and Road" Initiative

Overseas Business Development

Huaxin Cement actively undertakes the important task of being a pioneer in the industry's joint construction of the "Belt and Road", and views "overseas development" as one of the Company's four major development strategies.

As of the end of the Reporting Period, Huaxin Cement had invested in and operated more than 20 large-scale cement factories and related industrial chain enterprises in 12 overseas countries in Central Asia, Southeast Asia, South Asia, Africa and the Middle East, with more than 5,000 overseas employees. In the process of development, we have driven the output of domestic engineering projects, equipment and spare parts, achieving good social and economic benefits, and becoming a successful model of Chinese enterprises "going global".



In 2024, Huaxin Cement was selected as one of the 100 best practice cases of China's listed companies in the 10-year construction of the "Belt and Road".



In 2024, Huaxin Cement was selected as the 2024 Cloud Computing Overseas Service Benchmark Case.

Huaxin Accelerates Its International Layout and Has Achieved Fruitful Results in the Development of Multiple Overseas Businesses

Case



Huaxin Mozambique Company

During the reporting period, Huaxin strengthened its position in Africa, and a number of factory upgrading and new construction projects were smoothly promoted, with some projects launched and put into operation and connected to the grid for power generation. In addition, we have received an inspection by the President of Malawi, been invited to participate in the summit of the Forum on China-Africa Cooperation, established an overseas business school, and honored a number of overseas factories. In December 2024, Huaxin signed an agreement to acquire Nigerian assets for approximately US\$838 million, expanding the West African market for the first time; entered into a transactions of US\$186.6 million to acquire four aggregate plants in Brazil, advancing into South America, accelerating the construction of a new pattern of internationalization and development, and was hailed as China's most internationalized and most successful building materials enterprise by industry institutions.

Huaxin's Overseas Digitalization Project Is Progressing Smoothly

Case



Construction of Huaxin's overseas digital project

In 2024, Huaxin Cement accelerated its overseas digital layout, optimized business collaboration and management, improved operational efficiency and market competitiveness, and helped implement its internationalization strategy.

System migration in South Africa and Mozambique

As Huawei's first overseas data migration project, Huaxin Cement completed the data migration from the Brazil data center to the public cloud in South Africa within a short period of time, involving multiple units and business systems, and achieving independent data control.

Successful pilot of international office platform

Huaxin Cement collaborated with DingTalk to pilot the international office platform in Zambia and expanded it to the Tanzania factory to improve business efficiency and support overseas compliance operation and management.

Overseas industrial intelligent construction

Huaxin Cement promotes domestic intelligent achievements to overseas factories, focusing on the construction of Yavan, Tajikistan and Zambia overseas factory production expert platform (HOPE), promotes the construction of overseas aggregate intelligent factories, and helps overseas factories reduce costs, lower carbon emissions, decrease resource consumption and improve efficiency.

Ensure Compliance with Laws and Regulations

With product quality as the lifeline, Huaxin overseas factories refer to the "Product Quality Law of the People's Republic of China", strictly implement the "Quality Management Regulations of Huaxin Cement Production Enterprises" and the laws, regulations and standards of the country where the factory is located, continue to promote product quality management, establish a sound product quality supervision and management system, and improve the efficiency of quality management and produces high-quality products. Every year, the Company engages a third-party professional organization to carry out a comprehensive audit of overseas factories, and once problems are found, rectification measures are quickly launched to effectively ensure the healthy development of overseas companies.

Huaxin Zambia Chiranka Won the Zambia 2024 Quality Special Award

Case



Zambia's Minister of Commerce, Trade and Industry presented a medal to Chiranka

At the 2024 Zambia Annual Quality Awards (ZAQA) ceremony, Chiranka won the annual quality award - Zambia Product Certification Award, and was also the first local enterprise to receive the Zambia Standards Authority (ZABS) product certification mark. Initiated by the Ministry of Commerce, Trade and Industry of Zambia, the annual Zambia Quality Awards aim to recognize the outstanding achievements of local producers, manufacturers and service providers in the use of national, regional and international standards, and encourage enterprises to make important breakthroughs in the implementation and promotion of quality management systems, so as to improve the quality and competitiveness of products and services, and promote the sustainable development of enterprises.

Huaxin Jizzakh Company won the Highest Honor in the Building Materials Industry of Uzbekistan

Case



Huaxin Jizzakh Company received "Most Trustworthy Partner" award from the Uzbekistan Industrial Building Materials Association, and was the only enterprise that has won the highest honor among the six award-winning building materials enterprises. Jizzakh has consistently adhered to the concept of providing consumers with high-quality cement and services, and constantly optimized the production process and quality control system; responded to the government's call for environmental protection in an all-round way; actively participated in public welfare activities and contributed Huaxin's wisdom and strength to promote the sustainable development of Uzbekistan's building materials industry.

Nurture Local Talents

In the promotion of overseas projects, Huaxin Cement has always adhered to the concept of localized employment, actively created jobs for the people in the project area, and vigorously carried out skills training. After more than ten years of practice and exploration, the company has successfully built a mature and replicable employee localization training and development model. This model has achieved remarkable results, not only cultivating a large number of technical professionals for the local community, but also broadening employment channels, increasing residents' income, and effectively promoting local economic development and talent construction.

Huaxin Zambia Chiranka Company Assists in "2025 World Skills Africa Competition"

Case



In 2024, Huaxin Zambia Chilanka officially announced a key partnership with the Zambian Ministry of Science and Technology and supported the WorldSkills Africa competition in Livingstone, Zambia, laying a solid foundation for Africa's industrial development by encouraging outstanding talent and promoting the development of local talent.

Empower Local Development

In the construction of the "Belt and Road", Huaxin Cement has always been committed to the local community. The staff regularly visits the residents to understand their needs, deliver daily necessities, and offer warm care. In the face of poor families and disadvantaged groups, Huaxin Cement provides financial assistance to alleviate their economic pressure, and donates daily necessities to ensure their basic living needs. Through these practical actions, Huaxin Cement has contributed to the development of the local area, demonstrating its responsibility with sincerity and kindness, and worked together with the local community to create a better future.

In Jizzax, the volunteer team of Huaxin Cement has been in close contact with the Association for the Visually Impaired to understand the actual needs of the visually impaired and send warmth to the families of the visually impaired.

In Cambodia, Huaxin Cement has set up the "I Love Cambodia" Education Fund to help surrounding schools to improve their teaching environment, as well as to support and promote the development of local education in Kampot Province.

In Mahinni, Huaxin signed a cooperation agreement with WASHATAA to donate 15 million Tanzanian shillings to WASHATAA every year to help students develop academically. Every year, the Company also organizes personnel to participate in WASHATAA activities several times to understand the needs of students.

In Kyzyl-Kyia, Huaxin Kyzyl-Kyia Southern Cement Co., Ltd. donated the first bus to facilitate the passage of citizens and solve the problems of public procurement and medical treatment.

- 1 Huaxin volunteers send warmth to the visually impaired
- 2 "I Love Cambodia" Education Fund Donation Ceremony
- 3 Mahvinny and WASHATAA, a non-profit organization, visited the Moheza Mountain School
- 4 Huaxin donated buses to Kyzyl-Kyia City



Contribute to Rural Vitalization

Huaxin Cement actively responds to the call of the national rural revitalization strategy and actions such as "10,000 enterprises prosper 10,000 villages" and "100 enterprises help 100 villages". The Company consistently takes proactive measures to promote employment and local economic development while committing to public welfare undertakings and promoting healthy and sustainable economic and social development. Through a wide range of volunteer services covering modules such as village assistance, love for farmers, education and education, cement donation, etc., we not only provide much-needed material and infrastructure support to rural areas, but also empower local residents through education and skills training. In 2024, Huaxin's "Rural Revitalization Volunteer Service Project" was selected as a best practice case for professional volunteer service.



Huaxin Rural Vitalization Project was selected as a best practice case of professional volunteering

Village-based Assistance

By dispatching village-based cadres and the volunteer team to the village, Huaxin Cement has achieved precise one-on-one coordination with the villages, tailored the assistance strategy for each village, and ensured that the assistance strategies can be accurately implemented to effectively promote local development.

- 5 "Winter Warm Heart" support activities
- 6 "Welcome the New Year, Send Blessings" volunteer service activities



Support Agriculture

Huaxin pays special attention to the actual needs of farmers, and helps farmers increase their income and enhance the market competitiveness of agricultural products by organizing volunteers to help farmers with harvesting and subscribing to agricultural products.

