

**Huaxin Cement Co., Ltd.**

**600801**

**Half Year Report 2019**

## **Important Notice**

I. The Board of Directors of the Company and its members, the Board of Supervisors of the Company and its members and Top Management members confirm, to the best of their knowledge, that there is no false or misleading statement or material omission in this report and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its contents.

II. All Directors of the Company attended the Board Meeting.

III. This Half Year Report has not been audited.

IV. Chairman of the Company Mr. Xu Yongmo, Legal Representative and CEO Mr. Li Yeqing, person in charge of accounting Ms. Kong Lingling, and Chief of Accounting Department Mr. Wu Xin declare and confirm that the Financial Statements contained in this Half Year Report is true, accurate and complete.

V. Profit distribution proposal for the reporting period reviewed by the Board of Directors

The Company would not conduct profits distribution during this reporting period and no capital reserve would be transferred to share capital.

VI. Risk statement of the forward-looking description

Future plan, development strategy and other forward-looking description in this Report are not essential commitments of the Company to its investors. Investors are kindly requested to note the investment risk.

VII. There was no frequent fund occupation by the controlling shareholders or their related parties.

VIII. All the external guarantees provided by the Company were in compliance with the decision-making procedures.

IX. Significant Risk Warning

None

X.Others

☐Applicable ☒ Inapplicable

## Chapter 1 Interpretation

In this Report, unless otherwise requires, the below terms have the following meanings:

Interpretation of the common words		
The Company, Company and Huaxin Cement	means	Huaxin Cement Co., Ltd.
Reporting period	means	1 January 2019 – 30 June 2019
Yuan, K Yuan, 10 K Yuan, mio Yuan, 100 mio Yuan	means	RMB, RMB thousand Yuan, RMB 10 thousand Yuan, RMB million Yuan, RMB 100 million Yuan, China's legal currency
NOX	means	Nitrogen oxide(s)
SNCR	means	Selective Non-Catalytic Reduction
SO <sub>2</sub>	means	Sulfur dioxide
RDF	means	Refuse derived fuel

## Chapter 2 General and Key Financial Indicators

### I. Company Information

Name of the Company in Chinese	华新水泥股份有限公司
Abbreviation in Chinese	华新水泥
Name of the Company in English	Huaxin Cement Co., Ltd.
Abbreviation in English	HUAXINCEM
Legal Representative	Mr. Li Yeqing

### II. Liaison Information

	Secretary to the Board	Securities Affairs Representative
Name	Mr. Wang Ximing	Ms. Wang Lu
Liaison Address	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Tel	02787773896	02787773898
Fax	02787773992	02787773992
E-mail	investor@huaxincem.com	investor@huaxincem.com

### III. Basic Information

Registered location of the Company	No. 600 East Daqi Avenue, Huangshi City, Hubei Province
Post code of the registered location	435007
Administrative location of the Company	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Post code of the administrative location	430073
Website of the Company	<a href="http://www.huaxincem.com">www.huaxincem.com</a>
E-mail	<a href="mailto:investor@huaxincem.com">investor@huaxincem.com</a>
Search index for changes during the reporting period	Basic information of the Company has not been changed during the reporting period.

### IV. Information Disclosure and Place Available

Press for Information Disclosure	China Securities Journal, Shanghai Securities News
Annual Report available on the Internet website appointed by CSRC	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Place available	Securities and Investors Relations Department of the Company

## V. Company Stock

Company Stock			
Type	Place of listing	Abbreviation	Stock code
A share	Shanghai Stock Exchange	Huaxin Cement	600801
B share	Shanghai Stock Exchange	Huaxin B share	900933

## VI. Other Information

☐ Applicable ☒ Inapplicable

## VII. Financial Statements Summary and Financial Indicators

### (I) Financial Statements Summary

Unit: Yuan

Item	Current reporting period (January-June)	Same period of last year	Change over last year (%)
Sales revenue	14,387,169,099	11,883,070,271	21.07
Net profit attributable to shareholders of the Company	3,162,523,557	2,067,917,873	52.93
Net profit attributable to shareholders of the Company after extraordinary items	3,130,652,271	2,050,758,784	52.66
Net cash flow from operating activities	4,181,029,108	2,689,800,888	55.44
	Current period end	At the end of 2018	Change over last year (%)
Net assets attributable to shareholders of the Company	18,144,268,498	16,672,962,778	8.82
Total assets	33,153,659,582	33,161,505,602	-0.02

### (II) Financial Highlights

Item	Current reporting period (January-June)	Same period of last year	Change over last year (%)
Basic earnings per share (Yuan/share)	1.51	0.99	52.53
Diluted earnings per share (Yuan/share)	1.51	0.99	52.53
Basic earnings per share after extraordinary items (Yuan/share)	1.49	0.98	52.04
Return on net assets, weighted average (%)	17.30	16.16	An increase of 1.14 percentage point
Return on net assets after extraordinary items, weighted average (%)	17.12	16.03	An increase of 1.09 percentage point

## Notes on financial statements summary and financial indicators

The basic/diluted earnings per share for the same period of the previous year was adjusted according to the capital reserve transferring to increase share capital in 2019.

### VIII. Differences between Accounting Data under Overseas Accounting Standard and Accounting Data under Domestic Accounting Standard

☐Applicable ☒Inapplicable

### IX. Non-routine items and Amount

Unit: Yuan

Item	Amount
Profit or loss on disposal of non-current assets	852,178
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	32,119,898
In addition to the effective hedging business related to the normal business of the Company, gains and losses on changes in fair value arising from tradable financial assets, derived financial assets, tradable financial liabilities and derived financial liabilities, as well as investment income from disposal of tradable financial assets, derived financial assets, tradable financial liabilities, derived financial liabilities, or other credit investments	5,612,630
Non-operating items other than aforesaid items	3,466,452
Effect of income tax	-9,423,019
Effect of minority interest (after tax)	-756,853
Total	31,871,286

### X. Others

☐Applicable ☒Inapplicable

## **Chapter 3 Brief Introduction on the Company's Businesses**

### **I. the Company's main businesses, operating model and industrial situation during the reporting period**

#### **(I) The Company's main businesses**

At the beginning of the listing, the Company was engaging in manufacturing and sale of cement, cement technical services, research, manufacturing, installation and maintenance of cement equipment, as well as cement import and export trade. In recent years, through vertical integration, Eco business transformation strategy, overseas development strategy and high-tech building material business expansion, the Company expanded its businesses to production and sales of RMX, aggregates, cement kiln co-processing of waste materials, EPC for both domestic and international cement projects, equipment business and project contracting regarding cement kiln co-processing technology and related business in cement based new and high-tech building materials .

The Company ranks among Chinese Manufacturing Industry Top 500 and Fortune China Top 500. So far, the Company owns around 200 subsidiaries and branches in 9 provinces and cities including Hubei, Hunan, Yunnan, Sichuan, Guizhou, Guangdong, Henan, Chongqing and Tibet as well as in Tajikistan and Cambodia, with total cement capacity of 100 million tons/year, commercial concrete capacity of 23.3 million M3/year, aggregate capacity of 29.5 million tons/year, integrated eco wall material 120 million units/year, cement equipment manufacturing capacity of 50,000 tons/year, mortar capacity 100, 000 tons/y, cement package bag capacity of 500 million/year and wastes disposal capacity of 5.5 million tons/year (including CIPs).

In the first half of 2019, revenue of cement business accounts for 88% of the Company's total revenue, taking the lead in all businesses of the Company.

#### **(II) The Company's operation model**

##### **1. Management model**

In line with the group management and specialized operation, the Company has set up a framework with Group Headquarters, BUs and subsidiaries, which is efficiently operated with clearly defined rights and responsibilities and strong execution capacity in a group management manner.

##### **2. Production model**

The Company's production is determined according to sales. Branches and subsidiaries formulate their annual production and operation plans and organize production based on the local demand.

##### **3. Sales model**

Business model of the Company is headquarters' guidance, unified management of BUs and equal emphasis on direct marketing and distribution. Pursuit of quality is at the core. Brand promotion and value maintenance is valued to continuously improve market competitiveness.

#### 4. Procurement model

The Company has established procurement management model of “unified procurement” + “online procurement”. Important raw materials and fuels are procured by the headquarter collectively while office suppliers, IT consumables and some industry products are purchased online. Raw material, fuels, auxiliary materials and spare parts that are not included in unified procurement nor online procurement are collectively purchased through the standardized and procedural bidding platform of the headquarters in an open and transparent manner.

#### (III) Industrial situation

Cement is an important and basic building material widely used in national infrastructure construction, municipal infrastructure and facility construction, real estate development, new rural infrastructure and civil construction. In the meantime, featuring with wide distribution of raw material and good performance in construction, cement will remain an irreplaceable construction material for quite a long time in the future.

Currently, Chinese cement industry is an industry with grave overcapacity. In recent years, benefiting from supply side reform and environmental protection supervision of the Government as well as industry measures of output limit for eco protection, off peak production and quarry compliance regulation, capacity cut is productive, demand supply balance of cement industry has reached a dynamic balance and cement price bounced back and increased. Prosperity of cement industry keeps picking up.

In the first half of 2019, driven by relatively high speed increase in real estate development and improving weak links of infrastructure, total output of cement grew 6.8% year on year. It's the first rapid growth since cement demand entered into the plateau. Cement price fluctuated due to seasonal reasons but remained stable overall, a slight increase over last year.

## II. Major assets changes of the Company during the reporting period

Unit: Yuan

Project	The beginning of the period	The end of the period	Change	Percentage	Remark
Project in progress	1,322,976,101	2,487,813,021	1,164,836,920	88%	Investment increase of cement, aggregate and eco projects

Total assets presented a slight decrease over the beginning of the year, among which



overseas investment 2,432,682,220 (Unit: Yuan Currency: RMB), accounting for 7.34% of total assets, an increase of 1 percentage points.

### **III. Core Competitiveness**

Established in 1907, the Company enjoys a long history and profound culture heritage and it is one of the top 100 large scale Companies listed in “China’s 500 Most Valuable Brands”. By unswervingly taking efforts in management and technological innovation and scientific development, the Company has always been one of the most influential enterprises in building materials industry with strong comprehensive competitiveness.

During the reporting period, the Company continued to expand operation scale. Profitability has been improved significantly and asset structure improved further. Sustainability capacity has been strengthened and enhanced further.

During the reporting period, the Company ranked 87 in the 2019 (Sixteenth) “China’s 500 Most Valuable Brands” with 55.629 billion Yuan brand worth issued by World Brand Lab. The Company moved up 1 place in ranking. Brand value increased by 22.03% over the previous year. In addition, among Fortune China Top 500 issued by Fortune China website in 2019, Huaxin ranked 305, up by 45 places.

During the reporting period, there was no change in core management team and key technical personnel that are closely linked to the Company’s core competitiveness. Brand influence of Huaxin is further enhanced.

## Chapter 4 Discussion and Analysis on Business Operation

### I. Discussion and Analysis on Business Operation

In the first half of 2019, the Company insisted on safe and complaint production. Through actively implementing off peak production, refined production to control cost and flexible sales to guarantee market share, the Company achieved expected goals of stable price, stable sales and stable operation. Sales volume and price of cement, aggregate, concrete and eco business grow in sync, operation performance achieved a new high again.

During the reporting period, sales volume of cement and commercial clinker amounted to 35,597.4 k tons with a growth rate of 10.69% over the same period of previous year; aggregate sales stood at 7,794 k tons, an increase of 27.74% year on year; sales of concrete was 1,767 km<sup>3</sup>, an increase of 18.72%; kiln processing of wastes amounted to 999 k tons, a year-on-year growth of 46%. Total revenue hit 14.387 billion RMB with a year-on-year growth of 21.07%. Total profit reached 4.307 billion RMB, an increase of 53.97%. Net profit attributable to shareholders of the Parent Company reached 3.163 billion RMB, a year-on-year growth of 52.93% during the reporting period.

During the reporting period, Yunnan Jianchaun, Jinghong, Kaiyuan and Lincang aggregate projects were put into operation, which increased 4.5 million tons/y capacity in aggregate; Yunnan Zhaotong, Hubei Shiyan, Wuhan Changshankou household wastes pre-disposal and Hubei Yichang sludge projects were operated, leading to increased capacity of 1.34 million tons/y in eco processing business. In addition, Yunnan Fumin 50,000 tons/y highly refined and automatic anti-seepage special mortar project has been put into operation.

### (I) Major Operations

#### 1. Changes of Items in Financial Statement

Unit: Yuan

Item	Current period	Same period of last year	Change (%)
Sales revenue	14,387,169,099	11,883,070,271	21.07
Cost of sales	8,379,857,315	7,395,846,244	13.3
Selling and distribution expenses	867,108,518	773,852,595	12.05
General and administrative expenses	608,465,774	597,785,510	1.79
Financial costs	155,793,721	254,624,384	-38.81
R&D expenditures	10,961,107	4,800,281	128.34
Net cash flows from operating activities	4,181,029,108	2,689,800,888	55.44

Net cash flows from investing activities	-1,317,741,552	-583,382,526	-125.88
Net cash flows from financing activities	-3,366,353,880	-2,201,784,260	-52.89

Reasons of financial costs change: liability with interest decreased, interest fee decreased.

Reasons of R&D expenditures change: R&D expenditures increase in eco business.

Reasons of net cash flows from operating activities change: scale of revenue grew.

Reasons for net cash flows from investing activities change: production line projects construction investment increased.

Reasons for net cash flows from financing activities change: pay back corporate bonds due.

## 2. Others

(1) Significant change in profit structure or profit sources

☐Applicable ☒Inapplicable

(2) Others

☐Applicable ☒Inapplicable

## (II) Significant profit change due to non-core business

☐Applicable ☒Inapplicable

## (III) Assets and Liabilities

### 1. Assets and Liabilities

Unit: Yuan

Item	June 30, 2019	% in the total assets	End of last period	% in the total assets	Change over the end of last period (%)	Remarks
Financial assets at fair value through profit or loss		-	207,144,438	0.62	-100.00	All money market fund was redeemed
Notes receivable	1,062,229,718	3.20	1,548,929,075	4.67	-31.42	Ratio of notes receivable decreased
Accounts receivable	820,008,936	2.47	524,536,351	1.58	56.33	Expansion of scale of production and sales
Other current assets	233,378,557	0.70	165,387,334	0.50	41.11	Increase in items for VAT deduction
Credit investment	21,500,000	0.06	0	-	-	Reclassification based on New Accounting Standard for Financial Instruments

Available-for-sale financial assets	-	-	60,487,319	0.18	-100.00	Reclassification based on New Accounting Standard for Financial Instruments
Other equity instrument investment	48,269,862	0.15	0	-	-	Reclassification based on New Accounting Standard for Financial Instruments
Other non-current financial assets	35,319,782	0.11	0	-	-	Reclassification based on New Accounting Standard for Financial Instruments
Construction in progress	2,487,813,021	7.50	1,322,976,101	3.99	88.05	Investment increase in cement, aggregate and eco projects
Other non-current assets	139,853,048	0.42	56,397,942	0.17	147.98	Increase in construction advances
Employee benefits payable	210,883,903	0.64	392,173,556	1.18	-46.23	Distribution of withdrawn short term incentives of last year
Current portion of non-current liabilities	2,009,212,603	6.06	2,877,217,204	8.68	-30.17	Payment of debentures due
Share capital	2,096,599,855	6.32	1,497,571,325	4.52	40.00	Capital reserve transferred to increase share capital
Other comprehensive income	-194,367		-9,023,883	-0.03	97.85	Reclassification based on New Accounting Standard for Financial Instruments

## 2. Major restrictions on assets by the period end

At the end of the reporting period, the monetary fund with a book value of 146,510,112 RMB was taken as deposits for the guarantee letters and bills/notes. Note receivables of 82,522,451 RMB book value as the pledge of new notes; The buildings and equipment/machines with a book value of 474,377,946 RMB and the land use rights with a book value of 47,013,185 RMB were pledged for bank borrowings.

In addition, equity of some subsidiaries of the Group are pledged to bank for long term borrowings (Not VII (23)), as of June 30, 2019, balance of carrying amount of net asset equivalent to the equity is about 1,119,000,000 RMB.

## 3. Other explanations

☐Applicable ☒Inapplicable

## (IV) Investments

### 1. External equity investment

☒Applicable ☐Inapplicable

Unit: Yuan

Item	Current period	Last period	Change (%)
Credit investment	21,500,000		
Available-for-sale financial assets		60,487,319	-100
Other equity instrument investment	48,269,862		0
Other non-current financial assets	35,319,782		
Long term equity investment	550,783,717	512,469,490	7.48

**(1) Major equity investment**

Unit: Yuan

Invested party	Main business	Investment proportion (%)
Tibet Gaoxin Building Materials Group Co., Ltd.	Production and sales of cement	43%
Shanghai Wanan Huaxin Cement Co., Ltd.	Production and sales of cement	49%

**(2) Major non-equity investment**☐ Applicable ☒ Inapplicable**(3) Financial Assets valued by fair value**

Unit: Yuan

Stock investment:

Stock code	Stock abbreviation	Original investment (Yuan)	Equity proportion (%)	Book value at period end (Yuan)	Profits/ losses during the reporting period	Accounting title
601328	Bank of Communication	3,165,725	0.0029%	13,413,782	764,630	Other non-current financial assets
601601	China Pacific Insurance	696,000	0.0066%	21,906,000	4,848,000	Other non-current financial assets
Total			/	35,319,782	5,612,630	

**(V) Major assets and equity sale**☐ Applicable ☒ Inapplicable

**(VI) Major holding and joint stock companies**

Unit: Yuan

Company name	Major product and service	Registered capital	Total assets	Net assets	Sales revenue	Net profit
Huaxin Cement (Yangxin) Co., Ltd	Production and sales of cement	500,000,000	1,298,065,328	853,617,935	179,839,999	708,161,917
Huaxin Cement (Wuxue) Co., Ltd	Production and sales of cement	300,000,000	1,026,628,092	657,924,391	174,101,910	742,371,655
Huaxin Cement (Tibet) Co., Ltd	Production and sales of cement	50,000,000	1,784,536,234	919,420,091	168,220,395	591,713,347
Huaxin Cement (Xiangyang) Co., Ltd	Production and sales of cement	140,000,000	730,028,752	449,467,042	155,401,898	544,947,531
Huaxin Cement (Zhaotong) Co., Ltd	Production and sales of cement	75,000,000	447,746,559	302,845,952	127,482,760	311,383,477

**(VII) Structural main body changes controlled by the Company**☐ Applicable ☒ Inapplicable**III. Other Information Disclosure****(I) Warning and Explanation on Forecasting Loss or Major Change in Net Profit from the Period Beginning till the Next Period End Compared with the Same Period of Last Year**☐ Applicable ☒ Inapplicable**(II) Potential risks**☐ Applicable ☒ Inapplicable

Potential risks posed to the Company have been elaborated in the Annual Report 2018 Chapter 4 Discussion and Analysis on Business Operation. There was no new potential risk in the reporting period.

**(III) Other disclosure**☐ Applicable ☒ Inapplicable

## Chapter 5 Major Events

### I. Introduction of Shareholders' General Meetings

Meeting	Date	Appointed website for reference of the Resolution	Disclosure date of the Resolution
Annual Shareholders' General Meeting 2018	April 25, 2019	www.sse.com.cn	April 26, 2019

Explanation of the Shareholders' General Meetings

☐Applicable ☒Inapplicable

### II. Dividends distribution or capital reserve

#### (I) Plan or proposal of dividend distribution, conversion of capital reserve into share capital in the first half of the year

Dividend distribution, conversion of capital reserve into share capital	None
Bonus share for 10 shares (share)	0
Dividends for 10 shares (Yuan) (incl. tax)	0
Stock split for 10 shares (share)	0
Relevant explanations on dividend distribution, conversion of capital reserve into share capital	
Nil	

### III. Execution of Commitments

☐Applicable ☒Inapplicable

### IV. Appointment or dismissing of Certified Public Accountants

Appointment or dismissing of certified public accountants

☐Applicable ☒Inapplicable

Change of appointment of certified public accountants during the audit period

☐Applicable ☒Inapplicable

Company's Explanation on "Non-standard Audit Report" issued by the CPAs

☐Applicable ☒Inapplicable

Company's Explanation on "Non-standard Audit Report" in the Financial Statements of the Annual Report 2018 issued by the CPAs

☐Applicable ☒Inapplicable

### V. Related Issue on Bankruptcy and Reform

☐Applicable ☒Not applicable

### VI. Material Lawsuit or Arbitration

(I) Lawsuits and arbitrations that had been disclosed in extraordinary announcements and had no further progress

Events summary and type	Reference
The Company sued Tianxing Group Co, Ltd., Yongkang Tianyi Enamelware Co., Ltd., Zhejiang Hengtai Aluminum Industry Co., Ltd., Wuyi Huaou Furniture Co., Ltd., shareholders of Guanghan Sanxingdui Cement Co., Ltd., including Mr. Xu Weiqiang, Mr. Liu Liguang, Mr. Xu Liansheng, Mr. Lin Kuande, Ms. Liu Mingyan, Mr. Cheng Dongqing, Mr. Xu Lianmeng, Mr. Sun Fusong and Mr. Li Yuanhong etc. as well as Mr. Ying Tianxing about shareholding transfer dispute	For detailed information, please refer to Item 10 “Material Lawsuit or Arbitration” in the Chapter 5 of Huaxin Cement Co., Ltd. Annual Report 2018 at <a href="http://www.sse.com.cn">www.sse.com.cn</a> .
Huaxin Concrete Xiangyang Co., Ltd. sued Xiangyang Jianshan Technology Co., Ltd about claims and debts dispute	
Huaxin Concrete Xiangyang Co., Ltd. sued Xiangyang Jianshan Technology Co., Ltd about contract dispute	
Jiangsu Huohua Steel Structure Group Co., Ltd. sued Huaxin Cement (Enping) Co., Ltd. about project construction contract dispute	For detailed information, please refer to Item 8 “Material Lawsuit or Arbitration” in the Chapter 5 of Huaxin Cement Co., Ltd. Annual Report 2015 at <a href="http://www.sse.com.cn">www.sse.com.cn</a> .

**(II) Lawsuits and arbitrations that were not disclosed in extraordinary announcements or that had further progress**



Unit: 0000 Yuan

Plaintiff	Appellee	Party bearing joint liability	Type	Basic Information	Amount	Is there any accrued liabilities and the amount	Progress	Result and effect	Execution of judgment
Hubei Guoxin Property Co., Ltd	Huaxin Concrete (Wuhan) Co., Ltd.	Xinqi Construction Group Co., Ltd.	Civil Action	For detailed information, please refer to the Annual Report 2013 of the Company, the Annual Report 2016 of the Company and the Annual Report of 2018 at <a href="http://www.sse.com.cn">www.sse.com.cn</a>	3,683.17	No	In April 2019, Wuhan Intermediate People's Court made the first instance judgment, judging appellee to compensate 15,528,127.49 RMB to the plaintiff within 15 days after the judgment takes effective; party bearing joint liability compensate 4,436,607.85 RMB to the plaintiff within 15 days after the judgment takes effective; the plaintiff should pay the appellee 4,963,525 RMB and fund occupation fee of overdue payment. Three parties appealed because none of them believed the judgment was fair.		
Huaxin Concrete (Wuhan) Co., Ltd.	Hubei Guoxin Property Co., Ltd		Civil Action	Same as the above	490	No	Same as the above		
Xiangyang Jianshan Technology Co., Ltd	Huaxin Concrete (Wuhan) Co., Ltd, Xiangyang Xingshida Plastics Co., Ltd., Mr. Liu Jianshan and		Civil Action	For detailed information, please refer to the Annual Report 2015 of the Company	1091.3	No	The Company received the judgment in May 2019. The court judged to cancel the lawsuit owing to the fact that the plaintiff had not paid for legal fee based on court notice.		

	Huaxin Concrete Xiangyang Co., Ltd.								
Xiangyang Xingshida Plastics Co., Ltd.	Huaxin Concrete (Wuhan) Co., Ltd, Xiangyang Jianshan Technology Co., Ltd, Mr. Liu Jianshan and Huaxin Concrete Xiangyang Co., Ltd.		Civil Action	For detailed information, please refer to the Annual Report 2015 of the Company	1421.7	No	The Company received the judgment in May 2019. The court judged to cancel the lawsuit owing to the fact that the plaintiff had not paid for legal fee based on court notice.		

**(III) Other explanations**

☐Applicable ☒Not applicable

**VII. Punishment on Directors, Supervisors, Senior Managers, Controlling Shareholder, Actual Controller or purchaser and the rectification**

☐Applicable ☒Not applicable

**VIII. Explanation on the credibility and integrity of the Controlling Shareholder and the Actual Controller of the Company in the Reporting period**

☐Applicable ☒Not applicable

**IX. Equity Incentive Plan of the Company and its impacts****(I) Events that were disclosed in extraordinary announcements and that had no progress or changes during the further implementation**

☐Applicable ☒Not applicable

**(II) Incentives that were not disclosed in extraordinary announcements and that had progress or changes during the further implementation**

Equity incentive

☐Applicable ☒Not applicable

Others

☐Applicable ☒Not applicable

Employee holding shares plan

☐Applicable ☒Not applicable

Other incentive measures:

☒Applicable ☐Not applicable

Long-term Incentive Plan of the Company for Top Management 2017-2019 was reviewed and approved by the Board Meeting on December 2, 2016 and Shareholder's General Meeting on April 20, 2017 respectively.

On April 25, 2019, the Ninth Meeting of the Ninth Board of Directors of the Company reviewed and approved the "Proposal on the Grant Date, Price and Number of "Phantom Performance Stock (PPS)" 2019 for the Top Management Team". Board of Directors, authorized by the Shareholders' General Meeting, defined the grant date and price of the "Phantom Performance Stock (PPS)" 2019, as well as amount and number for the Top Management for 2019.

On August 22, 2018, the Fourth Meeting of the Ninth Board of Directors reviewed and approved Extra EBITDA Bonus of the Ninth Board of Directors (only applicable to one-off bonus for 2018). On June 28, 2019, the Tenth Meeting of the Ninth Board of Directors reviewed and approved the Proposal on Distribution of Extra Performance Bonus 2018 and defined the personnel scope, distribution principles and amount for extra performance bonus of 2018.

