

Huaxin Cement Co., Ltd.
Announcement on Providing Guarantee for Huaxin Hongkong (Tanzania)
Investment Limited

To the best of our knowledge, the Board of Directors of the Company and its members confirm that there is no material 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 content.

Highlights:

- Name of the guaranteed subject: Huaxin Hongkong (Tanzania) Investment Limited
- Huaxin Hong Kong (Tanzania) Investment Limited is to perform the relevant amounts that should be paid to China-Africa Development Fund (including all preferred stock dividends, preferred stock redemption price and common stock redemption price) under the master contract (ie shareholder agreement). Huaxin Cement is to provide a joint liability guarantee with a total amount not more than 36 million US dollars, and the guarantee period is 2 years from the date of expiry of the main debt performance period under the main contract. Up to now, the actual guarantee balance provided by the company for Huaxin Hong Kong (Tanzania) Investment Limited is zero.
- Counter guarantee: nil
- Accumulated overdue amount of external guarantee: none

I. Overview on the guarantee

On May 18, 2021, the Second Meeting of the Tenth Board of Directors reviewed and approved the "Proposal on Providing Guarantees for Huaxin Hong Kong (Tanzania) Investment Limited." and approved Huaxin Cement to provide guarantee for Huaxin Hong Kong (Tanzania) Investment Limited (hereinafter referred to as "Tanzanian Investment") to fulfill the relevant payments (including all preferred stock dividends, preferred stock redemption price and common stock redemption price) to the China-Africa Development Fund under the master contract (ie shareholders agreement). Huaxin Cement is to provide a joint liability guarantee with a total amount not more than 36 million US dollars, and the guarantee period is 2 years from the date of expiry of the main debt performance period under the main contract.

II. Brief on the guarantee

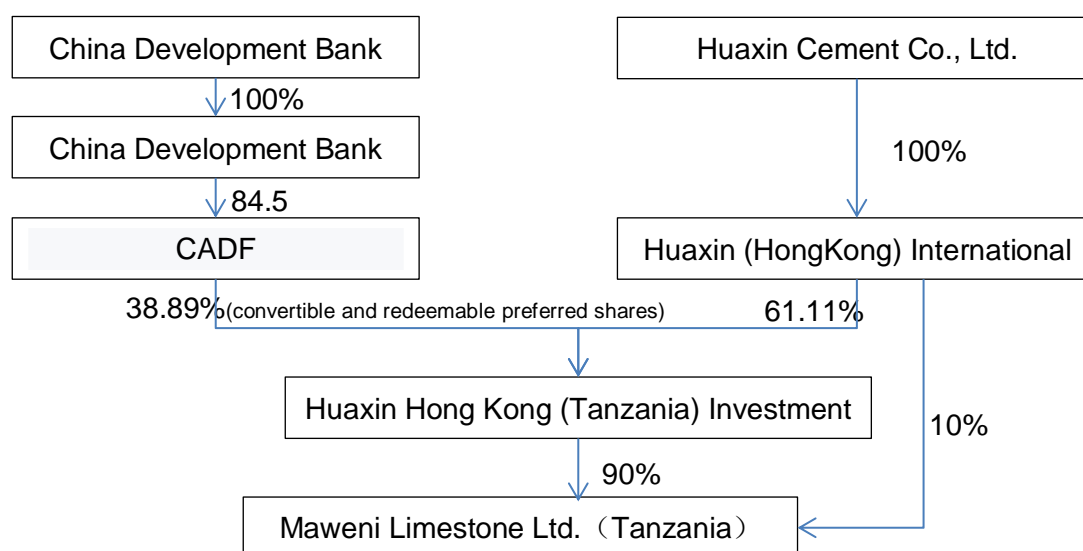
Tanzania Investment was established on April 23, 2019. Its registered address is 402, 1 Kangle Avenue, Central, Hong Kong. The directors are Mr. Xu Gang, Ms. Liu Yunxia and Ms. Kong Lingling. The current registered capital is HK\$10,000 (On May 10, 2021, the capital has been increased to 15 million U.S. dollars, and the procedures for industrial and commercial changes are being processed). It is a wholly-owned subsidiary of Huaxin (Hong Kong) International Holdings Co., Ltd. (Huaxin Hong Kong International Holdings Co., Ltd. is a wholly-owned subsidiary of Huaxin Cement Company). Business scope includes relevant business investment in Tanzania.