- 7 Zigui employees help farmers pick vegetables
- 8 Zigui Company purchases cabbage to help vegetable farmers solve the difficulty of unsalable



Educational Assistance

Huaxin focuses on the education of rural children, and strives to provide better educational resources and a teaching environment for them by improving the teaching environment, providing scholarships, and donating stationery and books, etc., aiming to narrow the gap between urban and rural education and lay a solid foundation for the future growth of rural children.

- 1Golden autumn student assistance activities
- 2Donation and condolence activities



Cement Donations

Huaxin leverages its professional advantages and helps improve the living conditions and infrastructure of the countryside by donating high-quality cement to rural infrastructure construction projects, laying a material foundation for the long-term development of the countryside. This initiative not only improves the quality of life in rural areas, but also provides strong support for their economic development.

Industrial Support for Tibet

The year 2024 marks 30 years of Hubei's counterpart aid to Tibet, and the new model of "blood transfusion" to "hematopoietic" industry aid to Tibet created by Huaxin has achieved remarkable results, becoming a shining brand and benchmark for Hubei's aid to Tibet. Huaxin Tibet's cement production line project with a capacity of 1,000 tons per day started in 2003 and was put into operation in 2005, and the subsequent expansion of Shannan and Shigatse factories continued, and the construction of waste rock comprehensive utilization and environmental protection projects was invested to help the local ecological civilization construction. The "Huaxin Model" provides local people with employment and poverty alleviation opportunities, drives the development of industrial chains such as transportation and services, and promotes the construction of local towns.

While pursuing economic benefits, Huaxin Cement actively participates in the fulfillment of social responsibilities. The Company pays attention to building a good relationship with the community where it operates, and provides services for community construction to benefit the people through diversified public welfare and charity activities, and helps to create a harmonious society.

Participate in Community Welfare

Huaxin Implements Caring Actions to Build A Warm Line of Defense for the Disadvantaged

Case



Yichang Company visited the elderly in the welfare home during the Chung Yeung Festival

In 2024, Huaxin Cement actively organized volunteers to participate in the care of vulnerable groups. Volunteers went into the fields to assist the left-behind elderly in farm work; regularly visited the elderly, provided supplies and daily necessities to the elderly; understood the diverse needs of vulnerable groups and delivered corresponding materials; concerned about children's education, donated to the education fund, and paved the cornerstone for children's growth. Through these series of actions, Huaxin Cement has effectively transformed the spirit of caring for vulnerable groups into practical actions, creating a warm, harmonious and compassionate atmosphere.

Huaxin Works with Various Localities to Achieve Proper Clearance of Illegal Goods

Case



The Baoshan and Jinghong factories assisted the local public security bureau in the harmless destruction of a total of 4.2 tons of drugs

In 2024, all branches and factories of Huaxin Cement fully assisted the public security organs in disposing of illegal and prohibited items such as illegal cigarettes, expired explosives and drugs, and contributed to the maintenance of social security and stability by virtue of their professional expertise and close cooperation, demonstrating the company's responsibility.

Huaxin Adheres to Humanistic Care and Solves Problems for the Masses

Case



Wanyuan Company delivers emergency water to residents in mountainous areas

In 2024, in the face of public concerns, all branches of Huaxin Cement responded quickly, took the initiative and demonstrating their responsibilities with practical actions. They continuously worked to ensure smooth information dissemination and improvement of living conditions by actively donating materials, embedding humanistic care into all aspects of life, so that warmth could reach every resident.



Operate Steadily and Lay a Solid Foundation for Governance

Huaxin Cement is committed to building a scientific and comprehensive corporate governance system, clarifying responsibilities and authorities by optimizing the internal management structure, ensuring efficient and well-founded decision-making, and providing institutional support for the realization of strategic goals. Through a comprehensive risk identification and assessment mechanism, it provides a solid guarantee for the Company's stable operations and sustainable development. The Company adheres to the values of integrity, fairness and responsibility, follows the spirit of contracts, and lays a solid foundation for long-term development.

SDGs



05

Standardize Corporate Governance

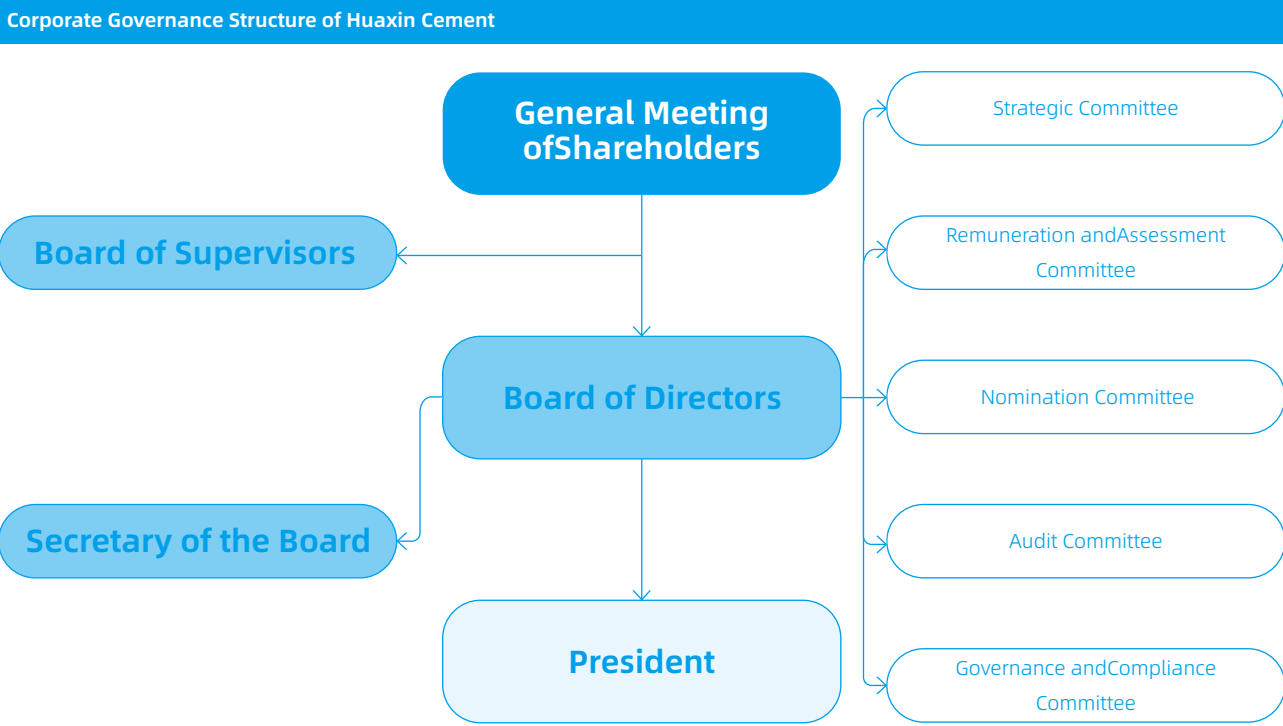
Huaxin Cement has always adhered to the concept of compliance with laws and regulations and scientific governance, establishing a sound corporate governance structure and internal management system in strict accordance with the requirements of relevant national laws and regulations, and actively fulfilled its information disclosure obligations to protect the legitimate rights and interests of shareholders and investors by building a diverse and multi-tiered investor communication mechanism.

Strengthen the Governance System

In strict accordance with the requirements of relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Governance for Listed Companies, the Rules for the Listing of Stocks on the Shanghai Stock Exchange, the Main Board Listing Rules, and other relevant laws and regulations, Huaxin Cement has established a sound corporate governance structure and internal management system, and developed a company management system with transparent decision-making, effective supervision and scientific standardization. The Company has established a governance structure with the general meeting of shareholders, the board of directors, the board of supervisors and senior management as the main bodies, assigning the responsibilities and authority of each governance body, and ensuring the scientific and efficient decision-making of the company.

As the highest authority of the company, the general meeting of shareholders exercises the decision-making power over major matters in accordance with the law. The Board of Directors is a permanent executive body of the Company and consists of 9 directors, including 2 executive directors, 4 non-executive directors and 3 independent non- executive directors, one of whom is a female director, accounting for 11.1%. The Company attaches great importance to the independence of the Board of Directors, and assigns the duties, rights and obligations of independent directors through the formulation of the Working System for Independent Directors, ensuring that independent directors can express their opinions independently and objectively, and provides professional advice and supervision for the long- term development of the company. The Board of Supervisors is a permanent supervisory body of the Company under the leadership of the General Meeting of Shareholders, which is responsible for supervising the legality and compliance of the Company's operations and protecting the legitimate rights and interests of the Company and its shareholders. The "three committees" perform their duties to ensure the scientific and fair nature of corporate governance and major decision-making.

