

Huaxin Cement Co., Ltd.
Announcement on Providing Guarantee for Subsidiaries

To the best of our knowledge, the Board of Directors of the Company and its members confirm, that there is no false or misleading statement or material omission in this announcement and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its contents.

Important Content:

- Guaranteed companies: Huaxin Cement (Yangxin) Ltd. and other 51 wholly owned subsidiaries and controlling subsidiaries.
- Guarantee amount provided by the Company for Huaxin Cement (Yangxin) Ltd. and other 51 wholly owned subsidiaries and controlling subsidiaries is 7.065 billion RMB. By the end of 2017, the Company and its 52 wholly owned subsidiaries and controlling subsidiaries was 1.515 billion RMB.
- Counter guarantee: nil
- Overdue guarantee: nil

I. General Information of the Guarantees

By December 31, 2017, guarantee reviewed by the Board of Directors for wholly owned subsidiaries, controlling subsidiaries and related party companies totals at 5.925 billion RMB (excluding project loans) within the valid duration. Affected by periodical financing environment and subjective reasons of some subsidiaries, the actual utilized guarantee amount is 1,458,309,500 RMB and 154,570,000 USD, accounting for 20.7% of the latest audited net assets and 26% of the approved total guarantee amount. No guarantee occurs after the expiration.

In line with the development planning of the Company, Huangshi branch relocation is approaching. What follows is that more and more subsidiaries need to expand financing channels and enhance financing capability of their own so as to support business development. Under such circumstances, proposed guarantee amount to be authorized this time is 7.065 billion RMB, which is reasonable.

II. Subsidiaries and guarantee amount

| | | | | | | | | | | | |
|----|--|--------|----------------|---|--------------------------|--------|--------|--------|--------|--------|--------|
| 10 | Huaxin Cement (Fangxian) Ltd. | 12,000 | Yuan Dezu | Gaochuan Village, Hualongyan Town, Fangxian County, Shiyan, Hubei | 70% | 8,000 | 34,588 | 21,532 | 13,056 | 24,743 | 2,513 |
| 11 | Huaxin Jinlong Cement (Yunxian) Ltd. | 6,000 | Yuan Dezu | Chadian Town, Economic Development Zone, Yunxian County, Hubei | 80% | 8,000 | 56,739 | 18,139 | 38,599 | 46,085 | 5,176 |
| 12 | Huaxin Cement Xiangyang Xiangcheng Ltd. | 4,000 | Yuan Dezu | Economic Development Zone, Yujia Lake, Xiangcheng District, Xiangfan, Hubei | 100% | 4,000 | 14,274 | 8,068 | 6,206 | 23,577 | 1,671 |
| 13 | Huaxin Cement (Yichang) Ltd. | 10,000 | Yuan Dezu | No.1 Huaxin Road, Zhicheng, Yidu, Hubei | 100% | 15,000 | 68,520 | 27,375 | 41,144 | 62,274 | 11,636 |
| 14 | Huaxin Cement (Enshi) Ltd. | 5,000 | Yuan Dezu | Gaoqiaboba, Enshi, Hubei | Direct 67%, indirect 33% | 6,000 | 29,419 | 18,447 | 10,972 | 24,435 | 1,729 |
| 15 | Huaxin Cement (Hefeng) Minzu Building Materials Ltd. | 5,000 | Yuan Dezu | Xiaojiaping, Taiping Village, Hefeng County, Hubei | 51% | 4,764 | 20,057 | 11,635 | 8,422 | 15,792 | 664 |
| 16 | Huaxin Cement (Zigui) Ltd. | 15,000 | Yuan Dezu | Guojiaba Village, Guojiaba Town, Zigui County, Hubei | 100% | 24,000 | 68,074 | 37,573 | 30,501 | 46,903 | 3,723 |
| 17 | Huaxin Cement (Changyang) Ltd. | 13,000 | Yuan Dezu | Baishiping Village, Longzhouping Town, Changyang County, Hubei | 100% | 25,000 | 41,810 | 26,849 | 14,961 | 30,210 | 711 |
| 18 | Huaxin Cement (Zhuzhou) Ltd. | 22,000 | Xiong Guangwei | Nanzhou New Zone, Lukou Economic Development Zone, Zhuzhou County, Hunan | 100% | 34,000 | 91,398 | 56,578 | 34,820 | 50,500 | 1,090 |

