Huaxin Cement Co., Ltd.
Announcement on Day-to-day Related Party Transaction

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

Important notice:

Whether it needs to be submitted to the Shareholdersô General Meeting for review: No

The effect of day-to-day related party transaction on the listed company: the Company purchases imported solid fuels (petroleum coke) at a better price by leveraging collective purchasing power of LafargeHolcim Energy Solutions SAS, which is in line with business needs of the Company, beneficial to a lower cost of fuels in plants and thus improves performance of the Company. This day-to-day related party transaction is in the interests of all shareholders, which will not exert negative influence on the financial standing of current and future periods and operational results, or undermine the independence of the Company because it will not count on the related party in terms of main business as a result of the transaction.

I. Basic information of the day-to-day related party transaction

(I) Review procedures on fulfilment of day-to-day related party transaction

On April 25, 2018, the First Meeting of the Ninth Board of Directors reviewed and approved the Proposal on Day-to-day Related Party Transaction for the Estimated Procurement of Petroleum Coke in 2018 of the Company (hereinafter referred to as the Proposal). Related Directors Mr. Ian Riley, Mr. Roland Koehler and Ms. Geraldine Picaud recused from voting, and all of other 6 Non-related Directors approved the Proposal.

Independent Directors of the Company provided prior approval opinions and made following independent opinions after reviewing the Proposal:

1. The day-to-day related party transaction on purchasing petroleum coke from LafargeHolcim Energy Solutions SAS is aimed to purchase imported petroleum coke at a better price by leveraging collective purchasing power of LafargeHolcim Energy Solutions SAS, which is in line with business needs of the Company, beneficial to a lower cost of fuel in plants and thus improves performance of the Company.

2. The day-to-day related party transaction will not exert negative influence on the financial state of current and future periods and operational results, or undermine the independence of the Company because it will not count on the related party in terms of main businesses as a result of the transaction.

3. The day-to-day related party transaction
openness, equality, fairness and market pri
shareholders, bringing no harm to intere
shareholders.

4. When Board of Directors reviewed the ab
Riley, Mr. Roland Koehler and Ms. Geraldine
from voting, rest of the Non-related Direct
approved the Proposal. It was found no v
decision-making procedures of this related p
the regulations and rules in Company Law a
on Shanghai Stock Exchange and provisions

(II) The estimation and implementation of da

Related party transaction type	Related party	Estimate amount of L year (previo transactio	
Purchase fuel and power from related party	LafargeHolcim Energy Solutions SAS	3,000	1,974.84

							who use petroleum coke and their consumption will increase year-on-year.

II. Introduction of

contracts in 2018 between the two parties, amounting to 60.5 million USD (excluding import tariff, value-added tax, port construction charges, domestic port charges and freight forwarding service fee).

(2) Comparing with unit prices of calorific value between quoted price of petroleum coke that LHES offers from global market and current purchasing price of coal from petroleum coke plants, the Company will implement the purchasing plan if calorific value unit price of petroleum coke is more advantageous than that of coal, otherwise it would not implement the plan.

IV. Purpose of the transaction and the effect of the transaction on the Company

LHES has signed supply agreement with globally leading fuels suppliers on a long