The Board of Directors has set up a Strategy Committee, a Remuneration and Appraisal Committee, a Nomination Committee, an Audit Committee and a Governance and Compliance Committee, each of which performs its duties in accordance with relevant laws and regulations and the working rules of each committee, and provides professional advice and suggestions for the steady and healthy development of the company. Huaxin Cement continuously improves the internal systems such as the rules of procedure of the board of directors and the working rules of each special committee, continuously optimizes the decision-making process of the board of directors, and ensures that each special committee can perform its duties independently and professionally. In 2024, the Company held a total of 10 Board of Directors meetings, and 17 meetings of specialized committees of the Board of Directors (2 Strategy Committee meetings, 4 Remuneration and Appraisal Committee meetings, 2 Nomination Committee meetings, 7 Audit Committee meetings and 2 Governance and Compliance Committee meetings).



Board Building

Huaxin Cement firmly believes that the diversity of board members is essential to the efficient operation of the Company, and actively builds a diverse and inclusive board of directors through the formulation of internal systems such as the "Board Member Diversity Policy", promotes the diversity of board members in terms of gender, age, professional background, cultural background, etc., and enhances the Company's governance capabilities and decision-making quality from a richer and more comprehensive perspective. In addition, the Company encourages directors and supervisors to actively participate in various trainings organized by domestic regulatory authorities, so that members of the Board of Directors stay informed about industry trends and regulatory requirements and effectively improve their ability to perform their duties. In 2024, seven batches of directors and supervisors of the company participated in relevant training held by the China Association of Listed Companies, Hubei Securities Regulatory Bureau, and Shanghai Stock Exchange.

Remuneration Policy

Huaxin Cement effectively incentivises the management to align their interests with those of the Company by establishing the remuneration policy and shareholding policy for directors and senior management. The remuneration of non-executive directors is a fixed annual allowance approved by the general meeting of shareholders, while the remuneration of executive directors and senior management is formulated based on a combination of market conditions, performance, job responsibilities and the Company's long-term development objectives. The Remuneration and Evaluation Committee, comprising independent non-executive directors and non-executive directors, is responsible for overseeing, deliberating and approving the process of determining the remuneration of the executive directors and senior management, and a team of professional and independent third-party remuneration consultants is engaged to ensure the fairness, impartiality and transparency of the remuneration decision-making process.



Protect the Rights and Interests of Investors

Huaxin Cement has always regarded the protection of the rights and shareholders' and investors' rights and interests as an important part of corporate governance, providing a solid guarantee for the rights and shareholders' rights through system development, and stipulating the rights enjoyed by shareholders in the Articles of Association, including the right to information, the right to vote, the right to earn, etc., thereby establishing rules for the rights and interests of the shareholders. At the same time, the Company has formulated internal system documents such as the "Shareholder Communication Policy" and the "Rules of Procedure for the General Meeting of Shareholders" to standardize the communication mechanism with shareholders and the procedures of the general meeting of shareholders to ensure that shareholders can effectively participate in corporate governance.

Huaxin Cement is committed to building a diverse and multi-tiered investor communication mechanism to provide investors with channels to obtain information and express their demands in a timely manner. The Company has set up an investor reception hotline, a board secretary's mailbox and an investor mailbox to respond to investors' questions and suggestions in a timely manner. The Company takes the initiative to introduce the company's operating conditions, development strategies and financial performance to investors through various methods such as on-site receptions, brokerage strategy meetings, performance conferences, roadshow, online performance briefings, etc., fully protecting the right to know of shareholders and potential investors. As of the reporting period, the Company has carried out more than 600 communication activities with investors through various service channels, further enhancing interaction and trust with investors.

13 times	Jointly held a performance interpretation meeting on the Company's regular report with Hubei Securities Regulatory Bureau/Shanghai Securities Roadshow Center/securities company
27 times	Receiving visiting institutional investors, fund managers, and building materials industry analysts/researchers
25 times	Participate in the online/on-site securities market investment strategy meeting organized by the securities company
40 times	Participate in telephone/online meetings organized by securities companies to communicate with institutional investors
27 times	Management goes overseas for exchanges
27 times	The company's investor email reply
40 times/month	Investor hotline, WeChat phone

Huaxin Cement pays special attention to the protection of the rights and interests of minority shareholders, and enhances the participation and voice of small and medium-sized shareholders in corporate governance through various means. Minority shareholders can participate in the general meeting of shareholders either in person or remotely, express their views on the company's operations and decision-making, and maintain their right to speak and vote. In addition, they also have the right to participate in the election of directors and supervisors of the company, so as to further enhance their influence in the company's decision-making. By protecting the legitimate rights and interests of minority shareholders, the Company promotes a fairer and more transparent corporate governance structure.

The Company strictly abides by the Securities Law of the People's Republic of China, the Administrative Measures for Information Disclosure of Listed Companies and other relevant laws and regulations, formulates and implements the Administrative Measures for Corporate Information Disclosure and the Investor Relations Management System, and continuously improves the information disclosure management mechanism to ensure the timeliness, accuracy and completeness of information disclosure. During the reporting period, the Company disclosed 33 interim reports, 4 periodic reports, 34 other online documents on the Shanghai Stock Exchange, and 76 interim reports on the Hong Kong Stock Exchange, 4 regular reports, and 4 other online documents to ensure that investors can obtain important information of the company in a timely manner. Through regular reports, ad-hoc announcements and investor communications, the Company continues to enhance governance transparency and enhance the trust of investors in the company.

Adhere to Laws and Regulations

Compliance is a key pillar of the Company's sustainable development. Huaxin Cement has built a comprehensive and efficient compliance management system to ensure that the company's business activities strictly comply with all relevant laws, regulations and industry norms. Compliance management integrated into every aspect of the company's business, from risk identification and assessment to monitoring and reporting, forming a comprehensive and multi-level compliance prevention and control system.

Compliance Review

Huaxin Cement considers the legal compliance review as an essential prerequisite for enterprise operation and management, and all major decisions and business activities must undergo the legal compliance review of the Ministry of Justice before implementation, including the fair competition reviews of investment, M&A activities, the compliance of external transaction counterparties and audits, etc., ensuring that the Company operates steadily within the framework of laws and regulations.

The Company also regularly evaluates its compliance management mechanism, and continuously optimizes and enhances the compliance management system to adapt to the evolving market environment and legal requirements. In addition, in 2024, the company conducted compliance assessments for 10 subsidiaries, produced detailed compliance evaluation reports, and supervised the rectification of the problems found, further improving the compliance management level of the subsidiaries.

Pay Taxes in Accordance with the Law

Huaxin Cement strictly abides by all applicable tax laws and regulations, formulates and discloses the Tax Policy Statement, standardizes the tax management process, and ensures tax compliance. The Company has established a dedicated management team to be responsible for tax-related policy interpretation and promotion, tax planning, tax risk assessment, tax-related business monitoring and optimization, etc., and ensure the accuracy and efficiency of the company's tax management. In 2024, Huaxin Cement's tax credit rating was A.

Compliance Training

Through various training programs, the Company strengthens the awareness of compliance and risk prevention of all employees. In 2024, the Company conducted 9 legal compliance trainings on contract management, anti-monopoly regulations, and labor and employment laws, with more than 700 participants, ensuring that employees fully understand relevant laws, regulations and compliance requirements. Through continuous training and awareness efforts, a strong compliance culture has been fostered within the company, and employees proactively adhere to compliance regulations and integrate compliance awareness into every aspect of daily work.