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|----|------------------------------------|--------|----------------|--|--------------|-----------------|--------|--------|--------|--------|--------|
| 19 | Huaxin Cement (Chenzhou) Ltd. | 10,000 | Xiong Guangwei | Baohe Village, Beihu District, Chenzhou, Hunan | 100% | 22,000 | 54,835 | 27,342 | 27,494 | 42,589 | 3,957 |
| 20 | Huaxin Cement (Daoxian) Ltd. | 6,000 | Xiong Guangwei | No.1, Huaxin Avenue, Daoxian County, Hunan | 100% | 18,000 | 45,983 | 26,260 | 19,723 | 36,100 | 1,141 |
| 21 | Huaxin Cement (Lengshuijiang) Ltd. | 10,000 | Xiong Guangwei | Huangni Village, Heqing Town, Lengshuijiang, Hunan | 90% | 20,000 | 59,537 | 34,533 | 25,005 | 46,980 | 3,642 |
| 22 | Huaxin Cement (Sangzhi) Ltd. | 8,000 | Xiong Guangwei | Ruitapu Town, Sangzhi County, Zhangjiajie, Hunan | 80% | 15,000 | 42,693 | 20,948 | 17,745 | 29,933 | 3,127 |
| 23 | Huaxin Cement (Enping) Ltd. | 20,000 | Xiong Guangwei | Hengpi Town, Enping, Guangdong | Indirect 65% | 280 million USD | 85,632 | 84,693 | 939 | 41,772 | -4,539 |
| 24 | Huaxin Xianggang Cement Ltd. | 2,000 | Peng Qingyu | Xiacheng Village, Yancheng, Shandong | 100% | 33,624.02 T4.5 | | | | | |

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| 29 | Huaxin Hongta Cement (Jinghong) Ltd. | 8,000 | Du Ping | Mankongnaduo Village, Menghan Town, Jinghong | 51% | 17,961 | 45,703 | 16,636 | 29,067 | 39,600 | 8,195 |
| 30 | Huaxin Cement (Lijiang) Ltd. | 7,000 | Du Ping | Xingquan Town, Huaping County, Lijiang, Yunnan | Indirect 100% | 10,000 | 38,298 | 14,977 | 23,321 | 35,076 | 10,417 |
| 31 | Huaxin Cement (Lincang) Ltd. | 5,000 | Du Ping | Industrial Park, Linxiang District, Lincang, Yunnan | Indirect 100% | 36,090 | 69,828 | 32,904 | 36,924 | 41,006 | 6,139 |
| 32 | Huaxin Cement (Yunlong) Ltd. | 5,000 | Du Ping | Rende Village, Caojian Town, Yunlong County, Dali, Yunnan | Indirect 100% | 30,000 | 48,499 | 21,072 | 27,427 | 26,219 | 116 |
| 33 | Yunnan Huaxin Cement Dongjun Ltd. | 7,000 | Du Ping | Kanglang Village, Dabanqiao Town, Guandu District, Kunming, Yunnan | Indirect 100% | 26,000 | 69,560 | 31,394 | 38,167 | 55,905 | 6,478 |
| 34 | Kunming Chongde Cement Ltd. | 5,000 | Hu Limin | No | | | | | | | |

