

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 1907, when Huaxin Cement Plant, the predecessor of our Company, was established. After decades of operations and development, the current form of our Group was established in 1993, when the main founders, eight enterprises including Huaxin Cement Plant, established our Company by way of social fundraising. As “the cradle of China’s cement industry”, our business was originally focused in the cement production industry, before expanding into concrete and aggregates during our development. As of the Latest Practicable Date, we had over 250 branches and subsidiaries across 14 provinces within the PRC, including Hubei, Hunan, Yunnan, Chongqing, Sichuan, Guizhou, Tibet, Henan, Guangdong, Shanghai, Jiangsu, Jiangxi, Shaanxi and Hainan and overseas in regions covering Southeast Asia, Central Asia and Africa.

Our Company is among the Top 500 Manufacture Companies (中國製造業500強) and ranked amongst one of the “Fortune” China Top 500 companies (《財富》中國500強企業) from 2010 to 2020 consecutively, according to Fortune Magazine China.

Our Company has been a public company listed on the Shanghai Stock Exchange since 1994. On January 3, 1994, our Company listed its ordinary shares denominated in RMB for domestic investors (being the A Shares, 600801.SH) on the Shanghai Stock Exchange. On December 9 of the same year, our Company also listed its B Shares on Shanghai Stock Exchange.

As at the Latest Practicable Date, the total issued shares of the Company were 2,096,599,855, of which 1,361,879,855 were A Shares and 734,720,000 were B Shares (representing 64.96% and 35.04% of the total issued shares of the Company respectively). Holcim was the largest shareholder of the Company, indirectly holding 451,333,201 A Shares and 425,902,467 B Shares via Holchin B.V. and Holpac Limited, in aggregate representing 41.84% of the total issued share capital of the Company, and Huaxin Group is our second largest shareholder and a substantial shareholder of the Company, holding 338,060,739 A Shares, representing 16.12% of the total issued share capital of the Company.

OUR DEVELOPMENT MILESTONES

The following table sets forth our significant business development and milestones:

Year	Events
1907	• Establishment of Huaxin Cement Plant, the predecessor of the Company
1993	• Establishment of the Company through equity fundraising
1994	• Listing of the A and B shares of the Company on the Shanghai Stock Exchange

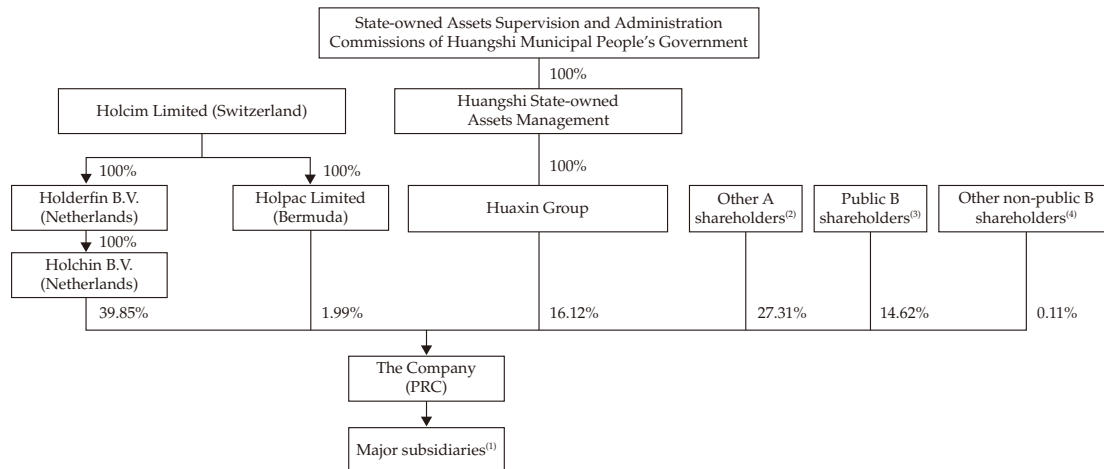
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Year	Events
1999	<ul style="list-style-type: none"> Establishment of the strategic partnership with Holderbank (the predecessor of Holcim)
2005	<ul style="list-style-type: none"> Expansion of our business into concrete
2007	<ul style="list-style-type: none"> Expansion of our business into environmental protection
2009	<ul style="list-style-type: none"> Awarded the National Science and Technology Progress Award (國家科技進步二等獎) for the first time
2011	<ul style="list-style-type: none"> Expansion of our business into aggregates
2012	<ul style="list-style-type: none"> Construction of our first overseas cement project, in Tajikistan
2019	<ul style="list-style-type: none"> Expansion of our overseas business into Africa, through our cement project in Tanzania
2020	<ul style="list-style-type: none"> Ranked 308th among “Fortune” China Top 500 Companies (《財富》中國500強), marking our 11th consecutive year on the list Ranked 82nd among “China’s 500 Most Valuable Brands” (中國500最具價值品牌), with a brand value of RMB59.875 billion