2024 Seminar on the Rule of Law and Compliance



The 10th Meeting of the 11th Board of Directors of the Company

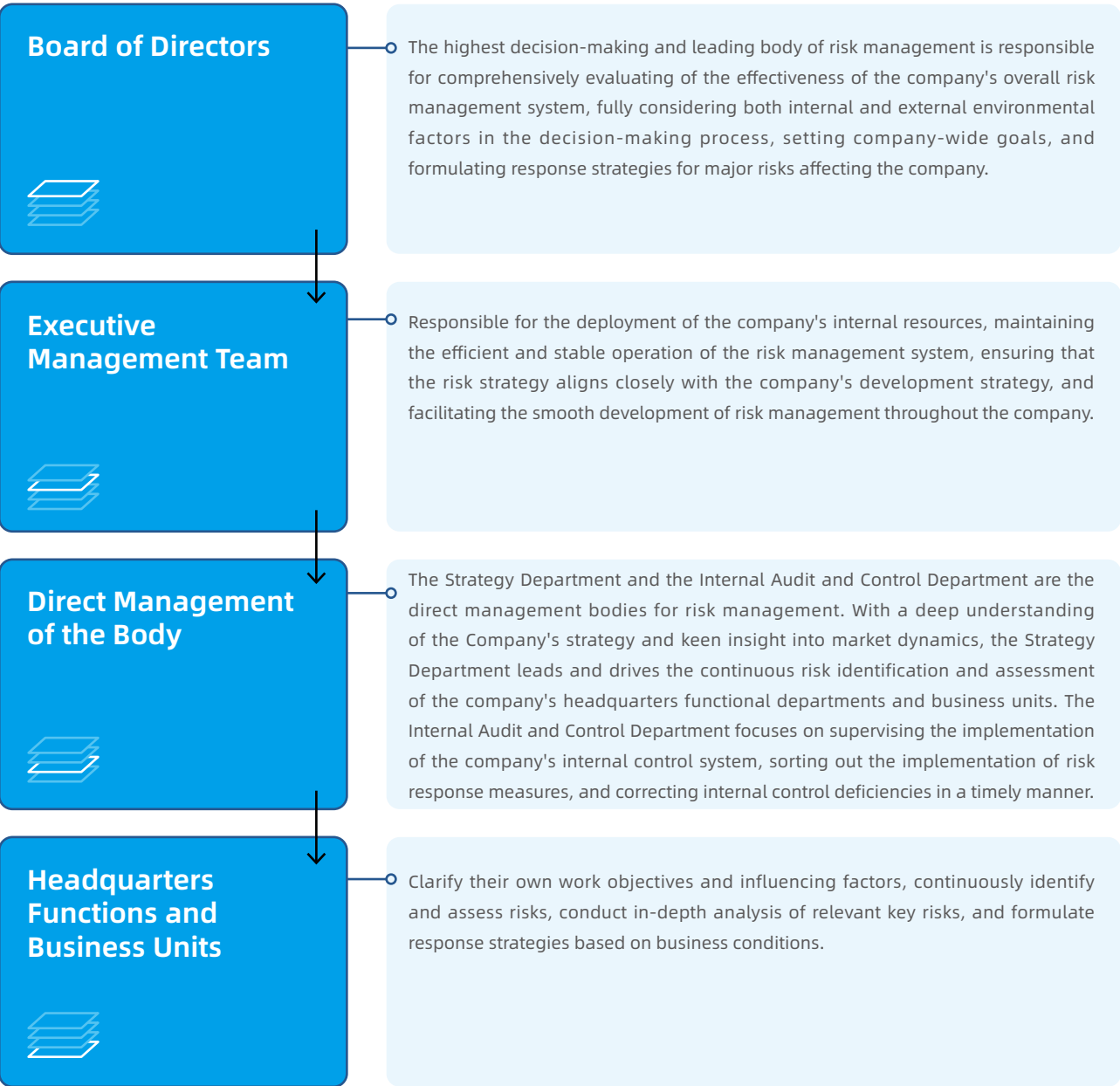
Strengthen Risk Management

Huaxin Cement has established a robust risk governance structure, built a closed-loop risk management process, prioritized risk culture development, and enhanced employees' risk awareness through training and awareness campaigns. The Company continuously optimizes the internal management system, strengthens internal and external audit cooperation, and builds a solid line of defense mechanism for stable growth.

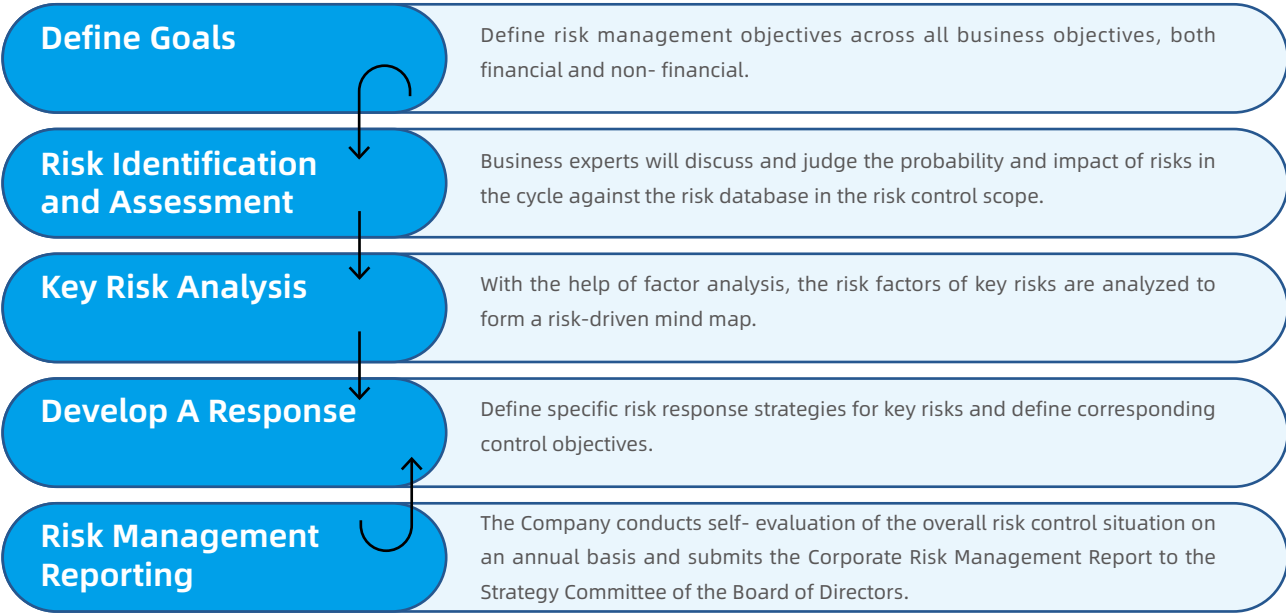
Strengthen Risk Management and Control

Huaxin Cement adheres to the concept of comprehensive risk management, and effectively identifies and mitigates uncertainties in operation and management through scientific and systematic management measures. Huaxin Cement puts forward corresponding system requirements from the aspects of risk management division of responsibilities, risk control scope, risk management process, supervision and improvement, etc., to ensure that everything is managed and everyone is responsible, so as to ensure the Company comprehensively improve its risk prevention, control capabilities and sustainable development. During the reporting period, the company did not have major risk events.

Risk Governance Structure



Huaxin Cement has comprehensively strengthened the risk management process and built a complete management closed-loop of "clear objectives, risk identification and assessment, key risk analysis, formulation of countermeasures, and risk management report", which effectively ensures the systematization and efficiency of enterprise risk management.



Based on the changes in the company's internal and external environment, Huaxin Cement updates the risk factors in the Company's risk database on a rolling basis every year and it defines them to ensure the accuracy of risk identification and management. The Company's risk database is divided into three categories: strategic risk, operational risk, and external risk. In 2024, through continuous risk identification and assessment, the Company did not find any new risk factors compared with the previous year.



Huaxin Cement attaches great importance to the construction of corporate risk culture, regards it as an important pillar of the Company's risk management, and continuously strengthens the publicity and implementation of internal control and business process risks in all units. During the reporting period, the Company promoted and implemented internal control norms in three new operating units, and carried out a total of 52 special trainings on internal control and business processes, covering theoretical knowledge and practical cases of internal control systems, and in-depth analysis of risk points and coping strategies in business processes. At the same time, the company actively explores innovative publicity and implementation methods. It stimulates employees' enthusiasm for learning through multi-dimensional forms such as internal reports, knowledge competitions, and special meetings. It improves the business risk awareness and risk management ability of personnel at all levels, so that the concept of risk management is deeply rooted in the hearts of the people.

Optimize Internal Control Management

Effective internal control management is the key cornerstone for sound operation and sustainable development. Based on the Company's Internal Control System, Huaxin Cement continues to improve internal control norms, optimize internal control mechanisms, and strive to improve the implementation efficiency of internal control. Through the organization of professional training, the Company strives to improve the professional quality of internal auditors of each unit and continues to guide them to effectively supervise the internal control management of their own units. At the same time, the Company actively uses digital means and relies on the internal control management platform to remind and supervise the implementation of key control activities of each unit, so as to promote the daily implementation of key control activities to meet the requirements of the specifications.

In addition, Huaxin Cement has established an internal control self-evaluation mechanism, organizes all units to carry out comprehensive self-inspection and evaluation of key control activities every year, formulates detailed rectification plans and tracks the implementation of problems and defects found, and forms a closed-loop optimization of internal control management. Huaxin Cement actively promotes the automation of control activities, improves the efficiency and accuracy of internal control through the introduction of advanced information technology, helps the company's internal control management to move towards systematization, rule of law and standardization, and provides a solid guarantee for the realization of the company's business objectives.

In 2024, the effective rate of the implementation of key control activities of Huaxin Cement has steadily increased to 90% year by year, and it has obtained the standard unqualified internal control audit report issued by the accounting firm for 14 consecutive years. Through regular inspection and evaluation of key control activities, the Company discovers and solves problems in the design and implementation of internal controls in a timely manner, continuously optimizes control measures, and ensures the compliance and risk controllability of various business activities.

