

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huaxin Building Materials Group Co., Ltd.*, you should at once hand this circular together with the accompanying proxy form and reply slip to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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DEFINITIONS

A share(s)	means	ordinary shares issued by the Company with a par value of RMB1.00 each, which are listed on the SSE and traded in RMB
A Shareholder(s)	means	holder(s) of A Shares
Acquisition	means	the acquisition by the Purchaser, in two phases, of an aggregate of approx. 99.0% of the issued shares of HPI, being (i) the indirect acquisition of 67.623% of the issued shares of HPI through the acquisition of shares in Clinco, Cemco and Union Cement in the First Phase, and (ii) the direct acquisition of approx. 31.377% of the issued shares of HPI from the Seller in the Second Phase, in each case pursuant to the Share Purchase Agreement and Shareholders' Agreement
Articles of Association	means	the articles of association of the Company (as amended from time to time)
Associate(s)	means	has the meaning ascribed to it under the Listing Rules
Board or Board of Directors	means	the board of directors of the Company
Business Day(s)	means	a day other than a Saturday or Sunday or a public holiday in England, Switzerland, Philippines, China or Hong Kong SAR, on which banks are open for general commercial business in London, Zurich, Manila, Beijing and Hong Kong
Call Option	means	the option granted to the Purchaser by the Seller under the Shareholders' Agreement to require the Seller to sell his remaining interest of approx. 31.377% of the issued shares of HPI to the Purchaser

DEFINITIONS

Cash	means	in relation to the Target Companies, the aggregate of its cash (whether in hand or credited to any account with any banking, financial, acceptance credit, lending or other similar institution or organization) and its cash equivalents, including all interest accrued thereon, as at First Closing, (but, excluding any Inter-Company Non-Trading Receivables and all items included in the calculation of the Working Capital), and excluding any restricted cash
Cemco	means	Cemco Holdings, Inc., a legal entity incorporated under the laws of the Philippines, with Philippine SEC Registration Number A1998-18641 and registered office at Unit 5A, ACT Tower, 135 H.V. Dela Costa St., Salcedo Village, Makati City, the Philippines.
China	means	the People's Republic of China, excluding, for the purpose of this circular only, Hong Kong SAR, Macao SAR and Taiwan
Claim(s)	means	any claim under or for breach of the Share Purchase Agreement
Clinco	means	Clinco Corporation, a legal entity incorporated under the laws of the Philippines, with Philippine SEC Registration Number A200100211 and registered office at Unit 5A, ACT Tower, 135 H.V. Dela Costa St., Salcedo Village, Makati City, the Philippines
Company	means	Huaxin Building Materials Group Co., Ltd.* (華新建材集團股份有限公司), a joint stock limited company incorporated in China, whose H Shares and A Shares are listed on the Main Board of the Stock Exchange (stock code: 6655) and the SSE (stock code: 600801), respectively
Connected Person(s)	means	has the meaning ascribed to it under the Listing Rules
Controlling Shareholder(s)	means	has the meaning ascribed to it under the Listing Rules
Debt	means	the aggregate of the External Debt and the Inter-Company Non-Trading Payables

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DEFINITIONS

Director(s)	means	the director(s) of the Company
EGM	means	the Fourth Extraordinary General Meeting in 2026 of the Company to be held at the Conference Room on 2/F, Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan, China on Friday, 30 October 2026 at 2:00 p.m.
Enterprise Value	means	USD780 million
External Debt	means	in relation to the Target Companies, the aggregate of the Financial Debt owed by that person (as shown by the books of that person) as at First Closing (together with any accrued interest) to any third party (which, in each case, is not a member of the Seller Group), and is not an amount or item included in the calculation of the working capital
Financial Debt	means	borrowings and indebtedness in the nature of borrowing (including by way of acceptance credits, discounting or similar facilities, loan stocks, bonds, debentures, notes, overdrafts or any other similar arrangements the purpose of which is to raise money) owed to any banking, financial, acceptance credit, lending or other similar institution or organization
First Closing	means	the completion of the First Phase in accordance with the Share Purchase Agreement
First Closing Date	means	the date on which the First Closing takes place
First Phase	means	the first phase of the Acquisition, being the indirect acquisition by the Purchaser of 67.623% of the issued shares of HPI through the acquisition of shares in Clinco, Cemco and Union Cement
First Phase Consideration	means	the consideration payable for the First Phase
Group	means	the Company and its subsidiaries
H Share Registrar	means	Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

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DEFINITIONS

Independent Financial Adviser or Maxa Capital	means	Maxa Capital Limited, a licensed corporation qualified to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders
Independent Shareholder(s)	means	shareholders other than Holcim, its associates (including the Seller) and any other shareholder with a material interest in the Acquisition
Independent Valuer or Cushman & Wakefield	means	Cushman & Wakefield Limited, the independent valuer appointed by the Company
Inter-Company Non-Trading Debt	means	The sum of Inter-Company Non-Trading Payables and Inter-Company Non-Trading Receivables
Inter-Company Non-Trading Payables	means	in relation to each Target Company, any amounts owed as at First Closing by that Target Company to any member of the Seller Group
Inter-Company Non-Trading Receivables	means	in relation to each Target Company, any amounts owed as at First Closing to that Target Company by any member of the Seller Group
Latest Practicable Date	means	8 October 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
Listing Rules	means	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
Long Stop Date	means	30 June 2027, unless extended pursuant to the Share Purchase Agreement
MOFCOM	means	the Ministry of Commerce of the People's Republic of China
NDRC	means	the National Development and Reform Commission of the People's Republic of China
Non-Tax Claim	means	a Claim other than an Indemnity Claim or a tax warranty Claim

Parties	means	the Purchaser and the Seller
PCC	means	the Philippine Competition Commission
PCC Clearance	means	the clearance or approval of the PCC in respect of the Acquisition
PFRS	means	the Philippines Financial Reporting Standards
PHP	means	the Philippine peso (₱), the official currency of the Philippines
Purchaser	means	Huaxin Central Asia Investment (Wuhan) Co., Ltd., a limited liability company incorporated in the People's Republic of China or a wholly-owned subsidiary of the Company
Put Option	means	the option granted to the Seller under the Shareholders' Agreement, exercisable from the later of 1 January 2030 and the first Business Day falling three years after the First Closing Date, to require the Purchaser to acquire the Seller's remaining interest of approx. 31.377% of the issued shares of HPI held by the Seller
RMB	means	Renminbi, the lawful currency of the People's Republic of China
SAFE	means	the State Administration of Foreign Exchange of the People's Republic of China
Second Closing	means	the completion of the Second Phase in accordance with the Share Purchase Agreement
Second Phase	means	the second phase of the Acquisition, being the acquisition by the Purchaser of the approx. 31.377% of the issued shares of HPI held by the

Seller Group	means	the Seller and its Affiliates from time to time but excludes the Target Companies
SFO	means	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Share Purchase Agreement or SPA	means	the share purchase agreement dated 1 August 2026

DEFINITIONS

Union Cement	means	Union Cement Holdings Corporation, a legal entity incorporated under the laws of the Philippines, with Philippine SEC Registration Number A1998-0793 and registered office at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, the Philippines
USD	means	United States dollars, the lawful currency of the United States of America
Working Capital Adjustment	means	the amount of the difference between the aggregate working capital and the aggregate Target Working Capital



華新建材集團股份有限公司

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(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

B. AFFAIRS TO BE DEALT WITH AT THE EGM

The resolutions that the Company will propose at the EGM for the Shareholders' consideration and approval include the following:

C. PROPOSAL ON THE DISCLOSEABLE AND CONNECTED TRANSACTION OF THE ACQUISITION OF EQUITY INTERESTS IN HOLCIM PHILIPPINES INC.

Reference is made to the announcement of the Company dated 2 August 2026 in relation to the Share Purchase Agreement, Shareholders' Agreement and the Acquisition.

In light of the benefits of entering into the Share Purchase Agreement and Shareholders' Agreement, the Board hereby recommends seeking approval from Independent Shareholders pertaining to the two agreements and the Acquisition.

1. INTRODUCTION

On 1 August 2026, the Purchaser and the Seller entered into the Share Purchase Agreement, pursuant to which the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, directly or indirectly, up to 99.0% of the issued shares of HPI.

The Acquisition is structured in two phases:

- First Phase — The Purchaser will indirectly acquire 67.623% of the issued shares of HPI through the acquisition of shares in the three holding companies (Clinco, Cemco and Union Cement). The First Phase Consideration is calculated by reference to an Enterprise Value of USD780 million for HPI and is expected not to exceed USD527 million.
- Second Phase — the Purchap4350.5(t)-5.6(o)-350.(831-2.o.6(hree)-331(ho)-3.9(ldin)-3.9(g)-3.

LETTER FROM THE BOARD OF DIRECTORS

2. KEY TERMS OF THE SHARE PURCHASE AGREEMENT AND THE SHAREHOLDERS' AGREEMENT

Date

1 August 2026

Parties

- Seller: Holderfin B.V.
- Purchaser: Huaxin Central Asia Investment (Wuhan) Co., Ltd. (The Purchaser may be assigned by the Company to another wholly-owned subsidiary of the Company, subject to related approval.)

Targets

The Purchaser will acquire the following interests in the three holding companies:

Target companies ³	Interest to be acquired (% of issued share capital)
Clinco Corporation (Clinco)	99.9997%
Cemco Holdings, Inc. (Cemco)	36.8038% ¹
Union Cement Holdings Corporation (Union Cement)	27.51% ²

By acquiring the above interests, the Purchaser will indirectly acquire an aggregate of 67.623% of the issued shares and voting rights in HPI (being Cemco's 7.073% direct interest and Union Cement's 60.55% direct interest in HPI).

The consideration will be paid by the Purchaser in cash and will be funded by the Company's internal resources, bank loans, bond issuance and other external financing sources.

First Phase Consideration and closing accounts adjustment

The First Phase Consideration is calculated as follows:

(Enterprise Value – Debt + Cash – Inter-Company Non-Trading Receivables + Working Capital Adjustment) × agreed sale proportion (67.623%)

1. Clinco holds 63.1698% equity interest in Cemco;
2. Cemco holds 72.49% equity interest in Union Cement;
3. Upon completion of the First Closing, the Purchaser will hold close to 100% equity interest in the three holding companies. Detailed information on the shareholding structure is set forth in the shareholding diagram appearing later in this circular. In accordance with applicable laws and regulations, Clinco and Cemco also have private individuals as shareholders holding shares of the Seller (before the First Closing Date) and of the Purchaser (after the First Closing Date) in trust.

The closing accounts mechanism in respect of the First Phase Consideration works as follows:

- Pre-Closing estimation: at least 5 Business Days prior to the First Closing Date, the Seller will provide an estimated closing statement/balance sheet. The initial consideration to be paid at the First Closing Date will be calculated by reference to such estimated closing statement (the “Initial Consideration”).
- Post-Closing review: following the First Closing, an independent audit firm will establish the actual closing statement as at the First Closing Date to determine the final First Phase Consideration.
- Any difference between the Initial Consideration paid at the First Closing Date and the final First Phase Consideration determined by the independent audit firm shall be paid by the Seller to the Purchaser or by the Purchaser to the Seller, as the case may be.