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OUR SHAREHOLDING AND GROUP STRUCTURE

As of the Latest Practicable Date, we had 239 subsidiaries. The following chart sets out the simplified shareholding and group structure of our Company as of the Latest Practicable Date:

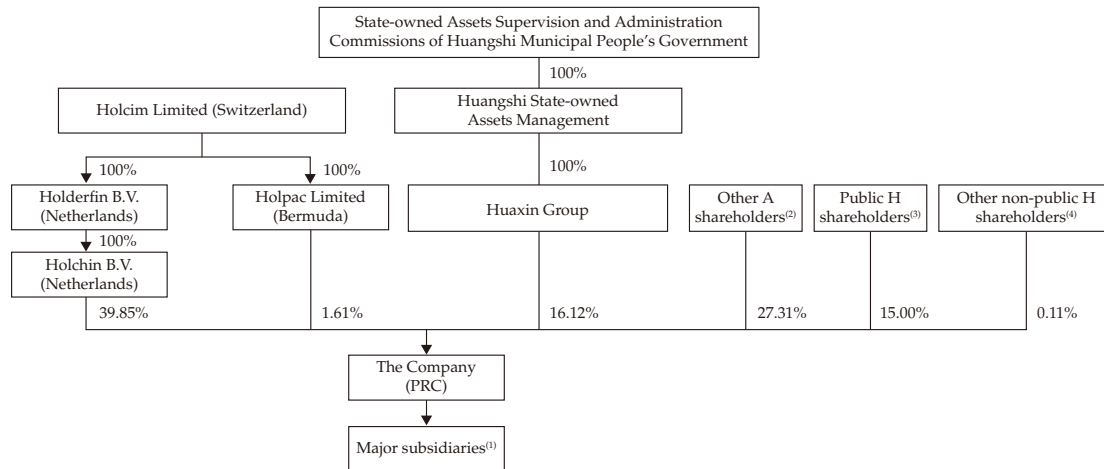


Notes:

- (1) For a list of our major subsidiaries, see “— Our Major Subsidiaries” below.
- (2) The other A shareholders of the Company include (i) the shareholding platform for our 2020-2022 Key Employee Incentive Plan, which holds approximately 1.08% of the total issued share capital of the Company, details of which are set out under “Directors, Supervisors and Senior Management — Remuneration of the Directors, Supervisors and Senior Management”, and (ii) certain of our Directors and Supervisors, who hold approximately 0.02% of the total issued share capital of the Company in A Shares. Our A Shares will not be counted towards our public float in Hong Kong.
- (3) The public B shareholders of the Company comprise of entities and individuals who are Independent Third Parties, with the shareholding of each individual B shareholder ranging from one (1) B share to 0.39% of the total issued share capital of the Company. The B Shares held by them will count towards our public float in Hong Kong.
- (4) The other non-public H shareholders comprise of core connected persons of the Company other than Holcim and its subsidiaries, namely 46 directors, supervisors and/or general managers of our Company and/or our subsidiaries, including our executive Directors Mr. Li Yeqing and Mr. Liu Fengshan, our Supervisors Mr. Ming Jinhua, Mr. Zhang Lin and Mr. Liu Weisheng, and our senior management Mr. Ke Youliang, Mr. Du Ping, Ms. Liu Yunxia, Mr. Mei Xiangfu, Mr. Yuan Dezu, Mr. Yang Hongbing, Mr. Ye Jiaxing and Mr. Chen Qian.