**X. Important Related Transactions**

**(I) Related Transactions in Connection with Daily Operation**

**1. Events that have been disclosed in extraordinary announcements and that had no progress or changes during the further implementation**

☐Applicable ☒Not applicable

**2. Events that were disclosed in extraordinary announcements but had progress or changes during the further implementation**

☐Applicable ☒Not applicable

**3. Events that have not been disclosed in extraordinary announcements**

☐Applicable ☒Not applicable

**(II) Related Transactions involve Purchasing or Selling Assets or Share Equity**

**1. Events that were disclosed in extraordinary announcements and that had no progress or changes during the further implementation**

☐Applicable ☒Not applicable

**2. Events that were disclosed in extraordinary announcements but had progress or changes during the further implementation**

☐Applicable ☒Not applicable

**3. Items that were not disclosed in extraordinary announcements**

☐Applicable ☒Not applicable

**4. If the Company has performance commitment, it should disclose the performance fulfilment in the reporting period**

☐Applicable ☒Not applicable

**(III) Significant related transactions of joint investment**

**1. Items that were disclosed in extraordinary announcements and had no progress or changes during the implementation**

☐Applicable ☒Not applicable

**2. Items that were disclosed in extraordinary announcements but had progress or changes during the implementation**

☐Applicable ☒Not applicable

**3. Items that were not disclosed in extraordinary announcements**

☐Applicable ☒Not applicable

**(IV) Related Claims and Debts**

**1. Items that were disclosed in extraordinary announcements and had no progress or changes during the implementation**

☐Applicable ☒Not applicable

**2. Items that were disclosed in extraordinary announcements but had progress or changes during the implementation**

☐Applicable ☒Not applicable

**3. Items that were not disclosed in extraordinary announcements**

☐Applicable ☒Not applicable

**(V) Other significant related transactions**

☐Applicable ☒Not applicable

**(VI) Others**

☐Applicable ☒Not applicable

## **XI. Major Contracts and Implementation**

### **1. Entrustment, Contract and Leasing**

☐Applicable ☒Not applicable

**2. Guarantee**

Unit: CNY

	Guarantee provided by the Company (excluding guarantee for its subsidiaries)												
Guarantor	Relationship with the Listed Company	Be guaranteed	Guarantee amount	Guarantee date (signing date)	Starting date	Maturity date	Guarantee type	Has the guarantee been completed	Is the guarantee overdue	Amount overdue	Is there a counter-guarantee	Is the guarantee provided for related party	Relation
Total guarantee amount during the reporting period (excluding guarantee for subsidiaries)													
Guarantee amount left at the reporting period end (A) (excluding guarantee for subsidiaries)													
Guarantee provided by the Company for its controlling subsidiaries													
Guarantee amount for subsidiaries occurred during the reporting period								-214,298,331					
Guarantee amount for subsidiaries left at the reporting period end (B)								1,660,004,904					
Total guarantee amount (including guarantee for its subsidiaries)													
Total guarantee amount (A+B)								1,660,004,904					
% in net assets of the Company								9.15					
Including:													
Guarantee amount provided to the shareholders, actual controller and its related parties (C)													
Debt guarantee amount provided directly or indirectly to subjects whose debt ratio is over 70% (D)								605,195,298					
Guarantee amount exceeded 50% of the net assets (E)													
Total guarantee amount of the above three (C+D+E)								605,195,298					

**3. Other Major Contracts**

☐Applicable ☒Not applicable

**XII. Poverty alleviation work of the listed Company****1. Targeted poverty alleviation plan**

To comprehensively implement the Central Government's guidance of poverty alleviation through development and fulfill the corporate social responsibility, the Company made targeted poverty alleviation plan:

Firstly, according to the principle of "government lead, society involved, self-relied and poverty alleviation through development", the Company made efforts in environment improvement constructions, and mainly on road hardening, dilapidated house renovation, water conservancy facilities construction and mine rehabilitation to help rural infrastructure construction.

Secondly, the Company adapted itself to the local situation and guaranteed low price cement supply to the relocation project as part of the targeted poverty alleviation program.

Thirdly, the Company partnered with villages and families to help the impoverished disabled people, orphans and stay-at home children.

Fourthly, the Company helped education development and human resources in poverty area.

Fifthly, the Company conducted transfer employment; branches and subsidiaries took in poverty subjects in the plants to receive occupational training.

Sixthly, the Company promoted the work on "save the people in emergency and difficulty" and temporary special activities for helping poor families caused by illness, disaster and disability.

**2. Outline of targeted poverty alleviation of the reporting period**

Based on the overall arrangement of local governments where subsidiaries and branches located, the targeted poverty alleviation of the Company focuses on industry development, employment transfer, education, eco protection, basic living guarantee and social poverty relief to effectively carry out the work on poverty alleviation so as to effectively implement targeted poverty relief work.

In the first half of 2019, the Company invested 3.6154 million RMB in targeted poverty relief, among which cash is 561.7 thousand RMB, 3.0537 million RMB worth of materials and helped 3,612 government-recognized poor people get rid of poverty.

**3. Targeted property alleviation situation statistic table of the listed Company in the reporting period**

Unit: 0000 Yuan

Indicators	Number and situation
I. the overall situation	361.54
include: 1. funds	56.17
2. material discount	305.37
3. help to build the file for poor people out of poverty (person)	3612
II. sub-investment	
1. Industry development poverty alleviation	

include: 1.1 industry poverty alleviation project type	√Agriculture and Forestry Industry Poverty Alleviation <input type="checkbox"/> tourism poverty alleviation <input type="checkbox"/> E-commerce Poverty Alleviation <input type="checkbox"/> asset income poverty alleviation <input type="checkbox"/> science and technology poverty alleviation ✓ other
1.2 Number of industrial poverty alleviation projects (unit)	6
1.3 Amount of investment in poverty alleviation projects	14.30
1.4 help to build the file for poor people out of poverty (person)	235
2. Transfer employment	
2.1 Amount of investment of vocational skills training	
2.2 Number of vocational skills training (person / time)	
2.3 help to build the file for poor people out of poverty by employment(person)	20
3.Relocation poverty alleviation	
include: 3.1 number of relocated poor people employment (person)	
4. Educational poverty alleviation	
Include:4.1 Amount of investment of helping poor students	8.88
4.2 Number of poverty students (person)	31
4.3 Amount of investment in improving educational resources in poor areas	5.50
5.Heatly poverty alleviation	
Include 5.1 Amount of investment in medical resources	
6. Ecological protection Poverty alleviation	
Include: 6.1 Project name	✓ carry out ecological protection and construction <input type="checkbox"/> Establishment of compensation for ecological protection <input type="checkbox"/> set up ecological public welfare positions ✓ others
6.2 Amount invested	17.5
7. Basic living security	
7.1 investment for helping “children, seniors and women left behind”	1.71
7.2 Number of “children, seniors and women left behind”	6
7.3 Investment for helping poor people with disabilities	15.58
7.4 Number of poor people with disabilities	84
8. Social poverty alleviation	
8.1 Investment in coordinated cooperation of east and west	



8.2 Investment in fixed-point poverty alleviation work	27.50
8.3 Poverty alleviation fund	2.30
9. Other projects	
9.1 Number of projects	37
9.2. Amount invested	268.27
9.3 Number of people who are in the file of poverty population	3357
9.4 Other projects	
III. Awards received (Title, level)	
Huaxin Cement (Tibet) Co., Ltd working group stationed in the village was awarded with “Excellent Working Group Stationed in Village in Autonomous Region” by Shannan City government; Huaxin Cement (Tibet) Co., Ltd group stationed in village was awarded with “Excellent Stationed Team in Village” by Jiacha County; Huaxin Cement (Daye) Co., Ltd was awarded with “Excellent Company” in 2018 targeted poverty relief “hundreds of companies link with hundreds of villages” by Huandiqiao town.	

#### 4. Follow-up targeted poverty alleviation

During the reporting period, the responsibility fulfilled on targeted poverty relief is as followed:

At the beginning of this year, domestic cement Business Units, cement kiln line factories, and other companies with certain conditions have formulated annual targeted poverty alleviation plans. In the first half of the year, through cooperation with local governments, the Company achieved phase progress in improving the transportation facilities, living environment of poor people, guarantee and help for poor people, special aids for poor families and transfer of employment for poor households through donation of materials, investment of poverty relief fund, vocational training and employment aids.

#### 5. Follow-up targeted poverty alleviation

First, continue to require subsidiaries and branches to effectively implement targeted poverty relief work in accordance with local governments overall arrangement, centering around industry poverty alleviation, transfer of employment, relocation poverty alleviation, education, eco protection, basic living guarantee and social poverty alleviation.

Secondly, require the responsible persons and contacts of the Company's poverty alleviation units to conscientiously study and understand the relevant targeted poverty alleviation documents, fully understand the importance, urgency and arduousness of carrying out targeted poverty alleviation activities.

The third is to further strengthen the implementation of responsibilities, requiring poverty alleviation units to improve their political positions, compact their responsibilities, focus on short-term issues, analyze the causes, carefully study, formulate specific rectification measures, refine tasks, assign responsibilities to specific persons. Through fine and precise efforts, the Company promoted the effective implementation of poverty alleviation work.

#### XIII. Convertible Corporate Bond

☐ Applicable ☒ Not applicable

## XIV. Environmental information

### (I) Description on Environmental Protection of Listed Companies and Their Subsidiaries in Heavy Polluting Industries Provided by National Environmental Protection Departments

√ Applicable    □ Not applicable

#### 1. Pollution discharge information

√ Applicable    □ Not applicable

In the first half of 2019, pollution emission status of the Company's key emission units is detailed in the following table:

No.	Name	Name of the major pollutants and characteristic pollutants	Emission manner	Quantity of the emission outlet	Distribution of the emission outlet	Emission concentration (mg/m <sup>3</sup> )	Emission standard (mg/m <sup>3</sup> )	Total emission amount (t)	Verified emission (t)	Excess emission
1	Huaxin Cement (Yangxin) Ltd.	SO <sub>2</sub>	Organized	2	Kiln inlet	<200	200	93.37	580.6	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<400	400	1487.77	3557.4	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	64.28	441.45	No
2	Huaxin Cement (Wuxue) Ltd.	SO <sub>2</sub>	Organized	2	Kiln inlet	<200	200	12.90	409.2	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<400	400	1498.29	3682.8	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	57.13	457	No
3	Huaxin Cement (Daye) Ltd.	SO <sub>2</sub>	Organized	2	Kiln inlet	<200	200	63.75	1058.75	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<400	400	635.24	2117.5	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	46.55	270.33	No
4	Huaxin Cement (Xiangyang) Ltd.	SO <sub>2</sub>	Organized	2	Kiln inlet	<100	100	9.14	120	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<320	320	550.58	2420	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<20	20	33.08	341.8	No
5	Huaxin Cement (Xinyang) Ltd.	SO <sub>2</sub>	Organized	1	Kiln inlet	<100	100	4.82	120	No
		NO <sub>X</sub>	Organized	1	Kiln inlet	<320	320	65.89	1100	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	10.47	154.7	No
6	Huaxin Jinlong Cement (Yunxian) Ltd.	SO <sub>2</sub>	Organized	2	Kiln inlet	<200	200	15.68	100	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<400	400	288.15	1285	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	29.14	275.05	No
7	Huaxin Cement (Fangxian) Ltd.	SO <sub>2</sub>	Organized	1	Kiln inlet	<200	200	16.32	120	No
		NO <sub>X</sub>	Organized	1	Kiln inlet	<400	400	190.47	687.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	17.21	88.69	No
8	Huaxin Cement	SO <sub>2</sub>	Organized	2	Kiln inlet	<100	100	17.52	1138.5	No
		NO <sub>X</sub>	Organized	2	Kiln inlet	<320	320	473.16	2277	No

	(Yichang) Ltd.	Particulate matters	Organized	2	Kiln inlet Kiln outlet	<20	20	23.55	182.6	No
9	Huaxin Cement (Zigui) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	11.63	682	No
		NOX	Organized	1	Kiln inlet	<320	320	414.86	1327	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	18.82	191.1	No
10	Huaxin Cement (Enshi) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	28.87	80	No
		NOX	Organized	1	Kiln inlet	<400	400	195.85	508.75	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	9.25	78.75	No
11	Huaxin Cement (Changyang) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	36.1	756.26	No
		NOX	Organized	1	Kiln inlet	<320	320	320	1512.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	13.2	219.95	No
12	Huaxin Cement Co., Ltd. Huangshi Branch	SO2	Organized	2	Kiln inlet	<200	200	56.79	914.93	No
		NOX	Organized	2	Kiln inlet	<400	400	766.77	1829.85	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	44.47	425.16	No
13	Huaxin Cement (Hefeng) Minzu Building Materials Ltd.	SO2	Organized	1	Kiln inlet	<200	200	7.14	41	No
		NOX	Organized	1	Kiln inlet	<400	400	100.38	275	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	6.39	42.57	No
14	Huaxin Cement (Zhuzhou) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	51.85	620.09	No
		NOX	Organized	1	Kiln inlet	<400	400	408.32	1996.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	37.53	165.17	No
15	Huaxin Cement (Chenzhou) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	23.61	248.34	No
		NOX	Organized	1	Kiln inlet	<400	400	510.64	1200	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	13.63	191.57	No
16	Huaxin Cement (Daoxian) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	81.6	167.4	No
		NOX	Organized	1	Kiln inlet	<400	400	335.4	992	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	9.42	159.96	No
17	Huaxin Cement (Lengshuijiang) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.1834	225	No
		NOX	Organized	1	Kiln inlet	<400	400	253.07	1296	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	10.57	247.75	No
18	Huaxin Cement (Sangzhi) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	2.55	331.25	No
		NOX	Organized	1	Kiln inlet	<400	400	264.18	662.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	8.80	85.47	No
19	Huaxin Cement (Chibi)	SO2	Organized	1	Kiln inlet	<200	200	73.69	130	No
		NOX	Organized	1	Kiln inlet	<400	400	328.83	1452	No

	Ltd.	Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	37.62	180.18	No
20	Huaxin Cement (Enping) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	44.84	211.1	No
		NOX	Organized	1	Kiln inlet	<320	320	322.01	992	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	22.15	112.84	No
21	Huaxin Cement (Quxian) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	64.31	137.53	No
		NOX	Organized	1	Kiln inlet	<400	400	356.93	1280	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	27.78	165.12	No
22	Huaxin Cement Chongqing Fuling Ltd.	SO2	Organized	1	Kiln inlet	<200	200	118.16	771.65	No
		NOX	Organized	1	Kiln inlet	<350	350	478.22	1350.39	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	9.85	191.51	No
23	Huaxin Cement (Wanyuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	2.471	68.6	No
		NOX	Organized	1	Kiln inlet	<400	400	225.667	559	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	16.986	95.55	No
24	Huaxin Cement (Tibet) Ltd.	SO2	Organized	2	Kiln inlet	<200	200	65.61	119.27	No
		NOX	Organized	2	Kiln inlet	<400	400	394.07	711	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	25.88	131.58	No
25	Chongqing Huaxin Diwei Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	64.39	426.25	No
		NOX	Organized	1	Kiln inlet	<350	350	180.3	745.94	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	26.6	105.79	No
26	Chongqing Huaxin Yanjing Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	37.55	545.6	No
		NOX	Organized	1	Kiln inlet	<350	350	263.5	954.8	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	14.71	135.4	No
27	Huaxin Guizhou Dingxiao Special Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	7.72	160	No
		NOX	Organized	1	Kiln inlet	<400	400	136.32	320	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	11.57	41.28	No
28	Guizhou Shuicheng Shui On Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	11.48	79	No
		NOX	Organized	1	Kiln inlet	<400	400	176.21	825	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	10.14	106.43	No
29	Yunnan Huaxin Dongjun Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	3.45	140	No
		NOX	Organized	1	Kiln inlet	<400	400	498.36	1240	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	25.28	106.43	No
30	Huaxin Cement (Fumin) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	5.23	91.08	No
		NOX	Organized	1	Kiln inlet	<400	400	327.16	695.81	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	13.79	99.98	No
31	Huaxin	SO2	Organized	2	Kiln inlet	<200	200	13.39	59.67	No

	Cement (Honghe) Ltd.	NOX	Organized	2	Kiln inlet	<400	400	525.07	1220	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	34.96	112.98	No
32	Huaxin Cement (Zhaotong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.03	120	No
		NOX	Organized	1	Kiln inlet	<400	400	453.007	1200	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	21.899	119.86	No
33	Huaxin Cement (Kunming Dongchuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	2.99	72.06	No
		NOX	Organized	1	Kiln inlet	<400	400	328.57	600	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	21.28	77.4	No
34	Huaxin Cement (Diqing) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	3.25	22	No
		NOX	Organized	1	Kiln inlet	<400	400	320.08	655	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	20.994	90.23	No
35	Huaxin Hongta Cement (Jinghong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.57	130.69	No
		NOX	Organized	1	Kiln inlet	<400	400	289.44	620	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	16.58	99.98	No
36	Huaxin Cement (Yunlong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	9.81	63.24	No
		NOX	Organized	1	Kiln inlet	<400	400	291.13	720.94	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	33.85	96.75	No
37	Huaxin Cement (Jianchuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	10.74	45.31	No
		NOX	Organized	1	Kiln inlet	<400	400	127.71	740.35	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	18.38	96.75	No
38	Huaxin Cement (Lijiang) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	2.89	63.54	No
		NOX	Organized	1	Kiln inlet	<400	400	294.75	620	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	16.52	79.98	No
39	Huaxin Cement (Lincang) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	5.63	82.63	No
		NOX	Organized	1	Kiln inlet	<400	400	245.27	638.6	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	20	81.38	No
40	Tibet Shigatse High-tech Snow Lotus Cement Ltd.	SO2	Organized	2	Kiln inlet	<200	200	14.3	400	No
		NOX	Organized	2	Kiln inlet	<400	400	315.22	800	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	17.57	68.8	No
41	Chongqing Huaxin Cantian Cement Co., Ltd.	SO2	Organized	1	Kiln inlet	<200	200	39.47	790	No
		NOX	Organized	1	Kiln inlet	<350	350	428.99	1395.67	No
		Particulate matters	Organized	1	Kiln inlet	<30	30	24.07	205.76	No

42	Huaxin Environmental Ezhou Co., Ltd.	NH3	Organized	1	Biological filter	<35kg/h	35 kg/h	0.16kg/h	Implement emission rate control without quotas	No
		H2S	Organized	1	Biological filter	<2.3kg/h	2.3 kg/h	4.28X10-5 kg/h		No
43	Wuhan Wugang Huaxin Cement Limited Liability	SO2	Organized	1	Hot-blast furnace	<400	400	0.64	Implement concentration control without quotas	No
		NOX	Organized	1	Hot-blast furnace	<300	300	1.14		No
		Particulate matters	Organized	1	Hot-blast furnace	<20	20	0.44		No
44	Hunan Huaxin Xianggang Cement Ltd.	SO2	Organized	1	Hot-blast furnace	<600	600	9.6	Not included in the total control for emission permit of Hunan Province	No
		NOX	Organized	1	Hot-blast furnace	<400	400	88.06		No
		Particulate matters	Organized	1	Hot-blast furnace	<30	30	10.4		No
45	Huaxin Cement (Ezhou) Ltd.	Particulate matters	Organized	3	Cement grinding mill	<20	20	6.49	Implement concentration control without quotas	No
46	Huaxin Cement (Xiantao) Ltd.	Particulate matters	Organized	2	Cement grinding mill	<20	20	0.39	Implement concentration control without quotas	No
47	Huaxin Cement Suizhou Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	0.58	Implement concentration control without quotas	No
48	Huaxin Cement (Jingzhou) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	0.88	Implement concentration control without quotas	No
49	Panzhihua Huaxin Cement Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	6.98	Implement concentration control without quotas	No
50	Huaxin Cement (Chuxiong) Ltd.	SO2	Organized	1	Furnace in fluid bed	<600	600	31.25	Implement concentration control without quotas	No
		NOX	Organized	1	Furnace in fluid bed	<400	400	81.32		No
		Particulate matters	Organized	3	Furnace in fluid bed Cement grinding mill	<30	30	19.65		No
51	Huaxin Cement (Honghe) Ltd. Kunming Branch	Particulate matters	Organized	2	Cement grinding mill	<20	20	5.03	Implement concentration control without quotas	No
52	Huaxin Cement (Yueyang) Ltd.	Particulate matters	Organized	2	Cement grinding mill	<20	20	2.58	Implement concentration control without quotas	No
53	Huaxin Cement (Honghe) Ltd. Gejiu Branch	Particulate matters	Organized	1	Cement grinding mill	<20	20	5.34	Implement concentration control without quotas	No

54	Huaxin Cement (Macheng) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	3.16	Implement concentration control without quotas	No
55	Huaxin Cement Xiangyang Xiangcheng Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	10.84	Implement concentration control without quotas	No
56	Huaxin Cement (Danjiangkou) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	0.19	Implement concentration control without quotas	No
57	Hunan Huaxiang Environmental Industry Development Co., Ltd.	SO2	Organized	1	Hot-blast furnace	<600	600	8.17	Not included in the total control for emission permit of Hunan Province	No
		NOX	Organized	1	Hot-blast furnace	<400	400	93.54		No
		Particulate matters	Organized	1	Hot-blast furnace	<30	30	13.45		No

## 2. Construction and operation of pollution prevention facilities

During the reporting period, the Company strictly abided by the requirements of national and local environmental protection laws and regulations, utilized advanced pollution prevention technique and technology and achieved continuous emission of main pollutants and reduced pollutants impact on environment. The Company continued to optimize NOX emission reduction program of “low nitrogen combustion reform + process optimization + SNCR system optimization” and achieve continuous and stable NOX emission. Dust collectors were upgraded and maintained during annual repair to improve efficiency of dust collection. Besides, through preventive maintenance, we ensured dust collectors are in optimal operation and achieved continuous and stable emission of particulate matters at each outlet. By using low-sulfur coal and controlling the SO2 content in the raw materials, SO2 was controlled from the source. By using new technology of water aqua complex desulfurization and optimizing wet desulfurization to further reduce the impacts on the environment.

## 3. Environmental impact assessment on construction projects and other environmental protection administrative licenses

During the reporting period, CIPs of the Company were implemented in accordance with the requirements of the EIA Law and construction projects environment evaluation category; during design and construction phase, pollution prevention facility and main work are designed, constructed and used at the same time.

The Company conducted clean production audit in strict accordance with the requirements of the Clean Production Law and the Departments of clean production, achieving the emission targets of “energy saving, reduce consumption, reduce pollution, enhance efficiency”.

## 4. Emergency plan for emergent environmental incidents

During the reporting period, all subsidiaries of the Company strictly implemented and improved the emergency plans and drills according to the requirements of the Law of PRC on Response to Emergencies and the Interim Administrative Measures for Emergency Management of Environmental Emergencies. On the basis of the

requirements of the emergency plan for environmental emergencies, the Company implemented emergency drills to ensure that the Company can respond quickly and in a timely manner after the environmental incident, and to prevent environmental events from affecting the environment and the public.

## **5. Plan of environment self-monitoring**

During the reporting period, branches and subsidiaries carried out self-monitoring in strict accordance with the *Requirements of National Environmental Monitoring Technical Specifications-Cement Industry (HJ848-2017)* and *Pollution Emission Monitoring Guidance General Principles (HJ 819-2017)*. Self-monitoring projects included smoke, sulfur dioxide, nitrogen oxides, etc. Self-monitoring method combined automatic monitoring and manual monitoring. Automatic monitoring equipment used has passed the acceptance test of the environmental protection department, and the smoke and gas comparison monitoring was carried out regularly to ensure the normal operation of the equipment and the normal transmission of data. Manual monitoring was entrusted with a qualified third-party monitoring company to truly reflect the level of pollutant emissions.

## **6. Other environmental information that should be disclosed**

During the reporting period, the Company's subsidiaries, in accordance with the requirements of the national and local governments on off-peak production and heavy pollution weather emergency suspended production or restricted production to minimize the impacts of heavy pollution on the environment.

In accordance with the requirements of the environmental protection department, each branch and subsidiary regularly published emission data on the environmental monitoring information release platforms of provinces and cities and accepts public supervision through LED screens in plants.

### **(II) Description on environmental protection of other subsidiaries besides the key pollutant discharge units**

☒ Applicable ☐ Not applicable

The subsidiaries of the Company that are not included in the list of the national key pollutant emission units strictly implemented the environmental self-monitoring system in accordance with relevant requirements of national laws and regulations, and continuously optimized and improved pollution control facilities to achieve continuous and stable emission of pollutants.

### **(III) Explanation on reasons for non-disclosure of environmental information of other subsidiaries besides the key pollutant discharge units**

☐ Applicable ☒ Not applicable

### **(IV) Explanation on the follow-up progress or changes of the disclosure of environmental information during the reporting period**

☐ Applicable ☒ Not applicable

## **XV. Remarks on Other Major Events**



**(I) Reasons and Impact on Changes in Account Policies, Account Estimates or Accounting Methods**

The Ministry of Finance revised and issued “Accounting Standards for Enterprises No.22-Financial Instrument Recognition and Measurement”, “Accounting Standards for Enterprises No.23-Transfer of Financial Assets”, “Accounting Standards for Enterprises No.24-Hedge Accounting” and “Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments” in March 2017, and required domestic listed companies to implement them from January 1, 2019.

In April 2019, the Ministry of Finance issued the Notice on Revising 2019 General Enterprise Financial Report Format (No.6 2019 Financial Accounting). The regulations apply to 2019 half year report and annual report and following financial reports of non-financial enterprises implementing Enterprise Accounting Standards.

On August 22, 2019, the Eleventh Meeting of the Ninth Board of Directors approved the Proposal on Amending the Accounting Policies and Accounting Estimates of the Company According to the New Accounting Standard, agreed to implement the above new accounting standards according to the requirements of the Ministry of Finance and present financial reports based on No.6 2019 Financial Accounting.

