

Huaxin Cement Co., Ltd.

Announcement on Affiliated Party Transaction of 100% Equity Interest Transfer in Chongqing Lafarge Shui On Cantian Cement. Co., Ltd. by and between Lafarge China Cement Limited and the Company

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.

Important Content:

By the end of the transaction, the Company has no other related party transaction of the same category with Lafarge China in the past 12 months. Neither does the Company have related party transaction of the same category with other related parties.

I. Brief introduction on related party transaction

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On March 22, 2018, Huaxin Cement Co., Ltd (hereinafter referred to as “the Company” or “Huaxin Cement”) and Lafarge China Cement Ltd (hereinafter referred to as “Lafarge China”) signed the Agreement on 100% Equity Interest Transfer in Chongqing Lafarge Shui On Cantian Cement. CO., Ltd. (hereinafter referred to as “Equity Transfer Agreement”). LafargeHolcim Ltd and its related companies will transfer the claims of Chongqing Lafarge Shui On Cantian Cement Co., Ltd (hereinafter referred to as “Chongqing Cantian Company”, its only shareholder is Lafarge China Cement Ltd) totaling at 879,587,104.46 RMB to Huaxin Cement with the cost of 1 RMB. Under such premise, Huaxin Cement acquires Chongqing Cantian Company’s 100% equities held by Lafarge China with the price of 253,300,000 RMB.

(II) Affiliated Relation

The actual controller of Lafarge China is LafargeHolcim Ltd, which is the actual controller of Holchin B.V, the largest shareholder of the Company (LafargeHolcim Ltd indirectly holds 41.84% shares of the Company through Holchin B.V. and Holpac Ltd), therefore, Lafarge China is the related corporation of the Company and this transaction constitutes related party transaction.

(III) Other explanations

By December 31, 2017, net asset of the Company is 13.156 billion RMB. The transaction amount accounts for 2.5% of the latest audited net asset of the Company. Therefore, the related party transaction does not constitute major asset restructuring regulated in “Administrative Methods on Major Asset Restructuring of Listed Companies”. The transaction does not need to be submitted to and approved by the Shareholders’ General Meeting.

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II. Introduction of the related party

Lafarge China, a limited liability company duly incorporated and validly existing under the laws of the Hong Kong Special Administrative Region of the PRC, having its registered office at F/54, Hopewell Center, No. 183, East Queens Road, Hong Kong, and registered capital of 6,525,457,575.55 HKD. Its Directors are Mr. Ian Riley, Ms. Elin Johanna Elisabeth Leffler and Ms. Hu Meimei. Its main businesses are developing and expanding investment and holding of cement, ready-mixed concrete and aggregates businesses, and its sole shareholder is Financiere Lafarge.

Lafarge China enjoys smooth development in the recent three years without major changes in main business. By December 31, 2017, total asset of Lafarge China is 3,967,988,500 RMB, net asset is 1,342,287,900 RMB, operating income of 2017 is 6,311,300 RMB and the net profit is -465,641,700 RMB.

The Company has no relation with Lafarge China on property, business, asset, claims and liabilities and personnel.

III. Information of the target company for the related party transaction

1. Target company: 100% equity interest of Chongqing Lafarge Cantian Shui On Cement Co., Ltd

2. Ownership of the target company

Property ownership of the above-mentioned transaction target is clear. There are no mortgages, pledges, or any other restrictions on the transfer. There are no lawsuits, arbitration issues, or judicial measures such as seizures and freezes. There are no other circumstances that impede the transfer of ownership.

3. Basic information of the transaction target

Established on March 14, 2008 and registered in Jingkou Village, Honglu Town, Yongchuan District, Chongqing, Chongqing Cantian Company's legal representative is Mr. Xiong Guangwei, its registered capital is 270,000,000 RMB. Its sole shareholder is Lafarge China Cement Co., Ltd. Its main business areas include cement, RMX production and sales; surface mining of limestone used for cement, surface mining of limestone used for building stone; processing and sales of concrete and aggregate; current cement capacity is 2.5 million tons/year.

4. Main financial data of the target company for the last year and last period

By December 31, 2017, total asset of Chongqing Cantian Company is 1,169,587,000 RMB, among which, net asset is -205,277,600 RMB, operating revenue of 2017 is 445,386,200 RMB and net profit is -23,965,500 RMB.

The above-mentioned financial data have not been audited yet.

5. This equity transfer does not involve the issue of whether other shareholders should give up the priority of the right of transfer.

6. Guarantee, trusted investment, capital occupation

The Company didn't guarantee for Chongqing Cantian Company, neither did the Company arranged any finance for Chongqing Cantian Company. Chongqing Cantian Company has not occupied the Company's fund. Chongqing Cantian Company has no external guarantee or trusted investment.

7. Basic principles and methods to define the transaction price

The transaction price is determined by evaluation results.

The Company appointed Kaiyuan Asset Valuation Co., Ltd with practicing

qualifications in securities and futures to evaluate assets of Chongqing Cantian Company (For the valuation methods and important premises, please refer to Assets Valuation Report on Proposed Acquisition of All Equity Value of Shareholders of Chongqing Lafarge Shui On Cantian Cement Co., Ltd. by Huaxin Cement Co., Ltd.)

8. Pricing of the transaction target and analysis on the fairness and rationality

The transaction price is determined by the evaluation results. No major discrepancy exists between the transaction price and evaluation value (Valuation by cost method is 258,213.4 thousand Yuan).

IV. Main contents of the related party transaction and arrangements for agreement performance

(I) Main terms and conditions of related party transaction contract

1. Type of the transaction: Asset acquisition of related party (equity acquisition)

2. Counterpart of the transaction: Lafarge China

3. LafargeHolcim Ltd and its related companies will transfer the claims of Chongqing Cantian Company totaling at 879,587,104.46 RMB to Huaxin Cement with 1 RMB. Under such premise, equity transaction price is 253,300,000 RMB.