Deepen Audit Supervision

Huaxin Cement stipulates the key elements such as the organizational form, scope of work, responsibilities, and powers of internal audit to ensure that the audit work can comprehensively and in-depth cover the company's various operational activities. Based on risk assessment, the Company has formulated a forward-looking audit plan and strictly implemented it to ensure the independence, objectivity and timeliness of the supervision of all important economic activities, provide a reliable basis for the Company's decision-making, and help the Company move forward steadily on the road of sustainable development. In addition, Huaxin Cement actively promotes the synergy between internal audit and other supervision departments to form an all-round and multi-level supervision network to jointly safeguard the compliance and soundness of the company's operations.

During the reporting period, the Company conducted an audit on the effectiveness of the implementation of key control activities for 26 subordinate units, and conducted in-depth inspections on the implementation of the internal control of each unit. At the same time, 20 business process audits were carried out for high-risk key business areas such as procurement, sales, and logistics, and business processes were comprehensively sorted out and reviewed. In view of the various internal control deficiencies found in the audit project, the Company attaches great importance to and actively urges the responsible units to rectify on time to ensure that the rectification measures are implemented, so as to effectively improve the level of risk management and the quality of internal control.

Adhere to Business Ethics

Huaxin Cement is committed to maintaining a fair and just market competition environment, strictly abiding by the requirements of relevant laws and regulations such as anti-unfair competition, anti-monopoly, anti-bribery, extortion, fraud and money laundering, and ensuring that business practices are legal and compliant. The Company has formulated a series of strict rules and regulations, prohibiting any form of embezzlement and corruption, actively carrying out anti-corruption and anti-corruption publicity and education activities, improving employees' legal awareness and moral concepts, and creating a clean and upright corporate culture atmosphere.

Strengthen the Construction of a Clean Company

Huaxin Cement has always adhered to the core values of integrity, and is committed to implementing the highest standards of ethics in all its businesses to ensure that integrity and self-discipline run through every aspect of the company's operations. To this end, Huaxin Cement has established and improved a comprehensive and rigorous anti-corruption system, and actively promoted strict compliance by the company's management and employees at all levels. In 2024, the Company has not been involved in any litigation related to corruption, bribery and unfair competition.

Based on relevant national laws and regulations, Huaxin Cement has formulated the Anti-Bribery and Anti-Corruption Regulations, which are applicable to the bribery and corruption scenarios involving all employees, executives and directors. Its core lies in clarifying the responsibilities of employees, requiring strict compliance with regulations, actively preventing and reporting violations, and making detailed specifications for bribery, gifts, rush pay, donations, conflicts of interest, etc., covering the definition of behavior, approval process, prohibited matters, etc., and establishing mechanisms for reporting, protection, training, supervision and evaluation, etc., to ensure the effective implementation of regulations, ensure that the Company's business is carried out honestly and fairly, and maintain the company's reputation and interests, building a strong anti-corruption defense line in all aspects of the Company's operation, and promoting the Company's steady development on the track of legal compliance.

To further deepen the construction of a clean government, Huaxin Cement carried out the 2024 annual clean government management and the assessment of the creation of "clean Huaxin". Through a scientific and rigorous assessment mechanism, we comprehensively evaluated the implementation of integrity management at all departments and levels, tested the phased achievements of the establishment of "Clean and Honest Huaxin", and ensured the continuous promotion and effective implementation of integrity work. At the same time, the Company organized the signing of the 2024 letter of responsibility for the construction of integrity and the creation of integrity, clarified the specific responsibilities and goals of each position in the construction of integrity and the creation of integrity, and consolidated the responsibility of integrity layer by layer, forming a pattern of integrity construction from top to bottom and full participation.



2024 "Clean Huaxin" Creation Mobilization and Deployment Meeting

Improve the Whistleblowing Mechanism

In order to encourage all employees to actively participate in the fight against corruption, Huaxin Cement has set up convenient reporting channels, including telephone hotlines, e-mails, and online reporting platforms, to ensure that employees, partners, and the public can easily report corrupt behaviors. The Company attaches great importance to the protection of whistle-blowers, and has formulated relevant whistle blower protection policies and strict confidentiality systems to ensure that whistle-blower information is not leaked and to ensure their security and privacy.

The Supervision Office of the Company is responsible for accepting and registering reports. The Commission for Discipline Inspection is responsible for reporting and investigating anti-corruption, anti-bribery, and anti-benefit transfer, and the Legal Affairs and Compliance Department is responsible for reporting and investigating fair competition and anti-money laundering. After the investigation is completed, the Company will provide feedback to the whistle blower in a timely manner.

Since the establishment of the whistle-blowing mechanism, Huaxin Cement has successfully handled a number of whistle-blowing cases, forming a strong deterrent effect and effectively curbing potential corruption. In order to ensure the efficient disposal of reporting clues, the company has formulated the "Administrative Measures for the Disposal of Clues on Petition Reports", which strictly reviews and handles all reported clues received to ensure that each problem clue can be investigated and resolved in a timely manner.

Strengthen Integrity Education

Huaxin Cement continues to deepen the construction of integrity culture and is committed to improving the discipline awareness of all employees. The company regularly carries out special training on integrity, deeply analyzes typical cases, and rings the disciplinary alarm in the hearts of all employees with real stories, so that every employee can intuitively understand the serious consequences of violating discipline. At the same time, the Company has created a cultural corridor of integrity, displaying famous sayings and aphorisms of integrity, advanced deeds, etc., to create a strong atmosphere of integrity, so that the concept of integrity imperceptibly affects employees in the daily work environment. Huaxin Cement not only hopes to build a clean and upright working environment, but also expects to take the culture of integrity as the cornerstone to enhance the overall competitiveness of the enterprise, and win the trust of customers and the respect of partners with excellent discipline and good corporate image in the fierce market competition, so as to achieve sustainable and high-quality development.

Integrity Advocacy

The supervision office of the company went deep into more than 40 units and business departments such as Chongqing, Xiangyang, Chibi, concrete, marketing, procurement, and youth league committee to carry out integrity preaching, and communicated and guided 15 transfer clues. The communication coverage rate of domestic grassroots units has reached 100%, and the full coverage of the company's grassroots integrity education has been successfully realized.

Warning Education

The supervision office of the company organized 12 centralized studies, and carried out 12 reminder talks on the discipline inspection system, in addition to reporting the typical cases of internal investigation and punishment of the system in three phases. In the process of learning, we adopt the method of learning chapter by chapter, article by article, analyze the actual situation, and pay attention to promoting learning through cases and training to ensure that the learning results are implemented in all aspects of discipline inspection work.

Integrity Training

A total of 291 integrity trainings were carried out in various special meetings such as new employee training, newly promoted middle-level cadre training and partner (customer, supplier, etc.) conference. In addition, all grassroots units have also organized 598 sessions of study on the theory of honesty and produced 279 issues of integrity columns, further strengthening the publicity and popularization of the culture of integrity.

Huaxin Conducted Integrity Education for Leading Cadres

Case



The president of the company gave a integrity lecture

In 2024, Huaxin held 3 lectures on integrity by the president of the company, 8 lectures on integrity by the secretary of Discipline Inspection Commission, and 89 investigative talks on integrity by the leaders and team members of each unit of the company, which strengthened the awareness of integrity and self-discipline of the leading cadres.

The Company held one warning education session for leading cadres, notified three batches of typical cases, and organized three reading classes and thematic counseling classes, actively guiding more than 3,000 middle-level and above leading cadres, key areas and key positions to participate in the warning education and thematic training, to ensure that the Company's leadership attaches great importance to the implementation of the requirements of cleanliness and self-discipline.

Huaxin Supervision Personnel Capacity Improvement

Case

The Company actively promoted the ability improvement of supervision personnel, carried out the "Torch Project" training for discipline inspection and supervision personnel, and completed the three phases of systematic training in Huangshi, Chongqing and Kunming, with a total of 146 supervision personnel participating. During the training period, the trainees also went to the Huangshi City Integrity Culture Center, Chongqing Dregs Cave, Hongyan Soul Exhibition Hall, and Kunming City Integrity and Anti-Corruption Education Base to visit and study, through on-the-spot education to build a solid ideological defense line of integrity, and effectively improve the professional ability and comprehensive quality of grassroots supervision personnel.



