

Huaxin Cement Co., Ltd.

Announcement on 2019 Profit Distribution Proposal

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.

Importance:

- Distribution ratio per share

Cash dividend of 1.21 Yuan per share.

- The profit distribution is based on the total number of shares registered on the registration date for implementing dividend distribution after deducting the number of shares in the special share repurchase account. The specific date will be specified in the Announcement on 2019 Dividend Distribution. The company shares held by the repurchase special account shall not be included in this profit distribution.
- If the total share capital of the Company changes before the registration date for implementing dividend distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total profit distribution amount accordingly, and shall announce the specific adjustments separately.

I. Profit Distribution Proposal

Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, in 2019, the Parent Company achieved net profit of 2,887,942,727 Yuan or 6,342,304,317 Yuan net profit attributable to the shareholders of the Parent Company after consolidation. Pursuant to the relevant provisions contained in the Company Law, Articles of Association and Corporate Accounting Rule, i.e. 159,194,595 Yuan will be appropriated to statutory surplus common reserve fund. The allocable profit of the Parent Company is 6,745,724,011 Yuan by December 31, 2019.

According to the resolution of the Sixteenth Meeting of the Ninth Board of Directors of the Company, the profit distribution is based on the total number of shares registered on the registration date for implementing dividend distribution after deducting the number of shares in the special share repurchase account. The profit distribution proposal is as follows:

On the basis of the total 2,096,599,855 shares, a cash dividend of 1.21 Yuan per share (incl. tax) shall be distributed to all shareholders, the distribution proportion of cash dividend is 40%. No capital reserve shall be converted into share capital for 2019. The company shares held by the repurchase special account shall not be included in this profit distribution.

The profit distribution proposal shall be submitted to the Shareholders' General Meeting of the Company for review.

II. Decision-making procedures performed by the Company

The Company convened the Sixteenth Meeting of the Ninth Board of Directors on April 27, 2020, the Meeting reviewed and adopted the 2019 Profit Distribution Proposal of the Company, and agreed to submit the profit distribution proposal to the Annual Shareholders' General Meeting 2019 for review.

III. Relevant risks

This profit distribution proposal has comprehensively considered factors such as the development stage and future fund demand of the Company, and will not pose significant impact on the operating cash flow of the Company, nor will it affect the normal operations and long term development of the Company.

It is herewith announced.

Board of Directors of Huaxin Cement Co., Ltd.

April 29, 2020