Based on the financial statements as at 30 June 2026, the calculated consideration amounts to US\$509 million as the closing accounts adjustment mechanism. The average monthly net cash generated over the 18-month period up to and including June 2026 was negative. Taking into account the increase in ex-factory price of US\$6 per ton arising from higher import tariff barriers and a monthly sales volume of 500,000 tons, which is a historically achievable sales level, the average monthly net cash generated prior to closing is expected not to exceed US\$3 million before closing. Assuming completion on 31 March 2027, the First Phase Consideration is expected not to exceed US\$527 million, calculated as US\$509 million plus (US\$3 million $\times$ 9 months $\times$ 67.623%).

The Closing Account Adjustment mechanism protects the Purchaser from absorbing uncompensated operating losses, working capital depletion, or additional debt incurred by the Target Companies between the Valuation Date and the First Closing Date. Because HPI has been loss-making, a Locked Box mechanism would have fixed the valuation at a past date, exposing the Purchaser to the risk of overpaying if the financial condition of HPI worsens, for instance as a consequence of continued cash losses or working capital deterioration. The Closing Account mechanism ensures that every dollar of net debt increase or working capital deterioration prior to First Closing directly reduces the First Phase Consideration paid by the Purchaser on a dollar-for-dollar basis.

Payment arrangements and escrow

On the First Closing Date, the Purchaser w

Any difference between the Initial Consideration paid at the First Closing and the final First Phase Consideration determined by the independent audit firm will be settled after the determination of the First Phase Consideration.

Conditions to First Closing

The First Closing is conditional upon the fulfilment (or waiver, where permitted by law) of the following conditions:

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Each of the Seller and the Purchaser has the right to extend the Long Stop Date by written notice to the other, provided that:

- there are no more than two extensions of the Long Stop Date in total, whether by one or both of the Seller and the Purchaser;
- each extension does not exceed three months; and
- the Purchaser may only exercise its right to extend the Long Stop Date if (i) only one condition for which the Purchaser is responsible remains outstanding, (ii) there is a reasonable likelihood of satisfying such condition within the extended period.

Limitation of liability

Time Limits: the Seller shall not be liable for any Claim unless the Seller receives from the Purchaser notice:

- before the date that is 12 months following the registration of the legal title to the shares that are subject to the First Closing, in the case of any Non-Tax Claim relating to the title warranties;
- before the date that is 12 months following the First Closing Date, in the case of any other Non-Tax Claim not covered by the above item;
- before the date that is 18 months following the First Closing Date, in the case of an Indemnity Claim;
- before the date that is 24 months following the First Closing Date, in the case of a tax warranty Claim; and
- before the date that is 36 months following the First Closing Date, in the case of certain specific warranty and Indemnity Claims.

Thresholds for Claims: the Seller shall not be liable for any single Claim (other than any payment or Indemnity Claim):

- unless the amount sought pursuant to that single Claim in accordance with the terms of this Agreement exceeds 0.1 per cent. of the First Phase Consideration (in which case the Purchaser shall be able to claim the whole amount of such Claim and not merely the excess); and
- unless the aggregate amount of the liability of the Seller for all Claims not excluded by above sub paragraph exceeds an amount equal to 1 per cent of the F975D5.3(s8)-341.8(Ph(s88-35C.5(n)2[(Considerati28)-37260(ir)-)-4.41.13.5(t)]TJ432177

Governing law and dispute resolution

- Governing law: the Share Purchase Agreement is governed by and construed in accordance with English law;
- Dispute resolution: any dispute arising out of or in connection with the Acquisition shall be submitted to the International Chamber of Commerce for arbitration in London, England, in accordance with its arbitration rules. The language of the arbitration is English.

Second Phas

There is no expiry date for the options. Both options automatically terminate upon (a) mutual written consent, (b) insolvency of either party, or (c) completion of the Second Closing. While the options do not specify a rigid outer expiration date in the underlying agreement, the exercise window is directly anchored to the Put Option Date. The Company expects to exercise the Call Option within 1 to 2 years following the Put Option Date, which allows the Company to lock in the earnings upside at an optimal valuation stage. The Put Option Date is set as no earlier than three years after the First Closing Date, mainly to leverage the Seller Group's extensive operational experience and established local advantages in the Philippines, thereby ensuring a smooth transition of HPI and the successful integration of HPI into the Company. In addition, it effectively reduces the Company's short- to medium-term cash payment pressure.

3. MANDATORY TENDER OFFER

HPI completed its delisting process in 2023 but remains a public company under Philippine law, with approximately 1.0% of its total issued shares held by the public. The acquisition of control over HPI triggers a mandatory tender offer obligation under applicable Philippine securities laws and regulations. The offer price per share under the Tender Offer will not be lower than the effective per-share price under the First Phase Acquisition. Based on the expected maximum First Phase Consideration of USD527 million, the total consideration payable by the Purchaser for the residual public shareholding may not exceed USD7.8 million (calculated as: $\text{USD527 million} \div 67.623\% \times 1.0\%$).

Pursuant to Rule 19.2.2 of the Implementing Rules and Regulations of the Securities Regulation Code of the Philippines (Republic Act No. 8799), the mandatory tender offer obligation is triggered only upon the initial acquisition of 35% or more of the voting shares of a target company within a 12-month period to obtain control. Since the Second Phase will take place after the Purchaser has already acquired controlling interest in HPI upon First Closing, the Second Phase does not constitute an "initial acquisition of 35% control". Consequently, the Second Phase will not trigger any mandatory tender offer obligations under Rule 19.2.2, and no second mandatory tender offer will be required to be made to minority shareholders in connection with the Second Phase.

4. VALUATION

The Company has engaged the Independent Valuer, Cushman & Wakefield Limited, to conduct a valuation of the market value of the 100% equity interest in HPI. The full text of the valuation report issued by the Independent Valuer is set out in Appendix I to this circular.

As Clinco, Cemco and Union Cement are special purpose vehicles whose principal assets are the shares they hold directly or indirectly in HPI, the valuation focuses on the value of HPI.

The pricing of the Acquisition has been determined on an arm's length basis following fair negotiations between Holcim (the ultimate controlling party of the Seller) and the Company (the ultimate controlling party of the Purchaser), with reference to the assessed value of 100% of the shares in HPI.

Valuation Method

The Independent Valuer has adopted the market approach — specifically the comparable transactions method — to assess the market value of the 100% equity interest in HPI as at the valuation date of 30 April 2026. Given that the trailing twelve-month EBITDA of HPI was negative as at the valuation date, the EV/EBITDA multiple was not applicable. Accordingly, the valuation adopted enterprise value per ton of annual production capacity (EV/annual production capacity, USD/ton) as the most relevant valuation multiple, given its strongest correlation with asset value in the cement industry.

The Independent Valuer identified and selected comparable transactions in the Philippine cement industry from Bloomberg Terminal, applying the following criteria: (i) transactions completed between January 2023 and April 2026; (ii) the comparable company operates in the Philippines; (iii) the comparable company operates in the cement and aggregates sector; and (iv) the equity transaction consideration, as well as the financial and production capacity information of the comparable companies, were publicly available. A total of four comparable transactions satisfying the above criteria were identified, with EV/annual production capacity multiples ranging from USD86/ton to USD207/ton. Certain of the comparable transactions involved only the transfer of minority stakes of the subject companies; for those cases, the Independent Valuer has therefore considered a control premium of 31% to gross up the EV/annual production capacity, with reference to the FactSet Mergerstat/BVR Control Premium Study.

Following arm's-length negotiations between the parties, the Enterprise Value for the First Phase has been agreed at USD780 million, representing an effective capacity-based metric of approximately USD86.67 per ton. The agreed Enterprise Value was determined with reference to:

- (i) the lower end of historical comparable transactions in the Philippine cement industry (USD86 per ton applied to HPI's annual capacity of 9.0 million tons, yielding USD774 million); and
- (ii) the incremental value contribution of its non-cement operations, which generated revenues of USD31.2 million in FY2024 and USD30.8 million in

agreed price would be wider than the discount of 3.70% once such non-cement operations are incorporated. The discount reflects key commercial considerations — including the temporary market downturn in the Philippines and HPI's recent net losses — which the parties took into account during negotiations. The Board considers that securing HPI's core physical assets at a capacity-based metric (USD86.67/ton effective EV) at the bottom of the industry cycle provides a substantial margin of safety. The agreed EV and the negotiated discount are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

Having regard to the independent valuation, the nature of the assets and the strategic rationale of the Acquisition, the Board considers the agreed Enterprise Value to be fair and reasonable:

- The agreed Enterprise Value was negotiated at the bottom of the Philippine cement industry cycle. The four major domestic producers — HPI, Eagle Cement, Republic Cement (Republic), and Concreat Holdings Philippines Inc. (CHP) — collectively account for approximately 85% of the total domestic cement production capacity in the Philippines, rendering their performance fully representative of the entire national market. Driven by severe market-wide price compression from low-priced imports, the aggregate financial performance of these four major producers deteriorated from a combined net profit of PHP 13.26 billion in FY2021 to an unprecedented combined net loss of PHP 11.14 billion in FY2025 (with HPI, CHP, and Republic recording net losses of PHP 3.84 billion, PHP 3.85 billion, and PHP 3.80 billion, respectively, while Eagle Cement's net margin was compressed from 28.1% to a cycle-low of 1.4%). Following the implementation of government protective tariffs and anti-dumping

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following factors: () , . : Owing to cement's inherently low value-to-weight ratio, advance bulk purchasing or customer stockpiling is logistically and economically impractical; and ()

: As a publicly listed entity, the Target Company operates under transparent corporate governance and rigorous internal controls, preventing any arbitrary or non-standard revenue recognition practices.

- Alignment of commercial incentives and operational upside: Drawing upon the Company's extensive track record in cr

Determination of the Floor Consideration (USD280 million)

The Floor Consideration is based on a valuation of HPI at the bottom of the cycle which protects the Purchaser while establishing a baseline value for HPI's physical assets:

- Historical Trough Volume: 2025 production volume reached a historical low of 5.416 million tons; volumes in the market are already recovering again thanks to the import tariffs.
- Trough Pricing: In 2025, the average ex-factory selling price (ASP) was USD60.1/ton (historical minimum). Taking the weighted average ASP for the 12 months up to June 2026, the price was USD64.0/ton.
- Non-Cement Revenue: Estimated at USD31.0 million (According to HPI's audited disclosures, the non-cement segments generated revenues of USD31.2 million in FY2024 and USD30.8 million in FY2025; the USD31.0 million figure represents the mathematical average of the two actual performances.).
- Calculation: $(5.416 \times 64 + 31) \times 2.4 \times 31.377\% = 284.4$ million. To further protect the Purchaser and ensure utmost prudence, the parties agreed to round down this trough-based raw calculation of USD284.4 million to a fixed floor consideration of USD280 million.

In addition, the determination of the Floor Consideration with reference to the cost of capital is based on the logic of calculating the Floor Consideration as a deferred payment, meaning the same price as that of the First Phase Consideration (pro-rated for the stake to be acquired), but escalated by the cost of capital. Over the three-year period following First Closing, approximately USD280 million will be expended on the retrofitting and expansion of production lines. As a consequence, dividend proceeds available to the Seller in its capacity as minority shareholder during such period will be very limited. Considering the remaining equity interest to be acquired in the Second Phase, the minimum consideration of USD280 million implies a 100% equity value of approximately USD892 million, representing an increase of approximately 14.36% over a three-year period compared with the equity value of approximately USD780 million (the "First Phase Equity Value") as implied by the projected maximum of the First Phase Consideration of USD527 million, which corresponds to a compound annual growth rate ("CAGR") of approximately 4.57%, broadly in line with the Company's cost of capital⁴.