Training site at Huangshi



Visit to the Huangshi City Integrity Cultural Center



Visit to Chongqing Hongyan Soul Exhibition Hall



Visit to Kunming Integrity and Anti-Corruption Education Base

Key Performance Tables

Indicator	Unit	2022	2023	2024
Economic indicators				
Operating income	100 million yuan	304.70	337.57	342.17
Gross profit	100 million yuan	39.88	43.26	41.12
Total assets	100 million yuan	642.42	688.00	695.13
Environmental indicators				
Environmental management				
Total amount of investment in environmental protection and technological transformation	100 million yuan	7.06	7.59	7.07
Number of incidents in which penalties were imposed for violating environmental protection laws and regulations	number of incidents	4	4	3
Tackling climate ¹				
Scope 1 greenhouse gas emissions	tons of CO ₂ equivalent	35,316,810	34,046,159	29,954,056
Scope 2 greenhouse gas emission	tons of CO ₂ equivalent	736,198	735,669	667,468
Total Scope 1 and 2 GHG emissions (clinker process)	tons of CO ₂ equivalent	36,053,008	34,781,828	30,621,524
Annual greenhouse gas emission reductions	tons of CO ₂ equivalent	11,915,181	1,271,180	4,160,305
CO ₂ emissions per unit of operating revenue	tons of CO ₂ equivalent	11.83	10.30	8.94
Greenhouse gas emissions per unit of clinker product (Scope 1)	tons of CO ₂ equivalent / tons of clinker production	803.23	793.37	791.55
Greenhouse gas emissions per unit of clinker product (Scope 2)	tons of CO ₂ equivalent / tons of clinker production	16.74	17.14	17.64
Greenhouse gas emissions per unit of clinker product (Scope 1 + Scope 2).	tons of CO ₂ equivalent / tons of clinker production	819.97	810.51	809.19
Resource consumption				
Combined energy consumption	10,000 tons of coal	535.42	538.00	519.51
Comprehensive energy consumption per unit of clinker product in China	kg standard coal/ton clinker production	99.46	94.69	94.02
Clinker Fuel Substitution Rate (TSR)	%	14	20	21.7
Total water consumption	10,000 tons	2,258	2,347	2,330
Consumption of packaging materials	10,000 tons	3.36	2.83	2.62
Consumption density of packaging materials	kg/t bagged cement production	1.50	1.39	1.38

¹Greenhouse Gas Emissions Calculation Instructions:

The Company calculates greenhouse gas emissions data in accordance with the Carbon Emission Accounting and Reporting Requirements Part 8: Cement Production Enterprises (GBT32151.8-2023) (hereinafter referred to as the "GB Rules"), and conducts the data for 2022-2023 in accordance with the GB Rules Recalculate. The detailed description of the differences in statistical caliber between 2024 and 2023 and 2022 is as follows:

1.The 2023 ESG report did not account for the emissions of coal gangue for fuel, and the 2024 report added this part of the accounting according to the GB rules;

2.The carbon oxidation rate of coal carbon emissions accounted for in the 2023 ESG report is 98%, and the carbon oxidation rate calculated in the 2024 report is 99% according to GB rules;

3.In the indirect emission of electricity, the waste heat power generation in the 2023 ESG report will be apportioned across the site; In the 2024 report, all emission reduction contributions generated by waste heat power generation will be deducted from the clinker process in accordance with the GB rules.

Indicator	Unit	2022	2023	2024
Pollution prevention				
Total sulfur dioxide emissions	tons	1,479.80	1,266.53	1,221.34
Mean concentration of sulfur dioxide emissions	mg/m ³	13.89	11.62	12.65
Sulfur dioxide emission intensity per unit product of clinker	kg/t clinker yield	0.03	0.03	0.032
Sulfur dioxide emission intensity per unit product of cement	kg/t cement production	0.031	0.024	0.026
Annual reduction in sulfur dioxide emissions	tons	313.76	213.27	45.19
Total NO _x emissions	tons	19,547.60	16,715.73	13,981.96
Mean concentration of nitrogen oxide emissions	mg/m ³	199.49	172.92	157.55
Nitrogen oxide emission intensity per unit product of clinker	kg/t clinker production	0.44	0.39	0.369
Nitrogen oxide emission intensity per unit of cement product	kg/t cement production	0.405	0.321	0.296
Annual NO _x emission reductions	tons	9,310	2,832	2,733.77
Total particulate matter emissions	tons	1,028.89	977.42	727.13
Mean concentration of particulate matter emissions	mg/m ³	7.09	6.45	5.76
Particulate matter emission intensity per unit of clinker product	kg/t clinker production	0.02	0.02	0.019
Particulate matter emission intensity per unit of cement product	kg/t cement production	0.021	0.019	0.015
Annual reduction in particulate matter emissions	tons	492	51	250.29
Total amount of hazardous waste	tons	383.68	218.27	197.19
The amount of hazardous waste generated per unit of operating income	tons / 100 million yuan	1.26	0.65	0.58
Total amount of non- hazardous waste	tons	240,896.00	168,542.46	166,864.35
The amount of non-hazardous waste generated per unit of operating income	tons / 100 million yuan	790.6	499.28	486.97
Disposal rate of self- produced solid waste	%	100	100	100
Cumulative area of mine ecological restoration	10,000 square meters	/	373.5	373.5
Social indicators				
Employee profile				
Total number of employees	persons	19,278	20,804	20,174
Total number of male employees	persons	15,291	16,687	16,238
Total number of female employees	persons	3,987	4,117	3,936
Number of employees over 50 years old	persons	3,399	3,709	4,082
Number of employees between the ages of 30 and 50	persons	12,890	14,088	13,648
Number of employees under the age of 30	persons	2,989	3,007	2,444
Total number of senior management employees	persons	20	19	18
The total number of employees at the middle management level	persons	764	765	863
The total number of ordinary employees	persons	18,494	20,020	19,293
Total number of employees in Chinese mainland	persons	15,785	15,531	15,035
Total number of overseas employees	persons	3,493	5,273	5,139
Employee turnover	%	5.30	8.13	8.18
Male employee turnover rate	%	4.40	7.95	7.33

Indicator	Unit	2022	2023	2024
Female employee turnover	%	0.90	8.84	11.64
Employee turnover rate in Chinese mainland	%	2.00	5.83	4.82
Overseas employee turnover rate ²	%	3.30	14.89	17.84
Turnover rate of employees over the age of 50	%	0.40	14.61	11.71
Turnover rate of employees aged 30 to 50	%	2.60	4.51	5.44
Turnover rate for employees under the age of 30	%	2.30	17.06	17.27
Total number of new employees ³	persons	/	/	235
Employment rate of new employees over the age of 50	%	/	/	0.43
Employment rate of new employees aged 30 to 50	%	/	/	57.02
Employment rate of new employees under the age of 30	%	/	/	42.55
Male new hire rate	%	/	/	72.77
Female new hires hired	%	/	/	27.23
Employee training				
Annual training expenditures	10,000 yuan	/	/	1,147.26
Percentage of male employees trained	%	100	100	100
Percentage of female employees trained	%	100	100	100
Proportion of senior management trained	%	100	100	100
Proportion of middle management trained	%	100	100	100
Proportion of grassroots employees trained	hours	45	31	28
Average number of training for hours of male employees	hours	49	37	34
Average number of training for hours of female employees	hours	18	23	29
Average number of training for hours of male employees	hours	46	35	29
Average number of training for hours of female employees	hours	46	32	42
Occupational health and safety				
Number of employees who died due to work-related deaths	persons	0	2	1
Proportion of employees who died due to work-related deaths	%	0	0.01	0.005
Injury Accident Rate per Million Hours Worked (LTIFR)	/	/	0.09	0.19
The total amount of investment in safety production	100 million yuan	1.68	2.94	3.45
Total number of hours of safety training	hours	1,144,443	1,128,007	1,171,445
Supply chain management				
Total number of suppliers	/	4,313	4,439	4,646
Number of suppliers in Chinese mainland	/	4,275	4,394	4,612
Number of overseas suppliers	/	38	45	34
Number of suppliers who have passed environmental and social impact assessments	/	/	4,397	4,555
Total number of new suppliers	/	/	/	291

²Explanation of the difference in the statistical caliber of employee turnover rate in 2024, 2023 and 2022:
Employee turnover rate in 2022 = the number of employees in this category / total number of employees * 100%, and the employee turnover rate in 2024 and 2023 = the number of employees in this category / the total number of employees in this category * 100%; The turnover rate for 2022 does not include retired employees, and the turnover for 2024 and 2023 includes retirees.

³The statistical scope of the total number of new employees in 2024 only covers Chinese mainland and does not include overseas data.