For specific amendments and impacts on the Company, please refer to Chapter 10 Financial Report / V. Significant accounting policies and accounting estimates / 29. Changes in significant accounting policies and accounting estimates.

**(II) Reasons and Impact on Correction of Significant Accounting Errors**

☐Applicable ☒Not applicable

**(III) Others**

☐Applicable ☒Not applicable

## Chapter 6 Changes in Share Capital and Shareholders

### I. Changes in Share Capital

#### (I) Changes in Shares

##### 1. Changes in Shares

Unit: share

	Before the change		Change during the period +/-					After the change	
	Shares	(%)	Share issue	Share bonus	Capital reserves to shares	Others	Sub-total	Shares	(%)
I. Shares subject to conditional sales	0	0			0		0	0	0
1.State-owned shares									
2. Shares held by State corporations									
3. Shares held by other domestic investors									
Including: Shares held by domestic non-state corporations									
Shares held by domestic natural persons									
4. Shares held by foreign investors									
Including: Shares held by foreign corporations									
Shares held by foreign natural persons									
II. Shares not subject to conditional sales	1,497,571,325	100.00			599,028,530		599,028,530	2,096,599,855	100.00
1.RMB ordinary shares	972,771,325	64.96			389,108,530		389,108,530	1,361,879,855	64.96
2.Domestic listed foreign investment shares	524,800,000	35.04			209,920,000		209,920,000	734,720,000	35.04
3. Overseas listed foreign investment shares	-	-			-		-	-	-
4. Others	-	-			-		-	-	-
III. Total	1,497,571,325	100.00			599,028,530		599,028,530	2,096,599,855	100.00

##### 2. Notes on changes in shares

Change of the total shares during the reporting period was mainly due to the transfer of capital reserve to increase share capital.

**3. Impact of changes in share capital on financial indicators such as earnings per share and net assets per share during July 1 to the disclosure date of this Half Year Report (if any)**

☐ Applicable ☒ Not applicable

**4. Additional Information that the Company believed it necessary to disclose or that securities regulatory authorities required to disclose**

☐ Applicable ☒ Not applicable

**(II) Changes of Shares Subject to Conditional Sales**

☐ Applicable ☒ Not applicable

**II. Shareholders**

**(I) Total number of shareholders**

Total number of shareholders at the end of reporting period	74,074
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**(II) Top Ten Shareholders and Top Ten Holders of Listed Shares (not subject to conditional sales)**

Unit: share

Top ten shareholders							
Full Names of Shareholders	Change during the reporting period	Shares amount at the end of the period	%	Amount of shares subject to conditional sales	Mortgage or frozen		Shareholder type
					Status	Amount	
HOLCHIN B.V.	238,726,807	835,543,825	39.85	0	nil	0	Foreign corporation
Huaxin Group Co., Ltd.	95,874,286	335,560,000	16.01	0	nil	0	State owned corporation
Hong Kong Securities Clearing Company Ltd.	27,216,263	86,767,776	4.14	0	nil	0	Unknown
HOLPAC LIMITED	11,911,955	41,691,843	1.99	0	nil	0	Foreign corporation
Central Huijin Investment Ltd	8,707,480	30,476,180	1.45	0	nil	0	Unknown
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	3,548,335	15,320,673	0.73	0	nil	0	Unknown
Dai Deming	13,496,240	13,496,240	0.64	0	nil	0	Domestic natural person
China Railway Wuhan Bureau Group Co., Ltd.	3,225,600	11,289,600	0.54	0	nil	0	Unknown

FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	1,058,747	9,832,014	0.47	0	nil	0	Unknown
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	-45,659	9,416,474	0.45	0	nil	0	Unknown
Top ten holders of shares not subject to conditional sales							
Names of Shareholders	Amount of shares	Shares type and amount					
		Type	Amount				
HOLCHIN B.V.	835,543,825	RMB ordinary shares	451,333,201				
		Domestic listed foreign investment shares	384,210,624				
Huaxin Group Co., Ltd.	335,560,000	RMB ordinary shares	335,560,000				
Hong Kong Securities Clearing Company Ltd.	86,767,776	RMB ordinary shares	86,767,776				
HOLPAC LIMITED	41,691,843	Domestic listed foreign investment shares	41,691,843				
Central Huijin Investment Ltd	30,476,180	RMB ordinary shares	30,476,180				
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	15,320,673	Domestic listed foreign investment shares	15,320,673				
Dai Deming	13,496,240	RMB ordinary shares	13,496,240				
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	RMB ordinary shares	11,289,600				
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	9,832,014	Domestic listed foreign investment shares	9,832,014				
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,416,474	Domestic listed foreign investment shares	9,416,474				
Remarks on relationship or concerted actions of the above shareholders	1. Holpac Limited is the party act in concert with Holchin B.V. 2. It is unknown to the Company whether there is any relationship among the shareholders or any concerted persons referred in the "Administrative Measures of Disclosing Changes in Shareholding for Listed Companies".						

The number of shares held by the top ten holders of shares subject to conditional sales and the conditions for sale

☐ Applicable    ☒ Not applicable

**(III) Strategic investors or common Legal Corporation become the top ten shareholders due to new share placement**

☐ Applicable    ☒ Not applicable

**III. Change of the Largest Shareholder or the Actual Controller**

☐ Applicable    ☒ Not applicable

## **Chapter 7 Preferred Stock**

☐ Applicable    ☒ Not applicable

## Chapter 8 Directors, Supervisors and Senior Management

### I. Shareholding Changes

#### (I) Shareholding change of Directors, Supervisors and Senior Management

✓ Applicable ☐ Inapplicable

Unit: share

Name	Position	Shares held at the period beginning	Shares held at the period end	Change during the period	Reason for the change
Li Yeqing	Director/CEO	344,614	482,460	137,846	Capital reserve transferred to increase share capital
Liu Fengshan	Director/VP	80,000	112,000	32,000	Capital reserve transferred to increase share capital
Peng Qingyu	Chairman of the Board of Supervisors	212,880	304,032	91,152	Capital reserve transferred to increase share capital
Wang Ximing	Secretary to Board	193,960	271,544	77,584	Capital reserve transferred to increase share capital
Kong Lingling	CFO	196,752	275,453	78,701	Capital reserve transferred to increase share capital
Ke Youliang	VP	157,480	220,472	62,992	Capital reserve transferred to increase share capital
Liu Yunxia	VP	41,600	58,240	16,640	Capital reserve transferred to increase share capital
Mei Xiangfu	VP	18,900	26,460	7,560	Capital reserve transferred to increase share capital

#### (II) Stock Option Incentive Granted to Director, Supervisor and Senior Management

☐ Applicable ☒ Not applicable

### II. Changes of Directors, Supervisor or Senior Management

☐ Applicable ☒ Not applicable

Notes on changes of the Directors, Supervisors and Senior Management of the Company

☐Applicable    ☒Not applicable

**III. Other illustrations**

☐Applicable    ☒Not applicable

## Chapter 9 Corporate Bonds

### I. Basic information of the corporate bonds

Unit: 100 million Yuan

Name	Abbreviation	Code	Issuing date	Date of expiry	Bond balance	Coupon rate	Principal and interest payment	Trading place
Huaxin Cement Co., Ltd. 2012 Corporate Bonds (tranche 2) (7 years)	12 Huaxin 03	122188	Nov 9, 2012	Nov 9, 2019	11.00	5.9%	Adopt annually counted simple interest rather than compound interest. The interest shall be paid once per year, and the principal of the bonds shall be repaid in one time when matured. The last tranche of interests shall be paid together with the principal as the principal matured.	Shanghai Stock Exchange
Huaxin Cement Co., Ltd. 2016 Corporate Bonds (tranche 1) (5 years)	16 Huaxin 01	136647	Aug. 19, 2016	Aug. 22, 2021	12.00	4.79%	Ditto	Shanghai Stock Exchange

#### Corporate bond redemption and interest payment

✓ Applicable    ☐ Not applicable

On May 17, 2019, the Company paid on time the principal and interest for 2012 Huaxin Cement Co., Ltd. Corporate Bonds tranche 1. (Please refer to the related announcement at [www.sse.com.cn](http://www.sse.com.cn) released on May 10, 2019).

#### Other information about the corporate bonds

1. The Maturity of “12 Huaxin 03” is 7 years, with options of coupon rate adjusting by the issuer and put provision by investors at the end of fifth year since issuance.
2. The Maturity of “16 Huaxin 01” is 5 years.

### II. Contact information of the corporate bond trustee and credit rating organization



Corporate bond trustee	Name	CITIC Securities Co., Ltd.
	Address	22 <sup>nd</sup> Floor, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contacts	Song Yilan
	Number	010-60833626
Corporate bond trustee	Name	Essence Securities Co., Ltd.
	Address	A02 at the 35 <sup>th</sup> floor and 28 <sup>th</sup> floor of Anlian Tower, Jintian Road 4018#, Futian District, Shenzhen
	Contacts	Xiao Jun
	Number	010-83321292
Credit rating organization	Name	China ChengXin Rating Co., Ltd.
	Address	8 <sup>th</sup> floor, Anji Tower, No. 760 Xizang South Road, Huangpu District, Shanghai

Corporate bond trustee for 12 Huaxin 03 is CITIC Securities Co., Ltd., Corporate bond trustee for 16 Huaxin 01 is Essence Securities Co., Ltd.

### III. Use of the raised funds from the corporate bonds

☒ Applicable ☐ Not applicable

Issuance amount of 2012 second tranche of corporate bonds totaled 1.1 billion Yuan, the Company has used the raised funds in accordance with the stipulations contained in the Prospectus, and the raise funds from 2012 second tranche of corporate bonds have been used up. Issuance amount of 2016 first tranche of corporate bonds totaled 1.2 billion Yuan, the Company has used the raised funds in accordance with the stipulations contained in the Prospectus, and the raise funds from 2016 first tranche of corporate bonds have been used up.

### IV. Information of the credit rating

☒ Applicable ☐ Not applicable

On April 27, 2019, the credit rating organization (China ChengXin Rating Co., Ltd.) issued "Huaxin Cement Co., Ltd. 2012 Corporate Bonds (the first tranche) Tracking Rating Report" and "Huaxin Cement Co., Ltd. 2012 Corporate Bonds (the second tranche) Tracking Rating Report". Both main credit rating and bond credit rating of the Company were maintained at AAA.

On April 27, 2019, the credit rating organization (China ChengXin Rating Co., Ltd.) issued "Huaxin Cement Co., Ltd. 2016 Corporate Bonds (the first tranche) Tracking Rating Report". Both main credit rating and bond credit rating of the Company were maintained at AAA.

The periodic tracking rating report is issued once a year, and the results of the rating and the report are released within two months after the disclosure of the Company's annual report. The sustained tracking rating result is announced at the website of the rating organization (<http://www.ccxr.com.cn/index.asp>) within 10 working days after the rating report is issued.

### V. Credit updating mechanism for the corporate bonds, the repayment plan and other relevant information during the reporting period

✓ Applicable ☐ Not applicable

During the reporting period, there was no change on the credit updating mechanism for the corporate bonds, the repayment plan and other safeguards for the repayments. In order to sufficiently and effectively safeguard the interests of the bondholders, the Company has made a series of arrangements for the timely and full repayment to the bonds, including appointing specialized departments and personnel, arranging funds for the repayment, establishing and strictly implementing the fund management plan.

## VI. Meeting held for the bondholders

☐ Applicable ☒ Not applicable

## VII. Performance of duties of the corporate bond trustee

✓ Applicable ☐ Not applicable

The bond trustee of 2012 corporate bonds (the first tranche) and 2012 corporate bonds (the second tranche) was CITIC Securities Co., Ltd., it had disclosed "Huaxin Cement Co., Ltd. 2012 Corporate Bonds (the first tranche) Trustee's Report (2018)" and "Huaxin Cement Co., Ltd. 2012 Corporate Bonds (the second tranche) Trustee's Report (2018)" on the website of Shanghai Stock Exchange on May 1, 2019. Profiles of two tranches of corporate bonds, annual operations and financial condition of the issuer in 2018, use of the raised funds, interest repayment and meetings for the holders were disclosed.

The bond trustee of 2016 corporate bonds (the first tranche) was Essence Securities Co., Ltd., it had disclosed "Huaxin Cement Co., Ltd. 2016 Corporate Bonds (the first tranche) Trustee's Report (2018)" on the website of Shanghai Stock Exchange on June 28, 2019. Profiles of corporate bonds, annual operations and financial condition of the issuer in 2018, use of the raised funds, interest repayment and meetings for the holders were disclosed.

## VIII. Financial highlights for the reporting period end and last year end (or the reporting period and the same period of last year)

Unit: Yuan

Item	Reporting period end	Last year end	Change over last year (%)	Reason for the change
Liquid ratio	1.11	1.04	6.73	
Quick ratio	0.88	0.80	10	
Asset-liability ratio	40	45	Decreased by 5 percentage points	
Loan repayment rate	100	100	-	
	Reporting period (Jan-Jun)	Same period of last year	Change over same period of last year (%)	Reason for the change
EBITDA Interest Protection Multiples	30.28	16.11	87.96	
Interest repayment rate	100	100	-	

## IX. Remarks on the overdue debts

☐Applicable ☒Not applicable

**X. Interest repayment of other bonds and debt financing instruments**

☐Applicable ☒Not applicable

**XI. Bank credit of the Company during the reporting period**

☒ Applicable ☐ Not applicable

By the reporting period end, bank credit amount of the Company was 13.62 billion CNY, and the usable credit amount was 9.474 billion CNY. The Company has timely and sufficiently repaid both principal and interest of the bank loans in the first half of 2019.

**XII. Execution of the relevant stipulations or commitments in the Prospectus of Corporate Bonds during the reporting period**

☒ Applicable ☐ Not applicable

During the reporting period, the Company strictly fulfilled the relevant contents in the Prospectus of Corporate Bonds, used the raised funds compliantly, timely repaid the interest, and there was no harm to the interests of bond investors.

**XIII. Major issues and the impact on operations and repayment ability of the Company**

☐Applicable ☒Not applicable

## Chapter 10 Financial Report

### I. Audit Report

☐ Applicable ☒ Inapplicable

### II. Financial Statements

#### HUAXIN CEMENT CO., LTD. CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2019 Consolidated	December 31 2018 Consolidated
<b>Current assets</b>			
Cash at bank and in hand	VII(1)	4,882,614,128	5,326,761,911
Financial assets at fair value through profit or loss		-	207,144,438
Notes receivable	VII(2)	1,062,229,718	1,548,929,075
Accounts receivable	VII(3)	820,008,936	524,536,351
Advances to suppliers	VII(4)	405,029,395	323,717,031
Other receivables	VII(5)	411,085,698	375,429,575
Including: Interest receivable		960,041	-
Dividend receivable		-	-
Inventories	VII(6)	1,985,382,845	2,078,566,938
Other current assets	VII(7)	233,378,557	165,387,334
<b>Total current assets</b>		9,799,729,277	10,550,472,653
<b>Non-current assets</b>			
Credit investment	VII(8)	21,500,000	-
Available-for-sale financial assets		-	60,487,319
Long-term receivables		29,155,500	29,279,695
Long-term equity investments	VII(9)	550,783,717	512,469,490
Other equity instrument Investment	VII(10)	48,269,862	-
Other non-current financial assets	VII(11)	35,319,782	-
Fixed assets	VII(12)	15,632,761,882	16,118,856,112
Construction in progress	VII(13)	2,487,813,021	1,322,976,101
Intangible assets	VII(14)	3,374,337,083	3,403,613,645
Goodwill	VII(15)	447,472,492	447,472,492
Long-term prepaid expenses	VII(16)	349,119,941	376,208,038
Deferred tax assets	VII(17)	237,543,977	283,272,115
Other non-current assets		139,853,048	56,397,942
<b>Total non-current assets</b>		23,353,930,305	22,611,032,949
<b>TOTAL ASSETS</b>		33,153,659,582	33,161,505,602
<b>Current liabilities</b>			
Short-term borrowings	VII(19)	441,000,000	621,000,000
Notes payable	VII(20)	166,393,593	-
Accounts payable	VII(21)	3,729,377,972	3,789,324,069
Advances from customers	VII(22)	545,321,874	638,732,781
Employee benefits payable	VII(23)	210,883,903	392,173,556
Taxes payable	VII(24)	784,320,918	935,736,726

Other payables	VII(25)	955,951,484	897,653,363
Including: Interests payable		94,083,434	70,507,991
Dividends payable		218,075,834	160,590,225
Current portion of non-current liabilities	VII(26)	2,009,212,603	2,877,217,204
<b>Total current liabilities</b>		<b>8,842,462,347</b>	<b>10,151,837,699</b>
<b>Non-current liabilities</b>			
Long-term borrowings	VII(27)	2,031,871,567	2,444,189,091
Debentures Payable	VII(28)	1,197,444,969	1,196,831,761
Long-term payables	VII(29)	318,192,309	261,696,441
Long-term employee benefits payable	VII(30)	122,419,663	124,171,344
Provisions	VII(31)	234,526,421	238,759,221
Deferred income	VII(32)	284,459,102	262,432,189
Deferred tax liabilities	VII(17)	150,739,757	162,198,735
<b>Total non-current liabilities</b>		<b>4,339,653,788</b>	<b>4,690,278,782</b>
<b>Total liabilities</b>		<b>13,182,116,135</b>	<b>14,842,116,481</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-in capital	VII(33)	2,096,599,855	1,497,571,325
Capital surplus	VII(34)	1,911,223,490	2,510,252,020
Other comprehensive income	VII(35)	-194,367	-9,023,883
Surplus reserves	VII(36)	952,685,662	952,685,662
Undistributed profits	VII(37)	13,183,953,858	11,721,477,654
<b>Total equity attributable to shareholders of the Company</b>		<b>18,144,268,498</b>	<b>16,672,962,778</b>
<b>Minority interests</b>		<b>1,827,274,949</b>	<b>1,646,426,343</b>
<b>Total shareholders' equity</b>		<b>19,971,543,447</b>	<b>18,319,389,121</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>33,153,659,582</b>	<b>33,161,505,602</b>

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing

Principal in charge of accounting:  
Ms. Kong Lingling

Head of accounting  
department: Mr. Wu Xin

**HUAXIN CEMENT CO., LTD.**  
**COMPANY BALANCE SHEET**  
**AS AT 30 June 2019**

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2019 Company	December 31 2018 Company
<b>Current assets</b>			
Cash at bank and on hand		2,442,198,163	3,451,321,002
Financial assets at fair value through profit or loss		-	207,144,438
Notes receivable		215,615,410	211,818,382
Accounts receivable	XV(1)	721,548,106	582,552,971
Advances to suppliers		177,681,817	183,137,324
Other receivables	XV(2)	4,288,020,034	4,639,099,436
Including: Interest receivable		-	-
Dividends receivable		87,900,221	71,129,700
Inventories		405,852,440	332,152,305
Current portion of non-current assets		4,855,490	3,609,824
Other current assets		44,666,769	34,471,735
<b>Total current assets</b>		8,300,438,229	9,645,307,417
<b>Non-current assets</b>			
Available-for-sale financial assets		-	41,431,819
Long-term receivables		19,790,267	19,083,573
Long-term equity investments	XV(3)	10,667,398,715	10,190,014,554
Other equity instrument Investment		48,269,862	-
Other non-current financial assets		35,319,782	-
Fixed assets		282,400,820	300,150,484
Construction in progress		122,814,127	100,636,765
Intangible assets		43,943,974	46,034,664
Long-term prepaid expenses		33,374,674	34,521,671
Deferred tax assets		32,994,676	39,250,259
<b>Total non-current assets</b>		11,286,306,897	10,771,123,789
<b>TOTAL ASSETS</b>		19,586,745,126	20,416,431,206
<b>Current liabilities</b>			
Notes payable		83,900,000	-
Accounts payable		163,579,905	211,409,370
Advances from customers		10,438,828	13,992,917
Employee benefits payable		41,691,800	84,435,340
Taxes payable		119,918,873	119,097,062
Other payables		4,243,124,848	3,888,709,040
Including: Interests payable		92,285,385	67,118,203
Dividends payable		576,326	10,737,337
Current portion of non-current liabilities		1,605,992,038	2,213,236,104
<b>Total current liabilities</b>		6,268,646,292	6,530,879,833
<b>Non-current liabilities</b>			
Long-term borrowings		1,058,058,298	1,537,212,836
Debentures Payable		1,197,444,969	1,196,831,761
Long-term employee benefits payable		31,594,796	35,594,796
Provisions		7,617,053	7,920,053

Legal representative: Mr. Li Yeqing      Principal in charge of accounting:      Head of accounting  
Ms. Kong Lingling      department: Mr. Wu Xin

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note	Amount for the current period	Amount for the prior period
I. Operating income	VII(38)	14,387,169,099	11,883,070,271
II. Total Operating costs		10,262,842,150	9,249,854,463
Incl: Operating costs	VII(38)	8,379,857,315	7,395,846,244
Taxes and levies	VII(39)	240,655,715	222,945,449
Selling and distribution expenses	VII(40)	867,108,518	773,852,595
General and administrative expenses	VII(41)	608,465,774	597,785,510
Research and development expenses	VII(42)	10,961,107	4,800,281
Financial expenses	VII(43)	155,793,721	254,624,384
Including: Interest expenses		172,271,569	239,773,280
Interest income		34,430,453	19,411,139
Add: Other income	VII(44)	113,897,081	106,795,223
Investment income	VII(45)	50,295,978	53,980,568
Including: Income from investment in associates		38,269,227	39,559,739
Gains from changes in fair values	VII(46)	-1,531,809	-3,474,322
Losses on credit impairment	VII(47)	18,605,062	13,761,706
Losses on assets impairment	VII(48)	-3,408,613	-2,195,749
Gains/(Losses) on disposal of assets	VII(49)	3,929,066	798,111
III. Operating profit		4,306,113,714	2,802,881,345
Add: Non-operating income	VII(50)	16,588,704	7,621,530
Less: Non-operating expenses	VII(51)	15,997,653	13,457,637
IV. Profit before tax		4,306,704,765	2,797,045,238
Less: Income tax expenses	VII(52)	813,731,616	533,656,240
V. Net profit		3,492,973,149	2,263,388,998
(I) Classified by the continuity of operation			

1.Net profit for the year from continuing operations		3,492,973,149	2,263,388,998
(II) Classified by the ownership			
1.Net profit attributable to owners of the Company		3,162,523,557	2,067,917,873
2.Profit or loss attributable to minority interests		330,449,592	195,471,125
VI. Other comprehensive income, net of tax		4,554,489	-621,828
Other comprehensive income attributable to shareholders of the parent company, net of tax		3,580,291	-2,298,902
(I) Items that will be reclassified subsequently to profit or loss		3,580,291	-2,298,902
1.Gain or loss on changes in fair value of available-for-sale financial assets			-5,076,591
2.Exchange differences on translation of financial statements denominated in foreign currencies		3,580,291	2,777,689
Other comprehensive income attributable to minority interests, net of tax		974,198	1,677,074
VII. Total comprehensive income		3,497,527,638	2,262,767,170
Total comprehensive income attributable to shareholders of the parent company		3,166,103,848	2,065,618,971
Total comprehensive income attributable to minority interests		331,423,790	197,148,199
VIII. Earnings per share			
Basic earnings per share(RMB)		1.51	0.99



**HUAXIN CEMENT CO., LTD.**  
**COMPANY INCOME STATEMENT**  
**FOR JANUARY-JUNE 2019**

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note	Amount for the current period	Amount for the prior period
I. Operating income	XV(4)	1,796,044,958	941,067,411
Less: Operating costs		1,455,511,659	652,108,164
Taxes and levies		9,054,329	8,923,760
Selling and distribution expenses		30,557,709	25,956,399
General and administrative expenses		127,946,631	109,623,870
Research and development expense		-	
Financial expenses		36,205,730	39,262,377
Including: Interest expenses		154,849,098	193,005,075
Interest income		135,389,263	150,266,799
Add: Other income		2,045,833	6,130,833
Investment income	XV(5)	1,497,649,298	795,561,126
Including: Income from investment in associates		37,384,161	40,132,609
Gains from changes in fair values		-1,531,809	-3,474,322
Losses on credit impairment		49,703	1,006,746
Losses on assets impairment		180,646	-68,316
Gains on disposal of assets		2,251,321	40,003
II. Operating profit		1,637,413,892	904,388,911
Add: Non-operating income		128,392	134,055
Less: Non-operating expenses		117,917	1,731,856
III. Profit before tax		1,637,424,367	902,791,110
Less: Income tax expenses		25,788,615	-
IV. Net profit		1,611,635,752	902,791,110
(I) Net profit for the year from continuing operations		1,611,635,752	902,791,110
V. Other comprehensive income, net of tax		-	-5,076,591
(I) Items that will be reclassified subsequently to profit or loss		-	-5,076,591
1. Gain or loss on changes in fair value of available-for-sale financial assets		-	-5,076,591
VI. Total comprehensive income		1,611,635,752	897,714,519

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing      Principal in charge of accounting: Ms. Kong Lingling