4. The weighted average interest rate calculated by reference to the three recent RMB bond issuances of the Company stands at 2.20%. As at the end of December 2025, the yields on 10-year Chinese government bonds and 10-year US Treasury bonds were 1.86% and 4.14% respectively, representing a spread of 2.28% between the two 10-year benchmark rates. The equivalent USD financing interest rate of the Company is therefore approximately 4.48%.

The Board is of the view that the Second Phase constitutes, in substance, a deferred payment arrangement. Having regard to the Company's USD financing cost and the trough of the industry cycle for HPI, the Board considers the Floor Consideration payable by the Purchaser, which corresponds to the cement capacity of HPI, to be fair and reasonable.

Determination of the Cap Consideration (USD392 million)

To prevent unconstrained escalation of the acquisition cost during market recovery, the SHA expressly sets a cap on the Second Phase Consideration at USD392 million:

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The 2.4x multiple

To assess the fairness and reasonableness of the consideration, the Board, with the assistance of its advisors, performed a comparative analysis by benchmarking the agreed valuation multiple of 2.40x EV/Revenue against an exhaustive sample of 34 comparable M&A transactions retrieved from the Dealogic database covering the three-year period from 1 July 2023 to 30 June 2026.

To ensure the sample's objectivity, consistency, and global representativeness, the selection of precedent transactions was conducted strictly based on the following exhaustive criteria:

- Sector Focus: Target assets strictly falling within the global building materials sector (specifically cement and clinker manufacturing);
- Deal Size: Transactions with an Enterprise Value (EV) exceeding USD50 million in the worldwide;
- Completion Status: M&A transactions officially completed within the three-year lookback period (1 July 2023 to 30 June 2026); and
- Data Verifiability: Financial and transaction metrics are publicly available and verifiable.

To eliminate distortions from extraordinary takeover premiums while preserving the overall sample size, a 10% right-tail one-sided Winsorization was performed on the raw transaction dataset. Observations exceeding the 90th percentile threshold (5.58x)

effectively as a deferred payment mechanism, allowing the Group to capture

(ii) Rationale for a Revenue-Linked Formula over Phase 1 Methodology/Profit Metrics

- Mitigation of Post-Closing Moral Hazard: Following First Closing, operational and accounting control transfers entirely to the Purchaser. Applying an EV, EBITDA, or net profit-based metric for Phase 2 would create severe information asymmetry and potential conflict of interest, as the Purchaser could exercise accounting discretion (e.g., cost allocations, depreciation policies, discretionary spending) to influence earnings.
- Transparency and Objectivity of Revenue: Revenue is fully audited, transparent, and immune to post-acquisition accounting adjustments. Premature or deferred revenue manipulation is logistically unfeasible given cement's low value-to-weight ratio (making physical bulk hoarding impractical) and HPI is a public company which is required to make disclosures pursuant to the relevant rules of the Philippine SEC and is subject to oversight by the applicable regulatory authorities.

(iii) Commercial Rationale for the Symmetrical Floor and Cap Mechanism

- Floor Consideration: Protects the Seller by establishing a guaranteed fair minimum value (including a 4.5% per annum cost-of-capital compensation for deferred payment timing). Crucially, it anchors the baseline consideration to achievable performance under current capacity, intentionally excluding unearned upside from the Purchaser's planned USD260 million + discretionary capital expenditure program.
- Cap Consideration: Protects the Purchaser from overpayment by capping the total consideration within agreed strategic valuation limits, regardless of extraordinary post-acquisition market surges.

of existing lines by the weighted-average cement selling price of the relevant plant. To prevent the Purchaser from suppressing the calculated revenue base by reducing output of existing lines following commissioning of new lines under Expansion Projects, a 2025 baseline volume safeguard is adopted: for Lugait Plant and Davao Plant, if actual output of their existing lines falls below respective 2025 baseline volumes upon

to pursue growth based on its talent base and its accumulated know-how and capabilities in industrial technology and production chain integration; and second, it effectively counterbalances the decline in the domestic market.

Today, the Company has an operational presence in 14 countries. Its overseas clinker capacity has reached 26.60 million tons per year and its cement grinding capacity has reached 36.15 million tons per year. From January to June 2026, the Company's overseas cement and clinker sales volume reached 13.18 million tons, a year-on-year increase of 57%, and achieved sales revenue of RMB8.542 billion, a year-on-year increase of 107%. The overseas business has thus become a strong contributor to the performance of the Company, which is facing headwinds in the domestic cement business.

HPI is located in the Philippines, a country with a population of over 110 million, abundant labour resources, a high private consumption-to-GDP ratio and strong domestic demand. The country's GDP has maintained a stable growth rate of over 5.5% in recent years, with continued infrastructure expansion and steady release of cement consumption demand, providing ample long-term growth headroom for the cement industry. Per capita cement consumption in the Philippines remains at a relatively low level of approximately 290 kg.

HPI operates four integrated cement plants and one cement grinding station strategically located in the core regions of Luzon and Mindanao, with an annual clinker production capacity of 5.2 million tons and an annual cement production capacity of 9.0 million tons, abundant limestone resources and a favorable location. There is significant potential for post-acquisition optimisation in technology and operational management.

The Company has a strong track record in the building materials markets of multiple countries and extensive experience in overseas cement M&A and operation, with comprehensive advantages in production technology, cost control, supply chain management and marketing. Already upon completion of the First Phase, the Company will be able to deploy its mature management systems and advanced production processes to continuously improve HPI's capacity utilization, reduce overall operating costs and fully unlock its earnings growth potential. The Acquisition will further strengthen the Group's business presence in Southeast Asia, expand its global production capacity and enhance its international market influence and resilience against cyclical fluctuations. Holcim will retain its shareholding in the Philippine assets for a given period, thereby making a positive contribution to brand continuity.

The Board considers that the terms of the Acquisition — including the consideration, the phased acquisition structure, the option arrangements and the mandatory tender offer obligations — are fair and reasonable and in the interests of the Company and the Shareholders as a whole, for the reasons set out below:

- First Phase Consideration — priced at the trough of the industry cycle: the agreed enterprise value of USD780 million represents 3.7% discount to the independent valuation of USD810 million and falls within the lower end of the prevailing market-implied EV/capacity range for comparable cement transactions. This pricing reflects the trough position of the Philippine cement industry cycle in

2025, during which sustained low-priced imports suppressed domestic cement prices to historically low levels and drove HPI's revenue in 2024 and 2025 to the lowest levels recorded over the past decade.

- Second Phase Consideration — cycle-aware pricing mechanism: the revenue-based pricing formula was adopted as the most objective and stable benchmark for a deferred transaction, given that earnings-based metrics are more susceptible to accounting adjustments and post-acquisition integration costs during a cyclical recovery period. The formula specifically excludes revenue generated from potential post-Closing capacity expansion projects, ensuring that value created by the Purchaser through future capital expenditure is not shared with the Seller. The USD280 million floor was set by reference to HPI's trough-level 2025 revenue and implies a CAGR of approximately 4.57% on the First Phase Enterprise Value, broadly in line with the Group's USD-denominated borrowing costs. The cap of Second Phase Consideration is USD392 million as the SHA.
- Phased structure and option arrangements — aligned with cyclical recovery: the two-phase structure transfers control of HPI to the Purchaser at the First Closing while providing a clear, pre-agreed mechanism for the acquisition of the Seller's residual interest after a minimum three-year transition period. The reciprocal put and call options provide contractual certainty as to the ultimate ownership structure and the agreed pricing mechanism allows for avoiding the need for renegotiation at a later date when market conditions may have changed materially.
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6. INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in China. The A Shares and H Shares are listed and traded on the main board of the SSE and the main board of the Stock Exchange, respectively. The business of the Company covers 17 provinces and cities in China and 22 overseas countries, with nearly 300 subsidiaries in China and overseas, including in Tajikistan, Kyrgyzstan, Uzbekistan, Cambodia, Nepal, Oman, Tanzania, Zambia, Malawi, Mozambique, Zimbabwe, South Africa, Nigeria and Brazil. It is a global building materials corporation with integrated development of the entire industry chain in the fields of cement, concrete, aggregates, environmental protection, equipment manufacturing and engineering, and new building materials.

The Purchaser

The Purchaser is a limited liability company incorporated in China on 12 August

Holcim is a company incorporated in Switzerland in February 1912 and listed in Switzerland. Its business scope includes the manufacture and trading of building materials and related products in Switzerland and abroad, as well as financial services. According to the share register and disclosed through notifications filed with Holcim and the SIX Swiss Exchange, shareholders owning 3 percent or more are as follows:

Shareholder	Percentage of shares outstanding
Thomas Schmidheiny	5.7%
UBS Fund Management (Switzerland) AG	5.8%
BlackRock, Inc.	5.3%
Martin and Rosmarie Ebner	3.0%
FMR LLC	3.1%

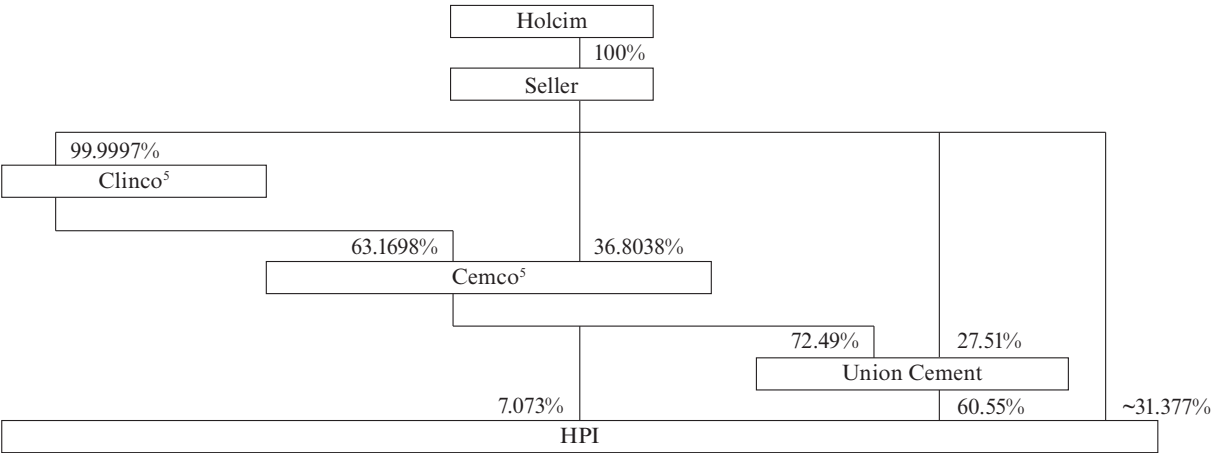
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The Target Companies

- Clinco is a legal entity incorporated under the laws of the Philippines, with Philippine SEC Registration Number A200100211 and registered office at Unit 5A, ACT Tower, 135 H.V. Dela Costa St., Salcedo Village, Makati City, the Philippines. Its principal business is equity investment in the cement industry.
- Cemco is a legal entity incorporated under the laws of the Philippines, with Philippine SEC Registration Number AUnit 5A, ACT Tower, 135 H.V. Dela Costa St., Salcedo Village, Makati City, the Philippines. Its principal business is equity investment in the cement industry.
- Cemco 5A,3Swi749flPhilippine61.5(t).4P4(wi

Shareholding structure

The shareholding structure among the Seller and the Target Companies prior to the Acquisition as follows:



5. In accordance with applicable laws and regulations, Clinco and Cemco also have private individuals as

LETTER FROM THE BOARD OF DIRECTORS

7. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANIES

Clinco

Based on the standalone financial statements of Clinco prepared by its management in accordance with PFRS, the major financial information for the three financial years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 is set out below:

USD'000	FY2023	FY2024	FY2025	4 months ended 30 April 2026
Net profit before taxation	-15	-11	-16	-5
Net profit after taxation	-15	-11	-16	-5

: The exchange rates of the PHP against the USD as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026 were 0.017996, 0.017237, 0.017005 and 0.016259, respectively.