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The following chart sets out the simplified shareholding and group structure of our Company upon Listing:



Notes:

- (1) For a list of our major subsidiaries, see “— Our Major Subsidiaries” below.
- (2) The other A shareholders of the Company include (i) the shareholding platform for our 2020-2022 Key Employee Incentive Plan, which holds approximately 1.08% of the total issued share capital of the Company, details of which are set out under “Directors, Supervisors and Senior Management — Remuneration of the Directors, Supervisors and Senior Management”, and (ii) certain of our Directors and Supervisors, who hold approximately 0.02% of the total issued share capital of the Company in A Shares. Our A Shares will not be counted towards our public float in Hong Kong.
- (3) The public H shareholders of the Company comprise of entities and individuals who are Independent Third Parties, with the shareholding of each individual H shareholder ranging from one (1) H share to 0.39% of the total issued share capital of the Company. The H Shares held by them will count towards our public float in Hong Kong.
- (4) The other non-public H shareholders comprise of core connected persons of the Company other than Holcim and its subsidiaries, namely 46 directors, supervisors and/or general managers of our Company and/or our subsidiaries, including our executive Directors Mr. Li Yeqing and Mr. Liu Fengshan, our Supervisors Mr. Ming Jinhua, Mr. Zhang Lin and Mr. Liu Weisheng, and our senior management Mr. Ke Youliang, Mr. Du Ping, Ms. Liu Yunxia, Mr. Mei Xiangfu, Mr. Yuan Dezu, Mr. Yang Hongbing, Mr. Ye Jiaying and Mr. Chen Qian.
- (5) This is for illustration purposes only and subject to Holcim’s execution plan of the B Share Sell-down to restore the 15% public float.

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OUR MAJOR SUBSIDIARIES

Our major subsidiaries which have materially contributed to our revenue and profits during the Track Record Period and as of the Latest Practicable Date are set forth in the following table:

No.	Name of subsidiaries	Place of incorporation	Date of incorporation	Effective shareholding percentage of our Company as of the Latest Practicable Date	Major scope of business
1.	Huaxin Cement (Yangxin) Co., Ltd. (華新水泥(陽新)有限公司)	PRC	February 22, 2005	100%	Production and sale of cement
2.	Huaxin Cement (Wuxue) Co., Ltd. (華新水泥(武穴)有限公司)	PRC	August 24, 2006	100%	Production and sale of cement
3.	Huaxin Cement (Chibi) Co., Ltd. (華新水泥(赤壁)有限公司)	PRC	May 23, 2007	100%	Production and sale of cement
4.	Huaxin Cement (Yichang) Co., Ltd. (華新水泥(宜昌)有限公司)	PRC	April 28, 2002	100%	Production and sale of cement
5.	Huaxin Cement (Xiangyang) Co., Ltd. (華新水泥(襄陽)有限公司)	PRC	May 18, 2006	100%	Production and sale of cement
6.	Huaxin Cement (Enshi) Co., Ltd. (華新水泥(恩施)有限公司)	PRC	September 4, 2003	100%	Production and sale of cement
7.	Huaxin Cement (Zhaotong) Co., Ltd. (華新水泥(昭通)有限公司)	PRC	October 29, 2004	100%	Production and sale of cement
8.	Huaxin Cement (Tibet) Co., Ltd. (華新水泥(西藏)有限公司)	PRC	December 22, 2003	79% ⁽¹⁾	Production and sale of cement
9.	Huaxin Cement (Henan Xinyang) Co., Ltd. (華新水泥(河南信陽)有限公司)	PRC	February 21, 2008	100%	Production and sale of cement
10.	Huaxin Cement (Zigui) Co., Ltd. (華新水泥(秭歸)有限公司)	PRC	March 25, 2008	100%	Production and sale of cement
11.	Huaxin Cement (Zhuzhou) Co., Ltd. (華新水泥(株洲)有限公司)	PRC	May 20, 2008	100%	Production and sale of cement
12.	Huaxin Cement (Chenzhou) Co., Ltd. (華新水泥(郴州)有限公司)	PRC	April 11, 2008	100%	Production and sale of cement
13.	Huaxin Cement (Quxian) Co., Ltd. (華新水泥(渠縣)有限公司)	PRC	October 17, 2008	100%	Production and sale of cement
14.	Huaxin Cement (Wanyuan) Co., Ltd. (華新水泥(萬源)有限公司)	PRC	September 4, 2009	100%	Production and sale of cement