Head of accounting department: Mr. Wu Xin

**HUAXIN CEMENT CO., LTD.**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR JANUARY-JUNE 2019**

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		16,331,563,853	13,515,517,307
Receipts of tax refunds		116,018,383	79,737,344
Other cash receipts relating to operating activities	VII(54)(1)	148,944,592	147,447,368
Sub-total of cash inflows from operating activities		16,596,526,828	13,742,702,019
Cash payments for goods purchased and services received		8,478,515,657	8,167,869,064
Cash payments to and on behalf of employees		1,388,886,490	1,093,287,197
Payments of various types of taxes		2,222,283,405	1,513,463,576
Other cash payments relating to operating activities	VII(54)(2)	325,812,168	278,281,294
Sub-total of cash outflows from operating activities		12,415,497,720	11,052,901,131
Net Cash Flow from Operating Activities	VII(55)(1)	4,181,029,108	2,689,800,888
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		800,000,000	1,200,000,000
Cash receipts from investment income		11,546,751	13,377,821
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		29,135,439	73,701,504
Net cash receipts from disposals of subsidiaries and other business units	VII(55)(3)	1,500,000	-
Other cash receipts relating to investing activities	VII(54)(3)	73,148,900	4,388,236
Sub-total of cash inflows from investing activities		915,331,090	1,291,467,561
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,621,949,797	950,842,266
Cash payments to acquire investments		602,489,500	750,000,000
Net cash paid for acquisitions of subsidiaries	VII(55)(2)	8,633,345	174,007,821
Sub-total of cash outflows from investing activities		2,233,072,642	1,874,850,087
Net Cash Flow from Investing Activities		-1,317,741,552	-583,382,526
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		30,000,000	10,500,000
Cash receipts from borrowings		310,626,504	364,000,000
Other cash receipts relating to financing activities	VII(54)(4)	137,900,000	17,891,045
Sub-total of cash inflows from financing activities		478,526,504	392,391,045
Cash repayments of borrowings		1,828,765,102	1,801,840,440
Cash payments for interest expenses and distribution of dividends		1,931,854,794	627,706,322
Other cash payments relating to financing activities	VII(54)(5)	84,260,488	164,628,543
Sub-total of cash outflows from financing activities		3,844,880,384	2,594,175,305
Net Cash Flow from Financing Activities		-3,366,353,880	-2,201,784,260
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		2,948,210	7,991,029
<b>V. Net Increase in Cash and Cash Equivalents(decrease presented with "-")</b>		-500,118,114	-87,374,869
Add: Opening balance of Cash and Cash Equivalents		5,236,222,134	3,532,308,895
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	VII(55)(4)	4,736,104,020	3,444,934,026

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing      Principal in charge of accounting: Ms. Kong Lingling

Head of accounting department: Mr. Wu Xin

**HUAXIN CEMENT CO., LTD.**  
**COMPANY CASH FLOW STATEMENT**  
**FOR JANUARY-JUNE 2019**

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		1,098,234,147	647,571,288
Receipts of tax refunds		2,534,499	-
Other cash receipts relating to operating activities		875,988,242	309,347,538
Sub-total of cash inflows from operating activities		1,976,756,888	956,918,826
Cash payments for goods purchased and services received		1,639,529,261	1,076,720,803
Cash payments to and on behalf of employees		222,388,422	221,259,442
Payments of various types of taxes		135,303,739	65,353,483
Other cash payments relating to operating activities		720,643,206	231,226,970
Sub-total of cash outflows from operating activities		2,717,864,628	1,594,560,698
Net Cash Flow from Operating Activities		-741,107,740	-637,641,872
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		800,000,000	1,200,000,000
Cash receipts from investment income		1,413,198,673	755,278,668
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,481,952	2,601,964
Sub-total of cash inflows from investing activities		2,215,680,625	1,957,880,632
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		51,048,434	36,531,223
Cash payments to acquire investments		600,000,000	750,000,000
Net cash paid for acquisitions of subsidiaries		440,000,000	281,300,000
Sub-total of cash outflows from investing activities		1,091,048,434	1,067,831,223
Net Cash Flow from Investing Activities		1,124,632,191	890,049,409
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from borrowings		-	184,000,000
Other cash receipts relating to financing activities		5,732,638,986	3,691,483,258
Sub-total of cash inflows from financing activities		5,732,638,986	3,875,483,258
Cash repayments of borrowings		1,086,342,123	1,033,355,790
Cash payments for interest expenses and distribution of dividends		1,691,232,424	378,131,151
Other cash payments relating to financing activities		4,360,276,850	3,433,477,895
Sub-total of cash outflows from financing activities		7,137,851,397	4,844,964,836
Net Cash Flow from Financing Activities		-1,405,212,411	-969,481,578
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		-3,304,343	288,755
<b>V. Net Increase in Cash and Cash Equivalents (decrease presented with "-")</b>		-1,024,992,303	-716,785,286
Add: Opening balance of Cash and Cash Equivalents		3,444,018,042	2,435,487,407
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		2,419,025,739	1,718,702,121

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting:  
Mr. Li Yeqing Ms. Kong Lingling

Head of accounting department:  
Mr. Wu Xin

**HUAXIN CEMENT CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR JANUARY-JUNE 2019**  
(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2019							
	Attributable to shareholders of the company						Minority interests	Total shareholders' equity
	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total		
1. As at 31 December 2018	1,497,571,325	2,510,252,020	-9,023,883	952,685,662	11,721,477,654	16,672,962,778	1,646,426,343	18,319,389,121
Add: Changes in Accounting policy			5,249,225		22,159,671	27,408,896		27,408,896
2. As at 1 January 2019	1,497,571,325	2,510,252,020	-3,774,658	952,685,662	11,743,637,325	16,700,371,674	1,646,426,343	18,346,798,017
<b>3. Changes for the period</b>	599,028,530	-599,028,530	3,580,291	-	1,440,316,533	1,443,896,824	180,848,606	1,624,745,430
(1) Total comprehensive income			3,580,291		3,162,523,557	3,166,103,848	331,423,790	3,497,527,638
(2) Capital contribution and withdrawal by shareholders	-	-	-	-	-	-	33,355,823	33,355,823
Capital contribution by shareholders						-	33,355,823	33,355,823
Capital contribution by other equity instrument owners								
Share-based payment included in shareholders' equity	-							
(3) Profit distribution	-	-	-	-	-1,722,207,024	-1,722,207,024	-183,931,007	-1,906,138,031
Appropriation to surplus reserves	-							
General risk provision								
Profit distribution to shareholders					-1,722,207,024	-1,722,207,024	-183,931,007	-1,906,138,031
Others	-							
(4) Transfer within shareholders' equity	599,028,530	-599,028,530						
Capital Reserve Transferred to Increase Share Capital	599,028,530	-599,028,530						
(5) Others	-							
<b>4. As at 30 June 2019</b>	<b>2,096,599,855</b>	<b>1,911,223,490</b>	<b>-194,367</b>	<b>952,685,662</b>	<b>13,183,953,858</b>	<b>18,144,268,498</b>	<b>1,827,274,949</b>	<b>19,971,543,447</b>

**HUAXIN CEMENT CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR JANUARY-JUNE 2018**

(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2018							
	Attributable to shareholders of the company						Minority interests	Total shareholders' equity
	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total		
1. As at 31 December 2017	1,497,571,325	2,510,252,020	-20,053,747	761,464,902	7,150,569,774	11,899,804,274	1,255,766,858	13,155,571,132
2. As at 1 January 2018	1,497,571,325	2,510,252,020	-20,053,747	761,464,902	7,150,569,774	11,899,804,274	1,255,766,858	13,155,571,132
<b>3. Changes for the period</b>			-2,298,902		1,648,597,902	1,646,299,000	119,659,740	1,765,958,740
(1) Total comprehensive income			-2,298,902		2,067,917,873	2,065,618,971	197,148,199	2,262,767,170
(2) Capital contribution and withdrawal by shareholders						-	10,500,000	10,500,000
Capital contribution by shareholders						-	10,500,000	10,500,000
Capital contribution by other equity instrument owners								
Share-based payment included in shareholders' equity	-							
(3) Profit distribution					-419,319,971	-419,319,971	-87,988,459	-507,308,430
Appropriation to surplus reserves	-							
General risk provision								
Profit distribution to shareholders					-419,319,971	-419,319,971	-87,988,459	-507,308,430
Others	-							
(4) Transfer within shareholders' equity								
(5) Others	-							
4. As at 30 June 2018	1,497,571,325	2,510,252,020	-22,352,649	761,464,902	8,799,167,676	13,546,103,274	1,375,426,598	14,921,529,872

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing      Principal in charge of accounting: Ms. Kong Lingling

Head of accounting department: Mr. Wu Xin

**HUAXIN CEMENT CO., LTD.**  
**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR JANUARY-JUNE 2019**

(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2019					
	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. As at 31 December 2018	1,497,571,325	2,908,595,304	19,384,071	952,685,662	5,717,023,232	11,095,259,594
Add: Changes in Accounting policy			5,249,225		22,159,671	27,408,896
2. As at 1 January 2019	1,497,571,325	2,908,595,304	24,633,296	952,685,662	5,739,182,903	11,122,668,490
<b>3. Changes for the period</b>	599,028,530	-599,028,530	-	-	-110,571,272	-110,571,272
(1) Total comprehensive income					1,611,635,752	1,611,635,752
(2) Capital contribution and withdrawal by shareholders	-	-	-	-	-	
(3) Profit distribution	-	-	-	-	-1,722,207,024	-1,722,207,024
Appropriation to surplus reserves	-					
Profit distribution to shareholders					-1,722,207,024	-1,722,207,024
Others	-					
(4) Transfer within shareholders' equity	599,028,530	-599,028,530				
Capital Reserve Transferred to Increase Share Capital	599,028,530	-599,028,530				
(5) Others	-					
<b>4. As at 30 June 2019</b>	<b>2,096,599,855</b>	<b>2,309,566,774</b>	<b>24,633,296</b>	<b>952,685,662</b>	<b>5,628,611,631</b>	<b>11,012,097,218</b>

**HUAXIN CEMENT CO., LTD.**  
**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR JANUARY-JUNE 2018**  
 (All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2018					
	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. As at 31 December 2017	1,497,571,325	2,908,595,304	25,917,737	761,464,902	4,415,356,360	9,608,905,628
2. As at 1 January 2018	1,497,571,325	2,908,595,304	25,917,737	761,464,902	4,415,356,360	9,608,905,628
<b>3. Changes for the period</b>			-5,076,591		483,471,139	478,394,548
(1) Total comprehensive income			-5,076,591		902,791,110	897,714,519
(2) Capital contribution and withdrawal by shareholders	-	-	-	-	-	
(3) Profit distribution					-419,319,971	-419,319,971
Appropriation to surplus reserves	-					
Profit distribution to shareholders					-419,319,971	-419,319,971
Others	-					
(4) Transfer within shareholders' equity						
(5) Others	-					
<b>4. As at 30 June 2018</b>	<b>1,497,571,325</b>	<b>2,908,595,304</b>	<b>20,841,146</b>	<b>761,464,902</b>	<b>4,898,827,499</b>	<b>10,087,300,176</b>

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting:  
 Mr. Li Yeqing Ms. Kong Lingling

Head of accounting department:  
 Mr. Wu Xin

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### **III. General information of the Company**

#### **1. General information**

Huaxin Cement Co., Ltd. (the “Company”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). In 1994, as approved by Hubei Provincial People’s Government, the Company’s shares were listed on the Shanghai Stock Exchange. In 2006, as approved by the Ministry of Commerce of the PRC, the legal status of Company was changed to a Sino-foreign joint stock limited company. In May 2011, based on its total share capital of 403,600,000 shares at the end of 2010, the Company allotted shares from its capital surplus at 10 shares for every 10 shares, amounting to RMB 403,600,000. As a result, the share capital of the Company increased from 403,600,000 shares to 807,200,000 shares. On 4 November 2011, a private placement in A share was completed in which additional 128,099,928 shares were issued to designated investors. As a result, the total shares of the Company increased to 935,299,928. In June 2014, based on its total share capital of 935,299,928 shares at the end of 2013, the Company allotted shares from its capital surplus at 6 shares for every 10 shares, amounting to RMB 561,179,957. As a result, the total shares of the Company increased to 1,496,479,885. In July 2015, 1,091,440 stock options were exercised at RMB 9.06 for Phase I stock option in the Company’s equity incentive plan. As a result, the total shares of the Company changed to 1,497,571,325, including 972,771,325 A shares and 524,800,000 B shares. In April 2019, based on its total share capital of 1,497,571,325 shares at the end of 2018, the Company allotted shares from its capital surplus at 4 shares for every 10 shares, amounting to RMB 599,028,530. As a result, the total shares of the Company increased to 2,096,599,855, including 1,361,879,855 A shares and 734,720,000 B shares.

The Company and its subsidiaries (together, the “Group”) are principally engaged in manufacturing and sales of cement. The Group’s revenue is mainly generated in the PRC. The address of the Company’s registered office is No. 600 East Daqi Avenue, Huangshi City, Hubei Province, and the office address is Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province.

#### **2. Scope of consolidation in financial statements**

Principal subsidiaries included in the scope of consolidation are listed in Note IX. For details of scope change of consolidation of the year, please refer to Note VIII “Changing scope of consolidation”.

### **IV. The basis of preparation of the financial statements**

#### **1. The basis of the preparation**

The Group implements relevant regulations of the Accounting Standard for Business Enterprises issued by the Ministry of Finance. In addition, the Group discloses relevant financial information in accordance with Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15-General Rules on Financial Reporting (revised in 2014).

#### **2. Continuous operation**



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The consolidated financial statements have been prepared on the premise of a going concern basis.

## **V. Significant accounting policies and accounting estimates**

The Group determines its specific accounting policies and accounting estimates on the basis of the production and operation features, which are mainly represented in the recognition method of provision for bad debts of receivables (Note V(10)), depreciation of fixed assets and amortization of intangible assets (Note V(15) and V(18)), timing of revenue recognition (Note V(24)), etc.

Critical judgments in determining significant accounting estimates are detailed in Note V (30).

### **1. Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Company and its financial performance, changes of shareholders' equity, cash flows and other information.

### **2. Accounting year**

The Company's accounting year starts on 1 January and ends on 31 December.

### **3. Recording currency**

RMB is the currency in the primary economic environment where the Company and its subsidiaries operate, and recording currency of the Company and its subsidiaries. Overseas subsidiaries including Huaxin Gayur (Sogd) Cement Limited Liability Company, Huaxin Gayur Cement Limited Liability Company measure operation with Somoni based on their primary economic environment of operation; Cambodia Cement Charkey Ting Factory Co., Ltd measures operation with US dollar as its recording currency based on their primary economic environment of operation. Subsidiary Huaxin Narayany Cement Limited Liability Company adopts Rupee as the recoding currency based on their primary economic environment of operation; Huaxin Cement Jizzak Limited Liability Company adopts Som as the recording currency based on their primary economic environment of operation. The Group adopts RMB to present its financial statements.

### **4. Business combinations involving enterprises not under common control**

Business combinations are classified into business combinations under common control and business combinations under non-common control. This group's business combination only involves business combinations under non-common control.

A business combination not involving enterprises under non-common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange

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for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

## **5. Preparation of consolidated financial statements**

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination under non-common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet

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within owners' equity. The portion of net profits or losses of subsidiaries and other comprehensive income for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" and net profit after tax of total comprehensive income attribute to shareholders of the parent company line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

The unrealized internal transaction gains and losses arising from the sale of assets by the company to its subsidiary company shall be fully (completely) offset the net profits attributable to the shareholders of the parent company; the unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary company to the company shall be proportionally offset between the net profits attributable to the shareholders of the parent company and the gains and losses of minority shareholders based on distribution ratio of the company to its subsidiary. The unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be offset by the distribution proportion of the parent company to the subsidiary company of the seller between the net profits attributable to the shareholders of the parent company and the minority shareholders' gains and losses.

If the group is different from the company or subsidiary for the same transaction, the transaction is adjusted from the perspective of the group.

## **6. Joint venture classification and accounting methods**

☐Applicable    ☒Inapplicable

## **7. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash at bank is excluded from cash and cash equivalents in the cash flow statement.

## **8. Foreign currency translation**

### **(a) Foreign currency transaction**

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; Other exchange

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difference are recognized as current profits and losses. Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged.

(b) Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as the other comprehensive income included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

## **9. Financial Instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

(1) Classification and measurement of financial assets

After initial recognition, an entity shall measure a financial asset at: (a) amortized cost; (b) fair value through other comprehensive income ("FVTOCI"); or (c) fair value through profit or loss ("FVTPL").

(1.1) Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at amortized cost, using effective interest method. Gains or losses upon impairment and derecognition are recognized in profit or loss.

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Effective interest method represents the method for calculating the amortized costs and interest income or expense of each period in accordance with the effective interest rate of financial assets or financial liabilities (inclusive of a set of financial assets or financial liabilities). Effective interest rate represents the rate that discounts the future cash flow over the expected subsisting period or shorter period, if appropriate, of the financial asset or financial liability to the current carrying value of such financial asset or financial liability. When calculating the effective interest rate, the Group will consider the anticipated future cash flow (not considering the future credit loss) on the basis of all contract clauses of financial assets or financial liabilities.

#### (1.2) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses and interest calculated using the effective interest method, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

At initial recognition, the Group makes an irrevocable election to designate to FVTOCI an investment in an equity instrument that is not held for trading.

When a non-trading equity instrument investment is designated as a financial asset that is measured at fair value through other comprehensive income, the changes in the fair value of the financial asset are recognized in other comprehensive income. The accumulated gains or losses from other comprehensive income are transferred from other comprehensive income and included in retained earnings. During the period in which the Group holds these non-trading investment instruments, the right to receive dividends in the Group has been established, and the economic benefits related to dividends are likely to flow into the Group, and when the amount of dividends can be reliably measured, the dividend income is recognized, dividend incomes are recognized and calculated into current profit and loss.

#### (1.3) Financial assets at fair value through profit or loss

A gain or loss on a financial asset that is measured at FVTPL is recognized in profit or loss and dividends are recognized in profit or loss.

#### (2) Impairment of financial instruments

The Group recognizes a loss allowance for expected credit losses on financial assets that are classified to amortized cost and fair value through other comprehensive income.

For financial assets other than trade receivables, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses or lifetime expected credit losses. At each balance sheet date, if the credit risk on that financial instrument has increased significantly since initial recognition, the Group

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measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance to the amount that is required to be recognized.

#### (2.1) Significant increase in credit risk

The Group utilizes acquirable, reasonable, well-founded and prospective information, compares the default risk of financial instruments at the date of balance sheet with the default risk at the date of initial recognition to determine whether the risks of financial instruments have increased significantly since initial recognition.

#### (2.2) Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the receivable;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the receivable, for economic or contractual reasons relating to the receivable's financial difficulty, having granted to the receivable a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the receivable will enter bankruptcy or other financial reorganization;
- (e) the active market for the financial assets disappears due to financial difficulty of the issuer or the lender
- (f) purchase a financial asset with large discount and the discount reflects the fact of the occurrence of credit loss

#### (2.3) Recognition of expected credit losses

For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, financial instruments are grouped on the basis of shared credit risk.

Expected credit losses of financial instruments are determined as the present value of the difference between:

- (a) the contractual cash flows that are due to an entity under the contract; and (b) the cash flows that the entity expects to receive.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### (2.4) Written off of financial assets

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The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

### (3) Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; or (ii) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (iii) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

### (4) Classification of financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### (4.1) Classification and measurement of financial liabilities

All financial liabilities are subsequently measured at FVTPL or other financial liabilities.

##### FVTPL financial liabilities:

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading (including derivatives in financial liabilities) or (ii) it is designated as at FVTPL. The financial liabilities other than derivative financial liabilities are stated as liabilities held for trading.

A gain or loss (effects of changes in the credit risk of the group) on financial liabilities designated as FVTPL is recognized through other comprehensive income. Others are recognized through profit or loss. When the financial liability is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retain earnings. Dividends or interest expenses related to the financial liability is recognized through profit or loss. An accounting mismatch would be created or enlarged if presenting the effects of changes in the liability's credit risk in other comprehensive income would result in a greater mismatch in profit or loss, then those amounts were presented in profit or loss.

#### (4.2) Derecognition of financial assets

Financial liabilities are derecognized in full or in part only when the present obligation is discharged in full or in part. An agreement entered into force between the Group (debtor) and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities. When financial liabilities is derecognized in full or in

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part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

#### (4.3) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

#### (5) Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset, except for circumstances where the Group has a legal right that is currently enforceable to offset the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet.

### 10. Receivables

For receivables, expected credit losses in respect of a receivable is measured at an amount equal to lifetime expected credit losses whether receivables include significant financing. Increased or reversal amount in loss provision is included in profit and loss as impairment loss or profit.

The Group combines receivables based on similar credit risk characteristics (aging of debt), as well as reasonable and based information including prospective information, estimates the provision ratio of bad debt of receivables as follows:

Aging	Expected average loss ratio(%)
Within 6 months	1
6 months to 1 year	10
1 to 2 years	20
2 to 3 years	40
3 to 4 years	60
Over 4 years	80

### 11. Other receivables

The impairment loss measurement of other receivables, long term receivables apply impairment test method of financial assets and accounting methods.

### 12. Inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, spare parts, auxiliary materials, turnover materials and construction contracts-completed



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yet to be settled etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

Basis for determining net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

The inventory provision is accrued based on the difference between the inventory cost and its net realizable value. After the provision for inventory is made, if the influencing factors of the previously written down inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, the amount of the inventory depreciation reserve that has been accrued is reversed, and the amount transferred back is recorded in the current profit and loss.

Inventory count system

The perpetual inventory system is maintained for stock system.

Amortization method for low cost and short-lived consumable items and packaging materials

Spare parts, auxiliary materials and turnover materials are amortized

### **13. Holding for sale assets**

When the Group recovers its book value mainly by selling rather than continuing to use a non-current asset or disposal assets, it is classified as holding for sale

Non-current assets or disposal assets classified as holding categories for sale need to satisfy the following conditions: (1) according to the usual practice of selling such assets or disposal assets in similar transaction, they can be sold immediately in the current situation; (2) the probability of being sold is high, which means the group has made a decision on a sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year.

The Group values the non-current assets of disposal assets for sale at either book value or fair value minus the selling expense. If the book value is higher than the fair value minus the selling expenses, the book value shall be written down to the net amount that the fair value minus the selling expenses. The amount written down shall be recognized as the loss of impairment of assets, and shall be included in the current profits and losses, and the provision for impairment of assets held for sale shall be included. If the net increase of the fair value of the non-current assets held for sale minus the selling expenses on the subsequent balance

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sheet day, the amount previously written down shall be reversed. The amount of loss of impairment of assets recognized after classifying as holding for sale, shall be reversed. The amount converted shall be included in the profits and losses of the current period. Losses of impairment of assets recognized before classifying as holding for sale shall not be reversed.

The non-current assets of holding for sale is not calculated the depreciation or amortization. The other interest and expenses of the liability of holding for sale shall continue to be recognized.

#### **14. Long term equity investment**

Criteria for determining joint control and significant influence

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition.

The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

Subsequent measurement and recognition of profit or loss

Long-term equity investment accounted for using the cost method.

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable

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net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Subsequent measurement and recognition of profit or loss- continued

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

## **15. Fixed assets**

### **(1) Recognition criteria for fixed assets**

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. Fixed assets comprise buildings, machinery and equipment, office equipment and motor vehicles. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

### **(2) Depreciation methods of fixed assets**

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

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The depreciation method, useful life, estimated net residual value rate and annual depreciation rate of fixed assets are as follows:

	Method for depreciation	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	Straight line method	25 - 40 years	4%	2.4% to 3.8%
Machinery and equipment	Straight line method	5 -18 years	4%	5.3% to 19.2%
Office equipment	Straight line method	5 -10 years	4%	9.6% to 19.2%
Motor vehicles	Straight line method	4 -12 years	4%	8% to 24%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(3) Identification basis, valuation methods and depreciation method for fixed assets acquired under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset.

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

(4) Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

## **16. Construction in progress**

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

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## 17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

## 18. Intangible assets

Intangible assets include land use rights, franchise rights, mining rights, mine restoration fees, computer software.

An intangible asset is measured initially at cost. When an intangible asset with finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The estimated useful life of each category of intangible assets is as follows:

	Estimated useful lives
Land use rights	40-50 years
Franchise rights	10-20 years
Mining rights and mine restoration fees	5-50 years
Computer software and others	5-10 years

For an intangible asset with finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

## 19. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there appears impairment indication, the recoverable amount will be estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset

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group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

It is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

## **20. Long-term prepaid expenses**

Long-term prepaid expenses represent expenses incurred (including expenses for mining) that should be borne and amortized over the current and subsequent periods (together of more than one year) , including mine development costs and so on. Mine development costs refer to expenditures in connection with infrastructure, exploitation preparation and removal of debris and trees on mines, removal of non-mining raw materials and impurities from ores, after obtaining the right of mining, so as to make it ready for exploitation, and are capitalized in the period in which they are incurred. Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

## **21. Employee benefits**

### **(1) Short-term employee benefits**

Short-term compensation includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, employment injury insurance, maternity insurance, housing provident fund, trade unions and education funds. In an accounting period in which an employee has rendered service to the Group, the Group recognizes the short-term employee benefits for that service as a liability, and the related expenditures are either charged to profit or loss in the period when they are incurred or included in cost of related assets. Employee benefits in non-monetary assets are measured at fair value.

### **(2) Accounting treatment of post-employment benefits**

Post-employment benefits are classified into defined contribution plans and defined benefit plans. The Group's defined contribution plan includes basic pension insurance and unemployment insurance.

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In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognized as a liability by the Company and charged to profit or loss in the period, or included in cost of related assets. For defined benefit plan, the Group attributes benefits obligations arising from the defined benefit plan to the period in which employees render services based on the formula determined by the expected accumulated benefits unit method, and includes such obligations in profit or loss for the period or cost of related assets. Costs of employee benefits arising from the defined benefit plan are classified into the following components:

- Service cost (including the current and past service cost and gains or losses from as well as gains and losses on curtailments and settlements );
- Net interest from net liabilities/assets of the defined benefit plan (including interest income of the plan assets, obligations and interest expenses of the defined benefit plan, and interest affected by the ceiling of assets); and
- Changes arising from re-measurement of net liabilities/assets of the defined benefit plan.

Service cost and net interest on net liabilities/assets of the defined benefit plan are included in profit or loss for the period or cost of related assets. What recognized in other comprehensive income are changes arising from re-measurement of net liabilities/assets of the defined benefit plan (including actuarial gains/ losses, returns from plan assets net of the amount included in net interest of net interest on net liabilities/assets of the defined benefit plan, changes in the maximum effect of assets net of the amount included in net interest of net interest on net liabilities/assets of the defined benefit plan.

#### Pension insurance

Employees of the Group participate in the social pension insurance organized by the local labor and social security departments. The Group pay pension insurance premium to the pension insurance agency with the local provision of social pension insurance base pay and proportional monthly. When the employee is retired, the local labor and social security departments have the responsibility to pay the basic pension insurance to retired employees. In an accounting period in which an employee has rendered service to the Group, the amount will be recognized as liabilities and charged to profit or loss for the period or the costs of related assets.