The net asset value of Clinco as at 31 December 2025 and 30 April 2026, as extracted from its management accounts (audited), was USD1.425 million and USD1.358 million, respectively.

Cemco

Based on the standalone financial statements of Cemco prepared by its management in accordance with PFRS, the major financial information for the three financial years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 is set out below:

USD'000	FY2023	FY2024	FY2025	4 months ended 30 April 2026
Net profit before taxation	-2,179	3,073	-130	-1,627
Net profit after taxation	-2,179	3,071	-130	-1,627

: The exchange rates of the PHP against the USD as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026 were 0.017996, 0.017237, 0.017005 and 0.016259, respectively.

The net asset value of Cemco as at 31 December 2025 and 30 April 2026, was USD269.072 million and USD255.628 million, respectively.

Union Cement

Based on the standalone financial statements of Union Cement prepared by its management in accordance with PFRS (of which the financial years ended 31 December 2023 and 2024 are unaudited, while the financial year ended 31 December 2025 and the four months ended 30 April 2026 are audited), the major financial information for the three financial years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 is set out below:

USD'000	FY2023	FY2024	FY2025	4 months ended 30 April 2026
Net profit before taxation	220	26,679	-102	-17
Net profit after taxation	149	26,660	-98	-17

: The exchange rates of the PHP against the USD as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026 were 0.017996, 0.017237, 0.017005 and 0.016259, respectively.

The net asset value of Union Cement as at 31 December 2025 and 30 April 2026, was USD148.902 million and USD142.346 million, respectively.

HPI

Based on the audited consolidated financial statements of HPI prepared by its management in accordance with PFRS, the major financial information for the three financial years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 is set out below:

USD'000	FY2023	FY2024	FY2025	4 months ended 30 April 2026
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14 and Chapter 14A of the Listing Rules, the Company has adopted the maximum Second Phase Consideration of approximately USD392 million. This amount has been aggregated with:

- (i) the estimated maximum First Phase Consideration of USD527 million; and
- (ii) the estimated maximum Tender Offer consideration of approximately USD7.8 million.

On this basis, the highest applicable percentage ratio in respect of the Acquisition remains more than 5% but less than 25%. Accordingly, no additional classification as a major transaction arises under Chapter 14, an

to the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by hand or by post not less than 24 hours before the time designated for holding the EGM or any adjournment thereof; otherwise, it will be deemed invalid. For the EGM, the proxy form must be returned not later than 2:00 p.m. on Thursday, 29 October 2026. The completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) in person if you so wish. In the event that you subsequently attend and vote at the EGM in person, your proxy appointment will be deemed to be revoked.

11. CLOSURE OF H SHARE REGISTER

To determine the list of H Shareholders eligible to attend the EGM, the register of members of the H Shares will be closed from Tuesday, 27 October 2026 to Friday, 30 October 2026 (both days inclusive). In order to be eligible to attend and vote at the EGM, all transfer documents together with the relevant share certificates must be lodged with the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 26 October 2026.

12. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, the resolution proposed at the EGM will be voted on by poll. The voting results will be published on the website of the Company (<https://www.huaxin.com>) and the website of HKEX (<https://www.hkexnews.hk>) after the EGM.

Pursuant to Rule 14A.36 of the Listing Rules, the Acquisition must be conditional on approval by Independent Shareholders, and any Shareholder with a material interest in the Acquisition must abstain from voting on the resolution. Accordingly, the Seller, Holcim and its associates (namely, Holchin B.V. and Holpac Limited), a party acting in concert with the Seller, will abstain from voting on the resolution approving the Acquisition at the EGM. As at the Latest Practicable Date, the Seller, Holcim and its associates (namely, Holchin B.V. and Holpac Limited) are interested in an aggregate of 451,333,201 A Shares and 417,902,467 H Shares in the Company, comprising 451,333,201 A Shares and 384,210,624 H Shares beneficially held by Holchin B.V. and 33,691,843 H Shares beneficially held by Holpac Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there was no voting trust or other agreement, arrangement or understanding (other than an outright sale) entered into by or binding upon the Seller, Holcim and any of its associates, and each of them was not subject to any obligation or entitlement, whereby control over the exercise of the voting rights in respect of their Shares has been temporarily or permanently passed to a third party, and each of them is entitled to exercise control over the voting rights in respect of all of its Shares. There is no discrepancy between their beneficial interests in the Company and the number of Shares in respect of which they are entitled to exercise control over the voting rights at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, no other Shareholder has any material interest in the resolution to be proposed at the EGM and is therefore required to abstain from voting.

13. DIRECTORS' RESPONSIBILITY

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

14. RECOMMENDATION

Having considered the matters set out above, the Board (excluding the independent non-executive Directors, whose recommendation is set out in the letter from the Independent Board Committee) considers that the resolution to be proposed at the EGM is in the interests of the Company and the Shareholders as a whole, and recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM.

Yours faithfully,
By order of the Board of Directors
Huaxin Building Materials Group Co., Ltd.
Xu Yongmo

Wuhan, China
12 October 2026



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新华材料集团股份有限公

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the entering into of the Share Purchase Agreement, the Shareholders' Agreement and the Acquisition at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Wong Kun Kau

Mr. Zhang Jiping

Mr. Jiang Hong

12 October 2026

*

Before the First Closing, the Purchaser will be required to make the Tender Offer to the public shareholders of HPI in respect of approximately 1.0% interest in HPI held by such public shareholders in accordance with the requirements and directives of the Philippines SEC and the applicable laws and regulations of the Philippines.

Upon completion of the First Closing, the Target Companies will become subsidiaries of the Company and their financial results, assets and liabilities will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

The grant of the Put Option and the Call Option constitutes a transaction under Rules 14.73, 14.74 and 14.75 of the Listing Rules. The Company has treated the grant of the options as a single transaction together with the First Phase Acquisition and the mandatory Tender Offer. For the purpose of calculating the applicable percentage ratios under Chapter 14 and Chapter 14A of the Listing Rules, the Company has aggregated the following amounts:

- i. the estimated maximum First Phase Consideration of USD527 million;
- ii. the estimated maximum Tender Offer consideration of approximately USD7.8 million; and
- iii. the maximum Second Phase Consideration of approximately USD392 million, being the contractual cap under the Shareholders' Agreement.

On this basis, the highest applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, and hence the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

As at the Latest Practicable Date, the Seller is a subsidiary of Holcim, the Controlling Shareholder of the Company, and hence an associate of Holcim and a Connected Person of the Company under Rule 14A.07 of the Listing Rules. Therefore, in accordance with Chapter 14A of the Listing Rules, the Acquisition constitutes a connected transaction of the

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and

We have also assumed that all statements of be

The revenue of the Group was approximately RMB34.2 billion for FY2024, representing an increase of approximately RMB0.5 billion or 1.4% as compared to approximately RMB33.8 billion for FY2023, whereas its gross profit was approximately RMB8.4 billion for FY2024, representing a decrease of approximately RMB0.6 billion or 6.3% as compared with approximately RMB9.0 billion for FY2023. The net profit was approximately RMB3.0 billion for FY2024, representing a decrease of approximately RMB0.3 billion or 8.2% as compared to approximately RMB3.2 billion for FY2023. Such increase in revenue was primarily attributable

LETTER FROM INDEPENDENT FINANCIAL ADVISER

	As at 31 December			As at
	2023	2024	2025	30 June
	(restated)	(restated)	(audited)	(unaudited)
Current assets	15,220	15,792	18,410	19,485
— Cash and bank balances	5,849	6,809	8,535	8,841
Non-current assets	53,528	53,721	62,663	62,030
Total assets	68,748	69,513	81,073	81,515
Current liabilities	18,989	18,169	18,954	18,728
Non-current liabilities	16,443	16,446	24,719	24,444
Total liabilities	35,433	34,615	43,674	43,171
Total equity	33,315	34,898	37,399	38,344

The Group's total assets increased by approximately RMB0.8 billion or 1.1% from approximately RMB68.7 billion as at 31 December 2023 to approximately RMB69.5 billion as at 31 December 2024, while the Group's total liabilities decreased by approximately RMB0.8 billion or 2.3% from approximately RMB35.4 billion as at 31 December 2023 to approximately RMB34.6 billion as at 31 December 2024. The Group's total equity increased from approximately RMB33.3 billion as at 31 December 2023 to approximately RMB34.9 billion as at 31 December 2024, representing an increase of approximately RMB1.6 billion or 4.8%. Its cash and bank balances increased from approximately RMB5.8 billion to approximately RMB6.8 billion during the same period.

The Group's total assets increased significantly by approximately RMB11.6 billion or 16.6% from approximately RMB69.5 billion as at 31 December 2024 to approximately RMB81.1 billion as at 31 December 2025, while the Group's total liabilities increased significantly by approximately RMB9.1 billion or 26.2% from approximately RMB34.6 billion as at 31 December 2024 to approximately RMB43.7 billion as at 31 December 2025. The Group's total equity increased from approximately RMB34.9 billion as at 31 December 2024 to approximately RMB37.4 billion as at 31 December 2025, representing an increase of approximately RMB2.5 billion or 7.2%. The significant increase in total assets was primarily attributable to the increase in non-current assets, particularly goodwill, fixed assets, intangible assets and other non-current assets, mainly following the consolidation of the Group's overseas acquisitions. The significant increase in total liabilities was primarily attributable to the increase in non-current liabilities, mainly comprising increased long-term borrowings raised to finance overseas acquisitions, increased deferred tax liabilities associated with the overseas acquisitions, as well as increased bonds payable following the issuance of high-growth industry bonds and technology innovation bonds. The Group's cash and bank balances increased by approximately RMB1.7 billion, or 25.3%, from approximately RMB6.8 billion as at 31 December 2024 to approximately RMB8.5 billion as at 31 December 2025, mainly attributable to the increase in time deposits and the cash and bank balances consolidated following the completion of overseas acquisitions.

The Group's total assets increased by approximately RMB0.4 billion or 0.5% from approximately RMB81.1 billion as at 31 December 2025 to approximately RMB81.5 billion as at 30 June 2026, while the Group's total liabilities decreased by approximately RMB0.5 billion or 1.2% from approximately RMB43.7 billion as at 31 December 2025 to approximately RMB43.2 billion as at 30 June 2026. The Group's total equity increased from approximately RMB37.4 billion as at 31 December 2025 to approximately RMB38.3 billion as at 30 June 2026, representing an increase of approximately RMB0.9 billion or 2.5%. Its cash and bank balances increased by approximately 3.6% from approximately RMB8.5 billion to approximately RMB8.8 billion as at 30 June 2026.