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No.	Name of subsidiaries	Place of incorporation	Date of incorporation	Effective shareholding percentage of our Company as of the Latest Practicable Date	Major scope of business
15.	Huaxin Cement Chongqing Fuling Co., Ltd. (華新水泥重慶涪陵有限公司)	PRC	November 18, 2008	100%	Production and sale of cement
16.	Huaxin Hongta Cement (Jinghong) Co., Ltd. (華新紅塔水泥(景洪)有限公司)	PRC	November 1, 2007	51% ⁽²⁾	Production and sale of cement
17.	Huaxin Cement (Changyang) Co., Ltd. (華新水泥(長陽)有限公司)	PRC	October 22, 2003	100%	Production and sale of cement
18.	Huaxin Cement (Daoxian) Co., Ltd. (華新水泥(道縣)有限公司)	PRC	May 5, 2009	100%	Production and sale of cement
19.	Huaxin Cement (Kunming Dongchuan) Co., Ltd. (華新水泥(昆明東川)有限公司)	PRC	September 11, 2008	100%	Production and sale of cement
20.	Huaxin Cement (Fangxian) Co., Ltd. (華新水泥(房縣)有限公司)	PRC	October 17, 2007	70% ⁽³⁾	Production and sale of cement
21.	Huaxin Cement (Lengshuijiang) Co., Ltd. (華新水泥(冷水江)有限公司)	PRC	March 16, 2010	90% ⁽⁴⁾	Production and sale of cement
22.	Huaxin Cement (Diqing) Co., Ltd. (華新水泥(迪慶)有限公司)	PRC	August 7, 2007	69% ⁽⁵⁾	Production and sale of cement
23.	Huaxin Jinlong Cement (Yunxian) Co., Ltd. (華新金龍水泥(鄖縣)有限公司)	PRC	November 18, 2004	80% ⁽⁶⁾	Production and sale of cement
24.	Huaxin Cement (Jianchuan) Co., Ltd. (華新水泥(劍川)有限公司)	PRC	May 9, 1997	100%	Production and sale of cement
25.	Huaxin Cement (Yunlong) Co., Ltd. (華新水泥(雲龍)有限公司)	PRC	November 26, 2007	100%	Production and sale of cement
26.	Huaxin Cement (Lincang) Co., Ltd. (華新水泥(臨滄)有限公司)	PRC	December 9, 2010	100%	Production and sale of cement
27.	Kunming Chongde Cement Co., Ltd. (昆明崇德水泥有限公司)	PRC	December 12, 2008	100%	Production and sale of cement
28.	Huaxin Cement (Daye) Co., Ltd. (華新水泥(大冶)有限公司)	PRC	September 17, 2003	70% ⁽⁷⁾	Production and sale of cement
29.	Huaxin Cement (E'zhou) Co., Ltd. (華新水泥(鄂州)有限公司)	PRC	November 4, 2011	70% ⁽⁸⁾	Production and sale of cement
30.	Huaxin Cement (Enping) Co., Ltd. (華新水泥(恩平)有限公司)	PRC	November 10, 2008	100%	Production and sale of cement

