

Huaxin Cement Co., Ltd.
Announcement on Providing Guarantee to Huaxin Aggregate
(Zhuzhou) Co., Ltd Financing

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 company: Huaxin Aggregate (Zhuzhou) Co., Ltd.
- Amount of guarantee: no more than 230 million RMB with duration of no more than 7 years
- Counter guarantee: The partner Hunan Xiangyongyi Company Management Consultation Co., Ltd pledges its 30% equity in Huaxin Aggregate (Zhuzhou) Co., Ltd. to the Company, and the Company will provide full amount guarantee for the financing of Huaxin Aggregate (Zhuzhou) Co., Ltd.
- Overdue guarantee: nil

I. General Information of the Guarantees

On October 24, 2018, the Fifth Meeting of the Ninth Board of Directors approved the *Proposal on Establishing a Joint Venture Company and Constructing Zhuzhou 5 mt/y Aggregate Production Line Project*. At present, Zhuzhou 5 mt/y aggregate production line project is in the construction period.

On March 28, 2019, the Eighth Meeting of the Ninth Board of Directors approved the *Proposal on Providing Guarantee to Huaxin Aggregate (Zhuzhou) Co., Ltd Financing*, and agreed that under the condition that Hunan Xiangyongyi Company Management Consultation Co., Ltd (hereinafter referred to as "Xiangyongyi Company") pledges its equity in Huaxin Aggregate (Zhuzhou) Co., Ltd. to the Company, and the Company will provide full amount guarantee of no more than 230 million RMB, duration no more than 7 years for Huaxin Aggregate (Zhuzhou) Co., Ltd.

II. Basic information of the guaranteed company

Total estimated investment of Zhuzhou 5 mt/y Aggregate Production Line Project is no more than 330 million RMB. Wholly owned subsidiary Huaxin Cement (Zhuzhou) Co., Ltd and Xiangyongyi Company jointly invest to found a joint venture Huaxin Aggregate (Zhuzhou) Co., Ltd. to construct the project.

Basic information of Huaxin Aggregate (Zhuzhou) Co., Ltd. is as follows:

Established: March 19, 2019

Registration address: Hutang Village, Longchuan Town, Zhuzhou County, Zhuzhou City, Hunan Province

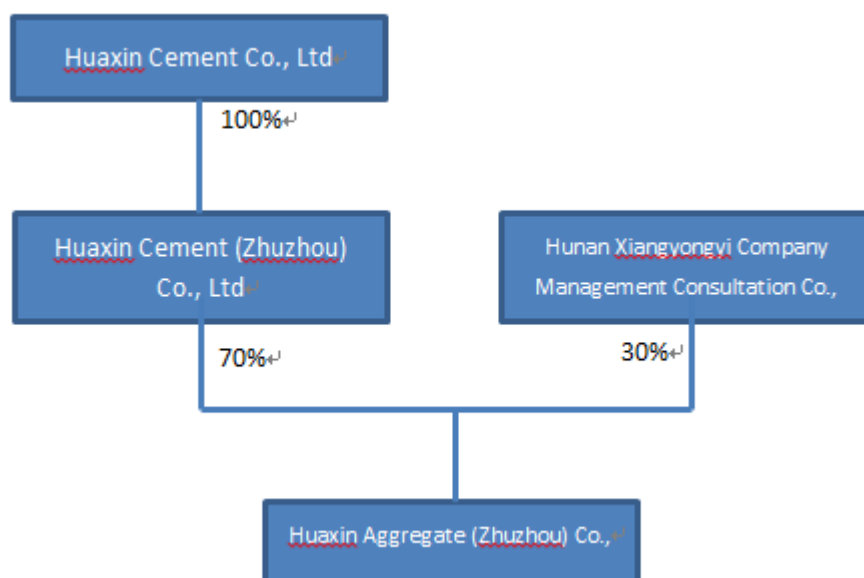
Business scope: building aggregate production and processing; recycling use of

discarded aggregate; sales of building material

Legal representative: Xiong Guangwei

Registered capital: 100 million RMB

Shareholding structure:



According to the financing plan of the project, Huaxin Aggregate (Zhuzhou) Co., Ltd. finances 100 million RMB as the capital, which is contributed by shareholders based on individual share proportion and applies for financing 230 million RMB from third party financial institutions.

According to the requirement of the financial institutions for approving financing, financing guarantee accepted by financial institutions should be provided. Xiangyongyi Company is capacity constrained in providing guarantee. Therefore, after discussion with Xiangyongyi Company, it intends to pledge its 30% equity in Huaxin Aggregate (Zhuzhou) Co., Ltd. to the Company, and the Company will provide full amount guarantee for the financing of Huaxin Aggregate (Zhuzhou) Co., Ltd.

III. Main contents of the guarantee agreement

So far, the guarantee agreement has not been signed.

IV. Opinions of the Board of Directors

The Board believes that the project return is good. Due to the fact that the project is invested by the wholly owned subsidiary, operation and management control is secured, and insolvency risk in the future is low. In the meantime, through counter guarantee— Xiangyongyi Company pledged its equity in the joint venture to the Company, the risk of providing full amount guarantee for the financing is further reduced.

V. Accumulated external guarantee of the Company and overdue guarantee

By February 28, 2019, the Company and its controlled subsidiaries externally has guaranteed total amount of 1763 million RMB, accounting for 9.68% of the net asset latest audited; the guarantee for this time is 230 million RMB, accounting for 1.26% of

the net asset latest audited. Accumulated guarantee amount accounts for 10.94% of net asset latest audited.

By now, the Company has no overdue guarantee.

VI. Annexes for the announcement

The basic information of Huaxin Aggregate (Zhuzhou) Co., Ltd.

It is herewith announced.

Huaxin Cement Co., Ltd.

Board of Directors

March 30, 2019