2. Background information of the Target Companies

2.1 Clinco

Clinco is a legal entity incorporated under the laws of the Philippines, with the Philippines SEC Registration Number A200100211, having its registered office at Unit 5A ACT Tower 135, H.V. Dela Costa St., Salcedo Village, Makati City, Philippines. Its principal business is equity investment in the cement industry. It holds 63.1698% of the shares in Cemco.

Set out below is the key financial information of Clinco on a stand-alone basis for FY2023, FY2024, FY2025 and the four months ended 30 April 2026 prepared in accordance with PFRS:

	For the financial years ended 31 December			For the four months ended
	2023	2024	2025	30 April 2026
	(unaudited)	(unaudited)	(audited)	(audited)
Total income	2	3	152	1
Total expenses	823	650	1,079	316
— Professional fees	562	547	938	235
Net profit/(loss) before				

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the key financial information of Cemco on a stand-alone basis for FY2023, FY2024, FY2025 and the four months ended 30 April 2026 prepared in accordance with PFRS:

	For the financial years ended 31 December			For the four months ended 30 April 2026
	2023	2024	2025	2026
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	6,259	188,288	153	283
— Dividend income	—	180,392	—	—
Net profit/(loss) before taxation	(121,060)	178,299	(7,651)	(100,077)
Net profit/(loss) after taxation	(121,089)	178,147	(7,651)	(100,077)

Cemco principally operates as an investment holding company and does not carry out any cement production or sales activities. Its financial results mainly reflect dividend income received or receivable from its subsidiaries and expenses incurred in connection with its investment holding activities. The turnaround from a net loss for FY2023 to a net profit for FY2024 was mainly attributable to dividend income of approximately PHP180.4 million declared by HPI during FY2024. Cemco did not record any dividend income for FY2025 or the four months ended 30 April 2026 and therefore recorded net losses during the respective periods. The net loss for the four months ended 30 April 2026 was mainly attributable to a provision of PHP100.0 million in respect of a tax assessment.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

	As at 31 December			As at 30
	2023	2024	2025	April
	(unaudited)	(unaudited)	(audited)	(audited)
Total assets	16,031,285	15,975,587	15,938,878	15,937,454
— Investment in subsidiaries	15,930,422	15,687,922	15,687,922	15,687,922
Total liabilities	379,019	145,174	116,117	214,769
Total equity	15,652,266	15,830,413	15,822,762	15,722,684

Cemco's total assets mainly comprised its investments in Union Cement and HPI, and its investment in subsidiaries decreased by approximately PHP242.5 million during FY2024 following the redemption of preference shares in Union Cement and remained unchanged thereafter. The audited net asset value of Cemco as at 31 December 2025 and 30 April 2026 was PHP 15,823 million and PHP 15,723 million, respectively.

2.3 Union Cement

Union Cement is a legal entity incorporated under the laws of the Philippines, with the Philippines SEC Registration Number A1998-0793, having its registered office at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, Philippines. Its principal business is equity investment in the cement industry. It holds 60.55% of the shares in HPI.

Set out below is the key financial information of Union Cement on a stand-alone basis for FY2023, FY2024, FY2025 and the four months ended 30 April 2026 prepared in accordance with PFRS:

	For the financial years ended			For the four
	31 December			months
	2023	2024	2025	ended
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	15,456	1,551,067	315	438
— Dividend income	—	1,543,038	—	—
Total expense	3,215	3,319	6,330	1,480
Net profit/(loss) before taxation	12,241	1,547,748	(6,015)	(1,042)
Net profit/(loss) after taxation	8,278	1,546,673	(5,742)	(1,042)

Union Cement principally operates as an investment holding company and does not carry out any cement production or sales activities. Its financial results mainly reflect dividend income received or receivable from HPI and expenses incurred in connection with its investment holding activities. The significant increase in its net profit after taxation from approximately PHP8.3 million for FY2023 to approximately PHP1,546.7 million for FY2024 was mainly attributable to dividend income of approximately PHP1,543.0 million declared by HPI during FY2024. Union Cement did

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the key consolidated financial information of HPI for FY2023, FY2024, FY2025 and the four months ended 30 April 2026 prepared in accordance with PFRS:

	For the year ended 31 December			For the four months ended 30 April 2026
	2023	2024	2025	
	(audited)	(audited)	(audited)	(audited)
Total revenue	24,305	21,908	22,029	8,082
— Clinker and cement	22,344	20,104	20,175	7,402
— Other construction materials and services	1,962	1,804	1,853	680
Gross profit/(loss)	2,556	1,223	(1,366)	380
Net profit/(loss) after taxation	910	(1,213)	(3,838)	(319)

HPI's total revenue was approximately PHP21,908 million for FY2024, representing a decrease of approximately PHP2,397 million, or 9.9%, as compared with approximately PHP24,305 million for FY2023. Its gross profit decreased by approximately PHP1,333 million, or 52.2%, from approximately PHP2,556 million for FY2023 to approximately PHP1,223 million for FY2024, while its gross profit margin decreased from approximately 10.5% to approximately 5.6%. HPI also changed from a net profit after taxation of approximately PHP910 million for FY2023 to a net loss after taxation of approximately PHP1,213 million for FY2024, representing a decrease of approximately PHP2,123 million. The decrease in total revenue was primarily attributable to the decrease in cement sales volume and average selling prices as a result of weaker market demand. HPI's cost of sales also decreased during FY2024 following the optimisation of its manufacturing and logistics operations and the increased use of alternative fuels and raw materials. However, the decrease in cost of sales was less than the decrease in revenue, resulting in lower gross profit and gross profit margin. The turnaround from profit to loss was also attributable to the share of loss of an associate of approximately PHP433 million and impairment loss and loss on write-off of assets of approximately PHP348 million.

HPI's total revenue was approximately PHP22,029 million for FY2025, representing a slight increase of approximately PHP121 million, or 0.6%, as compared with approximately PHP21,908 million for FY2024. However, its financial performance changed from a gross profit of approximately PHP1,223 million for FY2024 to a gross loss of approximately PHP1,366 million for FY2025. Its net loss after taxation increased by approximately PHP2,625 million, or 216.4%, from approximately PHP1,213 million for FY2024 to approximately PHP3,838 million for

FY2025. The gross loss for FY2025 was mainly attributable to higher cost of sales, as the average selling prices of cement continued to decline while transportation and

approximately PHP12,361 million. HPI's total equity decreased from approximately PHP27,214 million as at 31 December 2024 to approximately PHP24,024 million as at 31 December 2025, representing a decrease of approximately PHP3,190 million, or 11.7%, mainly attributable to the total comprehensive loss recorded for FY2025.

HPI's total assets increased slightly by approximately PHP271 million, or 0.7%, from approximately PHP36,385 million as at 31 December 2025 to approximately PHP36,656 million as at 30 April 2026, while its total liabilities increased by approximately PHP743 million, or 6.0%, from approximately PHP12,361 million to approximately PHP13,104 million. HPI's total equity decreased from approximately PHP24,024 million as at 31 December 2025 to approximately PHP23,553 million as at 30 April 2026, representing a decrease of approximately PHP471 million, or 2.0%.

3. Background information of the Seller and Holcim

The Seller is a private limited liability company registered in Amsterdam under Dutch law, with registered address at Roemer Visscherstraat 41B, 1054 EW Amsterdam, the Netherlands, and registered company number 33155025 at the Dutch Chamber of Commerce. It has a registered capital of EUR3,771,500 and its business scope includes equity investment. As at the Latest Practicable Date, the Seller directly or indirectly holds 99.9997% of the shares of Clinco, 36.8038% of the shares of Cemco and 27.51% of the shares of Union Cement and directly holds approximately 31.377% of the shares of HPI. The Seller is a subsidiary of Holcim, a Controlling Shareholder of the Company.

Holcim is a company incorporated in Switzerland in February 1912 and listed on the SIX Swiss Exchange. Its business scope includes the manufacture and trading of building materials and related products in Switzerland and abroad, as well as financial services.

4. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, overseas expansion through greenfield developments or acquisitions has been one of the key strategies of the Company for more than 10 years. The Company has established a track record in integrating and developing acquired companies, improving their post-acquisition performance and achieving targeted returns on overseas investments. Such strategy enables the Company to pursue growth by leveraging its experience in industrial technology and production chain integration, while mitigating the impact of the challenging domestic cement market. As at the Latest Practicable Date, the Company had an operational presence in 14 countries, with overseas clinker production capacity and cement grinding capacity of approximately 26.60 million tons and 36.15 million tons per annum, respectively. From January to June 2026, the Group's overseas cement and clinker sales volume reached approximately 13.18 million tons, representing a year-on-year increase of approximately 57%, while its overseas sales revenue reached approximately RMB8.542 billion, representing a year-on-year increase of approximately 107%. The overseas business has thus become a strong contributor to the performance of the Company, which is facing headwinds in the domestic cement business.

HPI is located in the Philippines. As part of our due diligence work, we have reviewed data released by the Philippine Statistics Authority¹ and noted that the population of the Philippines was approximately 112.7 million as at 1 July 2024 (being the latest available census data as at the Latest Practicable Date). We further noted that the Philippines' GDP grew by approximately 5.7% in 2024 and approximately 4.4% in 2025, and continued to record year-on-year growth of approximately 2.8% and 2.3% in the first and second quarters of 2026, respectively. Although the pace of economic growth has moderated, the Philippine economy has continued to expand. We have also reviewed information published by the Department of Budget and Management² of the Philippines and noted that approximately PHP1.645 trillion, representing approximately 5.7% of the Philippines' GDP in 2025, was allocated to the Build Better More Infrastructure Program in 2025, while approximately USD27.3 billion, representing approximately 5.0% of the Philippines' GDP

approximately 3.9%. We have also reviewed HPI's monthly selling price information and noted that its weighted average selling price was approximately PHP3,696 per ton in 2025, while its weighted average selling price for the six months ended June 2026 was approximately PHP3,759 per ton. The higher weighted average selling price, together with the reduction in HPI's net loss margin, indicates that HPI's operating performance had begun to improve from the relatively low level recorded in FY2025. Having also considered that the safeguard measure is expected to alleviate pressure from imported cement, we consider that the Acquisition is being undertaken at a relatively low point in HPI's operating cycle and provides the Group with an opportunity to benefit from the improvement in HPI's operating performance and any further recovery of the Philippine cement market.