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No.	Name of subsidiaries	Place of incorporation	Date of incorporation	Effective shareholding percentage of our Company as of the Latest Practicable Date	Major scope of business
31.	Huaxin Cement (Fumin) Co., Ltd. (華新水泥(富民)有限公司)	PRC	August 23, 2006	100%	Production and sale of cement
32.	Yunnan Huaxin Dongjun Cement Co., Ltd. (雲南華新東駿水泥有限公司)	PRC	July 4, 2000	100%	Production and sale of cement
33.	Huaxin Cement (Lijiang) Co., Ltd. (華新水泥(麗江)有限公司)	PRC	November 10, 2005	100%	Production and sale of cement
34.	Huaxin Cement (Honghe) Co., Ltd. (華新水泥(紅河)有限公司)	PRC	March 10, 1997	100%	Production and sale of cement
35.	Huaxin Cement (Sangzhi) Co., Ltd. (華新水泥(桑植)有限公司)	PRC	December 7, 2011	80% ⁽⁹⁾	Production and sale of cement
36.	Guizhou Shuicheng Rui'an Cement Co., Ltd. (貴州水城瑞安水泥有限公司)	PRC	March 25, 2005	70% ⁽¹⁰⁾	Production and sale of cement
37.	Huaxin Cement (Huangshi) Co., Ltd. (華新水泥(黃石)有限公司)	PRC	January 2, 2018	94% ⁽¹¹⁾	Production and sale of cement
38.	Chongqing Huaxin Yanjing Cement Co., Ltd. (重慶華新鹽井水泥有限公司)	PRC	May 8, 1995	80% ⁽¹²⁾	Production and sale of cement
39.	Chongqing Huaxin Diwei Cement Co., Ltd. (重慶華新地維水泥有限公司)	PRC	August 28, 2001	97% ⁽¹³⁾	Production and sale of cement
40.	Chongqing Huaxin Cantian Cement Co., Ltd. (重慶華新參天水泥有限公司)	PRC	March 14, 2008	100%	Production and sale of cement
41.	Huaxin Aggregate (Wuxue) Co., Ltd. (華新骨料(武穴)有限公司)	PRC	December 30, 2009	100%	Production and sale of aggregate
42.	Huaxin Aggregate (Yangxin) Co., Ltd. (華新骨料(陽新)有限公司)	PRC	September 29, 2010	100%	Production and sale of aggregate
43.	Huaxin Equipment Engineering Co., Ltd. (華新裝備工程有限公司)	PRC	November 5, 2012	100%	Manufacturing, maintenance and installation of mechanical & electrical tools
44.	Yunwei Baoshan Organic Chemical Co., Ltd. (雲維保山有機化工有限公司)	PRC	September 8, 2008	80% ⁽¹⁴⁾	Production and sale of cement

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No.	Name of subsidiaries	Place of incorporation	Date of incorporation	Effective shareholding percentage of our Company as of the Latest Practicable Date	Major scope of business
45.	Huaxin (Hainan) Investment Co., Ltd. (華新(海南)投資有限公司)	PRC	December 2, 2020	100%	Investment
46.	Cambodia Cement Chakrey Ting Factory Co., Ltd.	Cambodia	July 13, 2012	68%	Production and sale of cement
47.	Huaxin Gayur Cement Limited Liability Company	Tajikistan	September 14, 2011	75% ⁽¹⁵⁾	Production and sale of cement
48.	Huaxin Gayur (Sogd) Cement Limited Liability Company	Tajikistan	September 6, 2014	95% ⁽¹⁶⁾	Production and sale of cement
49.	Huaxin Cement Jizzakh Limited Liability Company	Uzbekistan	July 13, 2018 ⁽¹⁷⁾	100%	Production and sale of cement
50.	CJSC Yuzhno-Kyrgyzskiy Cement	Kyrgyzstan	June 23, 2005 ⁽¹⁸⁾	100%	Production and sale of cement
51.	Huaxin Cement Narayani Private Limited	Nepal	January 20, 2016	100%	Production and sale of cement
52.	Maweni Limestone Limited	Tanzania	February 2, 2007	100%	Production and sale of cement

Notes:

- (1) Shannan Changsheng Highway Bridge Construction Co., Ltd. (山南市長盛公路橋樑建設責任有限公司), a PRC governmental body and an Independent Third Party, holds the remaining 21% equity interest in Huaxin Cement (Tibet) Co., Ltd..
- (2) Yunnan Hongta Dianxi Cement Co., Ltd. (雲南紅塔滇西水泥股份有限公司), an Independent Third Party, holds the remaining 49% equity interest in Huaxin Hongta Cement (Jinghong) Co., Ltd..
- (3) Hanjiang Water Conservancy and Hydropower (Group) Limited (漢江水利水電(集團)有限責任公司), an Independent Third Party, holds the remaining 30% equity interest in Huaxin Cement (Fangxian) Co., Ltd..
- (4) Lengshuijiang Boyue Economic and Trade Co. (冷水江市波月經貿有限公司), an Independent Third Party, holds the remaining 10% equity interest in Huaxin Cement (Lengshuijiang) Co., Ltd..
- (5) Diqing Mushunlin Product Development Co., Ltd. (迪慶沐順林產品開發有限責任公司), an Independent Third Party, holds the remaining 31% equity interest in Huaxin Cement (Diqing) Co., Ltd..
- (6) Shaanxi Jinlong Cements Co., Ltd. (陝西金龍水泥有限公司), an Independent Third Party, holds the remaining 20% equity interest in Huaxin Jinlong Cement (Yunxian) Co., Ltd..
- (7) Wuhan Huayu Construction Materials Group Co., Ltd. (武漢市華宇建材集團有限公司), an Independent Third Party, holds the remaining 30% equity interest in Huaxin Cement (Daye) Co., Ltd..
- (8) Wuhan Huayu Construction Materials Group Co., Ltd., an Independent Third Party, holds the remaining 30% equity interest in Huaxin Cement (E'zhou) Co., Ltd..