Indicator	Unit	2022	2023	2024
New suppliers screened using environmental and social criteria	/	/	/	23
Percentage of new suppliers screened using environmental, social criteria	%	/	/	8
Products & Services				
The pass rate of products produced throughout the year	%	100	100	100
Products that have been recalled due to quality or safety issues	number of products	/	0	0
Number of complaints about products and services	number of products	52	43	52
Number of complaints about products and services				
Amount of R&D investment	yuan	113,199,061	324,894,605	240,903,440
The ratio of total R&D investment to operating income	%	0.37	0.96	0.70
Number of R&D personnel	persons	211	216	209
The number of R&D personnel accounts for the proportion of the total number of employees in the company	%	1.30	1.04	1.04
Public welfare				
Total investment in public welfare	10,000 yuan	2,460.78	2,083.03	1,459.19
The average number of hours of volunteer service for employees	hours	6	3	3
Governance metrics				
Number of Board Members	persons	9	9	9
Number of independent directors	persons	3	3	3
Number of female directors	persons	1	1	1
Number of Executive Directors	persons	2	2	2
Number of non-executive directors	persons	4	4	4
Number of independent non-executive directors	persons	3	3	3
Percentage of women on the board of directors	%	11.1	11.1	11.1
Proportion of independent non-executive directors on the board	%	33.3	33.3	33.3
Number of Board meetings	/	11	9	10
Number of shareholders' meetings	/	1	4	1
Number of Strategy Committee meetings	/	2	2	2
Number of Remuneration and Appraisal Committee Meetings	/	1	3	4
Number of Nominating Committee Meetings	/	1	1	2
Number of Nominating Committee Meetings	/	3	4	7
Number of Governance & Compliance Committee meetings	/	2	2	2
Number of risk management trainings	/	/	/	52
The number of risk events such as major litigation and arbitration matters involved	number of events	0	0	0
Number of corruption lawsuits	number of events	0	0	0
Number of participants in anti-corruption training	persons	1,951	1,984	3,650
Average number of hours of anti-corruption training	hours	87.8	88.2	89.4

Indicator Index

SEHK ESG Index of Indicators

Index of Environmental, Social and Governance Reporting (ESG) Reporting code in Appendix C2 of the SEHK			
Subject Areas	Description		Chapters
Part B: Mandatory Disclosure Requirements			
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.		ESG Management
Reporting principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.		About the Report ESG Management
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		About the Report:
Part C: “Comply or explain” Provisions			
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	1.1 Insist on Green Production
	KPI A1.1	The types of emissions and respective emissions data.	1.1 Insist on Green Production Key Performance Tables
	KPI A1.2	[Repealed 1 January 2025]	/
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Tables
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Tables
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	1.1 Insist on Green Production
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	1.1 Insist on Green Production

Subject Areas	Description		Chapters
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	1.2 Optimize Resource Usage
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	1.2 Optimize Resource Usage Key Performance Tables
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	1.2 Optimize Resource Usage Key Performance Tables
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	1.2 Optimize Resource Usage
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	1.2 Optimize Resource Usage
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	1.2 Optimize Resource Usage Key Performance Tables
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	1.3 Focus on Ecological Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	1.3 Focus on Ecological Protection
Aspect A4: Climate Change	[Repealed 1 January 2025]		/
B. Social			
Employment and Labor Practices			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	2.1 Employee Rights and Care
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Tables
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Tables
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	2.3 Occupational Health and Safety

Subject Areas	Description		Chapters
Aspect B2: Health and Safety	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Tables
	KPI B2.2	Lost days due to work injury.	Key Performance Tables
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2.3 Occupational Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	2.2 Employee Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Tables
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Tables
Aspect B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	2.1 Employee Rights and Care
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	2.1 Employee Rights and Care
	KPI B4.1	Description of steps taken to eliminate such practices when discovered.	2.1 Employee Rights and Care
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Responsible Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	Key Performance Tables
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.4 Responsible Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Responsible Supply Chain
Aspect B6: Product Responsibility	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Responsible Supply Chain
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.3 Quality Products and Services
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.3 Quality Products and Services
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	3.3 Quality Products and Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Promote Scientific and Technological Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	3.3 Quality Products and Services

Subject Areas	Description		Chapters
Aspect B6: Product Responsibility	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3 Quality Products and Services
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.3 Adhere to Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.3 Adhere to Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.3 Adhere to Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.3 Adhere to Business Ethics
Community			
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.1 Respond to the "Belt and Road" Initiative 4.2 Contribute to Rural Revitalization 4.3 Participate in Community Welfare
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.1 Respond to the "Belt and Road" Initiative 4.2 Contribute to Rural Revitalization 4.3 Participate in Community Welfare
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Key Performance Tables
Part D: Climate-related Disclosures			
(I) Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.		1.5 Respond to Climate Change
(II) Strategy	Climate-related risks and opportunities	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	1.5.1 Climate Risk Identification
	Business model and value chain	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	1.5.3 Climate Impact Analysis
	Strategy and decision-making	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making.	1.5.1 Climate Risk Identification
	Financial position, financial performance and cash flows	Current financial effect	1.5.3 Climate Impact Analysis
		Anticipated financial effect	1.5.3 Climate Impact Analysis

Subject Areas	Capital deployment		Chapters
(II) Strategy	Climate resilience	An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.	1.5.2 Climate Scenario Analysis
(III) Risk Management	(a) The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.		1.5.1 Climate Risk Identification
	(b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).		1.5.2 Climate Scenario Analysis
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.		1.5.3 Climate Impact Analysis
(IV) Metrics and Targets	Greenhouse gas emissions	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	1.5.4 Carbon Emission Management Key Performance Tables
	Climate-related transition risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	reasonable information waiver
	Climate-related physical risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	reasonable information waiver
	Climate-related opportunities	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	commercially sensitive waiver
	Capital deployment	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	commercially sensitive waiver
	Internal carbon prices	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	not applicable
(IV) Metrics and Targets	Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Climate-related considerations have not yet been incorporated into compensation policies
	Industry-based metrics	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	Key Performance Tables
	Climate-related targets	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	1.5.4 Carbon Emission Management
	Applicability of cross-industry metrics and industry-based metrics	/	Key Performance Tables

SSE ESG Index of Indicators

Index of Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies–Sustainability Report (Trial)				
Dimension	Number	Topic	Article	Report Chapters
Environment	1	Climate change tackling	Articles 21 to 28	1.5 Respond to Climate Change
	2	Pollutant discharge	Article 30	1.1 Insist on Green Production
	3	Waste disposal	Article 31	1.1 Insist on Green Production
	4	Ecosystem and biodiversity protection	Article 32	1.3 Focus on Ecological Protection
	5	Environmental compliance management	Article 33	1.1 Insist on Green Production
	6	Energy usage	Article 35	1.2 Optimize Resource Usage
	7	Usage of water resources	Article 36	1.2 Optimize Resource Usage
	8	Circular economy	Article 37	1.2 Optimize Resource Usage
Society	9	Rural revitalization	Article 39	4.2 Contribute to Rural Revitalization
	10	Contributions to the society	Article 40	4.1 Respond to the “Belt and Road” Initiative 4.3 Participate in Community Welfare
	11	Innovation-driven	Article 42	3.1 Promote Scientific and Technological Innovation 3.2 Industry exchange and co-construction
	12	Ethics of science and technology	Article 43	3.1 Promote Scientific and Technological Innovation
	13	Supply chain security	Article 45	3.4 Responsible Supply Chain
	14	Equal treatment to small and medium-sized enterprises	Article 46	3.4 Responsible Supply Chain
	15	Safety and quality of products and services	Article 47	3.3 Quality Products and Services
	16	Data security and customer privacy protection	Article 48	3.3 Quality Products and Services
Sustainability-related governance	17	Employees	Article 50	2.1 Employee Rights and Care 2.2 Employee Development and Training 2.3 Occupational Health and Safety
	18	Due diligence	Article 52	ESG Management
	19	Communications with stakeholders	Article 53	ESG Management
	20	Anti-commercial bribery and anti-corruption	Article 55	5.3 Adhere to Business Ethics
	21	Anti-unfair competition	Article 56	5.3 Adhere to Business Ethics