#### (3) Accounting treatment of termination benefits

A liability for a termination benefit is recognized in profit or loss at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when it recognizes any related restructuring costs.

#### Early retirement benefits

The Group provides early retirement benefits to employees who accept voluntary redundancy in exchange for these benefits. Early retirement benefits are the payments of wages or salaries and social insurance for the employees who accept termination plan before the normal retire age. The early retirement benefits plan covers the period from the starting date of termination benefit plan to the normal retire age. When the Group terminates the employment relationship with employees before the end of the employment contract, a provision for early retirement benefits for the compensation arising from termination of the employment relationship with employees to the retire age

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is recognized with a corresponding change to profit or loss. The difference from change of actuarial assumptions and adjustment on benefit is recognized in the current profits and losses.

Termination benefits falling due within a year are reclassified as a current liability.

## **22. Provisions**

Provisions are recognized when the Group has a present obligation (legal or mine restoration) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

The provision required to be paid within one year started from the balance sheet date is presented as current liability.

## **23. Share-based payment**

A share-based payment is a transaction which the Group grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees. The share-based payment of the Group is cash-settled share-based payment.

### **Cash-settled share-based payments**

Cash-settled share-based payments are measured at the fair value of the liabilities incurred by the Group, which are determined based on the price of the share or other equity instruments. Until the liability is settled, the Group remeasures the fair value of the liability at each balance sheet date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

## **24. Revenue**

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognized when the economic benefits associated with the transaction will flow to the Group, the relevant revenue can be reliably measured and specific revenue recognition criteria have been met for each of the Group's activities as described below:

### **(1) Sales of goods**

The Group is engaged in manufacturing and sales of cement. Revenue from sales of goods is recognized when the goods and confirmed documents are delivered, significant risks and rewards of ownership of the goods are transferred to the customers, the Group



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retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold, relevant consideration or the documents which grant the right to receive the relevant consideration has been received, and related costs can be measured reliably.

(2) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized using the percentage of completion method at the balance sheet date. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied: (i) The total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) The contract costs attributable to the contract can be clearly identified and measured reliably ; and (iv) both the contract costs to complete the contract and stage of contract completion at the end of the reporting period can be measured reliably .

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. When the contract costs incurred are not recoverable, the contract cost is recognized as an expense immediately. The contract revenue and contract cost is recognized over the period of the contract by reference to the stage of completion when the uncertainties on stage of completions ceased.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The contract revenue and cost in the current year are recognized as differences between the accumulated revenue and cost recognized by reference to completion stage and the accumulated revenue and cost recognized in prior periods.

The accumulated costs incurred in the construction in progress and the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as offset. The sum of the accumulated costs incurred in the construction in progress and the accumulated recognized gross profit (loss) exceeds the settled price as the inventory; the settlement price of the construction in progress exceeds the cumulative cost incurred and the accumulated recognized gross profit ( The portion of the sum of the losses is presented as receipt in advance.

For the provision of construction and operation transfer (BOT) participation in public infrastructure construction business, the group recognizes related income and expenses for the construction services provided during the construction of the project in accordance with the Accounting Standards for Business Enterprises No. 15 - Construction Contract; Infrastructure After completion, the income and expenses related to the follow-up business services will be confirmed in accordance with the Accounting Standards for Business Enterprises No. 14 - Revenue.

(3) Service income

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Service income is recognized when related service is rendered to customers.

(4) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

**25. Government grants**

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

Judgment basis and accounting treatments for government grants related to assets

The government grants related to assets mean the government assets that are obtained by the Group used for purchase or construction or forming the long-term assets by other ways.

Government grants related to assets are recognized as deferred income, and systematically amortized to profit or loss within the useful life of the related asset. The Group adopts same presentation method for same category of government grants.

Judgment basis and accounting treatments for government grants related to income

The government grants related to income refer to all the government grants except those related to assets.

For government grants related to income, where the grants are a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grants are recognized as deferred income, and included in profit or loss over the periods in which the related costs are recognized; where the grants are a compensation for related expenses or losses already incurred by the Group, the grants are recognized immediately in profit or loss in the current period.

A government grant related to the Group's daily activities is recognized in other income based on the substance of economic activities. A government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

Finance discount received by the Group are deducted in borrowing expenses.

**26. Deferred tax assets/deferred tax liabilities**

The income tax expenses include current income tax and deferred income tax.

Current income tax

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At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

#### Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholder's equity, in which case they are recognized in other comprehensive income or in shareholder' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

#### Offsetting income tax

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When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## **27. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### **Accounting treatment of operating leases**

The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

The Group as lessee under finance leases

Relevant accounting treatment is set out in Note (V) "15.3 Identification basis, valuation methods and depreciation method for fixed assets acquired under finance leases"

Unrecognized finance charges are recognized as finance charge for the period using the effective interest method over the lease term. The net amount of minimum lease payments less unrecognized finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

## **28. Other Critical accounting estimates and assumptions**

### **Segment information**

The Group identifies operating segments based on the internal organization structure, management requirements and the internal reporting system, and discloses segment information of reportable segments determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its ordinary activities; (ii) the group's management can regularly review the operating results of the segment and make decisions about resources to be allocated to the segment and to assess its performance, and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics, and satisfy certain conditions, they are aggregated into a single operating segment.

## 29. Changes in significant accounting policies and accounting estimates

### (1) Changes in critical accounting policies

Changes in accounting policies and reasons	Approval procedure	Remark (items affected significantly and amount)
Implementing <i>Accounting Standards for Enterprises No.22- Financial Instrument Recognition and Measurement</i> , <i>Accounting Standards for Enterprises No.23-Transfer of Financial Assets</i> , <i>Accounting Standards for Enterprises No.24-Hedge Accounting and Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments (revised in 2017)</i> , after revision, the standards regulate that the recognition of financial instruments have not terminated on the day when new standards are applied, if previous recognition and measurement are not in line with new standards, it should be adjusted retrospectively. The Company will adjust retained earnings and other comprehensive incomes at the beginning of the year according to the accumulated amount due to retrospective adjustment. Impacts of implementing the above standards are as followed:		
Reclassify financial assets at fair value through profit or loss into “financial assets held for trading”		Financial assets at fair value through profit or loss: reduce 207,144,438 RMB; Tradable financial assets: increase 207,144,433 RMB;
Reclassify credit investment measured at amortized cost into “Credit investment”		Available for sale financial assets: reduce 19,055,500 RMB; Credit investment: increase 19,055,500 RMB;
Designate available-for-sale equity instrument as “financial assets at fair value through profit or loss”		Available for sale financial assets: reduce 29,707,153 RMB; Other non-current financial assets: increase 29,707,153 RMB;

		Other comprehensive income: reduce 19,384,071 RMB; Retained profit: increase 19,384,071 RMB;
Non-tradable available-for-sale equity instrument investment is designated as “financial assets at fair value through other comprehensive incomes”		Available for sale financial assets: reduce 11,724,667 RMB; Other equity instrument investment: increase 48,269,862 RMB; Deferred tax liability: increase 9,136,299 RMB; Other comprehensive income: increase 24,633,296 RMB; Retained profit: increase 2,775,600 RMB.

(2) Changes in critical accounting estimates

☐ Applicable    ☒ Inapplicable

(3) Financial statements at the beginning of the year applying New Financial Instrument Guideline, New Revenue Guideline, New Leasing Guideline for the first time

#### Consolidated balance sheet

Assets	31 December 2018	1 January 2019	Adjusted amount
Current assets:			
Cash at bank and in hand	5,326,761,911	5,326,761,911	
Tradable financial assets	-	207,144,438	207,144,438
Financial assets at fair value through profit or loss	207,144,438	-	-207,144,438
Notes receivable	1,548,929,075	1,548,929,075	
Accounts receivable	524,536,351	524,536,351	
Advances to suppliers	323,717,031	323,717,031	
Other receivables	375,429,575	375,429,575	
Inventories	2,078,566,938	2,078,566,938	
Other current assets	165,387,334	165,387,334	
Total current assets	10,550,472,653	10,550,472,653	
Non-current assets:			
Credit investment	-	19,055,500	19,055,500
Available-for-sale financial assets	60,487,319	-	-60,487,319
Long-term receivables	29,279,695	29,279,695	
Long-term equity investments	512,469,490	512,469,490	
Other equity instrument investment	-	48,269,862	48,269,862
Other non-current financial assets	-	29,707,152	29,707,152

Fixed assets	16,118,856,112	16,118,856,112	
Construction in progress	1,322,976,101	1,322,976,101	
Intangible assets	3,403,613,645	3,403,613,645	
Goodwill	447,472,492	447,472,492	
Long-term prepaid expenses	376,208,038	376,208,038	
Deferred tax assets	283,272,115	274,135,816	-9,136,299
Other non-current assets	56,397,942	56,397,942	
Total non-current assets	22,611,032,949	22,638,441,845	27,408,896
Total assets	33,161,505,602	33,188,914,498	27,408,896
Current liabilities:			
Short-term borrowings	621,000,000	621,000,000	
Notes and accounts payable	3,789,324,069	3,789,324,069	
Advances from customers	638,732,781	638,732,781	
Employee benefits payable	392,173,556	392,173,556	
Taxes payable	935,736,726	935,736,726	
Other payables	897,653,363	897,653,363	
Including: Interests payable	70,507,991	70,507,991	
Dividends payable	160,590,225	160,590,225	
Current portion of non-current liabilities	2,877,217,204	2,877,217,204	
Total current liabilities	10,151,837,699	10,151,837,699	
Non-current liabilities:			
Long-term borrowings	2,444,189,091	2,444,189,091	
Bonds payable	1,196,831,761	1,196,831,761	
Long-term payables	261,696,441	261,696,441	
Long-term employee benefits payable	124,171,344	124,171,344	
Provisions	238,759,221	238,759,221	
Deferred income	262,432,189	262,432,189	
Deferred tax liabilities	162,198,735	162,198,735	
Total non-current liabilities	4,690,278,782	4,690,278,782	
Total liabilities	14,842,116,481	14,842,116,481	
Shareholders' equity:			
Share capital	1,497,571,325	1,497,571,325	
Capital reserve	2,510,252,020	2,510,252,020	
Other comprehensive income	-9,023,883	-3,774,658	5,249,225
Surplus reserve	952,685,662	952,685,662	
Undistributed profits	11,721,477,654	11,743,637,325	22,159,671
Total equity attributable to shareholders of the Company	16,672,962,778	16,700,371,674	27,408,896
Minority interests	1,646,426,343	1,646,426,343	
Total shareholders' equity	18,319,389,121	18,346,798,017	27,408,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,161,505,602	33,188,914,498	27,408,896

Balance sheet of the Company

Assets	31 December 2018	1 January 2019	Adjusted amount
Current assets:			
Cash at bank and in hand	3,451,321,002	3,451,321,002	
Tradable financial assets	-	207,144,438	207,144,438
Financial assets at fair value through profit or loss	207,144,438	-	-207,144,438
Notes receivable	211,818,382	211,818,382	
Accounts receivable	582,552,971	582,552,971	
Advances to suppliers	183,137,324	183,137,324	
Other receivables	4,639,099,436	4,639,099,436	
Including: Interests receivable	-	-	
Dividends receivable	71,129,700	71,129,700	
Inventories	332,152,305	332,152,305	
Current portion of non-current assets	3,609,824	3,609,824	
Other current assets	34,471,735	34,471,735	
Total current assets	9,645,307,417	9,645,307,417	
Non-current assets:			
Available-for-sale financial assets	41,431,819	-	-41,431,819
Long-term receivables	19,083,573	19,083,573	
Long-term equity investments	10,190,014,554	10,190,014,554	
Other equity instrument investment	-	29,707,152	29,707,152
Other non-current financial assets	-	48,269,862	48,269,862
Fixed assets	300,150,484	300,150,484	
Construction in progress	100,636,765	100,636,765	
Intangible assets	46,034,664	46,034,664	
Long-term prepaid expenses	34,521,671	34,521,671	
Deferred tax assets	39,250,259	30,113,960	-9,136,299
Total non-current assets	10,771,123,789	10,798,532,685	27,408,896
Total assets	20,416,431,206	20,443,840,102	27,408,896
Current liabilities:			
Notes and accounts payable	211,409,370	211,409,370	
Advances from customers	13,992,917	13,992,917	
Employee benefits payable	84,435,340	84,435,340	
Taxes payable	119,097,062	119,097,062	
Other payables	3,888,709,040	3,888,709,040	
Including: Interests payable	67,118,203	67,118,203	
Dividends payable	10,737,337	10,737,337	
Current portion of non-current liabilities	2,213,236,104	2,213,236,104	
Total current liabilities	6,530,879,833	6,530,879,833	



Non-current liabilities:			
Long-term borrowings	1,537,212,836	1,537,212,836	
Bonds payable	1,196,831,761	1,196,831,761	
Long-term employee benefits payable	35,594,796	35,594,796	
Provisions	7,920,053	7,920,053	
Deferred income	12,732,333	12,732,333	
Total non-current liabilities	2,790,291,779	2,790,291,779	
Total liabilities	9,321,171,612	9,321,171,612	
Shareholders' equity:			
Share capital	1,497,571,325	1,497,571,325	
Capital reserve	2,908,595,304	2,908,595,304	
Other comprehensive income	19,384,071	24,633,296	5,249,225
Surplus reserve	952,685,662	952,685,662	
Undistributed profits	5,717,023,232	5,739,182,903	22,159,671
Total shareholders' equity	11,095,259,594	11,122,668,490	27,408,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,416,431,206	20,443,840,102	27,408,896

(4) Explanation on tracing previous statistics due to application of New Financial Instrument Guideline, New Leasing Guideline for the first time

☐Applicable ☒ Inapplicable

### 30. Others

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### (1) Estimation on impairment of goodwill

The Group assesses goodwill impairment annually. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of accounting estimates (Note VII (14)).

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups and groups of asset groups, and the revised gross margin is lower than the one currently used, the Group would need to recognize further impairment against goodwill, and property, plant and equipment.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill and property, plant and equipment.

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If the actual gross margin, growth rate, pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(2) Estimated impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of fixed assets have been determined based on value-in-use calculations. These calculation and valuations require the use of judgment and estimates, such as gross margin, sales, growth rate and discount rate.

If the Group revises the gross margin, sales growth rate or discount rate that is used in the calculation of the future cash flows of fixed assets, and the revised factor is lower/higher than the one currently used, the Group would need to recognize further impairment against fixed assets. If the actual gross margin, sale growth rate or discount rate is higher/lower than management's estimates, the impairment loss of fixed assets previously provided for is not allowed to be reversed by the Group.

(3) Depreciation and amortization

Fixed assets (exclude the estimated residual values); intangible assets and long-term prepaid expenses are depreciated or amortized on the straight-line basis or the exploitation basis over their estimated useful lives. Management estimated useful lives of fixed assets based on the experience and expected technical innovations periodically to determine the related depreciation and amortization expenses for the reporting period. When the previous estimate changes significantly, the depreciation and amortization expenses would be adjusted in future periods.

(4) Income taxes

The Group is subject to income taxes in different jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the management in determining the provision for income taxes in each of these jurisdictions. The Group recognizes income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(5) Deferred taxation

Deferred tax assets arising from the unutilized tax losses and other deductible temporary differences have been recognized at balance sheet date. Realization of the deferred tax assets depends on whether there is sufficient taxable profit in future. If actual future profit is less than what is expected, deferred tax assets may have been impaired. The provision of deferred tax assets will be charged to income statement when deferred tax assets are impaired.

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(6) Assessment of fair value of long-term asset from business combination under non-common control

In the business combination which is under non-common control, the Group estimates fair value of acquiree's long-term asset at the acquisition date. When making the estimation, the reasonableness of the parameters and assumptions used in the valuation process is thoroughly considered and only the assumptions that match the concurrent market condition are adopted in the calculation, Including:

The valuation method of fixed asset is replacement cost method: the asset's fair value will be its replacement cost at the moment deducting all other loss of value;

Intangible assets mainly include land use rights and mining rights. Fair value of land use rights is determined by using benchmark land price method, The mining rights is mainly evaluated by discounted cash flow method. In order to calculate the present value of future cash flow, the management predicts and estimates the selling price of mineral resources, mining cost, operating cost and applicable discount rate of mineral resources in the future years.

The appraised value is calculated based on different assumptions and may be different from the actual value because of the influence of uncertainties.

## **VI. Tax**

### **1. The types and rates of taxes applicable to the Group**

Category of tax	Note	Basis of tax computation	Tax rate
Enterprise income tax(Note I)	I	Taxable income	13%, 15%, 25%
VAT(Note II)	II	Taxable value added amount (tax payable represents output VAT calculated using the taxable sales amount multiplied by the effective tax rate less deductible input VAT)	3%, 5%, 6%, 9%,10%, 13%, 16%
Resource tax		Taxable sales income	6%
Environmental protection tax		Pollutant discharge equivalent number	1.2 or 2.4 equivalent

Note I: Except for the company mentioned in NOTE IV(2) that enjoys the preferential corporate income tax rate, other companies in the group shall pay the corporate income tax at 25%.

Note II: According to the provisions of 2019 No.32 "Notice on the Adjustment of VAT Tax Rate" issued by the General Administration of Customs, State Administration of Taxation, Ministry of Finance, the tax rate of taxpayers who have engaged in VAT taxable sales or imported goods have changed from 16% and 10% to 13% and 9% respectively from 1 April 2019.

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Some subsidiaries of the Group are engaged in concrete and aggregate business, the tax rate of whose product sales is 3%. Before 30 April 2016, the tax rate of sales or real estate leasing is 5%. And the tax rate of the related companies within the Group provide IT services, share services and collect capital occupancy fees is 6%.

## **2. Tax preferences**

### **(1) Enterprise income tax**

Huaxin Cement (Huangshi) Equipment Manufacturing Co., Ltd. and Huaxin E'zhou Packaging Co., Ltd. were approved to be a new high-tech enterprise by Hubei Provincial Science & Technology Department in 2017 and 2018. Pursuant to the Enterprise Income Tax Law of the PRC, the above companies can enjoy the preference enterprise income tax rate applicable a new high-tech enterprise, thus its applicable corporate income tax rate is 15% for 2018.

Huaxin Cement Chongqing Fuling Co., Ltd., Huaxin Cement (Enshi) Co., Ltd., Huaxin Cement (Quxian) Co., Ltd., Huaxin Cement (Wanyuan) Co., Ltd., Huaxin Cement (Lijiang) Co., Ltd., Huaxin Cement (Dongjun) Co., Ltd., Huaxin Guizhou Dingxiao Special Cement Co., Ltd. are manufacturing enterprises established in Western Development Zone of the PRC. Pursuant to circulars issued by respective local municipal authorities in 2011, the applicable enterprise income tax rate of these companies for the years from 2011 to 2020 is reduced to 15%.

Huaxin Cement (Tibet) Co., Ltd. and Tibet Huaxin Construction Materials Co., Ltd. are manufacturing enterprises established in western development zone of the PRC. Pursuant to the circular issued by local authority in 2011, the applicable enterprise income tax rate for these two entities is 15% from 2011 to 2020.

Huaxin Yovon Cement LLC and Huaxin Gayur (Sogd) Cement LLC are located in Tajikistan Republic ("Tajikistan"). A new manufacturing company is exempted for enterprise income tax for five years since its establishment according to local tax laws. Accordingly, Huaxin Yovon Cement LLC enjoyed tax exemption from September 2011 to September 2016, and Huaxin Gayur (Sogd) Cement LLC can enjoy tax exemption from June 2014 to June 2019. For this period, the applicable enterprise income tax rate of Huaxin Yovon Cement LLC is 13%.

Cambodian Cement Chakrey Ting Factory Co., Ltd. is located in Cambodia. According to local tax laws, companies with government-encouraged investing project is exempted for income tax during the start-up period, which is earlier of the period from date of obtain of registration certificate to the date firstly generating operating profit or the three-years period from the date firstly generating revenue; after the start-up period, the company is exempt from income tax for a three-year period; afterwards, the company can further enjoy an additional 2-5 years' tax exemption period depending on its industries. According to its industry and investment scale, Cambodian Cement Chakrey Ting Factory Co., Ltd. is entitled on an additional 3 years' tax exemption period. Thus, in total, the company is exempt from income tax from 2013 to 2021.

Pursuant to the item 3 of clause 27 of Corporate Income Tax Law of the PRC, the business of certain environment engineering companies of the Group can meet the definition of environment protection and energy and water conservation, their profits

generated from the business of environment protection and energy and water conservation are exempt from corporate income tax in the first three year starting from date of firstly generating revenue, and followed by a 50% reduction from the fourth year to the sixth year.

(2) VAT

Based on regulations in VAT Preference Items for Resource Comprehensively Utilized Products and Labor (Cai Shui [2015] No. 78), as certain subsidiaries of the Group produce cement are entitled to preference policy of VAT refunding upon paying with refund ratio at 70%.

## VII. Notes to the significant items in the consolidated financial statements

(All amounts in RMB Yuan unless otherwise stated)

### 1. Cash at bank and in hand

Item	30 June 2019	31 December 2018
Cash in hand	1,133,219	1,014,354
Cash at bank	4,734,970,797	5,235,207,780
Restricted cash	146,510,112	90,539,777
Total	4,882,614,128	5,326,761,911
Includes: Cash deposited overseas	235,920,193	136,153,570

As of June 30 2019, other monetary fund includes bank deposits of RMB 19,938,218 that have been pledged to banks as letters of guarantee, RMB 51,673,062 that have been pledged as bank acceptance notes and letters of credit, RMB 54,496,776 of quarry reclamation guarantee, RMB 19,379,452 carbon emission permit trading and other RMB 1,022,604, total is RMB 146,510,112 (December 31, 2018: 90,539,777 RMB). The restricted cash is not regarded as cash and cash equivalents when preparing the cash flow statements.

### 2. Notes receivable

(1) Classification of notes receivable

Item	30 June 2019	31 December 2018
Bank acceptance notes	1,062,229,718	1,548,929,075
Total	1,062,229,718	1,548,929,075

(2) Notes receivable pledged as of 30 June 2019

Item	Pledged amount as of the end of the period
Bank acceptance notes	82,522,451
Total	82,522,451

(3) As of 30 June 2019, notes receivable that has been endorsed or discounted are as follows:

Item	Derecognized amount at the end of the period	Not to be derecognized amount at the end of the period
Bank acceptance notes	1,198,908,365	
Total	1,198,908,365	

### 3. Accounts receivable

(1) Accounts receivable aging analysis is as below:

Aging	30 June 2019
Within 1 year	
Between 1 and 6 months	627,180,584
Between 6 and 12 months	93,759,707
Subtotal	720,940,291
Between 1 and 2 years	62,477,413
Between 2 and 3 years	68,507,545
Between 3 and 4 yers	7,653,406
Over 4 years	102,843,018
Total	962,421,673

(2) Accounts receivable classified by the method of bad debt provision

Type	30 June 2019					31 December 2018				
	Carrying amount		Bad debt provision		Book Value	Carrying amount		Bad debt provision		Book value
	Amount	%	Amount	% of provision		Amount	%	Amount	% of provision	
Bad debt provision individually assessed										
Individually significant amount						94,315,289	14	74,001,564	78	20,313,725
Individually insignificant amount						152,119,029	22	86,966,238	57	65,152,791
Group 1						221,482,976	32	-	-	221,482,976
Group 2						222,370,250	32	4,783,391	2	217,586,859
Group 3	962,421,673	100	142,412,737	15	820,008,936	-	-	-	-	-
Total	962,421,673	/	142,412,737	/	820,008,936	690,287,544	/	165,751,193	/	524,536,351

Accounts receivable accessed in groups and bad debt provision assessed by aging analysis is as following:

Provision for Group 3:

Aging	30 June 2019		
	Accounts receivable	Bad debt provision	% of provision
Between 1 and 6 months	627,180,584	6,271,806	1
Between 6 and 12 months	93,759,707	9,375,971	10
Between 1 and 2 years	62,477,413	12,495,483	20

Between 2 and 3 years	68,507,545	27,403,018	40
Between 3 and 4 years	7,653,406	4,592,044	60
Over 4 years	102,843,018	82,274,415	80
Total	962,421,673	142,412,737	/

(3) Bad debt provision

Category	31 December 2018	Change during this period			30 June 2019
		Provision	Recover or reverse	Resell or write off	
Group 3	165,751,193	1,021,418	17,609,601	6,750,273	142,412,737
Total	165,751,193	1,021,418	17,609,601	6,750,273	142,412,737

Among which, significant items that are recovered or reversed in bad debt provision:

Company	Amount recovered or reversed	Method
Yunnan Junshuo Concrete LLC	6,291,198	Fixed assets mortgaged for debt
Total	6,291,198	

(4) Accounts receivable written off in the current period

Item	Written off amount
Accounts receivable written off	6,750,273

(5) Amounts due from top five customers are summarized as below:

Client	Balance of accounts receivable as of 30 June 2019	Proportion in the total accounts receivable as of 30 June 2019
Client A	82,813,538	9
Client B	37,576,534	4
Client C	24,458,627	3
Client D	20,976,604	2
Client E	16,771,762	2
Total	182,597,065	19

#### 4. Advances to suppliers

(1) Advances to suppliers aging analysis are as follows:

Aging	30 June 2019		31 December 2018	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	359,565,013	89	296,332,894	92
Between 1 and 2 years	31,552,970	8	23,794,839	7
Between 2 and 3 years	13,214,472	3	2,798,180	1
Over 3 years	696,940	-	791,118	-
Total	405,029,395	100	323,717,031	100

As of 30 June 2019, advance to suppliers with aging over one year amounted to RMB

45,464,382 (31 December 2018: RMB 27,384,137), mainly the prepayments for raw materials for which the Group is still reconciling the balances with the suppliers.

