

Securities code: 600801

Stock abbreviation: Huaxin Cement

Huaxin Cement Co., Ltd

Log of Investor Relations Activity

Type of Investor Relations Activity	<input type="checkbox"/> Specific Object Research <input type="checkbox"/> Analyst Meeting <input type="checkbox"/> Media Interview <input checked="" type="checkbox"/> Performance Brief <input type="checkbox"/> Press Conference <input type="checkbox"/> Roadshow <input type="checkbox"/> Site Visit <input type="checkbox"/> Others
Time	April 1, 2025 (Tuesday) 9:40-12:00
Location	Hong Kong
Company representatives	<ul style="list-style-type: none"> • Director/CEO Li Yeqing • Vice President/CFO Chen Qian • Vice President/Board Secretary Ye Jiaying
Attendees	Over 60 institutional investors and analysts from CICC, Morgan Stanley, Macquarie Group, Guotai Junan, Changjiang Securities, SinoLink Securities, UOB KayHian, Davidson Kempner, Maxa Capital, Deutsche Bank
Main Content of Investor Relations Activity	<p>Main Questions from Investor Exchange:</p> <p>1. What’s your take on the integration of the cement industry in China?</p> <p>Huaxin upholds the principle of “Profit is the goal, revenue is fundamental”. Seeking for the market share is understood when the demand rises. When the demand goes down, we should pursuit the revenue and price. Otherwise, the loss will be more as a result of decrease in both the volume and the price.</p> <p>This year’s government report referred to the regulation of inward competition, which required controlling the operation of cement capacity. Additionally, new industry policies have downplayed the off-peak production, replaced by regulating capacity, output and consumption.</p> <p>The government may issue polices of merge and acquisition. In 1999, there were around 10,000 cement legal entities. Now there are around</p>

300 legal entities with cement clinker lines. In the future, it's likely to be merged into 30 or fewer.

2. Please introduce the overseas operation.

The core idea of overseas expansion is to not destroy local market landscape and competition environment. The aim is not to beat competitors but to seek for common development, provide quality building materials to local market and improve the livelihood of local residents. The decision-maker of Huaxin usually study the investment analysis report, and conduct field research on site to check the real situations when we are ready to enter a foreign market. We'll make appropriate decisions accordingly.

3. Currently, the overseas business EBITDA grows steadily, receivables are controllable. If the scope of management is to expanded, how will you maintain the management quality?

With the support of IT and AI, the overseas business management has no borders. No matter what is the status of the system before the merger, we can link it with Huaxin's system in the fastest manner and manage it with the system and process. In terms of cash management, we are trying to mitigate the risks of exchange fluctuation.

4. With a view to the investment cycle of CAPEX, where are you right now in the overseas investment? How do you plan it in 2 to 3 years?

The CAPEX for 2025 is around 13.3 billion RMB across three primary domains: overseas M&A; continuous expenditure for previous aggregate projects including final mine payments; and investments in technological enhancements targeting ultra-low emissions. The bulk of the CAPEX is allocated towards strategic acquisitions in Nigeria and Brazil.

Huaxin currently maintains investments across 13 nations, with its business operations influencing 18 countries. HX aims to further expand its international footprint. With an existing overseas cement capacity of 25 million tons, Huaxin's medium-term objective is to reach approximately 50 million tons. We are committed to establish Huaxin as a dominant global force in the building materials sector.

5. Compare to the aggregate, how will the competition landscape of cement will evolve in the future?

The aggregate business is under pressure, but the future competition landscape may fare better than cement. Aggregate production technique

is different from that of cement. Aggregate applies cold technique, can be produced intermittently, and the process can be flexible based on the order. Cement applies hot process and requires continuous production. In terms of cost structure, there is a notable distinction between the cement and aggregates industries. The investment climax in China's cement industry occurred between 2000 and 2010, with the majority of these investments having been depreciated for more than 15 years. Consequently, the fixed costs associated with these established production lines are significantly lower than those of more recent investments. While the aggregates industry is traditional, it witnessed its rapid expansion in the last decade. Therefore, there is less variation in fixed costs among companies in this sector, thereby providing less scope for price reductions compared to the cement industry.

6. Compared with cement, there is less space for technology upgrade of aggregate, how do you guarantee the ROE on the Brazil investment?

Globally, aggregate is stable business with good returns. After hosting the FIFA World Cup in 2014 and the Olympics in 2016, Brazil experienced a significant drop in aggregate demand. However, in recent years, the demand for aggregates has rebounded to normal levels. Huaxin's entry into the Brazilian market at this juncture is primarily based on positive market forecasts. Additionally, the Brazilian aggregate project offers potential for efficiency improvements and cost reductions.

7. How do you see the cost of alternative fuels in the future?

Huaxin started to venture into the alternative fuels in 2010 when it was the hardest time. The alternative fuel technology of Huaxin can dispose of wastes and combustibles that are the most difficult to be handled. In the future, if the competition aggravates, Huaxin will be equipped with strong capability. For the current market, we are more concerned with the policy trend of GHG and carbon trading.