GRI Content Index

GRI Index Table			
Statement of use	Huaxin Cement has reported the information cited in this GRI content index for January 1th 2024 to December 31th 2024 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI Standard	Disclosure		Location
GRI 2: General Disclosure 2021	2-1	Organizational details	About Huaxin Cement
	2-2	Entities included in the organization's sustainability report	About the Report
	2-3	Reporting period, reporting frequency, and contact point	About the Report
	2-4	Restatements of information	About the Report
	2-6	Activities, value chain and other business relationship	About Huaxin Cement 1.5 Respond to Climate Change
	2-7	Employees	Key Performance Tables
	2-8	Workers who are not employees	Key Performance Tables
	2-9	Governance structure and composition	ESG Management 5.1 Standardize Corporate Governance
	2-10	Nomination and selection of the highest governing body	5.1 Standardize Corporate Governance
	2-11	Chair of the highest governance body	5.1 Standardize Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management 5.1 Standardize Corporate Governance
	2-13	Delegation of responsibility for managing impacts	ESG Management 5.1 Standardize Corporate Governance
	2-14	Conflicts of interest	ESG Management
	2-15	Communication of critical concerns	5.1 Standardize Corporate Governance
	2-16	Collective knowledge of the highest governance body	ESG Management
	2-17	Evaluation of the performance of the highest governance body	ESG Management
	2-18	Remuneration policies	ESG Management 5.1 Standardize Corporate Governance
	2-19	Conflicts of interest	5.1 Standardize Corporate Governance
	2-20	Process to determine remuneration	5.1 Standardize Corporate Governance
	2-21	Annual total compensation ratio	5.1 Standardize Corporate Governance
	2-22	Statement on sustainable development strategy	Message by the President
	2-23	Policy commitments	1. Environmental Protection First, Build a Low-Carbon Future 2. Partners Work Together to Forge a Talent-Powered Enterprise 3. Innovation-Driven, Building an Industry Ecology 4. Practice Responsibility and Build a Warm Society Together 5. Operate Steadily and Lay a Solid Foundation for Governance

GRI Standard	Disclosure		Location
GRI 2: General Disclosure 2021	2-24	Embedding policy commitments	1. Environmental Protection First, Build a Low-Carbon Future 2. Partners Work Together to Forge a Talent-Powered Enterprise 3. Innovation-Driven, Building an Industry Ecology 4. Practice Responsibility and Build a Warm Society Together 5. Operate Steadily and Lay a Solid Foundation for Governance
	2-25	Processes to remediate negative impacts	1. Environmental Protection First, Build a Low-Carbon Future 2. Partners Work Together to Forge a Talent-Powered Enterprise 3. Innovation-Driven, Building an Industry Ecology 5. Operate Steadily and Lay a Solid Foundation for Governance
	2-26	Mechanisms for seeking advice and raising concerns	ESG Management
	2-27	Compliance with laws and regulations	1. Environmental Protection First, Build a Low-Carbon Future 2. Partners Work Together to Forge a Talent-Powered Enterprise 3. Innovation-Driven, Building an Industry Ecology 4. Practice Responsibility and Build a Warm Society Together 5. Operate Steadily and Lay a Solid Foundation for Governance
	2-28	Membership associations	3.2 Industry Exchange and Co-construction
	2-29	Approach to stakeholder engagement	ESG Management
	2-30	Collective bargaining agreements	2.1 Employee Rights and Care
	3-1	Process to determine material topics	ESG Management
	3-2	List of material topics	ESG Management
	3-3	Management of material topics	1. Environmental Protection First, Build a Low-Carbon Future 2. Partners Work Together to Forge a Talent-Powered Enterprise 3. Innovation-Driven, Building an Industry Ecology 4. Practice Responsibility and Build a Warm Society Together 5. Operate Steadily and Lay a Solid Foundation for Governance
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Key Performance Tables
	201-2	Financial implications and other risks and opportunities due to climate change	1.5 Respond to Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	2.1 Employee Rights and Care
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.1 Respond to the “Belt and Road” Initiative 4.2 Contribute to rural revitalization
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	5.3 Adhere to Business Ethics
	205-3	Confirmed incidents of corruption and actions taken	5.3 Adhere to Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.3 Adhere to Business Ethics
GRI 207: Tax 2019	207-1	Approach to tax	5.1 Standardize Corporate Governance
	207-2	Tax governance, control, and risk management	5.1 Standardize Corporate Governance

GRI Standard	Disclosure		Location
GRI 301: Materials 2016	301-1	Materials used by weight or volume	1.2 Optimize Resource Usage
	301-2	Recycled input materials used	1.2 Optimize Resource Usage
	301-3	Reclaimed products and their packaging materials	1.2 Optimize Resource Usage
GRI 302: Energy 2016	302-1	Energy consumption within the organization	1.2 Optimize Resource Usage
	302-3	Energy intensity	Key Performance Tables
	302-4	Reduction of energy consumption	Key Performance Tables
	302-5	Reductions in energy requirements of products and services	1.2 Optimize Resource Usage
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	1.2 Optimize Resource Usage
	303-2	Management of water discharge-related impacts	1.1 Insist on Green Production 1.2 Optimize resource usage
	303-3	Water withdrawal	1.2 Optimize Resource Usage
	303-4	Water discharge	1.1 Insist on Green Production 1.2 Optimize resource usage
	303-5	Water consumption	1.3 Optimize Resource Usage
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	1.3 Focus on Ecological Protection
	304-2	Significant impacts of activities, products and services on biodiversity	1.3 Focus on Ecological Protection
	304-3	Habitats protected or restored	1.3 Focus on Ecological Protection
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	1.5 Respond to Climate Change Key Performance Tables
	305-2	Energy indirect (Scope 2) GHG emissions	1.5 Respond to Climate Change Key Performance Tables
	305-4	Other indirect (Scope 3) GHG emissions	1.5 Respond to Climate Change Key Performance Tables
	305-5	GHG emissions intensity	1.5 Respond to Climate Change Key Performance Tables
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	1.1 Insist on Green Production Key Performance Tables
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	1.1 Insist on Green Production
	306-2	Management of significant waste-related impacts	1.1 Insist on Green Production
	306-3	Waste generated	1.1 Insist on Green Production
	306-4	Waste diverted from disposal	1.1 Insist on Green Production
	306-5	Waste directed to disposal	1.1 Insist on Green Production 1.2 Optimize Resource Usage
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.4 Responsible Supply Chain Key Performance Tables
	308-2	308-2 Negative environmental impacts in the supply chain and actions taken	3.4 Responsible Supply Chain
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Key Performance Tables
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.1 Employee Rights and Care
	401-3	Parental leave	2.1 Employee Rights and Care

GRI Standard	Disclosure		Location
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	2.3 Employee Rights and Care
	403-2	Hazard identification, risk assessment, and incident investigation	2.3 Employee Rights and Care
	403-3	Occupational health services	2.3 Employee Rights and Care
	403-4	Worker participation, consultation, and communication on occupational health and safety	2.3 Employee Rights and Care
	403-5	Worker training on occupational health and safety	2.3 Employee Rights and Care
	403-6	Promotion of worker health	2.3 Employee Rights and Care
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.3 Employee Rights and Care
	403-8	Workers covered by an occupational health and safety management system	2.3 Employee Rights and Care
	403-9	Work-related injuries	2.3 Occupational Health and Safety Key Performance Tables
	403-10	Work-related ill health	2.3 Employee Rights and Care Key Performance Tables
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Key Performance Tables
	404-2	Programs for upgrading employee skills and transition assistance programs	2.2 Employee Development and Training
	404-3	Percentage of employees receiving regular performance and career development reviews	2.2 Employee Development and Training
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1 Standardize Corporate Governance
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	2.1 Employee Rights and Care
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	2.1 Employee Rights and Care
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.1 Employee Rights and Care
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.1 Respond to the “Belt and Road” Initiative 4.2 Contribute to Rural Revitalization 4.3 Participate in Community Welfare
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.4 Responsible Supply Chain Key Performance Tables
	414-2	Negative social impacts in the supply chain and actions taken	3.4 Responsible Supply Chain
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.3 Quality Products and Services
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.3 Quality Products and Services
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.3 Quality Products and Services
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.3 Quality Products and Services
	417-3	Incidents of non-compliance concerning marketing communications	3.3 Quality Products and Services
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Quality Products and Services

Reader Feedback Form

Dear readers,

Thank you very much for reading the Huaxin Cement Co., Ltd. Environmental, Social, and Governance Report (2024). We earnestly look forward to your comments and suggestions on the Report and our work. You can send the completed questionnaire back to us by mail or email after scanning. Your valuable opinions are greatly appreciated. Thank you!

Optional question (please tick the corresponding place)

1. What's your relation with Huaxin Cement?

☐ Shareholder

☐ Investor

☐ Employee

☐ Supplier

☐ Customer

☐ Government

☐ Community

☐ Academic Institutions

☐ Non-profit Organizations

☐ Other (please specify)

2. Is all the information you are concerned about reflected in the Report?

☐ Yes

☐ No

3. Your comprehensive evaluation of the ESG Report of Huaxin Cement in 2024:

	3 (pretty good)	2 (just so-so)	1 (very bad)
Readability (it is readable and understandable, with beautiful and attractive design and layout, and it is easy to find the required information)	☐	☐	☐
Credibility (information in this Report is true and credible)	☐	☐	☐
Information integrity (it gives consideration to both positive and negative information and meets your information needs)	☐	☐	☐

Open-ended questions

4. Besides what has been disclosed in the Report , what information do you want to read?

Contact

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