HPI operates four integrated cement plants and one cement grinding station strategically located in the key regions of Luzon and Mindanao, with annual clinker production capacity of approximately 5.2 million tons and annual cement production capacity of approximately 9.0 million tons. It also has abundant limestone resources and favourable locations. Accordingly, the Acquisition will provide the Group with an established production platform and sizeable additional production capacity in the Philippines. We have discussed with the Management the intended post-acquisition measures and understood that the Company expects to apply its experience in production technology, cost control, supply chain management and marketing to improve HPI's capacity utilisation, operating efficiency and profitability. The Acquisition is also expected to strengthen the Group's presence in Southeast Asia, expand its global production capacity and enhance its geographical diversification and resilience against cyclical fluctuations in individual markets. In addition, the two-phase arrangement of the Acquisition would allow Holcim to retain its remaining shareholding in HPI for a minimum of three years, which is

5. Principal Terms of the Share Purchase Agreement and the Shareholders' Agreement

Date: 1 August 2026

Parties: a. Seller;
b. Purchaser

Targets: The Purchaser will acquire a specific portion of shares in the following three holding companies:

- Clinco: 99.9997% of issued share capital
- Cemco: 36.8038% of issued share capital
- Union Cement: 27.51% of issued share capital

By acquiring the above interests, the Purchaser will indirectly acquire an aggregate of 67.623% of the issued shares and voting rights in HPI (being Cemco's 7.073% direct interest and Union Cement's 60.55% direct interest in HPI).

The consideration will be paid by the Purchaser in cash and will be funded by the Company's internal resources, bank loans, bond issuance and other external financing sources.

First Phase
Consideration and
closing accounts
adjustment:

The First Phase Consideration is calculated as follows:

(Enterprise Value – Debt + Cash and Inter-Company
Non-Trading Receivables + Working Capital Adjustment)
× agreed sale proportion (67.623%)

The closing accounts mechanism in respect of the First Phase Consideration works as follows:

- Pre-Closing estimation: at least 5 Business Days prior to the First Closing Date, the Seller will provide an estimated closing statement/balance sheet. The initial consideration to be paid at the First Closing Date will be calculated by reference to such estimated closing statement (the "Initial Consideration").
- Post-Closing review: following the First Closing, an independent audit firm will establish the actual closing statement as at the First Closing Date to determine the final First Phase Consideration.

- Any difference between the Initial Consideration paid at the First Closing Date and the final First Phase Consideration determined by the independent audit firm shall be paid by the Seller to the Purchaser or by the Purchaser to the Seller, as the case may be.

Based on the financial statements as at 30 June 2026, the calculated consideration amounts to US\$509 million as the closing accounts adjustment mechanism. The average monthly net cash generated over the 18-month period up to and including June 2026 was negative. Taking into account the increase in ex-factory price of US\$6 per ton

Any difference between the Initial Consideration paid at the First Closing and the final First Phase Consideration determined by the independent audit firm will be settled after the determination of the First Phase Consideration.

Conditions to closing:

The First Closing is conditional upon the fulfilment (or waiver, where permitted by law) of the following conditions:

- Shareholder approval: approval of the Shareholders in accordance with the requirements imposed by the Stock Exchange and the SSE;
- Chinese authority approval: obtaining clearance of the record filing with MOFCOM and NDRC, as well as completion of the foreign exchange registration with banks designated by SAFE;
- Philippines authority approval: obtaining the PCC Clearance from the PCC;
- Closing of the offer period in respect of the Tender Offer.

In principle, none of the conditions precedent can be waived. However, there may be a possibility of obtaining a waiver from the Philippine authorities in respect of the requirement to conduct the Tender Offer before First Closing. As of the Latest Practicable Date, the Purchaser has obtained the PCC Clearance.

Performance Guarantee
and Liability for
Breach:

Bank guarantees: after signing of the Share Purchase Agreement, the Purchaser provided to the Seller a first bank guarantee in the amount of USD12.5 million; a second bank guarantee in the amount of USD27.5 million will be provided after obtaining the Shareholders' approval. After First Closing, the two bank guarantees shall be returned by the Seller to the Purchaser.

Liquidated damages/break-up fee: If, after obtaining Shareholders' approval, the conditions precedent are not satisfied by the Long Stop Date due to a breach or default by the Purchaser, the Purchaser shall pay USD40 million to the Seller as compensation (or the Seller may draw on the relevant guarantee). If all conditions precedent have been satisfied, but the Seller fails to perform the closing acts, the Seller shall return the bank guarantees and pay USD40 million to the Purchaser.

Second Phase and
options arrangement:

In the Second Phase, through the exercise of the Call Option by the Purchaser or the Put Option by the Seller, the Purchaser may acquire approximately 31.377% of the issued shares in HPI. The Second Phase Consideration is the greater of (i) the latest audited annual revenue of HPI (excluding incremental revenue from potential capacity expansions post First Closing) x 2.4 x 31.377%; and (ii) USD280 million. Pursuant to the Shareholders' Agreement, the Second Phase Consideration shall be capped at USD392 million.

The Put Option may only be exercised from the later of:

- (a) the first working day of January 2030, and
- (b) the first working day falling three (3) years from First Closing, (the "Put Option Date").

Notwithstanding any other provisions of the Shareholders' Agreement, the Seller shall not be entitled to exercise the Put Option prior to the due registration of the Purchaser as legal and beneficial owner of the sale shares (as defined in the Share Purchase Agreement). The Call Option may only be exercised on or after the Put Option Date. The Put Option and the Call Option may be exercised concurrently and there is no order of priority. No option premium is payable by either party for the grant or exercise of the Put Option or the Call Option. There is no expiry date for the options. Both options automatically terminate upon (a)

6.1 First Phase Consideration

We have obtained and reviewed the calculation of the estimated First Phase Consideration prepared by the Company, HPI's balance sheet as at 30 June 2026 and the relevant underlying information and assumptions. Based on HPI's financial position as at 30 June 2026, the First Phase Consideration was calculated to be approximately USD509 million.

We have also reviewed HPI's monthly cash flow, sales volume and average selling price information for the 18 months ended 30 June 2026. We noted that HPI's average monthly net cash generation during such period was negative. In estimating the potential cash generation prior to the First Closing, the Company assumed an increase in ex-factory selling price of USD6 per ton and a monthly sales volume of 500,000 tons. We noted that HPI's monthly sales volume exceeded 500,000 tons in only three out of the 18 months reviewed, with the highest monthly sales volume being approximately 564,000 tons. Accordingly, we consider that 500,000 tons represents a historically achievable monthly sales volume. We also understood from the Management that the assumed price increase of USD6 per ton was mainly determined with reference to the definitive safeguard duty of PHP349 per metric ton, as further discussed in the section headed "4. Reasons for and benefits of the Acquisition" above. The Management considered that the safeguard duty would support domestic cement prices. On this basis, the estimated maximum monthly incremental cash generation attributable to the assumed price increase was approximately USD3 million.

Assuming that the First Closing will take place on 31 March 2027, the projected maximum First Phase Consideration was calculated as USD509 million plus USD3 million multiplied by nine months and 67.623%, resulting in approximately USD527 million. We have cross-checked the above calculation and did not identify any material discrepancy. As the assumed increase in ex-factory selling price of USD6 per ton was determined with reference to the definitive safeguard duty and the assumed monthly sales volume of 500,000 tons represents a historically achievable level, we consider that both assumptions provide a reasonable basis for estimating the maximum First Phase Consideration.

We also noted that the Initial Consideration payable at the First Closing will be determined by reference to an estimated closing statement provided by the Seller before the First Closing. Following the First Closing, an independent audit firm will establish the actual closing statement as at the First Closing Date, based on which the final First Phase Consideration will be determined. Any difference between the Initial Consideration and the final First Phase Consideration will be settled between the Seller and the Purchaser.

Under the closing accounts adjustment mechanism, any increase in net debt or deterioration in working capital prior to the First Closing will reduce the First Phase Consideration accordingly. We consider that such adjustment provides reasonable

protection to the Purchaser as the final First

As HPI's trailing twelve-month earnings before interest, tax, depreciation and amortization ("EBITDA") was negative as at 30 April 2026 (the "Valuation Date"), the Independent Valuer considered that the enterprise value/EBITDA (the "EV/EBITDA") multiple was not applicable and adopted EV/annual production capacity (the "EV/Annual Production Capacity") as the principal valuation multiple.

We have also considered EV/Revenue and price-to-book multiples as alternative valuation benchmarks. However, EV/Revenue does not take into account differences in operating costs and profitability of target companies involved in the comparable transactions, while a price-to-book multiple may not fully reflect the value of HPI's production assets, which were acquired or

For those Comparable Transactions involving minority interests, the Independent Valuer applied a control premium of 31% by reference to the FactSet Mergerstat/BVR Control Premium Study. We have reviewed the relevant extract covering the first quarter of 2026 provided by the Independent Valuer and understood that the study contains control premium data derived from publicly announced transactions. We noted that the control premium was determined with reference to the “Stone, Clay, Glass, and Concrete Products” industry category, which most closely corresponds to HPI’s principal business. Given (i) the study provides recent market data for the relevant industry of HPI; and (ii) the Independent Valuer confirmed that such study is a commonly used reference for valuation adjustment purpose, we consider that it provides an appropriate reference for adjusting the minority-interest Comparable Transactions to a controlling-interest basis. We have also discussed with the Independent Valuer the basis for adopting such control premium and confirmed that it was applied only to the minority-interest Comparable Transactions. We have recalculated the adjusted multiples and did not identify any material discrepancy. Having considered the above, we consider that the control premium adopted by the Independent Valuer is reasonable.

The Independent Valuer adopted an EV/Annual Production Capacity multiple of approximately USD89.96/ton, being the adjusted multiple implied by a historical transaction involving HPI in 2023 and close to the low end of the

and close to the low end of, the range of the Comparable Transactions' multiples; (ii) the discount of approximately 3.7% was not determined as a separate valuation adjustment but represents the difference between the EV derived by the Independent Valuer and the agreed EV based on an arm's length negotiation between the parties, we consider that such discount is reasonable and beneficial to the Company as the purchaser.

Having considered that (i) EV/Annual Production Capacity is an appropriate valuation multiple having regard to HPI's financial performance and the nature of its business; (ii) the adopted multiple is based on a historical transaction involving HPI and is below the average and median of the Comparable Transactions; (iii) the agreed EV represents a discount to the EV assessed by the Independent Valuer; (iv) the projected maximum First Phase Consideration of USD527 million assumes an increase in ex-factory selling price of USD6 per ton determined with reference to the definitive safeguard duty and a monthly sales volume of 500,000

Purchaser will be excluded. The Purchaser will therefore retain the benefit of revenue generated from post-First Closing capacity expansion and any value above the contractual cap of USD392 million.

We also noted from the Letter from the Board, for purposes of distinguishing revenues generated by existing production capacities from those generated under expansion projects (new production lines) for the calculation of the Second Phase Consideration, and to prevent the Purchaser from suppressing the calculated revenue base by reducing output of existing lines following commissioning of new lines under expansion projects, a 2025 baseline volume safeguard is adopted. Given the 2025 baseline volumes for the four plants of HPI are based on the actual output volume of such plants in 2025, when HPI was at a relatively low point in its operating cycle, we consider that it is a fair and reasonable basis to adopt. In addition, since the Floor Consideration is also calculated based on, among others, the actual 2025 output volume of HPI, the adoption of the baseline volume safeguard would not create a higher floor.