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- (9) Hunan Zhangjiajie Tianzi Industrial Co., Ltd. (湖南張家界天子實業有限責任公司), an Independent Third Party, holds the remaining 20% equity interest in Huaxin Cement (Sangzhi) Co., Ltd..
- (10) Guizhou Shuicheng Cement Co., Ltd. (貴州水城水泥股份有限公司), an Independent Third Party, holds the remaining 30% shareholding in Guizhou Shuicheng Rui'an Cement Co., Ltd..
- (11) Huaxin Cement (Huangshi) Co., Ltd. is held as to 80% by the Company and as to 20% by Huaxin Cement (Daye) Co., Ltd., a non-wholly owned subsidiary of our Company.
- (12) Chongqing No. 2 Cement Factory (重慶市第二水泥廠), a PRC governmental body and an Independent Third Party, holds the remaining 20% equity interest in Chongqing Huaxin Yanjing Cement Co., Ltd..
- (13) Chongqing Shishan Building Materials Co., Ltd. (重慶市石山建材有限公司), an Independent Third Party, holds the remaining 2.73% equity interest in Chongqing Huaxin Diwei Cement Co., Ltd..
- (14) Yunnan Yunwei Group Co., Ltd. (雲南雲維集團有限公司), an Independent Third Party, holds the remaining 20% equity interest in Yunwei Baoshan Organic Chemical Co., Ltd..
- (15) GAYUR Limited Liability Company, an Independent Third Party, holds the remaining 25% equity interest in Huaxin Gayur Cement Limited Liability Company.
- (16) GAYUR Limited Liability Company, an Independent Third Party, holds the remaining 5% equity interest in Huaxin Gayur (Sogd) Cement Limited Liability Company.
- (17) Huaxin Cement Jizzakh Limited Liability Company was re-registered on June 19, 2019.
- (18) CJSC Yuzhno-Kyrgyzskiy Cement was re-registered on September 17, 2018.
- (19) Each of our major subsidiaries is an “insignificant subsidiary” under the meaning of Chapter 14A of the Listing Rules.

POST-TRACK RECORD PERIOD ACQUISITIONS

We proposed to make a number of acquisitions after the Track Record Period and up to the Latest Practicable Date. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to these proposed acquisitions. See “Waivers from Strict Compliance with the Listing Rules — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules” for alternative disclosure of these acquisitions.

REASONS FOR THE LISTING

Our Company has noted that the trading of B Shares has historically been inactive in the PRC securities market. The B Share market lacks liquidity and the B Shareholders have found it difficult to fully realize the value of their investment in our Company. As of the Latest Practicable Date, the total number of B Shares in issue is approximately 35.04% of the issued share capital of the Company. In addition, as of the Latest Practicable Date, the average closing price for the A Shares and B Shares for the five trading days immediately preceding the Latest Practicable Date was RMB19.996 and USD1.883 (equivalent to approximately RMB11.958), respectively, and the average closing price for the A Shares and B Shares for the five trading days up to March 2, 2022 (being the last trading day of B Shares) was RMB20.62 and USD1.8864 (equivalent to approximately RMB11.98), respectively. The current status of the B Share market affects the valuation of our B Shares

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adversely, which is not in line with the interests of our B Shareholders as a whole. Our Company believes that the Listing may provide our Shareholders with more liquidity in our Shares and more opportunities to release the value of their investment.