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|----|---|--------|-------------|---|---------------|--------|--------|--------|--------|--------|--------|
| 38 | Huaxin Cement (Tibet) Ltd. | 10,000 | Ke Youliang | No. 55 Gesang Road, Zedang Town, Shannan, Tibet | 79% | 5,000 | 98,853 | 26,320 | 72,533 | 74,541 | 21,850 |
| 39 | Huaxin Cement (Quxian) Ltd. | 10,000 | Ke Youliang | Juantong Village, Quxian County, Dazhou, Sichuan | 100% | 24,000 | 53,975 | 32,286 | 21,690 | 42,486 | 888 |
| 40 | Huaxin Cement (Wanyuan) Ltd. | 5,000 | Ke Youliang | Manaoxi Village Guandu Town, Wanyuan, Sichuan | 100% | 19,000 | 39,826 | 22,546 | 17,280 | 23,268 | 197 |
| 41 | Huaxin Cement Chongqing Fuling Ltd. | 5,000 | Ke Youliang | Sanmenzi Village, Fuling District, Chongqing | 100% | 20,000 | 64,084 | 40,107 | 23,977 | 44,972 | 2,710 |
| 42 | Chongqing Huaxin Diwei Cement Ltd. | 10,000 | Ke Youliang | Luohuang Town, Jiangjin District, Chongqing | 97.27% | 45,268 | 77,051 | 75,558 | 1,493 | 36,793 | 9,412 |
| 43 | Huaxin Cement (Huangshi) Equipment Manufacture Ltd. | 3,000 | Hu Zhenwu | No. 57 Huayuan Road, Chengyue Street, Xisaishan District, Huansghi, Hubei | 100% | 13,000 | 39,138 | 20,080 | 19,059 | 14,484 | 478 |
| 44 | Huaxin Equipment Engineering Ltd. | 3,000 | Li Yeqing | No. 3, 2nd floor, International Enterprise Center, Special No.1, Guanggu Avenue, Hongshan District, Wuhan | 100% | 19,000 | 40,571 | 18,133 | 22,438 | 25,697 | 576 |
| 45 | Huaxin Cement Technical Management (Wuhan) Ltd. | 3,000 | Peng Qingyu | International Enterprise Center, Building No.5, Special No.1, Guanggu Avenue Hongshan District, Wuhan | 100% | 2,000 | 17,964 | 14,791 | 3,174 | 6,037 | -375 |
| 46 | Huaxin Ezhou Package Ltd. | 3,000 | Hu Kaiping | Bingang East Road, Huahu Development Zone, Ezhou, Hubei | Indirect 100% | 3,400 | 9,331 | 4,348 | 4,983 | 10,804 | 12 |

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|----|--|----------------|------------|---|---------------|-------------------|---------|--------|--------|--------|-------|
| 47 | Huaxin Environmental Engineering Ltd. (including its subsidiaries) | 70,000 | Li Yeqing | No. 1, 2 nd floor, International Enterprise Center, Special No.1, Guanggu Avenue, Hongshan District, Wuhan | 100% | 100,000 | 133,804 | 42,011 | 91,793 | 8,313 | -176 |
| 48 | Huaxin Aggregate (Yangxin) Ltd. | 10,000 | Chen Bing | Wangshu Village, Fuchi Town, Yangxin County | Indirect 100% | 14,000 | 36,688 | 17,287 | 19,401 | 27,228 | 6,286 |
| 49 | Huaxin (Hong Kong) International Holding Ltd. | 60,000 | Liu Yunxia | Room 402, Yihe Mansion, Middle Ring Kangle Square, Hong Kong China | 100% | 25.45 million USD | 74,966 | 56,999 | 17,967 | 19,361 | 4,959 |
| | Total | 466,500 | | | | | | | | | |

2. Guarantee for new project loans

Due to strategic development, guarantee for the loans of the following new projects are hereby requested for approval from the Board.

(I) The Board has approved the construction investment of Changyang 6 million tons aggregate per year production line project (including 1 million tons of machine-made sand). Investment for this is expected to reach 230 million RMB and at that time, Huaxin New Building Materials (Changyang) Co., Ltd plans to apply for less than 160 million RMB loan from financial institutions. Guarantee applied for Huaxin New Building Materials (Changyang) Co., Ltd this time is not over 160 million RMB.

(II) The Board has approved the construction investment of Tibet Third Phase 3000t/d production line project and the expected investment is 460 million RMB. Planned scale is 990k t/y of clinker and 1.2 million t/y of cement. At that time, Huaxin Cement (Tibet) Co., Ltd plans to apply for not more than 300 million RMB loan from financial institutions. Guarantee applied for Huaxin Cement (Tibet) Co., Ltd this time is not over 300 million RMB.