Accordingly, the First Phase methodology reflects the value of HPI's existing production assets and financial position at the First Closing, while the Second Phase methodology allows the Seller to share any subsequent improvement in HPI's existing business and hence encourage the Seller, being a minority shareholder of HPI then, to facilitate a smooth transition of control and normal operation of HPI following the First Closing, but subject to the exclusion of revenue attributable to capacity expansion contributed by the Purchaser and the contractual cap. Having considered the different timing and commercial purpose of the two phases, we consider that the adoption of different pricing methodologies provides a reasonable allocation of the risks and benefits between the Purchaser and the Seller and is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We have discussed with the Management the basis for adopting revenue as the pricing metric and understood that EBITDA- and earnings-based metrics were also considered during the negotiations. We have reviewed HPI's historical revenue, gross profit and net profit or loss for FY2023, FY2024, FY2025 and the four months ended 30 April 2026. We noted that HPI's revenue dropped in FY2024 as compared with FY2023 and remained broadly stable in FY2025, while its profitability was affected by increases in cost of sales and impairment losses. Notwithstanding that HPI recorded net losses in FY2024 and FY2025, revenue continued to reflect the sales volume and selling prices achieved by its existing production assets. We understood that revenue was not adopted simply because HPI was loss-making. Rather, it was adopted because it reflects the sales volume and selling prices achieved by HPI's existing production assets and is less affected by fluctuations in costs and other non-revenue items.

Following the First Closing, the Purchaser will control HPI's operations, capital expenditure, cost allocation and accounting policies, and HPI's earnings may be affected by integration expenses, technical upgrades, major maintenance and other expenditure undertaken by the Purchaser. In comparison, revenue is a more objective and readily ascertainable financial measure and is less affected by changes in cost allocation, depreciation, financing arrangements and discretionary expenditure. In addition, as the Second Phase Consideration is not linked to earnings, any improvement in HPI's profitability arising from cost savings and operational improvements implemented by the Purchaser will not increase the consideration payable to the Seller. Having considered the above, we consider that revenue is an appropriate pricing metric for determining the Second Phase Consideration notwithstanding HPI's current loss-making position.

Floor Consideration and EV/Revenue multiple

In assessing the reasonableness of the Floor Consideration, we have principally considered its underlying operational basis, including HPI's production volume, selling price and non-cement revenue. We have also considered the Company's synthetic USD financing cost only as an additional reference to the time value of the deferred payment, rather than as a measure of HPI's equity risk or expected equity return.

The Floor Consideration was determined using HPI's 2025 production volume of approximately 5.416 million tons, the weighted average selling price of approximately USD64 per ton for the 12 months ended June 2026 and non-cement revenue of approximately USD31 million. Applying the EV/Revenue multiple of 2.4 times and the 31.377% equity interest results in approximately USD284.4 million, which was rounded down to USD280 million. We have reviewed the underlying production, selling price and revenue information and recalculated the above amount. As the calculation is based on HPI's actual production volume for 2025 and its weighted average selling price for the 12 months ended June 2026, we consider that it provides a reasonable basis for determining the Floor Consideration.

We have also considered that payment for the Seller's remaining interest will

approximately 4.57% calculated over a three-year period. Such compound annual growth rate is broadly in line with the Company's synthetic USD financing cost of approximately 4.5%. We have reviewed the terms of three recent RMB bond issuances of the Company and cross-checked the weighted average interest rate and the relevant PRC and US government bond yields used in the calculation. We did not identify any material discrepancy. As the calculation was based on the Company's recent borrowing costs and the relevant government bond yields, we consider that the Company's synthetic USD financing cost of approximately 4.5% is reasonable. Having considered the deferred payment arrangement and the limited dividends expected to be available to the Seller during such period, we consider that such financing cost provides a reasonable additional reference for assessing the time value of the deferred payment.

According to the Company, the multiple of 2.4x was determined with reference to 34 comparable cement and clinker merger and acquisition transactions retrieved from the Dealogic database and completed between 1 July 2023 and 30 June 2026. The selection criteria included completed transactions involving targets principally engaged in cement or clinker production and with EV exceeding USD50 million. As advised by the Management, the 34 comparable transactions represented all transactions identified from the Dealogic database which met the above selection criteria during the relevant period and the list was exhaustive on this basis. The EV/Revenue multiples of these transactions range from 0.69x to 8.40x, with an average of approximately 2.70x.

We have obtained from the Company the list of the comparable transactions and the relevant transaction information. We have reviewed the selection criteria and recalculated the relevant EV/Revenue multiples, average, median and quartiles based on the information provided. We noted that the multiples showed a relatively wide dispersion, which was not unexp8(not)-6(-300.459.9(re03ovi)-iple)-5

Contractual cap

In respect of the contractual cap of USD392 million, the calculation assumes an annual cement sales volume of 7.0 million tons, an average selling price of USD70 per ton and annual non-cement revenue of approximately USD31 million. As advised by the Management, HPI's annual cement sales volumes were approximately 8.1 million tons, 7.5 million tons, 6.4 million tons and 6.3 million tons from 2018 to 2021, respectively, representing an average of approximately 7.1 million tons per year. The Management considered that the definitive safeguard duty would reduce the pressure from imported cement and support the recovery of HPI's sales volume towards its previous levels. The assumed sales volume of 7.0 million tons was therefore determined with reference to HPI's historical sales performance. We have also discussed with the Management whether the assumed sales volume could be supported by HPI's existing production facilities. HPI had an annual cement production capacity of approximately 9.0 million tons and annual clinker production capacity of approximately 5.2 million tons. Based on a clinker-to-cement ratio of approximately 0.7, which is broadly in line with the estimated global ratio of approximately 0.71⁵ reported by the International Renewable Energy Agency⁶, the production of 7.0 million tons of cement would require approximately 4.9 million tons of clinker, which is within HPI's existing clinker production capacity. Having also considered that the Second Closing will take place no earlier than three years after the First Closing and that the volume of 7.0 million tons is used to determine the contractual cap rather than as a guaranteed sales volume, we consider that it provides a reasonable basis for determining the contractual cap.

HPI's average ex-factory selling price was approximately USD60.1 per ton in 2025, while its weighted average selling price for the 12 months ended June 2026 was approximately USD64 per ton. The USD70 per ton adopted for determining the contractual cap represents an increase of approximately USD6 per ton over the weighted average selling price of approximately USD64 per ton. We have reviewed HPI's monthly selling price information and the relevant import protection measures introduced by the Philippine authorities in 2026, as further discussed in the section headed "4. Reasons for and benefits of the Acquisition" above. Having considered HPI's recent selling price trend and the period of at least three years before the Second Closing, we consider that the selling price of USD70 per ton provides a reasonable basis for determining the contractual cap. We have also reviewed the basis of the non-cement revenue of approximately USD31 million by reference to HPI's historical financial information and noted that it is broadly consistent with HPI's historical non-cement revenue.

⁵ According to International Renewable Energy Agency ("IRENA"), with reference to sources published in 2024, the global clinker-to-cement ratio is estimated at approximately 71%.

⁶ IRENA is an intergovernmental organisation that supports countries in their transition to a sustainable energy future. As advised by the Management, IRENA is independent of the Company and its connected persons.

Based on the assumed annual cement sales volume of 7.0 million tons, average selling price of USD70 per ton and non-cement revenue of approximately USD31 million, the application of the EV/Revenue multiple of 2.4 times and the 31.377% equity interest results in approximately USD392.3 million. The Second Phase Consideration is contractually capped at USD392 million. We have recalculated the above amount and did not identify any material discrepancy.

We noted that if HPI's performance materially deteriorates after the First Closing, the Seller may exercise the Put Option and the Purchaser would be required to pay the Floor Consideration. However, as discussed above, the Floor Consideration was determined with reference to HPI's actual production volume for 2025 and its weighted average selling price for the 12 months ended June 2026, which reflected HPI's operating performance at a relatively low point in its operating cycle. As set out in sections headed "2.4 HPI" and "4. Reasons for and benefits of the Acquisition" above, HPI's financial performance showed

7. Assessment of other key terms of the Share Purchase Agreement and the Shareholders' Agreement

As discussed with the Management, we understood that the other key terms of the Share Purchase Agreement and the Shareholders' Agreement were negotiated on an arm's

In view of the above, and taking into account that the two-phase structure and reciprocal option arrangements provide certainty over the ultimate ownership of HPI, while the escrow and performance protection arrangements safeguard the respective interests of the Seller and the Purchaser, we consider that such terms of the Share Purchase Agreement

government is expected to foster a more balanced competitive landscape for domestic producers, which may facilitate a recovery in domestic cement selling prices and support a potential turnaround in HPI's business. Its longer-term effect on the Group's



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objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that the Market Approach is more appropriate for this valuation.

SOURCE OF INFORMATION

We have relied to a considerable extent on information provided by the management of the Company (the “Management”) in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

The following pages outline the factors considered, methodologies and assumptions employed in formulating our opinions and conclusions. All opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,

For and on behalf of

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1. INTRODUCTION

This report has been prepared in accordance with instructions from Huaxin (Hong Kong) International Holdings Limited to express an independent opinion of the market value of 100 percent equity interest in the Target Company as at April 30, 2026.

2. PURPOSE OF VALUATION

The purpose of this valuation is for regulatory circular reference for the Company.

3. BASIS OF VALUE

Our valuation has been carried out on a market value basis. Market value is defined as

According to the audited financial report provided by the Company, the financial results of the Target Company were illustrated below:

(In Philippine Peso, in Thousands)	April 30, 2026	December 31, 2025
Revenue	8,081,552	22,028,685
Net Profit	–319,297	–3,838,239
Total Assets	36,656,371	36,385,227
Net Assets	23,552,858	24,023,904

5. QUALIFICATION

The subject valuation exercise is led and signed by Mr. Bruce Oong, and reviewed by Ms. Grace Lam.

Mr. Oong is a Senior Director of Cushman & Wakefield Limited. He is a Chartered Professional Accountant of Canada and has over 15 years' experience in business valuation.

Ms. Lam is a Senior Director of Cushman & Wakefield Limited. She is a registered professional surveyor and also is a member of the Royal Institution of Chartered Surveyors as well as a member the Hong Kong Institute of Surveyors, and has over 30 years' experience in property valuation.

6. SCOPE OF WORK

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted bases and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Target Company;
- Examined the relevant bases and assumptions of the financial information in respect of the Target Company;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, overview of the Target Company, related key business descriptions, source of information, major assumptions, valuation methodology and our opinion of value in this report.

7. SOURCE OF INFORMATION

To perform our valuation of the market value of the Target Company' equity interest, we have relied on the following information provided by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Audited financial report of the Target Company as at December 31, 2025 and April 30, 2026;
- The annual production capacity information of the Target Company provided by the Management;
- Publicly available information of comparable transactions;
- Financial information obtained from Bloomberg TerminalTM; and
- Other public information relating to the valuation.

We have not independently verified any of the information which has been provided to us. In analyzing the information, we have held discussions with the Management. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of 100 percent equity interest in the Target Company, namely the Market Approach, the Income Approach and the Asset Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The Market Approach values a business entity by comparing prices at which other business entities of a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The Market Approach comprises two methods namely the Guideline Public Company Method and the Guideline Transaction Method.

differences between those companies and the Target Company. Finally, appropriate valuation multiples are applied to the subject company's normalized financial data to arrive at an indication of the value of the subject company.

The Guideline Transaction Method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the Guideline Transaction Method is utilized, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the Target Company being valued. The application of the Guideline Transaction Method results in an estimate of the price reasonably expected to be realized from the sale of the Target Company.

Income Approach

The Income Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income Approach estimates the future economic benefits

While useful for certain purposes, the Asset Based Approach is not considered applicable to the valuation of the Target Company, as it does not capture future earning potential of the business. Also, we consider that the Income Approach is inappropriate as it requires detailed financial forecast of the Target Company, which involves adoption of much more subjective assumptions than the other two approaches, not all of which can be easily quantified or ascertained.