In addition, our Company believes that the Listing will enable us to promote our international presence and develop our international business. Upon the completion of the Listing, our Company will gain direct access to the international capital markets, from which we hope would increase our fund-raising capacity and improve our competitiveness in the international market.

LISTING ON THE SHANGHAI STOCK EXCHANGE

To the best knowledge of our Directors, since our listing on the Shanghai Stock Exchange and up until the Latest Practicable Date, there have been no instances of non-compliance with the Shanghai Listing Rules in any material respect. The Sole Sponsor has conducted relevant due diligence including, but not limited to, (i) conducted searches and reviewed the public records of disciplinary actions and punishment by the CSRC and Shanghai Stock Exchange which does not reveal any findings against the Company; (ii) obtained confirmation from the Company to confirm that it has not been informed of any material breach of the Shanghai Listing Rules or, to the best of its knowledge, subject to any investigations and disciplinary actions from the CSRC and Shanghai Stock Exchange during Track Record Period and up to the Latest Practicable Date; and (iii) discussed with our PRC legal advisers to understand that all disciplinary actions and punishment by the CSRC and the Shanghai Stock Exchange would be made available in the public records. Having considered the foregoing, and based on the relevant due diligence performed, nothing has come to the Sole Sponsor's attention that would reasonably cause it to believe that there has been any material breach of the Shanghai Listing Rules by, or any other non-compliance matter in relation to the listing of, our Company on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange and the public.

PUBLIC FLOAT

The current public float for B Shares is approximately 14.62% of the total issued shares of the Company. Holpac Limited and Shenwan Hongyuan Strategic Investments (H.K.) Limited (申萬宏源策略投資(香港)有限公司) has entered into a share purchase agreement on February 19, 2022 (the **"Share Purchase Agreement"**) in respect of the conditional acquisition of 8,000,000 H Shares of the Company (the **"Holcim Sell-down Shares"**). Upon the satisfaction of the conditions precedent set out in the Share Purchase Agreement, Shenwan Hongyuan Strategic Investments (H.K.) Limited will be obliged to acquire the Holcim Sell-down Shares from Holpac Limited, which will be settled on the listing date of the H Shares of the Company by way of private placement in Hong Kong. Meanwhile, Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司) (**"Shenwan Hongyuan Securities"**) and Hubei Zhenghan Investment Limited (湖北正涵投資有限公司) (**"Zhenghan Investment"**) have also entered into a total return swap agreement on February 22, 2022, according to which Zhenghan Investment has subscribed for the right of total return swap for 8,000,000 H Shares. Zhenghan Investment will, upon the listing date of the H Shares, bear the economic interest of 8,000,000 H Shares of the Company, while Shenwan Hongyuan Strategic Investments (H.K.) Limited will become the legal owner of such H Shares, and will not exercise the voting rights of such H Shares under the total return swap agreement.

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Zhenghan Investment is an investor based in the PRC primarily engaged in financial investment, investment in mineral industry and provision of mining consultancy services, and its ultimate beneficial owner is Mr. Wu Shaoxun (吳少勛). Zhenghan Investment is unable to invest directly in H shares as it is not a qualified domestic institutional investor. It is only able to invest in the H Shares Holcim Sell-Down via the total return swap arrangement provided by Shenwan Hongyuan Strategic Investments (H.K.) Limited. Each of Shenwan Hongyuan Securities, Zhenghan Investment, and Mr. Wu Shaoxun is an independent third party of the Company.

The abovementioned transactions will ensure that the public float of H Shares of the Company immediately upon listing will meet the 15% threshold as required under Rule 8.08(1)(b) of the Listing Rules (the “**B Share Sell-down**”). Upon Listing, it is expected that approximately 42.22% of our total issued share capital will be held by the public (27.22% and 15.00% of our A Shares and B Shares as percentages of our total issued share capital, respectively), under the Listing Rules.

Pursuant to the Implementation Plan, the Cash Option Provider, namely Anhui Conch Cement Co, Ltd, will hold 4.43% of total issued share capital of our Company upon Listing. To the best knowledge of our Directors, the Cash Option Provider is not a core connected person of the Company, nor will it become a core connected person of the Company as a result of the result of its acquisition of B Shares. As such, the H Shares held by the Cash Option Provider will be regarded as being “in public hands” upon Listing, and count towards the public float of the Company.