

Huaxin Cement Co., Ltd.
**Announcement on Resolutions of the Twenty Ninth Meeting of the
Eighth Board of Directors**

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.

I. Convening of the Board Meeting

The Twenty Ninth Meeting of the Eighth Board of Directors of Huaxin Cement Co., Ltd. (hereinafter referred to as "the Company") was convened on March 21-22, 2018 in Switzerland. In principle, there should be 9 Directors attending the Meeting, actually 9 Directors attended. The Meeting was presided by the Chairman Mr. Xu Yongmo. Secretary to the Board, some of the Senior Management and Chairman of the Board of Supervisors also attended the Meeting. The Company sent the Meeting Notification to all the Directors on March 12, 2018 by mail or by fax. The Meeting was in compliance with the provisions contained in relevant laws, rules, regulations and the *Articles of Association of the Company*, so it was legitimate and valid.

II. Reviewing of the Board Meeting

Through reviewing and voting, this Board Meeting adopted the following important resolutions

1. Annual Report 2017 and its abstract of the Company
(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0).

For the full text of the Annual Report 2017, please refer to the website of Shanghai Stock Exchange: www.sse.com.cn, and the website of the Company: www.huaxincem.com.

For Annual Report 2017 abstract, please refer to China Securities Journal and Shanghai Securities News.

2. Annual Work Report 2017 of the Board of Directors
(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0).

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(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0);

In 2017, the Parent Company achieved net profit of 1,728,197,485 Yuan or 2,077,640,568 Yuan net profit attributable to the shareholders after consolidation. Pursuant to the relevant provisions contained in the Company Law and the Accounting Rule, 10%, i.e. 172,819,749 Yuan will be appropriated to statutory surplus common reserve fund. The allocable profit of the Parent Company is 4,415,356,360 Yuan by the end of December 31, 2017.

The Board proposes that on the basis of the total 1,497,571,325 shares, a cash dividend of 0.28 Yuan per share (incl. tax) shall be distributed to all shareholders, hence 419,319,971 Yuan shall be distributed (covering 20% of the net profit attributable to the shareholders of the Parent Company after consolidation), and the whole of the remaining shall be booked as unallocated profit.

The Board also proposes that no capital reserve shall be converted into share capital for 2017.

The above proposal shall be approved by the Shareholders' General Meeting.

The Company proposed to distribute 20% of the profits of 2017 with 0.28 RMB dividend per share. Main reasons are as followed:

1. Maintain steady growth of dividend distribution of the Company. From 2014 to 2016, the Company distributed dividends based on 0.17RMB/share, 0.05 RMB/share and 0.10 RMB/share. The 2017 Profit Distribution Proposal of 0.28 RMB/share, is way higher than the dividend distribution level three years ago, which returns Company performance improvement to shareholders and investors to some extent and moderately alleviates the impact of profit periodic fluctuation on dividend distribution in the future. We are striving to maintain stable and growing dividend distribution.

2. Support project investment. We aim to create larger and more sustainable returns for our shareholders and investors. In 2018, the Company plans to invest in the following projects:

(1) Tibet Shannan 3,000 tpd, Yunnan Luquan 4,000 tpd, capacity replacement project of Huangshi relocation with 2.85 mpa clinker cement production line and eco co-process projects and "one belt and one road" cement projects.

(2) 2-6 mpa aggregate projects in Changyang, Tibet, Quxian, Kaiyun and Chenzhou.

(3) Heat sealing package production line project

(4) Eco co-process projects etc.

The above projects require large investment of the Company's own funds. The profit distribution proposal, compared with the 'Profit Distribution Guidance of listed companies in Shanghai Stock Exchange', is lacking 210 million RMB, which will be complementary to the own fund investment in Huangshi relocation project. IRR of the project after its completion is around 18% and predicts favorable return.

The Company believes that 2017 Profit Distribution Proposal is good for securing the Company's own fund demand of investing projects, balancing short term and long term development and creating stable and better returns for shareholders and investors.

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The above proposal shall be approved by the Shareholders' General Meeting.