Among the three approaches, we consider that the Market Approach is more appropriate for this valuation. Under the Market Approach, the Guideline Public Company Method is not considered applicable in this valuation due to the lack of sufficient public comparable company information. Thus, we consider the Guideline Transaction Method to be more appropriate for valuing the 100 percent equity interest in the Target Company as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be.

9. MAJOR ASSUMPTIONS

In determining the market value of 80 percent equity interest of the Target Company, the following principal assumptions have been adopted:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operate or intend to operate would be officially obtained and renewable upon expiry;
- There will be no major change in the current taxation laws in the localities in which the Target Company operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic, or financial conditions in the localities in which the Target Company operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the Target Company;
- Interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing;
- The core business operation of the Target Company will not differ materially from those of present or expected; and
- The information regarding the Target Company provided by the Management is true and accurate.

The valuation result as at the Valuation Date is mainly based on the following assumptions:

Selection Criteria for Comparable Transactions

In the valuation, we used the Market Approach by referring to companies engaging in cement manufacturing business. Selection criteria for comparable transactions were formulated with reference to the operating location, core business nature, market environment and actual transaction of the Target. We are of the view that the selection approach adopted is appropriate. Comparable transactions were identified and selected from Bloomberg TerminalTM based on the following criteria:

- Transactions were completed in between 2023 and April 2026;
- The comparable company operates in the Philippines;
- The comparable company operates in the cement and aggregates sector; and
- Equity transaction consideration, as well as financial and production capacity information of the comparable companies, were publicly available.

Comparable Transactions

A list of four comparable transactions (referred to as individually the “Comparable Transaction” or collectively the “Comparable Transactions”) satisfying the above selection criteria were identified. We have, on a best-efforts basis, identified the comparable transactions representing an exhaustive list. Details of the Comparable Transactions are as follows:

Transaction	1
Acquirer	DM Consunji Inc
Transaction Completion Date	2024/12/3
Subject Company	Concreat Holdings
	Philippines, Inc.
Annual Production Capacity (10,000 tons)	570
Equity Interest	89.86%
Consideration (USD10,000)	27,150
100% Equity Interest (USD10,000)	30,213
Enterprise Value (USD10,000)	48,794
EV (USD)/Annual Production Capacity (tons)	86

Transaction	2
Acquirer	Holcim Philippines, Inc.
Transaction Completion Date	2023/11/27
Subject Company	Holcim Philippines, Inc.
Annual Production Capacity (10,000 tons)	900
Equity Interest	5.05%
Consideration (USD10,000)	3,122
100% Equity Interest (USD10,000)	61,822
Enterprise Value (USD10,000)	61,673
EV (USD)/Annual Production Capacity (tons)	90
Transaction	3
Acquirer	CEMEX Asia BV
Transaction Completion Date	2023/3/30
Subject Company	Concreat Holdings Philippines, Inc.
Annual Production Capacity (10,000 tons)	570
Equity Interest	11.96%
Consideration (USD10,000)	3,837
100% Equity Interest (USD10,000)	32,082
Enterprise Value (USD10,000)	55,324
EV (USD)/Annual Production Capacity (tons)	115
Transaction	4
Acquirer	San Miguel Corporation
Transaction Completion Date	2023/2/28
Subject Company	Eagle Cement Corp
Annual Production Capacity (10,000 tons)	860
Equity Interest	88.50%
Consideration (USD10,000)	166,123
100% Equity Interest (USD10,000)	187,710
Enterprise Value (USD10,000)	177,844
EV (USD)/Annual Production Capacity (tons)	207

Selection of Value Multiples

In this valuation task, we have considered various commonly used value multiples, including (i) enterprise value/annual production capacity (the “EV/Annual Production Capacity”) multiple; (ii) enterprise value to earnings before interest, tax, depreciation and amortization (the “EV/EBITDA”) multiple. As the trailing twelve months EBITDA of the Target Company was negative as at the Valuation Date, the EV/EBITDA multiple was not applicable. Annual production capacity is a core

The adopted multiple of USD89.96/ton represents a multiple of a historical transaction of the Target, and in our view, best reflects the actual circumstances of the Target.

Control Premium

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of some of the identified comparable companies was on a minority stake of the subject company, therefore adjustment has been made to reflect the degree of control associated with the 100% equity interest in the subject companies. The 31% equity control premium adopted in the valuation was derived with primary reference to the control premium of the “Stone, Clay, Glass, and Concrete Products” industry category, which is the industry classification most closely corresponding to the business of the Target, published in FactSet Mergerstat/BVR Control Premium Study, a widely-recognized empirical database compiling publicly-announced change-of-control transactions globally.

Applying the EV/Annual Production Capacity Multiple to the Annual Production Capacity of the Target Company to Derive Equity Value

USD		EV/Annual Production Capacity
Annual Production Capacity (tons)	a	9,000,000
Adopted Multiple	b	<u>89.96x</u>
Enterprise Value	c = a*b	809,611,582
Net Debt Adjustment	d	<u>46,648,538</u>
100% Equity Value	e = c + d	856,260,121
100% Equity Value (Round)	100%	<u><u>860,000,000</u></u>

Net Debt

Net Debt was calculated based on the audited financial statements of the Target Company as of 30 April, 2026, including cash, non-operating assets and liabilities, and interest-bearing liabilities.

10. LIMITING CONDITION

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and

12. OPINION OF VALUE

Based on the results of our investigation and analysis outlined in the report which

1. DISCLAIMER

This circular is prepared in accordance with the requirements of the Listing Rules to provide information about the Company. The Directors collectively and individually accept full responsibility for the information in this circular. The Directors have confirmed, after making all reasonable inquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects, and does not contain any misleading or fraudulent elements, nor does it omit any material fact that would make this circular or any statements herein misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Last Practicable Date, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); recorded in the register required to be kept under Section 352 of the SFO; or notified to the Company and HKEX pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

						:
						Approximate % of shares held in the total amount of share capital
Name	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class		

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Last Practicable Date, the following persons (other than the Directors, supervisors or chief executives of the Company) had interests in the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and HKEX under the provisions of Divisions 2 and 3 of Part XV of the SFO:

:					
Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class	Approximate % of shares held in the total amount of share capital
Holcim Ltd	Interest of controlled corporation	A shares	451,333,201	33.57	21.71
		H shares	417,902,467	56.88	20.10
		Total	869,235,668		41.81
Holderfin B.V.	Interest of controlled corporation	A shares	451,333,201	33.57	21.71
		H shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
Holchin B.V.	Beneficial owner	A shares	451,333,201	33.57	21.71
		H shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Interest of controlled corporation	A shares	356,201,639	26.50	17.13
Huangshi State-owned Assets Management Company Limited	Interest of controlled Corporation and Beneficial owner	A shares	356,201,639	26.50	17.13
Huaxin Group Co., Ltd	Beneficial owner	A shares	354,801,639	26.39	17.13

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, the Directors did not enter into or intend to enter into any service contracts with any member company of the Group that would not expire within a year or could not be terminated by the Group without compensation (excluding statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

As of the Latest Practicable Date, the Directors or any of their respective associates did not have any business interests related to the Group (whether directly or indirectly) that constitute or may constitute competition, and such interests are required to be disclosed in accordance with the Listing Rules.

6. DIRECTORS' INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS OF THE GROUP

As of the Latest Practicable Date, the Directors did not have any direct or indirect interest in any assets acquired, sold, leased, contemplated for acquisition or sale, or leased in any member company of this Group since 31 December 2025 (the date of the most recent audited consolidated financial statements of the Company).

As of the Latest Practicable Date, the Directors did not have any significant interest in any contracts or arrangements related to the Group's business and still in existence as of the Latest Practicable Date.

7. EXPERT CONSENT AND QUALIFICATIONS

The qualifications of the experts who provided opinions or advice in this circular are as follows:

Name	Qualification
Cushman & Wakefield Limited	Independent property valuer
Maxa Capital	A licensed corporation qualified to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under Securities and F9.5R3sres Ordinance

As of the Latest Practicable Date, the above experts did not hold any shares or have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities of any member company in this Group.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interests in any assets which had been acquired, disposed of or leased to, or were proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The above experts have issued consent letters for publication in this circular, agreeing to the replication of their letters or reports (as the case may be) in the form and content as shown in this circular, with the inclusion of their names, and to date, no consent has been withdrawn.

The letter and recommendation from the above experts are given as of the date of this circular for incorporation herein.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or operating position of the Company since 31 December 2025 (the date of the most recent audited consolidated financial statements of the Company).

9. OTHERS

Mr. Ye Jiaxing and Ms. Lee Mei Yee are the joint company secretaries of the Company, and Ms. Lee Mei Yi is a member of the Hong Kong Institute of Certified Public Accountants.

The Company's registered office in China is located at 600 Daqi Avenue East, Huangshi City, Hubei Province, China. The Company's share registrar in Hong Kong is Tricor Investor Services Limited at, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The Company's principal office in China is located at Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China. The Company's principal place of business in Hong Kong is Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

This circular is issued in both English and Chinese. In the event of any discrepancy between the Chinese and English versions of this circular, the English version shall prevail.

10. DOCUMENTS ON DISPLAY

The electronic texts of the following documents will be displayed and uploaded on the websites of HKEX (www.hkexnews.hk) and the Company (www.huaxin.com) for not less than fourteen days from the date of this circular:

- (1) the Share Purchase Agreement;
- (2) the Shareholders' Agreement;

- (3) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 38 to 39 in this circular;

(a joint stock limited company incorporated in the People's Republic of China)

(C : 6655)

Notes:

1. Eligibility to attend the EGM and suspension of H shares transfer registration

H-share holders of the Company whose names appear on the H Share register of members of the Company on Friday, 30 October 2026 are entitled to attend and vote at the EGM. H-share holders who wish to attend the EGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Monday, 26 October 2026.

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

2. Proxy appointment

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

In order to be valid, for H-share holders, the proxy form together with a notarized authorization or other authorization documents (if any) must be delivered, by hand delivery or post, no later than 24 hours before the EGM or any adjournment thereof (in the case of the EGM, it shall be delivered before 2:00 p.m. on Thursday, 29 October 2026 to the Company's H-share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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

3. Procedures of registration for attending the EGM

Shareholders or their proxies shall present their identification documents when attending the EGM. If the shareholder pra4(d)1(,3.6(at)-298.8(th)3(e)-298.2(m)-1.2(eeting)-292.1(i).

4. Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at the EGM must be taken by poll. Accordingly, the Chairman of the EGM shall, in accordance with the powers conferred by the Articles of the Association, require a vote by poll on all resolutions presented at the EGM.

5. Miscellaneous

The EGM is expected to take no more than half a day. Shareholders of the Company who attend the EGM shall bear their own traveling and accommodation expenses.

Contact information of the Company:

Address:	Block B, Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, China
Postal code:	430074
Tel.:	(86) 27 8777 3898
Fax:	(86) 27 8777 3992
Contact person:	Mr. Ye Jiaxing (Secretary to the Board of Directors), Ms. Wang Xiaoqiong (Securities Affairs Representative)

6. All dates and times in this circular refer to Hong Kong dates and times.

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