(III) The Board has approved the construction investment of Kunming Chongde Cement Co., Ltd Second Phase 4000t/d production line project and the expected investment is 750 million RMB. Planned scale is 1.2 million t/y of clinker and 1.8 million t/y of cement. At that time, Kunming

Chongde Cement Co., Ltd plans to apply for not more than 450 million RMB loan from financial institutions. Guarantee applied for Huaxin Cement (Tibet) Co., Ltd this time is not over 450 million RMB.

(IV) To meet the demand of new urbanization, adjusting and optimizing industry layout and orderly promoting enterprise to relocate from city to suburb for the sake of environmental protection, the Company and Huangshi Municipal Government agreed on the relocation plan. The Company will relocate No.4 kiln and No. 5 kiln of Huaxin Cement Co., Ltd Huangshi Branch, plans to establish a cement production line and co-processing project with the capacity of 2.85 million t/y clinker in Yangxin county, Huangshi, invested by newly founded controlling subsidiary Huaxin Cement (Huangshi) Co., Ltd. The proposal has been submitted to the Board for review this time, estimated investment for relocation would be 1.847 billion RMB and the planned bank loan would be 1.21 billion RMB. Guarantee applied for Huaxin Cement (Huangshi) Co., Ltd. this time is not over 1.21 billion RMB.

(V) According to the development trend of domestic cement package industry and the market demand, the Company planned to construct a production line of 1 billion heat sealing packages in Huangjin Mountain Industrial Zone in Huangshi. The proposal was submitted to the Board for review this time, estimated investment this project would be 0.43 billion RMB and planned bank loan would be 0.28 billion RMB. Guarantee for Huangshi Huaxin Packaging Co., Ltd. this time is not over 0.28 billion RMB.

3. Total guarantee amount applied this time: 7.065 billion RMB.

III. Guarantee items

1. Scope of guarantee: Between the Company and wholly owned subsidiaries, between the Company and controlling companies.
2. Limit of guarantee: Total amount of guarantee is not more than 7.065 billion RMB.
3. Duration of the guarantee: sign relevant contracts of guarantee in 2 years since the date of approval by the Board, and renew the relevant matured guarantees in the authorized period.
4. Way of guarantee: Wholly owned subsidiaries and controlling subsidiaries can utilize the guarantee fund within the above limit at one time or for several times. Specific guarantee amount, duration and way of guarantee shall be confirmed in the contracts. The Company takes joint liabilities based on its shareholding. Guarantee limit can be adjusted among wholly owned subsidiaries based on actual need within the aforesaid total guarantee amount.
5. Counter guarantee of this time: no

6. Accumulated amount of the overdue external guarantee: nil

IV. Main contents of guarantee agreements

The Company will define the guarantee amount within the applied limit based on business operation of wholly owned subsidiaries and controlling subsidiaries. Each guarantee will be signed into agreement when it occurs.

The guarantee applications in this proposal is expected to be over 50% of the net assets audited lately, including guarantees for wholly owned subsidiaries and controlled subsidiaries with asset-liability ratio higher than 70%. And pursuant to Rules Governing the Listing of Stock on Shanghai Stock Exchange and stipulations in the Articles of Association, the Guarantees should be approved by the Shareholder Meeting.

V. Opinions of the Board of Directors

The targets of the above guarantee are all wholly owned subsidiaries and controlling subsidiaries, and the Company's repayment ability are comparatively good. The Company can effectively control its operation management, finance, investment and financing. The Company has the ability to fully grasp and monitor the operation activities of the guaranteed companies.

The Board believes that in order to meet the financing needs of the above wholly-owned subsidiaries and controlled subsidiaries, the Company provides guarantees for their credit businesses such as bank loans, establishing letters of credit, handling bank acceptances, letter of guarantee and finance lease, and the risks of guarantee are controllable. Therefore, the Board approves the above guarantee and agrees to submit such guarantee to the Shareholder General Meeting for approval.

VI. Total amount of external guarantees and overdue guarantees

Up to the date of the announcement disclosure, the total external guarantee amount of the company and its controlling subsidiaries was 2291.89 million RMB. The total amount of guarantee provided by the Company to its controlling subsidiaries is 2201.04 million RMB. The above amount respectively accounts for 19.6% and 18.8%

Huaxin Cement Co., Ltd.
Board of Directors
March 26, 2018