Tanzania Investment has not yet been rated, and there are currently no major contingencies affecting its debt solvency. The main financial data are as follows:

Item	December 31, 2020	April 30, 2021
Total assets	15,148	31,062
Total liabilities	15,562	30,297
Current liabilities	15,562	30,297
Among: bank loan	-	-
Total equities	-414	765
Operating revenue	-	-
Net profit	-551	1178

Note: Huaxin Hong Kong International Holdings Co., Ltd. has converted its US\$15 million debt to Tanzania Investment into equity on May 10, 2021. As of now, the asset-liability ratio of Tanzania Investment Corporation is 66.15%.

In order to further promote Huaxin's business development in the African region and deepen the cooperation between Huaxin and the China-Africa Development Fund, the China-Africa Development Fund plans to subscribe and purchase 19.25 million convertible and redeemable preferred shares from Tanzania Investment. The consideration is US\$ 19.25 million. In the meantime, Huaxin Hong Kong International Holdings Co., Ltd. will increase its investment in Tanzania to US\$30.25 million. After the subscription and capital increase are completed, the registered capital of Tanzania Investment will increase to 49.5 million U.S. dollars, and its shareholding structure is as follows:



During the cooperative investment period, the China-Africa Development Fund holds the convertible redeemable preference shares of Tanzania Investment, has the right to receive preferred stock dividends, has the right to request Tanzania Investment to redeem the preferred shares according to the agreed conditions, and has the right to convert them into ordinary shares, have the right to request Tanzania investment to redeem ordinary shares in accordance with agreed terms. The China-Africa Development Fund respects the status of an independent legal person and management rights of Tanzania Investment, and will do its best to maximize the benefits of investment in Tanzania, including but not limited to providing support in terms of government relations, and exercise relevant voting rights based on this principle.

III. Main contents of the guarantee contract

Huaxin Cement is to provide a joint liability guarantee to the relevant payments (including all preferred stock dividends, preferred stock redemption price and common stock redemption price) to China-Africa Development Fund Co., Ltd. under the main contract (ie shareholder agreement) with a total amount not exceeding 36 million US dollars ($1925 \times (1+8\%)^8 = 35,630,400$ US dollars, of which the dividend rate and redemption interest rate do not exceed 8%, and the period does not exceed 8 years) and the guarantee period is 2 years from the date of expiry of the main debt performance period under the main contract.

Counter guarantee: nil

This guarantee has not yet signed a guarantee agreement, and the specific content of the guarantee is subject to the terms of the final signed guarantee agreement.

IV. Opinions of the Board of Directors

The cooperation between the company and the China-Africa Development Fund will help the company obtain financing support from banks for its overseas development, and it will also help the company better discover investment opportunities in Africa. At present, the Tanzania Maweni Limestone Co., Ltd. project held by Tanzania Investment Holdings has been officially produced, and it is planned to complete the technical transformation of the cement mill by July 2021. It is estimated that the project has a good return rate and controllable risks. It is estimated that the internal return rate of investment is greater than the dividend and redemption yield requirements of the China-Africa Fund's preferred stocks. This guarantee is a prerequisite for the cooperation between the company and the China-Africa Development Fund, and it is also based on the internal risk control requirements of the China-Africa Development Fund. After the China-Africa Development Fund contributes capital, the company remains the actual controlling shareholder of Tanzania Investment, and the project and guarantee risks are controllable.

The Board of Directors has conducted a comprehensive assessment of the development prospects, future solvency and credit status of Tanzania Investment, and believes that Huaxin Cement providing guarantee for Tanzania Investment to fulfill the main contract (ie shareholder agreement) payables to China-Africa Development Fund Co., Ltd. has fully considered the foreseeable benefits and risks, and the guarantee risk is controllable. The company's decision-making procedures for providing guarantees for Tanzania investment this time are in compliance with laws, regulations and the "Articles of Association" and other relevant provisions, and there is no harm to the company, and the interests of all shareholders.

V. Accumulated external guarantee amount and overdue guarantee

As of April 30, 2021, the total external guarantees of the company and its holding subsidiaries were 4.954 billion yuan, accounting for 19.24% of the company's most recent audited net assets. The guarantee amount was 36 million yuan, accounting for 0.91% of the company's most recent audited net assets (Approximately 234 million RMB is converted at the exchange rate of USD to RMB 6.5), and the total guarantee amount accounted for 20.15% of the company's most recent audited net assets.

The accumulated amount of overdue guarantees by the company is zero.

VI. Attachment online

Business license and the latest financial statements of Tanzania Investment.

It is herewith announced.

Board of Directors of Huaxin Cement Co. Ltd.
May 19, 2021