

Stock Codes: 600801, 900933

Stock abbreviations: Huaxin Cement, Huaxin B Share

Ref: 2018-015

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							who use petroleum coke and their consumption will increase year-on-year.
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II. Introduction of related party and relationship between the parties to the transaction

(I) Basic information of the related party

LafargeHolcim Energy Solutions SAS (hereinafter referred to as LHES) has been engaged in purchasing and selling of solid fuels including petroleum coke, coal and associated ocean freight. Established in Paris, France in 2013, LHES was registered with 11,584,200 Euro, with Jean-Philippe Benard as its legal person. Its major shareholders are Société Financière Immobilière et Mobilière "Sofimo". By December 31, 2017, its assets was zero. In 2017, its main businesses revenue amounted to 673,408 thousand USD and its net income before tax was -66 thousand USD.

(II) Relationship with the Company

Actual controller of LHES is LafargeHolcim Ltd (hereinafter referred to as LH Group), which is also the actual controller of the largest shareholder of the Company, Holchin B.V. (LH holds 41.84% shares of the Company indirectly through Holchin B.V. and Holpac Ltd). Therefore, LHES is the related corporation of the Company, and this

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-term basis, so it has a strong capability of source searching and bargaining. The Company purchases imported solid fuels (petroleum coke) at a better price by leveraging collective purchasing power of LHES, 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.

This day-to-day related party transaction will not exert negative impact on the Company's financial position and operating performance.