4. Payment method: Cash

5. Term of payment

Within 7 days after the equity transfer date, the Company shall submit tax declaration to Chinese tax authority on the transaction. After receiving the notice from the Chinese tax authority on whether the tax should be withheld for the Party A (Lafarge China), the Company shall pay the tax (if any) within the valid period according to applied law or defined by Chinese tax authority and obtain the certification of tax completion.

Within 10 business days after the tax notice, the Company shall finish all the necessary procedures according to applied law and transfer the payment of the equity transfer after tax withheld (if any) to the Party A's (Lafarge China) designated bank account one time.

6. Time and conditions of effectiveness

The Agreement shall be deemed established and effective on the day of signing.

7. Liability for restitution

(1) Liability of Lafarge China

The target share will be transferred based on the "status quo." Accordingly, Lafarge China does not need to take the liability for restitution to Huaxin Cement for any damages, liabilities, debts, losses, fines, claims, lawsuits or costs (including legal fees) that the target Company may suffer or bear before or after the transfer date.

(2) Liability of Huaxin Cement

If Huaxin Cement fails to pay the share transfer payment in full and on time in accordance with the provisions of the agreement, it shall pay Lafarge China with a

penalty of 0.05% per day for the unpaid portion.

8. Termination of the contract

(1) Termination of negotiations

This agreement is established on the date of signing of the two parties and the agreement may be terminated in advance by signing a written agreement between the parties.

(2) Unilateral termination

Before the transfer date, if either of the following occurs, either party has the right to immediately terminate the agreement with a written notice of termination that immediately takes effect to the other party; except for the following circumstances that are caused by a breach of contract, neither party has the right to claim compensation from the other party:

- ① Within twelve (12) months from the date of signing this agreement, the conditions that occur on the transfer date could not be met.
- ② The occurrence of force majeure events result in the loss of the assets of the target company or major damages, which makes the purpose of the transaction impossible to achieve or loses significance to complete the transfer.

(II) Contractual arrangement to protect the interests of the Company

According to the agreement, Huaxin Cement will pay the share transfer payment only after the share transfer completion date. Therefore, there is basically no risk that the Company could not complete the transaction and lose money.

V. The purpose of the related transaction and its impact on the Company

If the transaction is ultimately successful, it will eliminate potential competition between the Company and the non-listed cement assets in Chongqing, China held by the actual controller of the largest shareholder, LafargeHolcim Ltd. At the same time, the integration of resources through this transaction will help further enhance the Company's market competitiveness in Chongqing.

After the completion of the related transaction, the Company will include the above-mentioned target company in its consolidated statements.

VI. Approval procedures of this transaction

1. Before the transaction is reviewed by the Board of Directors, Independent Directors have issued their opinions and agreed to submit this proposal to the Board of Directors for approval.

2. On March 22, 2018, the Twenty Ninth Meeting of the Eighth Board of Directors reviewed and approved this affiliated transaction matter, and the 3 Independent Directors approved the transaction and issued independent opinions, other unrelated Directors also unanimously agreed the transaction. Related Directors Mr. Martin Kriegner, Mr. Daniel Bach and Mr. Ian Riley recused from voting.

3. Independent Directors reviewed this affiliated party transaction and issued the following independent opinions:

(1) The target of signing the assets transfer agreement between Lafarge China and the Company is to eliminate potential competitions between the Company and the non-listed cement assets of the largest shareholder's actual controller LafargeHolcim Ltd in Chongqing of China. At the same time, integration of resources achieved through this transaction would help the Company further enhance its market competitiveness in Chongqing regions.

(2) The Appraisal Institutions employed by the Company during the affiliated transaction process are professionally capable and independent. The assumption premises of the appraisal are reasonable and the appraisal result objectively and equitably reflects the actual situation of the target company on the appraisal benchmark date.

(3) The affiliated transaction is equitable and fair for the Company and its shareholders, and no situation that would harm the interests of the small and medium sized shareholders has been found.

(4) When Board of Directors reviewed the above Proposal, Related Directors Mr. Martin Kriegner, Mr. Daniel Bach and Mr. Ian Riley followed the principle to recuse from voting, rest of the Non-related Directors including all Independent Directors approved the Proposal. It was found no violation of principle of good faith. The decision-making procedures of this related party transaction were in accordance with the regulations and rules in Company Law and Rules Governing the Listing of Stocks on Shanghai Stock Exchange and provisions in Articles of Association.

VII. Historical related transactions (except daily related transactions)

On November 9, 2016, the First Extraordinary Shareholders' General Meeting 2016 of the Company reviewed and adopted the "Proposal on Affiliated Party Transaction of Signing the Assets Transfer Agreement between LAFARGE CHINA CEMENT LIMITED and the Company". The company paid RMB 1.375 billion to acquire shares in 6 companies including Yunnan Lafarge Building Materials Investment Co., Ltd., which are directly or indirectly held by Lafarge China. The share transfer procedures of the six companies were completed in 2017.

Besides the above transaction, the Company has no other transactions with Lafarge China in the past 12 months up to this related party transaction.

VIII. Annexes for online announcement

1. Prior approval opinions of Independent Directors
2. Independent Opinions confirmed and signed by Independent Directors
3. "Assets Valuation Report on Proposed Acquisition of All Equity Value of Shareholders of Chongqing Lafarge Shui On Cantian Cement Co., Ltd. by Huaxin Cement Co., Ltd." issued by Kaiyuan Asset Valuation Co., Ltd.

It is herewith announced.

Board of Directors
Huaxin Cement Co., Ltd.
March 26, 2018