11. Proposal in Respect of Convening the Annual Shareholders' General Meeting 2017 of the Company

(Voting Result: Affirmative: 9; Negative: 0; Abstention: 0)

For detailed information, please refer to

Annex 1:

Huaxin Cement Co., Ltd.
Final Financial Report 2017 and Financial Budget Report 2018

I. Brief on 2017 Financial Statement and its audit

The 2017 Financial Statement of the Company was audited and verified by Price Waterhouse Coopers Zhong Tian CPAs LLP with standard audit report without reserved comments (PWC ZT Shen Zi (2018) No. 10025). The consolidated accounting statement releases the main financial data as following:

The operating cost for 2017 increased by 4.7 billion Yuan over the same period of the previous year. Apart from the expansion of cement production and sales scale, increase in coal prices caused the unit cost of cement to increase by 13% year-on-year. The operating cost in the current period exceeded the budget by 1.3 billion Yuan, mainly due to the higher coal price than expectation.

On the one hand, it seized the opportunity for a rebound in cement prices; on the other hand, by increasing the use of alternative fuels to control the production costs caused by the rising coal prices, the current gross profit margin rose by 3.27 percentage points over the same period of the previous year, which was 3.38 percentage points higher than the budget.

2. Periodic Expenses

Unit: 10000 CNY

	2017	2017 Budget	Change	2016	Change
Selling and distribution expenses	140,212	148,518	-5.59%	110,552	26.83%
General and administrative expenses	120,402	139,196	-13.50%	93,928	28.19%
Finance expenses	66,063	68,361	-3.36%	56,940	16.02%

In 2017, although various expenses and expenditures increased by 653 million Yuan over the same period of last year due to operation scale expansion brought by the merger; however, the General and administrative expenses ratio and sales expense ratio in 2017 decreased by 1.2 percentage points and 1.5 percentage points respectively compared with the same period of last year by strengthening budget control and exerting synergy effect. During 2017, periodic expenses reduced by 294 million Yuan over the budget.

3. Asset Impairment Loss

Unit: 10000 CNY

Item	2017	2016	Change
Loss on impairment of fixed assets	19,437	-	19,437
Loss on bad debts	6,147	3,046	3,100
Loss on Impairment of construction in progress	194	-	194
Loss on inventory	1,170	516	653

Unit: 10000 CNY

	2017	2016	Change
Net profit attributable to shareholders of the Company	207,764	45,194	359.72
Return on net assets, weighted average (%)	18.98	4.61	Increased by 14.37 percentage points
Return on net assets, weighted average after deducting non-recurring gains and losses (%)	16.47	4.74	Increased by 11.73 percentage points

During the reporting period, net profit of the Company increased by 1.591 billion Yuan compared with the same period of the previous year due to expansion of business scale, rise of cement and clinker prices, and improvement in aggregates and Eco business performance; net profit attributable to shareholders of the Company increased by 1.626 billion Yuan year on year. The return on net assets rose by 14.37 percentage points, hitting a new high of nearly 5 years.

(III) Cash Flow

Unit: 10000 CNY

	2017	2017 budget	Change	2016	Change
Net cash flow from operating activities	390,408	326,947	19.41%	309,615	

(I) Revenue Budget

In 2018, the Company expects to realize revenue of 21.5 billion Yuan, a slight increase of 2.9% compared with the actual value of 20.9 billion Yuan in 2017.

(II) Investment Budget

In 2018, the Company plans to invest 3.7 billion Yuan, of which the main investment is 2.83 billion Yuan in cement business, to expand overseas projects, replace old domestic capacity, increase single plant scale and productivity and enhance the Company's competitiveness in core regions. The Company will continue to expand its Eco business and plans to invest 320 million Yuan to complete the layout of Eco capacity as soon as possible; 550 million Yuan is planned to be invested in aggregates, concrete and other business.

(III) Financing Budget

In 2018, the net cash inflow from operating activities is expected to be about 4 billion Yuan, an increase of about 2.6% over the previous year.

In 2018, the Company will make full use of the Group's advantages and resources, and strived to seek more economic and effective financing channels. According to changes in the capital market situation, the Company will flexibly control the proportion of direct and indirect financing ratio and reduce the cost of financing. The total financial debts at the end of 2018 will be controlled within 11 billion, an increase of approximately 700 million Yuan over the previous year. In 2018, the total assets are expected to be approximately 31.3 billion Yuan, and the estimated asset-liability ratio is approximately 56%, a slight decrease from the previous year.

Annex 2:

Resumes of the Director Candidates for the Ninth Board of Directors

Mr. Xu Yongmo, born in April 1956, Master of Engineering, Doctor and Post Doctorate who had studied in UK. 1982 ~ 1983, assistant engineer of Plasterboard Subsidiary of Beijing New Building Material Plant; 1986 ~ 1988, the principal of RMX laboratory of Concrete and Housing Building Materials Institute of China Building Materials