(2) Prepayments from top five suppliers are analyzed as below:

Supplier	Amounts	% of Total Balance
Supplier A	58,245,548	13
Supplier B	45,814,322	10
Supplier C	34,026,336	7
Supplier D	23,202,333	5
Supplier E	15,283,643	3
Total	176,572,182	38

## 5. Other receivables

Item	30 June 2019	31 December 2018
Interest receivable	960,041	-
Dividend receivable	-	-
Other receivables	410,125,657	375,429,575
Total	411,085,698	375,429,575

Disclosed by aging

Aging	30 June 2019
Within 1 year	121,610,662
Between 1 and 2 years	97,654,165
Between 2 and 3 years	86,484,682
Over 3 years	168,758,120
Total	474,507,629

Classified by nature

Nature of account	30 June 2019	31 December 2018
Project guarantee and deposit	334,302,124	333,018,406
Loan and payment on account	79,636,743	78,861,154
Reserve fund	12,340,571	6,659,335
Others	48,228,191	23,254,431
Total	474,507,629	441,793,326

Bad debt provision

Bad debt provision	1 <sup>st</sup> phase	2 <sup>nd</sup> phase	3 <sup>rd</sup> phase	Total
	Estimated credit loss in the coming 12 months	Estimated credit loss during the duration(no credit impairment occurs)	Estimated credit loss during the duration(credit impairment occurs)	
Balance as of 1 Jan 2019		18,429,649	47,934,104	66,363,753
Balance of Jan				



2019 in this period				
--transferred to 2 <sup>nd</sup> phase				
--transferred to 3 <sup>rd</sup> phase				
--reversed to 2 <sup>nd</sup> phase				
--reversed to 3 <sup>rd</sup> phase				
Provision for this period		238,360		238,360
Reversed for this period		107,501	2,147,738	2,255,239
Resell for this period				
Write off for this period			-35,098	-35,098
Other changes				
Balance as of 30 June 2019	-	18,560,508	45,821,464	64,381,972

#### Bad debt

Type	31 December 2018	Changed amount for this period			30 June 2019
		Provision	Reversed or transferred	Resell or write off	
	66,363,753	238,360	2,255,239	-35,098	64,381,972
Total	66,363,753	238,360	2,255,239	-35,098	64,381,972

#### Write-off of other receivable in the current period

Item	Amount
Other receivables written off	-35,098

#### Amounts due from top five debtors are analyzed as below

Company	Type	30 June 2019	Aging	(%) of total balance	Closing balance of bad debt provision
Client F	Business transaction	38,927,223	1-2 years	8	-
Client G	Quarry restoration reserve fund	30,008,308	Over 3 years	6	-
Client H	Guarantee and deposit	27,711,764	Over 3 years	6	-
Client I	Business transaction	27,027,341	Over 3 years	6	27,027,341
Client J	Business transaction	15,514,967	Over 3 years	3	15,514,967
Total	/	139,189,603	/	29	42,542,308

## 7. Inventories

### (1) Inventories classified by nature:

Item	30 June 2019			31 December 2018		
	Book value	Provision for write-down	Net book value	Book value	Provision for write-down	Net book value
Raw materials	510,906,397	2,744,569	508,161,828	565,132,205	2,744,569	562,387,636
Semi-finished goods	441,747,171	165,122	441,582,049	374,387,985	165,122	374,222,863
Finished goods	619,343,441	-	619,343,441	789,006,981		789,006,981

Turnover materials	23,937,140	20,717	23,916,423	31,559,628		31,559,628
Auxiliary materials	196,142,547	16,421,490	179,721,057	166,826,040	16,566,709	150,259,331
Spare parts	249,002,968	36,344,921	212,658,047	192,996,213	33,717,916	159,278,297
Assets that are completed but unsettled arising from construction contracts	-	-	-	11,852,202	-	11,852,202
Total	2,041,079,664	55,696,819	1,985,382,845	2,131,761,254	53,194,316	2,078,566,938

(2) Provisions for write-down of inventories are analysed as below:

Item	31 December 2018	Increase		Decrease		30 June 2019
		Provision for write-down	Other	Reversal or write-off	Other	
Raw materials	2,744,569	-		-		2,744,569
Semi-finished goods	165,122					165,122
Finished goods		-		-		-
Turnover materials		20,717		-		20,717
Auxiliary materials	16,566,709	54,502		199,721		16,421,490
Spare parts	33,717,916	5,748,341		3,121,336		36,344,921
Total	53,194,316	5,823,560	-	3,321,057	-	55,696,819

## 7. Other current assets

Item	30 June 2019	31 December 2018
Deductible value-added-tax	202,012,844	125,573,949
Prepaid of income tax	19,678,799	39,000,369
Other taxes	11,686,914	813,016
Total	233,378,557	165,387,334

## 8. Credit investment

(1) Credit investment

Item	30 June 2019			31 December 2018		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Jingzhou Renjie Concrete	14,000,000	-	14,000,000	14,000,000	-	14,000,000
Yichang Xindaxing Concrete	7,500,000	-	7,500,000	5,055,500	-	5,055,500
Hengyang Jinji Concrete Company	2,000,000	2,000,000	-	2,000,000	2,000,000	-
Total	23,500,000	2,000,000	21,500,000	21,055,500	2,000,000	19,055,500

(2) Impairment provisions

provision	1 <sup>st</sup> phase	2 <sup>nd</sup> phase	3 <sup>rd</sup> phase	Total
	Estimated credit loss in the coming 12 months	Estimated credit loss during the duration(no credit impairment occurs)	Estimated credit loss during the duration(credit impairment occurs)	
Balance as of 1 Jan 2019			2,000,000	2,000,000
Balance of Jan 2019 in this period				
--transferred to 2 <sup>nd</sup> phase				
--transferred to 3 <sup>rd</sup> phase				
--reversed to 2 <sup>nd</sup> phase				
--reversed to 3 <sup>rd</sup> phase				
Provision for this period				
Reversed for this period				
Resell for this period				
Write off for this period				
Other changes				
Balance as of 30 June 2019	-		2,000,000	2,000,000

## 9. Long-term equity investments

Invested company	31 December 2018	Changes for the period		30 June 2019	Closing balance of impairment provision
		Increase in investment	Investment gains/losses under equity method		
Associates					
Subtotal	-	-	-	-	-
Joint venture					
Tibet High-tech Building Material Group Co., Ltd	341,355,724	-	38,980,449	380,336,173	-
Shanghai Wan'an Huaxin Cement Co., Ltd.	163,055,593	-	-1,596,288	161,459,305	-
Zhangjiajie Tianzi Concrete Co., Ltd.	2,337,645	-	885,066	3,222,711	-
Nanguang Huasen Environmental Engineering Co., Ltd.	5,720,528	-	-	5,720,528	-
Chenfeng Intelligent Equipment Hubei Co., Ltd	-	45,000	-	45,000	-
Subtotal	512,469,490	45,000	38,269,227	550,783,717	-
Total	512,469,490	45,000	38,269,227	550,783,717	-

## 10. Other equity instrument investment

Item	30 June 2019	31 December 2018
Huangshi Power Generation Co., Ltd	48,269,662	48,269,662
Others	200	200
Total	48,269,862	48,269,862

## 11. Other non-current financial assets

Item	30 June 2019	31 December 2018
Bank of Communications	13,413,782	12,649,152
China Pacific Insurance Company	21,906,000	17,058,000
Total	35,319,782	29,707,152

## 12. Fixed assets

Item	30 June 2019	31 December 2018
Fixed assets	15,630,737,751	16,116,628,188
Disposal of fixed assets	2,024,131	2,227,924
Total	15,632,761,882	16,118,856,112

### (1) Details of fixed assets

Item	Buildings	Machinery and equipment	Office equipment and fixtures	Motor vehicles	Total
<b>1. Original book value</b>					
31 December 2018	12,517,083,554	15,646,681,673	297,934,817	525,791,006	28,987,491,050
Addition	185,721,069	204,951,669	1,874,841	16,320,030	408,867,609
Purchase	68,185,553	14,708,301	619,066	12,247,319	95,760,239
Transferred from construction in progress	119,027,001	190,914,588	1,252,131	4,116,048	315,309,768
Difference due to conversion of foreign currency	-1,491,485	-671,220	3,644	-43,337	-2,202,398
Reduction	69,570,196	100,869,377	14,855,053	19,942,265	205,236,891
Disposal	69,570,196	100,869,377	14,855,053	19,942,265	205,236,891
30 June 2019	12,633,234,427	15,750,763,965	284,954,605	522,168,771	29,191,121,768
<b>2. Accumulated depreciation</b>					
31 December 2018	3,291,377,977	8,649,890,565	205,610,458	439,538,069	12,586,417,069
Addition	218,310,974	532,193,452	10,409,749	19,946,942	780,861,117
Provision	218,465,966	532,421,479	10,409,557	19,976,327	781,273,329
Difference due to conversion of foreign currency	-154,992	-228,027	192	-29,385	-412,212
Reduction	19,340,354	45,487,401	3,309,239	17,359,181	85,496,175
Disposal	19,340,354	45,487,401	3,309,239	17,359,181	85,496,175
30 June 2019	3,490,348,597	9,136,596,616	212,710,968	442,125,830	13,281,782,011
<b>3. Provision for impairment losses</b>					
31 December 2018	134,154,858	150,227,302	63,633	-	284,445,793
Addition	-2,327,595	2,130,044	84,517	141,881	28,847
Provision	-2,327,595	2,130,044	84,517	141,881	28,847

Reduction	5,098,093	745,590	28,848	103	5,872,634
Disposal	5,098,093	745,590	28,848	103	5,872,634
30 June 2019	126,729,170	151,611,756	119,302	141,778	278,602,006
<b>4. Net book value</b>					
30 June 2019	9,016,156,660	6,462,555,593	72,124,335	79,901,163	15,630,737,751
31 December 2018	9,091,550,719	6,846,563,806	92,260,726	86,252,937	16,116,628,188

As of 30 June 2019, buildings and equipment (31 December 2018: book value of RMB 557,430,713, original value RMB 1,449,308,807) with book value of RMB 474,377,946 (original value RMB 1,248,205,453) are pledged for short term borrowings and long term borrowings. Details of short term borrowings and long term borrowings are for Note VII (19), (27).

(2) Fixed assets held under financing lease

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value
Machinery equipment	150,000,000	78,281,406	-	71,718,594

(3) Fixed assets leased under operating lease

Item	Closing carrying amount
Concrete mixing plants	66,296,172

(4) Fixed assets pending for ownership certificate

Item	Net book value	Reason for not for ownership certificate
Buildings	928,160,627	

Disposal of fixed assets

Item	30 June 2019	31 December 2018
Building and related facility	-1,550,990	762,574
Machinery equipment	3,423,015	1,088,554
Others	152,106	376,796
Total	2,024,131	2,227,924

**13. Construction in progress**

Item	30 June 2019	31 December 2018
Construction in progress	2,311,167,129	1,194,218,803
Material for construction	176,645,892	128,757,298
Total	2,487,813,021	1,322,976,101

(1) Construction in progress

Project	30 June 2019			31 December 2018		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Huangshi Annual Production of 2.85 Million Tons of Cement Clinker Production Line Construction Project	433,761,559	-	433,761,559	133,398,311	-	133,398,311
Kunming Chongde 4000TPD Luquan Second Line Production Line Project	445,238,798	-	445,238,798	156,644,367	-	156,644,367
Huaxin New Materials and Intelligent Equipment Manufacturing Technology Park Construction Project	116,821,391	-	116,821,391	78,613,958	-	78,613,958
Huaxin Environmental Engineering Series Project - Yunyang Waste Treatment Project	71,239,414	-	71,239,414	75,512,305	-	75,512,305
Zhuzhou Environmental Hazardous Waste Disposal Plant Expands Production Capacity Investment Project	52,461,538	-	52,461,538	31,932,523	-	31,932,523
Huaxin Cement Nepal Project	52,069,759	-	52,069,759	40,357,129	-	40,357,129
Huaxin Environmental Engineering Series Project-Wuxue 2 <sup>nd</sup> phase	37,164,919	-	37,164,919	31,105,744	-	31,105,744
Changyang New Material Annual Production of 6 million tons Aggregate Line	34,802,555	-	34,802,555	32,721,226	-	32,721,226
Huaxin Environmental Engineering Series Project-Industrial Hazard Wastes Project	32,038,769	-	32,038,769	20,806,359	-	20,806,359
Huaxin Environmental Engineering Series Project-Nanzhang Renewable Resources Project	30,452,023	-	30,452,023	5,010,400	-	5,010,400
Huaxin Quxian 3 million tons Aggregate Line	30,409,248	-	30,409,248	13,040,412	-	13,040,412
Huaxin Environmental Engineering Series Project-Lijiang Household Wastes Disposal	29,366,038	-	29,366,038	17,510,483	-	17,510,483
Huaxin Environmental Engineering Series Project-Yidu Household Wastes Disposal	28,474,296	-	28,474,296	21,867,167	-	21,867,167
Jinghong Company Quarry Annual Production of 2 million tons Sand and Aggregate Project	28,140,654	-	28,140,654	90,000	-	90,000
Huaxin Environmental Engineering Series Project-Ezhou 2 <sup>nd</sup> phase MSW Project	26,443,923	-	26,443,923	15,338,223	-	15,338,223

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Huaxin Cement(Chenzpou) Co., Ltd Wasted Limestone Utilization Project	20,531,586	-	20,531,586	8,693,315	-	8,693,315
Huaxin Environmental Engineering Series Project-Others	123,228,327	-	123,228,327	90,438,699	-	90,438,699
Others	728,380,748	9,858,416	718,522,332	430,999,296	9,861,114	421,138,182
Total	2,321,025,545	9,858,416	2,311,167,129	1,204,079,917	9,861,114	1,194,218,803

(2) Changes of significant construction in progress

Project name	Budget	31 December 2018	Addition	Transferred into fixed assets	Reduction	30 June 2019	Cost incurred out of budget(%)	Construction progress(%)	Accumulated capitalized interest	Include: capitalized interest for the period	Interest capitalization rate for this period	Financed by
Huangshi Annual Production of 2.85 Million Tons of Cement Clinker Production Line Construction Project	1,847,573,900	133,398,311	300,363,248	-	-	433,761,559	23	23				Working capital
Kunming Chongde 4000TPD Luquan Second Line Production Line Project	669,320,000	156,644,367	288,594,431	-	-	445,238,798	67	67	-	-	-	Working capital
Huaxin New Materials and Intelligent Equipment Manufacturing Technology Park Construction Project	207,560,000	78,613,958	38,207,432	-	-	116,821,391	56	56	-	-	-	Working capital
Huaxin Environmental Engineering Series Project - Yunyang Waste Treatment Project	79,800,000	75,512,305	-4,272,892	-	-	71,239,414	89	89	1,267,701	533,185	5.25	Working capital and bank borrowings
Zhuzhou Environmental Hazardous Waste Disposal Plant Expands Production Capacity Investment Project	53,392,300	31,932,523	20,529,015	-	-	52,461,538	98	98	-	-	-	Working capital
Huaxin Cement Nepal Project	1,031,205,000	40,357,129	11,712,630	-	-	52,069,759	5	5	-	-	-	Working capital
Huaxin Environmental Engineering Series Project- Wuxue 2 <sup>nd</sup> phase	40,000,000	31,105,744	6,059,175	-	-	37,164,919	93	93	-	-	-	Working capital
Changyang New Material Annual Production of 6 million tons Aggregate Line	230,000,000	32,721,226	2,098,845	-	-	34,802,555	15	15	-	-	-	Working capital
Huaxin Environmental Engineering Series Project- Industrial Hazard Wastes Project	35,930,000	20,806,359	11,508,156	-	17,516	32,038,769	89	89	-	-	-	Working capital



Huaxin Environmental Engineering Series Project- Nanzhang Renewable Resources Project	55,870,000	5,010,400	25,441,624	-	275,746	30,452,023	55	55	-	-	-	Working capital
Huaxin Quxian 3 million tons Aggregate Line	49,917,900	13,040,412	17,368,836	-	-	30,409,248	61	61				Working capital
Huaxin Environmental Engineering Series Project- Lijiang Household Wastes Disposal	48,630,000	17,510,483	11,855,555	-	-	29,366,038	60	60				Working capital
Huaxin Environmental Engineering Series Project- Yidu Household Wastes Disposal	33,294,000	21,867,167	6,607,129	-	-	28,474,296	86	86				Working capital
Jinghong Company Quarry Annual Production of 2 million tons Sand and Aggregate Project	40,692,400	90,000	28,050,654	-	-	28,140,654	69	69				Working capital
Huaxin Environmental Engineering Series Project- Ezhou 2 <sup>nd</sup> phase MSW Project	30,535,200	15,338,223	11,105,700	-	-	26,443,923	87	87				Working capital
Huaxin Cement(Chenzhou) Co., Ltd Wasted Limestone Utilization Project	33,073,600	8,693,315	11,838,272	-	-	20,531,586	62	62				Working capital
Huaxin Environmental Engineering Series Project- Others		90,438,699	34,734,539	4,211,448	595,919	123,228,327			725,007		5.25	Working capital and bank borrowings
Others total		421,138,182	713,433,682	311,098,321	102,088,756	718,522,332			-	-	-	Working capital
Total	4,486,794,300	1,194,218,803	1,535,236,032	315,309,769	102,977,937	2,311,167,129	/	/	1,992,708	533,185	/	

### (3) Impairment provision for construction in progress

Project	31 December 2018	Increase	Decrease	30 June 2019	Provision reason
Huaxin Concrete Qingshan Project	7,401,126	-	-	7,401,126	Yet to be approved by government, the management team decided to terminate projects.
Huaxin Concrete Lengshuijaing Project	940,164	-	-	940,164	
Huaxin Concrete Daoxian Project	277,395	-	-	277,395	
Huaxin Concrete Chibi Project	257,850	-	-	257,850	
Others	996,019	-	14,138	981,881	
Total	9,872,554	-	14,138	9,858,416	/

### Construction materials

Item	30 June 2019			31 December 2018		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Special equipment	176,645,892	-	176,645,892	128,757,298	-	128,757,298
Total	176,645,892	-	176,645,892	128,757,298	-	128,757,298

## 14. Intangible assets

Items	Land use rights	Mining rights	Mine restoration fees	Franchise right	Software	Total
1. Original cost						
31 December 2018	2,628,146,047	823,122,736	252,735,980	231,350,597	234,961,786	4,170,317,146
Addition	39,979,316	85,162,242	1,382,872	-37,150,000	-28,219,916	61,154,514
Purchase	13,352,086	69,243,965	1,382,872	-37,150,000	14,325,591	61,154,514
R&D	-	-	-	-	-	-
Consolidation	-	-	-	-	-	-
Reclassification	26,627,230	15,918,277	-	-	-42,545,507	-
Reduction	3,671,030	4,299,658	1,751,964	-	1,044,539	10,767,191
Disposal	3,671,030	4,299,658	1,751,964	-	1,044,539	10,767,191
30 June 2019	2,664,454,333	903,985,320	252,366,888	194,200,597	205,697,331	4,220,704,469
2. Accumulated amortization						
31 December 2018	360,866,254	169,971,903	54,339,487	2,528,618	178,997,239	766,703,501
Addition	35,339,615	36,159,699	3,959,083	9,035,351	978,310	85,472,058
Provision	26,019,619	36,539,462	3,959,083	9,035,351	9,918,543	85,472,058
Reclassification	9,319,996	-379,763	-	-	-8,940,233	-
Reduction	635,213	4,287,047	543,158	-	342,755	5,808,173
Disposal	635,213	4,287,047	543,158	-	342,755	5,808,173
30 June 2019	395,570,656	201,844,555	57,755,412	11,563,969	179,632,794	846,367,386

3. Provision for Impairment						
31 December 2018	-	-	-	-	-	-
Addition	-	-	-	-	-	-
Provision	-	-	-	-	-	-
Reduction	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
30 June 2019	-	-	-	-	-	-
4. Net book value						
30 June 2019	2,268,883,677	702,140,765	194,611,476	182,636,628	26,064,537	3,374,337,083
31 December 2018	2,267,279,793	653,150,833	198,396,493	228,821,979	55,964,547	3,403,613,645

Other explanation:

As of 30 June 2019, land use rights with net book value of RMB 47,013,185 (original cost of RMB 60,186,217) (31 December 2018: net book value of RMB 14,272,894 original cost of RMB24,274,843) have been pledged as security for bank borrowings (Note VII (16) (23)).

## 15. Goodwill

### (1) Original book value of Goodwill

Invested companies or items constituting goodwill	31 December 2018	Increase	Decrease	30 June 2019
Huaxin Cement (Daye) Co., Ltd	189,057,605	-	-	189,057,605
Cambodia Chakrey Ting Cement Co., Ltd	125,767,908	-	-	125,767,908
Huaxin Jinlong (Yunxian) Cement Co., Ltd.	101,685,698	-	-	101,685,698
Shide Jingying Cement (Hong Kong) Co., Ltd and its subsidiaries	69,557,768	-	-	69,557,768
Huaxin Cement (E'zhou) Co., Ltd.	21,492,135	-	-	21,492,135
.Huaxin Cement (Nantong) Co., Ltd.	9,469,146	-	-	9,469,146
Total	517,030,260	-	-	517,030,260

### (2) Provision for impairment of Goodwill

	31 December 2018	Increase	Decrease	30 June 2019
Shide Jingying Cement (Hong Kong) Co., Ltd and its subsidiaries	69,557,768	-	-	69,557,768
Total	69,557,768	-	-	69,557,768

## 16. Long-term prepaid expenses

	31 December 2018	Increase	Decrease	30 June 2019
Quarry development fee	290,119,000	-	25,592,653	264,526,347
Others	86,089,038	5,400,559	6,896,003	84,593,594
Total	376,208,038	5,400,559	32,488,656	349,119,941

## 17. Deferred tax assets and liabilities

### (1) Deferred tax assets without taking into consideration the offsetting of balances

Item	30 June 2019		31 December 2018	
	Deductible temporary differences and tax losses	Deferred tax assets	Deductible temporary differences and tax losses	Deferred tax assets
Provision for assets impairment	147,889,390	34,951,905	153,712,730	36,190,239
Unrealized profit arising from elimination of inter-company transactions	217,700,494	54,425,124	230,131,456	57,532,864
Deductible losses	42,241,916	10,048,320	17,887,695	4,191,002
Difference between fair value of net identifiable assets and tax base in business combination	318,116,072	66,041,718	407,227,793	84,965,817
Temporary difference arising from expense recognition	300,777,588	70,778,513	353,760,365	83,953,404
Provision for employee benefits	93,580,314	18,167,091	137,546,941	25,590,852
Others	880,788	132,118	880,788	132,118
Total	1,121,186,562	254,544,789	1,301,147,768	292,556,296

### (2) Deferred tax liabilities without taking into consideration of the offsetting of balances

Item	30 June 2019		31 December 2018	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Valuation addition on assets in business combination under non-common control	188,882,371	41,626,492	207,168,666	46,198,066
Change in fair value of other available-for-sale financial assets	31,458,057	7,864,514	25,845,428	6,461,356
Capitalization of general borrowing interest	52,988,141	13,247,035	57,023,917	14,255,979
Depreciation difference of fixed assets between accounting and tax basis	424,547,005	77,931,929	439,386,715	82,138,044
Others	134,549,646	17,934,300	159,754,485	22,429,471
Total	832,425,220	158,604,270	889,179,211	171,482,916

### (3) Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

Item	30 June 2019		31 December 2018	
	The amount offset at the end of the period	Deferred tax assets or liabilities after offset at the end of the period	The amount offset at the beginning of the period	Deferred tax assets or liabilities after offset at the beginning of the period
Deferred tax assets	17,000,812	246,680,276	18,420,480	283,272,115
Deferred tax liabilities	17,000,812	150,739,757	18,420,480	162,198,735

(4) Details of unrecognized deferred tax assets

	30 June 2019	31 December 2018
Deductible temporary differences	2,489,813,261	2,480,110,976
Deductible losses	906,413,772	987,933,080
Total	3,396,227,033	3,468,044,056

(5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years:

	30 June 2019	31 December 2018	Remarks
2019	152,821,081	155,549,091	
2020	269,248,679	332,035,821	
2021	191,579,043	242,972,073	
2022	180,277,056	180,277,056	
2023	77,099,039	77,099,039	
2024	35,388,874	-	
Total	906,413,772	987,933,080	/

**18. Provision for impairment**

Item	31 December 2018	Provision	Write back	Write off		30 June 2018
Bad debt provision	232,114,946	1,259,778	19,864,840	6,715,175	-	206,794,709
-Accounts receivable	165,751,193	1,021,418	17,609,601	6,750,273	-	142,412,737
-Other receivables	66,363,753	238,360	2,255,239	-35,098	-	64,381,972
Write-down of inventories	53,194,316	5,823,560	2,414,947	906,110	-	55,696,819
Impairment provision for credit investment	2,000,000	-	-	-	-	2,000,000
Impairment provision for projects in progress	9,861,114	-	-	-	-2,698	9,858,416
Impairment provision for fixed assets	284,445,793	-	-	5,843,787	-	278,602,006
Total	581,616,169	7,083,338	22,279,787	13,465,072	-2,698	552,951,950

## 19. Short-term borrowings

### (1) Short-term borrowings classified by nature

	30 June 2019	31 December 2018
Pledged bank borrowings	11,000,000	31,000,000
Unsecured bank borrowings	430,000,000	590,000,000
Total	441,000,000	621,000,000

#### Notes:

As of 30 June 2019, pledged bank borrowings of RMB 11,000,000 (31 December 2018: RMB 31,000,000) were pledged by certain buildings, equipment (Note VII(12)), and land use rights (Note VII(14)).

As of 30 June 2019, unsecured guarantee bank borrowings include the loans guaranteed for subsidiaries of RMB 220,000,000 (31 December 2018: 141,000,000).

#### Other remarks:

As of 30 June 2019, interest rate of short term borrowings ranges from 2.35% to 4.35%. (2018 December 31: 2.35% to 4.35%)

## 20. Notes payable

Type	30 June 2019	31 December 2018
Bank acceptances	166,393,593	-
Total	166,393,593	-

The total amount of notes payable that has not been paid at the end of the period is 0 Yuan.

## 21. Accounts payable

### (1) Accounts payable

Item	30 June 2019	31 December 2018
Payables for raw materials	2,337,283,039	2,371,944,417
Payables for construction and equipment	915,155,463	934,700,160
Payables for transportation costs	190,248,912	191,881,135
Payables for utility charges	90,922,120	92,984,125
Others	195,768,438	197,814,232
	3,729,377,972	3,789,324,069

### (2) Important accounts payable with ageing over 1 year

Item	30 June 2019	Reason for not paid or carry-over
Project and equipment payables and project guarantee money	563,535,138	Part of the main project have not finished the acceptance, settlement and the amount has to been settled
Total	563,535,138	/

## 22. Receipts in advance

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(1) Receipts in advance

	30 June 2019	31 December 2018
Advances for sales of goods	545,321,874	638,732,781
Total	545,321,874	638,732,781

(2) Important advances from customers with ageing over 1 year

item	30 June 2019	Reason for not paid or carry-over
Advances for cement products	41,348,878	Goods delivery has not finished, the amount has not been settled
total	41,348,878	/

**23. Employee benefits payable**

(1) Employee benefits payable

Item	31 December 2018	Increase	Decrease	30 June 2019
Short-term employee benefits payable	372,363,172	1,196,388,360	1,371,327,502	197,424,030
Defined contribution plans payable	6,434,788	176,258,852	178,326,837	4,366,803
Termination benefits payable	9,346,211	-	3,584,000	5,762,211
Other welfare due in 1 year	-	-	-	-
Defined benefit plans payable	4,029,385	1,751,681	2,450,207	3,330,859
Total	392,173,556	1,374,398,893	1,555,688,546	210,883,903

(2) Short-term employee benefits

	31 December 2018	Increase	Decrease	30 June 2019
Salaries, bonuses and allowances	327,934,687	778,019,699	1,044,943,250	61,011,136
Staff welfare	12,514,281	138,415,946	95,724,088	55,206,139
Social insurance	10,741,548	108,642,389	85,795,972	33,587,965
-Medical insurance	9,338,920	98,607,189	75,316,076	32,630,033
-Employment injury insurance	1,105,991	6,383,116	6,664,446	824,661
-Maternity insurance	296,637	3,652,084	3,815,450	133,271
Housing fund	5,922,531	131,195,153	132,517,655	4,600,029
Labour union funds and employee education fee	15,250,125	40,115,173	12,346,537	43,018,761
Total	372,363,172	1,196,388,360	1,371,327,502	197,424,030

### (3) Defined contribution plans

	31 December 2018	Increase	Decrease	30 June 2019
Pension	5,214,747	169,859,419	171,696,544	3,377,622
Unemployment insurance	1,220,041	6,399,433	6,630,293	989,181
Total	6,434,788	176,258,852	178,326,837	4,366,803

### 24. Taxes and other levies payable

	30 June 2019	31 December 2018
Value-added-tax payable	154,115,145	187,394,897
Corporate income tax payable	462,468,699	623,436,893
Environment tax payable	27,220,326	18,424,841
Individual income tax payable	17,877,400	17,604,530
Flood prevention fee payable	18,480,513	18,862,548
Resource tax	16,074,206	17,691,208
Others	88,084,629	52,321,809
Total	784,320,918	935,736,726

### 25. Other payables

Item	30 June 2019	31 December 2018
Interests payable	94,083,434	70,507,991
Dividends payable	218,075,834	160,590,225
Other payables	643,792,216	666,555,147
Total	955,951,484	897,653,363

#### Interests payable

	30 June 2019	31 December 2018
Interest for long-term borrowings	3,846,843	5,010,308
Interest for corporate bonds	89,711,015	64,181,670
Interest for short-term borrowings	525,576	1,316,013
Total	94,083,434	70,507,991

#### Dividends payable

	30 June 2019	31 December 2018
Ordinary shares dividends	576,326	10,737,338
- Tibet Changsheng Road & Bridge Construction Co., Ltd	87,518,955	87,518,955
- Gayur Liability Limited Company	53,643,086	62,332,731
-Diqing Rongshun Forest Product Development Limited Liability Company	-	1,201
Yunann Hongta Dianxi Cement Limited Liability Company	65,237,467	-
-Guizhou Shuicheng Cement Co., Ltd	11,100,000	-
Total	218,075,834	160,590,225

Other notes, the reason for important dividends payables over 1 year:



Due to failure to provide contact information, it cannot be paid so far.

## Other payables

### (1) Other payables classified by nature

	30 June 2019	31 December 2018
Payables for acquisition of equity interests	234,134,255	249,207,680
Amounts due to minority shareholders	122,783,063	141,011,960
Deposits	145,882,303	126,722,501
Collected or paid for others	32,094,076	32,527,298
Amounts due to government	9,476,283	30,637,244
Others	99,422,236	86,448,464
Total	643,792,216	666,555,147

### (2) Other payables with aging over one year

Item	30 June 2019	Reason for not paid or carry-over
Amounts due to minority interests, and deposits of major construction contracts paid to the Group	464,714,909	Payment criteria for acquisition of equity yet to be archived; final settlement of related project has not been processed.
Total	464,714,909	/

## 26. Current portion of non-current liabilities

	30 June 2019	31 December 2018
Current portion of long-term borrowings	814,857,918	741,592,004
Current portion of corporate bonds payable	1,100,000,000	2,100,000,000
Current portion of long-term payables	94,354,685	35,625,200
Total	2,009,212,603	2,877,217,204

## 28. Long-term borrowings

### (1) Classification of Long-term borrowings

Item	30 June 2019	31 December 2018
Unsecured bank borrowings	2,119,922,990	2,236,234,785
Pledged bank borrowings	659,000,000	737,500,000
Mortgaged bank borrowing	65,000,000	208,500,000
Unsecured bank borrowings	2,806,495	3,546,310
Reduce: long-term borrowings mature in one year		
Unsecured bank borrowing	-642,024,670	-478,173,480
Pledged bank borrowings	-106,430,000	-98,500,000
Mortgaged bank borrowings	-65,000,000	-163,500,000
Guaranteed bank borrowings	-1,403,248	-1,418,524
Total	2,031,871,567	2,444,189,091

Notes for long-term borrowings classification:

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As of 30 June 2019, unsecured bank borrowings of RMB 525,080,444 (31 December 2018: RMB 635,550,000 and equivalent of USD 243,643,000), USD denominated long-term borrowings of RMB 67,550,000 were guaranteed by the Company for subsidiaries, of which the principals are to be repaid in installment during the period from 2019 to 2024.

As of 30 June 2019, pledged bank borrowings of RMB 659,000,000 (31 December 2018: RMB 737,000,000) were secured by the investment in subsidiaries of the Group, of which the principals are to be repaid by installment from 2019 to 2024.

As of 30 June 2019, parts of buildings, machinery and equipment (Note V(12)) and land use rights (Note V(14)) of the Group are the collateral of the mortgaged bank borrowings of RMB76,000,000 (31 December 2018:RMB 208,500,000).

As of 30 June 2019, long-term borrowings denominated in DKK equivalent to RMB 2,806,496 (31 December 2018: RMB 3,546,310) was guaranteed by Construction Bank of China, Hubei Provincial Branch and Hubei Provincial Planning Commission, of which the principals are to be repaid by installment from 2019 to 2021.

## **28. Bonds Payable**

### **(1) Bonds Payable**

	30 June 2019	31 December 2018
Corporate bonds (tranche 1) issued in 2016	1,197,444,969	1,196,831,761
Total	1,197,444,969	1,196,831,761

### **(2) Changes of the bonds payable**

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	Nominal value	Issuance date	Period	Issuance Amount	31 December 2018	Amortization of premium and discount	Payment amount	30 June 201 9
Corporate bonds (batch 1) issued in 2016	100	19 August 2016	5years	1,200,000,000	1,196,831,761	613,208	-	1,197,444,969
Total				1,200,000,000	1,196,831,761	613,208	-	1,197,444,969

Other remarks:

Pursuant to the relevant approval ([2016] 1255) from China Securities Regulatory Commission(CSRC), the Company issued RMB1,200,000,000 corporate bonds (batch 1) on 19 August 2016, which is with five-year tenure and 4.79% interest rate, the interest would be settled annually.

## 29. Long-term payables

	30 June 2019	31 December 2018
Long term payables	116,348,821	71,032,113
Special payables	201,843,488	190,664,328
Total	318,192,309	261,696,441

### Long term payables

Item	30 June 2019	31 December 2018
Finance lease payables	209,064,536	103,910,917
Others	1,638,970	2,746,396
Reduce: finance lease payables due within one year	-94,354,685	-35,625,200
Total	116,348,821	71,032,113

### Special payables

Item	31 December 2018	Increase	Decrease	30 June 2019	Reason
Compensation for relocation of subsidiaries	190,664,328	13,900,000	2,720,840	201,843,488	
Total	190,664,328	13,900,000	2,720,840	201,843,488	

### Other remarks:

Due to the need for Nantong city Wushan and Binjiang District ecological restoration, Nantong City Chongchuan District People's Government signed an agreement compensation for relocation with Huaxin Cement (Nantong) Limited Liability Company (hereinafter referred to as Nantong Plant). Nantong Plant terminates production and relocates from the plant area, conducts deregistration of property right. Nantong government compensates RMB 278,000,000. As of 30 June 2019, Nantong Plant relocation has yet to complete.

## 30. Long-term employee benefits payable

	30 June 2019	31 December 2018
Retired staff subsidy payable	31,723,861	34,174,068
Termination benefit payable	33,610,506	37,194,506
Other long term benefit payable	-	-
Long term incentive	66,178,366	66,178,366
Less: to be paid within one year	-9,093,070	-13,375,596
Total	122,419,663	124,171,344

Note 1: Retired staff compensation: Pursuant to the Group's policies, the Company and its certain subsidiaries are obliged to pay basic pension insurance, allowances and material and supplementary medical insurance to certain retired employees until they pass away.

Note 2: Benefits for early retired staff: Pursuant to the Group's policies, the Company and its certain subsidiaries are obliged to pay certain amount of salary to staff who retires earlier than statutory age and pay basic pension insurance until the employee reaches its statutory retirement age.

Note 3: Long term incentive: Long-term employee benefits payable represents a long-term incentive plan with three-year tenure (2017-2019) for core management. The amount of awards granted to the core management under this incentive plan is based on the phantom stocks of the Company. According to the achievement of performance target of the Group in the designated period under the incentive plan, the core management would be granted certain number of phantom stocks of the Company. At the end of the third years after grant date ("the settlement date"), the core management can receive a cash bonus calculated by the share price at the settlement date multiplied by the number of the granted virtual shares. If the share price at the settlement date is over 200% of the share price of the grant date, the cash bonus should be capped at the 200% of share price of the grant date; if the share price at the settlement date is lower than 50% of the share price at the grant date, the cash bonus should be calculated at the minimum price i.e. the 50% of share price at the grant date.

### 31. Provisions

ITEM	Closing balance	Opening balance	Reason
Provision for pending litigation	521,800	521,801	Estimated compensation
Provision for mine restoration	238,237,421	234,004,620	Obligation of restoration
Total	238,759,221	234,526,421	/

### 32. Deferred income

ITEM	Opening balance	Addition	Reduction	Closing balance	Nature
Government grants	262,432,189	33,968,642	11,941,729	284,459,102	Government grants related to assets

Items involving government grants:

Government Item	Opening balance	Subsidies increased for the period	Amount recognized in other income for the period	Closing balance	Related to assets/ income
Cement kiln line infrastructure	180,867,715	33,968,642	6,296,506	208,539,851	Related to assets
Energy saving technological transformation	81,564,474	-	5,645,223	75,919,251	Related to assets
Total	262,432,189	33,968,642	11,941,729	284,459,102	

### 33. Share capital

Item	Opening balance	Change (+, -)		Closing balance
		Capital reserve transfer to share capital	Subtotal	
A shares listed	972,771,325	389,108,530	389,108,530	1,361,879,855
B shares listed	524,800,000	209,920,000	209,920,000	734,720,000
Total share capital	1,497,571,325	599,028,530	599,028,530	2,096,599,855

Note: On April 25, 2019, the Annual Shareholders' General Meeting 2018 approved the 2018 Profit Distribution and Capital Reserve Transferred to Increase Share Capital Plan of the Company, the shares were increased to all shareholders by transferring capital reserves on a basis of 4 shares for every 10 shares. Total increased share capital is 599,028,530 shares.

#### 34. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Share premium	2,410,355,433	-	599,028,530	1,811,326,903
Other capital surplus				
Share option	4,146,565	-		4,146,565
Transfer of capital reserve recognized under the previous accounting system	45,377,303	-		45,377,303
Compensation from government for plant relocation	7,553,919	-		7,553,919
Government grants	42,818,800	-		42,818,800
Total	2,510,252,020	-	599,028,530	1,911,223,490

#### 35. Other comprehensive income

ITEM	Opening balance	Amount for the current period				Closing balance
		Amount for the period before tax	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to the minority interest after tax	
1. Items that may not be subsequently reclassified to profit or loss	24,633,296	-		-	-	24,633,296
Changes in fair value of other equity instruments investment	24,633,296	-		-	-	24,633,296
2. Items that may be subsequently reclassified to profit or loss	-28,407,954	4,554,489		3,580,291	974,198	-24,827,663
Exchange differences on translation of financial statements denominated in foreign currencies	-28,407,954	4,554,489	-	3,580,291	974,198	-24,827,663
Total	-3,774,658	4,554,489	-	3,580,291	974,198	-194,367

#### 36. Surplus reserve

ITEM	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	889,105,333	-	-	889,105,333
Discretionary surplus reserve	63,580,329	-	-	63,580,329
Total	952,685,662	-	-	952,685,662

#### 37. Retained profits

ITEM	The current period	The prior period
Opening balance of retained profits (before adjustment)	11,721,477,654	7,150,569,774
Adjustment on opening balance of retained earnings	22,159,671	-

Opening balance of retained earnings (after adjustment)	11,743,637,325	7,150,569,774
Add: Net profit attributable to the shareholders of the Company	3,162,523,557	2,067,917,873
Less: Appropriation of statutory surplus reserve	-	-
Dividends	1,722,207,024	419,319,971
Closing balance of retained profits	13,183,953,858	8,799,167,676

Adjustment on opening balance of retained earnings:

1. Retrospective adjustment according to the "Accounting Standards for Business Enterprises" and its related new regulations, effect on the opening balance of retained profits is RMB 0.
2. As per changes in accounting policies, effect on the opening balance of retained profits is RMB 0.
3. As per the correction of major accounting errors, effect on the opening balance of retained profits is RMB 0.
4. Due to the change of the consolidation scope caused by the same control, effect on the opening balance of retained profits is RMB 0.
5. Effect from other adjustments on the opening balance of retained profits is RMB 22,159,671.

### 38. Operating income and operating costs

ITEM	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main operation	14,303,151,038	8,372,047,564	11,829,531,978	7,370,301,851
Other operation	84,018,061	7,809,751	53,538,293	25,544,393
Total	14,387,169,099	8,379,857,315	11,883,070,271	7,395,846,244

### 39. Taxes and levies

ITEM	Amount for the current period	Amount for the prior period
City maintenance and construction tax	42,487,292	40,547,980
Educational surcharge	25,150,041	23,960,748
Resource tax	61,343,948	55,273,668
Property tax	18,010,296	15,578,057
Land holding tax	24,629,007	25,502,940
Environmental protection tax	43,909,560	37,684,577
Local education surcharge	13,702,515	12,080,226
Others	11,423,056	12,317,253
Total	240,655,715	222,945,449

### 40. Selling and distribution expenses

ITEM	Amount for the current period	Amount for the prior period
Transportation, carriage and outsourced labour expenses	284,598,484	250,392,660
Material costs	243,630,510	207,958,676
Staff costs	177,789,862	169,266,906
Depreciation and amortization expenses	35,496,553	34,623,015

Electricity costs	37,715,496	33,500,757
Entertainment expenses	17,090,506	17,202,088
Traveling expenses	19,098,983	18,615,375
Rental expenses	3,719,679	3,024,657
Repair expenses	19,811,005	12,937,229
Others	28,157,440	26,331,232
Total	867,108,518	773,852,595

#### 41. General and administrative expenses

ITEM	Amount for the current period	Amount for the prior period
Staff costs	331,124,420	347,466,592
Depreciation and amortization	63,572,293	53,538,636
Entertainment expenses	24,569,418	21,146,177
Traveling expenses	20,527,549	16,405,803
Office and meeting expenses	23,187,393	18,800,209
Outsourced labour expenses	17,869,569	18,634,980
Advisory and audit fees	23,926,178	23,542,171
Rental expenses	14,134,654	14,974,085
Water and electricity expenses	9,519,928	9,984,035
Property insurance expenses	5,153,512	5,182,720
Environmental protection fees	7,254,687	7,533,075
Communication expenses	5,802,728	5,973,654
Services fees	3,113,208	3,113,208
Others	58,710,237	51,490,165
Total	608,465,774	597,785,510

#### 42. R&D expenses

Item	Current period	Prior period
Staff costs	10,105,834	4,081,518
Depreciation and amortization	138,634	474,719
Travelling expenses	173,517	535
Water and electricity	35,498	40,415
Materials consumption	391,896	194,732
Others	115,728	8,362
Total	10,961,107	4,800,281

#### 43. Financial expenses

Item	Current period	Prior period
Interest expenses	172,271,569	239,773,280
Less: interest income	-34,430,453	-19,411,139
Exchange losses	13,487,061	28,775,357
Other financial expenses	4,465,544	5,486,886
Total	155,793,721	254,624,384

#### 44. Other income



ITEM	Amount for the current period	Amount for the prior period
Tax refunds from sales of goods having utilized waste natural materials	81,478,997	76,216,507
Amortization of deferred income	11,941,729	10,753,763
Others	20,476,355	19,824,953
Total	113,897,081	106,795,223

#### 45. Investment income

ITEM	Amount for the current period	Amount for the prior period
Share of profits in equity method of long-term equity investments	38,269,227	39,559,739
Income from holding financial assets at fair value through profit or loss	900,000	1,103,938
Income from disposal of financial assets at fair value through profit or loss	11,126,751	13,316,891
Total	50,295,978	53,980,568

#### 46. Gains from changes in fair values

Item	Amount for the current period	Amount for the prior period
Tradable financial assets	-7,144,438	-3,474,322
Other non-current financial assets	5,612,629	-
Total	-1,531,809	-3,474,322

#### 47. Credit impairment loss

Item	Amount for the current period	Amount for the prior period
Bad debt losses of accounts receivable	16,588,183	11,152,612
Bad debt losses of other receivable	2,016,879	2,609,094
Total	18,605,062	13,761,706

#### 48. Impairment losses of assets

ITEM	Amount for the current period	Amount for the prior period
I. Bad debt losses	-	-
II. Losses from decline in value of inventories	-3,408,613	-2,077,013
III. Impairment losses of available-for-sale financial assets	-	-
IV. Impairment losses of fixed assets	-	-118,736
Total	-3,408,613	-2,195,749

#### 49. Gains/(Losses) on disposal of assets

ITEM	Amount for the current period	Amount for the prior period
Gains (losses) on disposal of fixed assets	2,977,780	-1,508,218
Gains (losses) on disposal of intangible assets	951,286	2,306,329
Total	3,929,066	798,111

## 50. Non-operating income

ITEM	Amount for the current period	Amount for the prior period	Non-routine items In this period
Total non-current assets disposal gains	3,415,482	814,121	3,415,482
Including: gains from fixed assets disposal	3,415,482	-	3,415,482
Negative goodwill	-	4,489,836	-
Others	13,173,222	2,317,573	13,173,222
Total	16,588,704	7,621,530	16,588,704

## 51. Non-operating expenses

ITEM	Amount for the current period	Amount for the prior period	Non-routine items in this period
Total profits on disposal of non-current assets	6,492,369	5,245,816	6,492,369
Includes: Losses on disposal of fixed assets	6,492,369	5,245,816	6,492,369
Donations	4,125,358	2,638,134	4,125,358
Others	5,379,926	5,573,687	5,379,926
Total	15,997,653	13,457,637	15,997,653

## 52. Income tax expenses

### (1) Income tax expenses

Item	Current period	Prior period
Current income tax	788,517,444	485,398,712
Deferred income tax	25,214,172	48,257,528
Total	813,731,616	533,656,240

### (2) Adjustment on accounting profit and income tax expense

ITEM	Amount for the current period
Total profit	4,306,704,765
Income tax expense calculated at applicable tax rates	1,076,676,191
Effect of preferential tax rates applicable to subsidiaries	-196,528,713
Impact of income tax before the adjustment	-32,847,572
Profits not subject to tax	-11,908,433
Effect of non-deductible cost, expense and loss	21,563,208
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-29,227,045

Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	10,285,293
Income tax expenses	813,731,616

### 53. Other comprehensive income

Please refer to Note VII (36).

### 54. Notes to consolidated cash flow statement

#### (1) Other cash receipts relating to operating activities

ITEM	Amount for the current period	Amount for the prior period
Receipt of deposits	66,808,165	71,283,120
Receipt of government grants	19,803,279	19,824,953
Interest income	33,984,672	19,411,139
Others	28,348,476	36,928,156
Total	148,944,592	147,447,368

#### (2) Other cash payments relating to operating activities

ITEM	Amount for the current period	Amount for the prior period
Selling and traveling expenses	60,070,503	59,810,079
Deposits	45,078,064	30,811,423
Entertainment expenses	41,659,924	38,347,310
Professional consultation expenses	26,499,377	20,772,329
Rental fees	24,585,058	19,532,069
CSR	22,445,998	19,667,547
Third party personnel fees	18,088,350	19,149,324
Environmental maintenance expenses	17,062,668	12,982,545
Meeting fees	16,304,637	14,663,882
Insurance expenses	10,237,550	7,425,052
Administrative expenses	8,848,797	7,819,776
Others	34,931,242	27,299,958
Total	325,812,168	278,281,294

#### (3) Other cash receipts relating to investing activities

ITEM	Amount for the current period	Amount for the prior period
Receipt of project deposit	4,920,000	2,288,236
Government grants related to construction projects	68,228,900	2,100,000
Total	73,148,900	4,388,236

#### (4) Other cash receipts relating to financing activities

ITEM	Amount for the current period	Amount for the prior period
Cash advances from non-financial enterprises	-	15,995,449
Receipt of financial lease	137,900,000	-
Other monetary fund adjustment	-	1,895,596
Total	137,900,000	17,891,045

(5) Other cash payments relating to financing activities

ITEM	Amount for the current period	Amount for the prior period
Commission charge of bank remittance	3,540,486	3,228,543
Repayments to loans of non-financial business	31,650,000	-
Repayments for principal of finance lease	35,000,000	161,400,000
Other monetary adjustment	14,070,002	-
Total	84,260,488	164,628,543

## 55. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	Closing balance	Opening balance
<b>Adjust net profit to cash flow of operating activities</b>		
Net profit	3,492,973,149	2,263,388,998
Add: Provision for asset impairment	-15,196,449	-11,565,957
Depreciation of fixed assets	781,273,329	708,535,688
Amortization of intangible assets	85,472,058	58,995,143
Amortization of long-term prepaid expenses	32,488,656	36,014,713
Net loss on disposal of non-current assets	-852,179	3,633,584
Net loss on retirement of fixed assets		
Changes in fair value recognized in profit	1,531,809	3,474,322
Financial expenses	190,224,174	274,035,523
Investment loss	-50,295,978	-53,980,568
Decrease in deferred income tax asset	38,092,818	54,377,743
Increase in Deferred income tax liability	-12,878,646	-6,120,214
Decrease in inventories	41,771,378	-167,852,761
Decrease in operating receivables	260,153,209	-652,617,862
Increase in operating payables	-651,786,491	190,236,299
Others	-11,941,729	-10,753,763
Net cash flows from operating activities	4,181,029,108	2,689,800,888
<b>Changes in cash and cash equivalents</b>		
Ending balance of cash	4,736,104,020	3,444,934,026
Less: beginning balance of cash	5,236,222,134	3,532,308,895
Increase/(Decrease) in cash and cash equivalent	-500,118,114	-87,374,869

(2) Net cash paid for acquisitions of subsidiaries

ITEM	Amount
Cash and cash equivalents paid for business combination in this period	-
Less: Cash and cash equivalents held by the target companies at the date of acquisition	-
Add: Cash and cash equivalents paid for previous years business Combination	-
Shide Jinying Cement (Hong Kong) Co., Ltd and its subsidiary	2,633,345
Dabashan Cement Limited Liability Company	5,000,000
Net cash paid to acquisition of subsidiaries	8,633,345

(3) Net cash receipts from disposals of subsidiaries and other business units

ITEM	Amount
Cash and cash equivalent received from disposal of subsidiaries in current period	
Less: Cash and cash equivalents of the subsidiaries at the date of disposal	
Add: Tongbai Xingshan Mining Co., Ltd.	1,500,000
Net cash received from disposal of subsidiaries	1,500,000

(4) The composition of cash and cash equivalents

Item	Closing balance	Opening balance
Cash	4,736,104,020	5,236,222,134
Including: Cash in hand	1,133,220	1,014,354
Cash at bank without restriction	4,734,970,800	5,235,207,780
Closing balance of cash	4,736,104,020	5,236,222,134

**56. Assets with restricted ownership or use rights**

Item	Book value at period end	Reason for the restriction
Cash at bank and in hand	146,510,112	Note VII (1)
Note receivable	82,522,451	Note VII (2)
Fixed assets	474,377,946	Note VII (12)
Intangible assets	47,013,185	Note VII (14)
Total	750,423,694	/

In addition, the equity of some subsidiaries of the group is pledged to the bank for long-term borrowing (Note VII (27)). As of June 30, 2019, the book net asset balance corresponding to the equity is about RMB 1,119,000,000 (As of December 31, 2018: RMB 1,431,358,551).

**57. Foreign currency monetary items**

(1) Foreign currency monetary items

Item	Foreign currency balance at period end	Exchange rate	RMB balance
Cash at bank and in hand			
USD	46,425,217	6.8747	319,159,439
EUR	130,081	7.8170	1,016,843
HKD	67,757	0.8797	59,606
Accounts receivable			
USD	6,609,049	6.8747	45,435,231
Other payables			
HKD	14,029,702	0.8797	12,341,929
Non-current liabilities due within one year			
USD	21,700,000	6.8747	149,180,990
DKK	1,340,000	1.0472	1,403,248
Long-term borrowings			
USD	40,620,000	6.8747	279,250,314
DKK	1,340,000	1.0472	1,403,248

(2) The Group's major operation is carried out in Mainland China and majority of its transactions are denominated in RMB. Huaxin Gayur Cement Co., Ltd. and Huaxin Gayur (Sogd) Cement Co., Ltd., two of the Group's subsidiaries, operating in Tajikistan and their transactions are mainly by Somoni. Cambodian Cement Chakrey Ting Factory Co., Ltd., one of the Group's subsidiaries, operating in Cambodia and its transactions are mainly by USD. Huaxin Narayani Cement Co., Ltd., one of the Group's subsidiaries, operating in Nepal and its transactions are mainly by Rupee. Huaxin Cement Jizaakh Limited Liability Company, one of the Group's subsidiaries, operating in Uzbekistan and its transactions are mainly by UZS.

## 58. Government subsidies

(1) Basic information of the government subsidies

Type	Amount	Item	Amount recognized in the current profits and losses
Government subsidies related to assets	321,609,102	Deferred income	11,941,729
Government subsidies related to daily business activities	113,897,081	Other income	113,897,081

(2) Return of government subsidies

☐Applicable    ☒Not applicable

## VIII. CHANGING SCOPE OF CONSOLIDATION

### 1. Changing scope of consolidation for other reasons

The newly established subsidiaries during the reporting period are as follows:

	Subsidiary
1	Wuhan South Taizi Lake Huaxin Environmental Engineering Co., Ltd.
2	Wuhan Huaxin Changshankou Logistics Co., Ltd.
3	Huaxin Environmental Engineering (Badong) Co., Ltd.
4	Huaxin New Building Materials Xiangyang Co., Ltd.
5	Huaxin Cement Jizaakh Limited Liability Company
6	Huaxin Concrete (Wuxue) Co., Ltd.
7	Huaxin Anti-seepage Energy-saving Special New Materials (Fumin) Co., Ltd.
8	Huaxin Aggregate (Zhuzhou) Co. Ltd.
9	Huaxin New Walling (Wuxue) Co., Ltd.
10	Huaxin Gayur Logistics Limited Liability Company
11	Huaxin (Huangshi) Logistics Co., Ltd.
12	Shannan Huaxin Environmental Engineering Co., Ltd.
13	Wuhan Changshankou Huaxin Environmental Engineering Co., Ltd.
14	Huaxin Hong Kong Tanzania Co., Ltd.

## IX. Equity interests in other entities

### 1. Equity interests in subsidiaries

#### (1) Components of the Group

Subsidiaries	Place of business	Place of registration	Principal activities	% of ownership interest		Acquisition mode
				Directly	Indirectly	
Huaxin Cement (Yangxin) Co., Ltd.	Yangxin	Yangxin	Production and sale of cement	100	0	Set up
Huaxin Cement (Wuxue) Co., Ltd.	Wuxue	Wuxue	Production and sale of cement	100	0	Set up
Huaxin Cement (Chibi) Co., Ltd.	Chibi	Chibi	Production and sale of cement	100	0	Set up
Huaxin Cement (Nantong) Co., Ltd.	Nantong	Nantong	Production and sale of cement	85	0	Business combination
Huaxin Cement (Macheng) Co., Ltd.	Macheng	Macheng	Production and sale of cement	100	0	Set up
Wuhan Wugang Huaxin Cement Co., Ltd. (Note (i))	Wuhan	Wuhan	Production and sale of slag cement	50	0	Set up
Huaxin Cement (Xiangyang) Co., Ltd.	Xiangyang	Xiangyang	Production and sale of cement	100	0	Set up
Huaxin Cement Xiangyang Xiangcheng Co., Ltd.	Xiangyang	Xiangyang	Production and sale of cement	100	0	Set up
Huaxin Cement (Henan Xinyang) Co., Ltd.	Xinyang	Xinyang	Production and sale of cement	100	0	Set up
Huaxin Cement (Yichang) Co., Ltd.	Yichang	Yichang	Production and sale of cement	100	0	Set up
Huaxin Cement (Enshi) Co., Ltd.	Enshi	Enshi	Production and sale of cement	67	33	Set up
Huaxin Cement (Zigui) Co., Ltd.	Zigui	Zigui	Production and sale of cement	100	0	Set up
Huaxin Cement (Sangzhi) Co., Ltd.	Zhangjiajie	Zhangjiajie	Production and sale of cement	80	0	Set up
Huaxin Cement (Zhuzhou) Co., Ltd.	Zhuzhou	Zhuzhou	Production and sale of cement	100	0	Set up
Huaxin Cement (Chenzhou) Co., Ltd.	Chenzhou	Chenzhou	Production and sale of cement	100	0	Set up
Huaxin Cement (Daoxian) Co., Ltd.	Daoxian	Daoxian	Production and sale of cement	100	0	Set up
Hunan Huaxin Xianggang Cement Co., Ltd.	Xiangtan	Xiangtan	Production and sale of cement	60	0	Set up
Huaxin Cement (Lengshuijiang) Co., Ltd.	Lengshui Jiang	Lengshui Jiang	Production and sale of cement	90	0	Set up

Huaxin Cement (Quxian) Co., Ltd.	Quxian	Quxian	Production and sale of cement	100	0	Set up
Huaxin Cement (Wanyuan) Co., Ltd.	Wanyuan	Wanyuan	Production and sale of cement	100	0	Set up
Huaxin Cement Chongqing Fuling Co., Ltd.	Fuling	Fuling	Production and sale of cement	100	0	Set up
Huaxin Cement (Zhaotong) Co., Ltd.	Zhaotong	Zhaotong	Production and sale of cement	60	40	Set up
Huaxin Cement (Kunming Dongchuan) Co., Ltd.	Kunming	Kunming	Production and sale of cement	100	0	Set up
Huaxin Cement (Tibet) Co., Ltd.	Tibet	Tibet	Production and sale of cement	79	0	Set up
Hunan Huaxiang Environmental Industry Development Co., Ltd.	Xiangtan	Xiangtan	Production and sale of mineral powder	0	60	Set up
Huaxin Aggregate (Yangxin) Co., Ltd.	Yangxin	Yangxin	Production and sale of aggregate	0	100	Set up
Huaxin Aggregate (Wuxue) Co., Ltd.	Wuxue	Wuxue	Production and sale of aggregate	0	100	Set up
Huaxin Cement (Huangshi) Equipment Manufacturing Co., Ltd.	Huangshi	Huangshi	Manufacturing, maintenance and installation of mechanical & electrical tools	0	100	Set up
Huaxin Cement Technology Management (Wuhan) Co., Ltd.	Wuhan	Wuhan	R&D and consulting service	100	0	Set up
Huaxin (Hong Kong) International Holdings Co., Ltd.	Hong Kong	Hong Kong	Investment, engineering services and sales	100	0	Set up
Huaxin Environment Engineering Co., Ltd.	Wuhan	Wuhan	Environmental design and construction and waste disposal	100	0	Set up
Huaxin Environment Engineering (Wuxue) Co., Ltd.	Wuxue	Wuxue	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Equipment Engineering Co., Ltd.	Wuhan	Wuhan	Manufacturing, maintenance and installation of mechanical & electrical tools	100	0	Set up
Huaxin Hong Kong (Central Asia) Investment Co., Ltd. (note ii)	Hong Kong	Hong Kong	Investment	0	51	Set up
Huaxin Gayur Cement Limited Liability Company (Note ii)	Tajikistan	Tajikistan	Production and sale of cement	0	75	Set up
Huaxin Gayur (Sogd) Cement Limited Liability Company (Note ii)	Tajikistan	Tajikistan	Production and sale of cement	0	95	Set up
Huaxin Concrete Jingmen Co., Ltd.	Jingmen	Jingmen	Production and sales of concrete	0	100	Business combination
Huaxin Cement (Changyang) Co., Ltd.	Changyang	Changyang	Production and sale of cement	100	0	Business combination
Huaxin Cement (Hefeng) National Materials Co., Ltd.	Hefeng	Hefeng	Production and sale of cement	51	0	Business combination
Huaxin Cement (Diqing) Co., Ltd.	Diqing	Diqing	Production and sale of cement	69	0	Business combination
Huaxin Hongta Cement (Jinghong) Co., Ltd.	Jinghong	Jinghong	Production and sale of cement	51	0	Business combination
Huaxin Cement (Fangxian) Co., Ltd.	Fangxian	Fangxian	Production and sale of cement	70	0	Business combination
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	Yunxian	Yunxian	Production and sale of cement	80	0	Business combination
Huaxin Cement (Enping) Co., Ltd.	Enping	Enping	Production and sale of cement	0	65.07	Business combination
Huaxin Cement (Daye) Co., Ltd.	Daye	Daye	Production and sale of cement	70	0	Business combination
Huaxin Cement (E'zhou) Co., Ltd.	Ezhou	Ezhou	Production and sale of cement	70	0	Business combination
Cambodia Cement Charkrey Ting Factory Co., Ltd.	Cambodia	Cambodia	Production and sale of cement	0	68	Business combination
Yunnan Huaxin Building Materials Investment Co., Ltd.	Kunming	Kunming	Investment,	100	0	Business combination
Somerset Mauritius Investment Co., Ltd.	Mauritius	Mauritius	Investment,	100	0	Business combination
Chongqing Huaxin Diwei Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	97.27	0	Business combination
Chongqing Huaxin Yanjing Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	80	0	Business combination
Huaxin Cement (Fumin) Co., Ltd.	Fumin	Fumin	Production and sale of cement	0	100	Business combination
Yunnan Huaxin Dongjun Cement Co., Ltd.	Kunming	Kunming	Production and sale of cement	0	100	Business combination
Huaxin Cement (Lijiang) Co., Ltd.	Lijiang	Lijiang	Production and sale of cement	0	100	Business combination
Huaxin Cement (Honghe) Co., Ltd.	Honghe	Honghe	Production and sale	0	100	Business



			of cement			combination
Huaxin Cement (Jianchuan) Co., Ltd.	Jianchuan	Jianchuan	Production and sale of cement	0	100	Business combination
Huaxin Cement (Yunlong) Co., Ltd.	Dali	Dali	Production and sale of cement	0	100	Business combination
Huaxin Cement (Lincang) Co., Ltd.	Lincang	Lincang	Production and sale of cement	0	100	Business combination
Huaxin Guizhou Dingxiao Special Cement Co., Ltd.	Dingxiao	Dingxiao	Production and sale of cement	0	100	Business combination
Guizhou Shuicheng Shui On Cement Co., Ltd.	Liupanshui	Liupanshui	Production and sale of cement	0	70	Business combination
Chongqing Huaxin Cantian Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	100		Business combination

Note i: Wuhan Wugang Huaxin Cement Co., Ltd. is included in the scope of consolidation since the Company has the right to govern its operation decision making.

Note ii: The Group effectively holds 51% equity interest of Huaxin Hongkong (Central Asia) Investment Limited., Huaxin Hongkong (Central Asia) Investment Limited holds 75% equity interest of Huaxin Gayur Cement LLC, Huaxin Gayur Cement LLC effectively holds 95% equity interest of Huaxin Gayur (Sogd) Cement LLC, Hence the Group effectively holds their equity interest with the proportion of 38.25% and 36.34% respectively. The approval mechanism of the board of directors of Huaxin Gayur Cement LLC and Huaxin Gayur (Sogd) Cement LLC are simple majority, the Group is eligible to assign three out of the four directors and thus holds 75% voting right. Hence, the Group obtains control of Huaxin Gayur Cement LLC and Huaxin Gayur (Sogd) Cement LLC.

## (2) Subsidiaries with significant minority interests

Subsidiaries	% of minority shareholders' equity interest	Profits or losses attributable to the minority shareholders in current period	Dividends to minority shareholders in current period	Closing balance of minority interest
Huaxin Gayur Cement Limited Liability Company	61.75	83,278,749	51,324,763	410,612,090
Cambodia Cement Charkrey Ting Factory Co., Ltd.	32	28,579,802	-	247,057,638
Huaxin Hongta Cement (Jinghong) Co., Ltd.	49	51,607,922	65,237,467	162,967,095
Huaxin Cement (Daye) Co., Ltd.	30	24,369,888	27,000,000	175,568,814
Huaxin Cement (Tibet) Co., Ltd.	21	35,607,114	-	202,078,992

(3) Main financial information of the above significant subsidiaries

Subsidiaries	Closing balance						Opening balance					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Huaxin Gayur Cement Limited Liability Company	135,889,183	1,012,573,587	1,148,462,770	557,872,721	261,415,452	819,288,173	195,441,414	1,047,534,264	1,242,975,678	673,098,756	326,566,720	999,665,476
Cambodia Cement Charkrey Ting Factory Co., Ltd.	279,134,242	777,003,256	1,056,137,498	158,717,593	127,609,405	286,326,998	137,337,777	723,016,683	860,354,460	139,687,486	37,923,737	177,611,223
Huaxin Hongta Cement (Jinghong) Co., Ltd.	198,581,836	354,753,165	553,335,001	209,086,818	7,337,832	216,424,650	112,220,857	336,239,846	448,460,703	76,106,899	7,628,055	83,734,954
Huaxin Cement (Daye) Co., Ltd.	287,641,417	499,019,276	786,660,693	179,893,751	21,537,562	201,431,313	336,544,315	466,930,308	803,474,623	186,997,363	22,480,841	209,478,204
Huaxin Cement (Tibet) Co., Ltd.	662,726,262	1,121,809,972	1,784,536,234	611,954,990	253,161,153	865,116,143	452,630,670	944,081,887	1,396,712,557	472,251,708	173,261,153	645,512,861

Subsidiaries	Current period				Previous period			
	Sales	Net profit	Total comprehensive income	Net cash flows from operating activities	Sales	Net profit	Total comprehensive income	Net cash flows from operating activities
Huaxin Gayur Cement Limited Liability Company	386,077,793	133,212,820	133,833,335	219,207,353	319,717,774	66,129,852	64,707,095	180,422,389
Cambodia Cement Charkrey Ting Factory Co., Ltd.	310,283,850	84,924,250	87,067,263	45,780,416	260,016,119	55,864,917	64,745,688	99,980,886
Huaxin Hongta Cement (Jinghong) Co., Ltd.	284,942,986	105,322,291	105,322,291	129,976,380	229,829,310	65,035,256	65,035,256	58,899,861
Huaxin Cement (Daye) Co., Ltd.	407,470,648	81,232,960	81,232,960	121,483,562	311,826,598	43,990,353	43,990,353	16,558,487
Huaxin Cement (Tibet) Co., Ltd.	591,713,347	168,220,395	168,220,395	283,733,052	372,316,923	75,734,399	75,734,399	162,847,491

## 2. Equity interests in associates and joint ventures

### (1) Basic information of significant associates and joint ventures

Associates	Place of business	Place of registration	Principal activities	% of ownership interest		Accounting treatment of investment associated enterprises
				Directly	Indirectly	
Tibet High-Tech building materials Co., Ltd.	Tibet	Tibet	Production and sale of cement	43	-	Equity method
Shanghai Wan'an Huaxin Cement Co., Ltd.	Shanghai	Shanghai	Production and sale of cement	49	-	Equity method

### (2). Major financial information of significant joint ventures

☐ Applicable    ☒ Not applicable

### (3) Main financial information of significant associates

	Closing balance/ Amount for the current period		Opening balance/ Amount for the prior period	
	Tibet High-Tech building materials Co., Ltd.	Shanghai Wan'an Huaxin Cement Co., Ltd.	Tibet High-Tech building materials Co., Ltd.	Shanghai Wan'an Huaxin Cement Co., Ltd.
Current Assets	603,226,617	232,006,208	395,860,084	235,603,439
Non-current Assets	938,888,796	102,983,317	945,180,958	106,500,021
Total Assets	1,542,115,413	334,989,525	1,341,041,042	342,103,460
Current Liabilities	290,173,703	3,891,598	288,735,068	7,293,540
Non-current Liabilities	205,731,794	1,589,142	112,136,081	2,043,402
Total Liabilities	495,905,497	5,480,740	400,871,149	9,336,942
Minority interests	142,901,381	-	127,513,564	-
Equity interest attributable to the shareholders of the Company	903,308,535	329,508,785	812,656,329	332,766,518
Net assets based on the share proportion	388,422,670	161,459,305	349,442,221	163,055,593
Adjustment - unrealized profits in internal transactions	-8,086,497	-	-8,086,497	
Book values of equity investment in associates	380,336,173	161,459,305	341,355,724	163,055,593
Sales	438,475,571	11,485,496	727,375,879	21,062,104
Net profit	106,040,023	-3,257,733	167,166,883	891,105
Other comprehensive income	-	-	-	-
Total comprehensive income	106,040,023	-3,257,733	167,166,883	891,105
Dividends from associates in the current period	-	-	-	-

### (4) Summarised information of non-significant joint ventures and associates

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	Closing balance/ Amount for the current period	Opening balance/ Amount for the prior period
Associates		
Investment book values	3,222,711	2,910,515
Total amounts calculated based on share proportion are as follows:		
-- Net profit	885,066	-572,870
--Other comprehensive income	-	-
--Total comprehensive income	885,066	-572,870

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## VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balance, tradable financial assets, notes receivables, accounts receivable, other receivable, credit investment, other equity instrument investment, other non-current financial assets, long-term receivables, borrowings, notes payables and account payables, other payables, bonds payable and long-term payables, etc. Details of these financial instruments are disclosed in Note VII. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group adopts sensitivity analysis technique to analyse the impact of reasonable and possible variations of risk variables on current profits and losses and shareholders' equity. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

### 1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

#### 1.1 Market risk

##### 1.1.1. Foreign exchange risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. Several of the Group's subsidiaries have purchases and sales denominated in USD while the Group's other principal activities are denominated and settled in RMB. The Group's exposure to the currency risk is primarily associated with USD. The balance of other foreign currencies is small and has no significant impact on the Group's foreign exchange risk.

The financial department of the group monitors the size of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risk. For the purpose, the group may sign forward foreign exchange or currency swap contracts to avoid foreign exchange risks. In the reporting period, the group did not sign any forward foreign exchange or currency swap contracts.

On June 30, 2019 and December 31, 2018, the amount of USD financial assets and USD financial liabilities in the Group are converted into RMB as follows:

	Closing balance	Opening balance
Cash and bank balances	319,159,439	371,055,925
Accounts receivables	45,435,231	-
Borrowings	428,431,304	671,495,488

#### Sensitivity analysis on currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Item	Change in exchange rate	Current period		Prior period	
		Effect on profit before tax	Effect on shareholders' equity	Effect on profit before tax	Effect on shareholders' equity
USD	5% up	-3,191,832	-2,393,874	-7,865,754	-5,899,315
USD	5% down	3,191,832	2,393,874	7,865,754	5,899,315

#### 1.1.2. Interest rate risk - risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings. As at 30 June 2019, the balance of long-term borrowings of the Group's floating interest rate was RMB 3,053,922,990 (Opening balance: RMB 2,440,642,781). (Note (V).23). Financial liabilities with floating interest rates expose the group to cash flow interest rate risk. Financial liabilities with fixed interest rates expose the group to fair value interest rate risk. It is the group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During this reporting period, the Group did not enter into any interest rate swap agreements.

#### The sensitivity analysis on interest rate

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Change in interest rate	Current period		Prior period	
	Effect on profit before tax	Effect on shareholders' equity	Effect on profit before tax	Effect on shareholders' equity
Benchmark interest rate increased by 1%	-30,539,230	-22,904,422	-29,055,862	-21,791,897
Benchmark interest rate reduced by 1%	30,539,230	22,904,422	29,055,862	21,791,897

#### 1.2 Credit risk

On June 30, 2019, the largest credit risk exposure that may cause enterprise financial

losses, mainly comes from failure of fulfilling obligation by one party in the contract, which is book value of the financial assets recognized in the consolidated balance sheet.

The Group manages credit risks by portfolios. Credit risks mainly arise from bank deposits, notes receivable and accounts receivable, other receivables, etc.

The Group's bank deposits are mainly deposited in Banks with high credit rating. The Group believes that there is lower credit risk and there will be no significant losses due to the default of the other party.

In addition, the Group defines relevant policies for notes receivable and accounts receivable, other receivables to control credit risk exposure. The Group assesses the credit qualification of the customer and sets up the corresponding credit period based on the financial status of the customer, the possibility of obtaining guarantee from a third party, credit record and other factors such as the current market conditions. The Group will regularly monitor the credit records of customers. For customers with poor credit records, the Group will use written reminders, shortening credit period or cancelling credit period to ensure that the Group's overall credit risk is within a controllable range.

### 1.3 Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow forecast. On the basis of summarizing the cash flow forecasts of each subsidiary, the financial department of the headquarters continuously monitors the short-term and long-term capital demands at the Group level to ensure the maintenance of sufficient cash reserves. At the same time, it continuously monitors of compliance with the provisions of the loan agreement and acquires the commitment to be provided sufficient petty cash from the major financial institutions to meet short-term and long-term capital demands.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
No financial derivatives liabilities					
Short-term borrowings	446,790,611	-	-	-	446,790,611
Accounts payable	3,729,377,972	-	-	-	3,729,377,972
Interest payable	94,083,434	-	-	-	94,083,434
Dividend payable	218,075,834	-	-	-	218,075,834
Other payables	643,792,216	-	-	-	643,792,216
Long term Borrowings	1,027,730,889	992,973,721	1,283,203,804	192,603,452	3,496,511,866
Bonds payable	1,180,950,685	57,480,000	1,208,346,411	-	2,446,777,096
Long-term payables	87,445,202	79,592,398.97	54,868,696.92	-	221,906,298
Total	7,428,246,843	1,130,046,120	2,546,418,912	192,603,452	11,297,315,327

## XI. Disclosure of Fair Value

### 1. Closing fair value of assets and liabilities measured at fair value

Item	Closing balance			
	Level 1	Level 2	Level 3	Total
<b>I. Continuous fair value measurement</b>				
(I) Tradable financial assets				
(II) Other credit investment				
(III) Other equity instrument investment	-	48,269,662	200	48,269,862
(IV) Other non-current financial assets	35,319,782	-	-	35,319,782
<b>Total assets continuously measured at fair value</b>	35,319,782	48,269,662	200	83,589,644

## XII. Related party relationships and significant related party transactions

### 1. Major shareholders of the Company

Name	Registered address	Principal business	Registered Capital	Shareholding of the Company (%)	Voting rights (%)
Holchin B.V.	Amsterdam, Holland	Establishing companies and other enterprises; acquiring, managing, supervising, and transferring the equity and other interests of legal persons, companies, and enterprises	100,000 Euro	39.85%	41.84%
Huaxin Group Co., Ltd.	Huangshi City, Hubei Province	Production and sales of cement, related machinery and spare parts, real estate development, trading and rendering of service etc.	340,000,000 Yuan	16.01%	16.01%

Holchin B.V. is the Company's largest shareholder and its ultimate holding shareholder is Lafarge Holcim Ltd. Holpac Limited, the corporation acting in concert of Holchin B.V., holds 1.99% equity of the Company. Therefore, the voting rights of Holchin B.V. to the Company is 41.84%.

### 2. Subsidiaries of the Company

The general background and other related information of the subsidiaries are set out in Note IX(1).

### 3. Other related parties

Other related parties	Relationship with the Group
LafargeHolcim Energy Solutions S.A.S.	Controlled by Lafarge Holcim Ltd.
Lafarge Ciments Distribution	Controlled by Lafarge Holcim Ltd.
Lafarge Holcim Construction Material (China) Co., Ltd.	Controlled by Lafarge Holcim Ltd.
Lafarge China Cement Co., Ltd.	Controlled by Lafarge Holcim Ltd.
LAFARGE ASIA SDN BHD	Controlled by Lafarge Holcim Ltd.
Holcim Technology Ltd.	Controlled by Lafarge Holcim Ltd.
HolcimPhilippines, Inc.	Controlled by Lafarge Holcim Ltd.
Hubei Huaxin Real Estate Co., Ltd.	An associate of a related natural person
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Subsidiary of an associate of the Group
Shanghai Wan'an Huaxin Cement Co., Ltd.	An associate of the Group

### 4. Related party transactions

(1) Sales/Purchase of goods and services provided/ received



Purchase of goods/services received

Related party	Nature of transaction	Current period	Prior period
LafargeHolcim Energy Solutions S.A.S .	Fuel procurement	32,863,634	USD10,304,888
Lafarge Ciments Distribution	Raw materials procurement		1,474,027
Holcim Technology Ltd	Accepting labor services	USD1,100,000	USD1,100,000
LafargeHolcim Building Materials (China) Co., Ltd.	Accepting labor services	849,057	623,415
Huaxin Group Co., Ltd.	Accepting labor services	3,113,207	3,113,207

Sales of goods/services provided

Related party	Nature of transaction	Current period	Prior period
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Construction contract	52,898,726	-
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Sales of goods	1,207,882	1,514,448
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Providing services	284,320	-
Holcim Philippines, Inc.	Construction contract	29,435,018	-
LafargeHolcim Building Materials (China) Co., Ltd.	Sales of goods	135,259	-

Description on related party transactions of purchase and sale of goods, providing and acceptance of labour services

☐Applicable    ☒ Not applicable

(2) Leases with related parties

The company as a lessee:

Lessor name	Type of leased assets	Current period	Last period
Hubei Huaxin Real Estate Co., Ltd.	Office building	4,810,519	5,678,829

(3) Related guarantees

☐Applicable    ☒ Not applicable

**5. Receivables from and payables to related parties**

(1) Receivables

Item	Related Party	Closing balance	Opening balance
Accounts receivable	Shanghai Wan'an Huaxin Cement Co., Ltd.	2,929,916	5,920,700
Accounts receivable	Tibet Shigatse High-tech Xuelian Cement Co.,Ltd.	1,488,204	-
Accounts receivable	Holcim Philippines, Inc.	20,976,604	-
Prepayment	Lafarge Ciments Distribution		170,254
Other receivables	Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	2,702,200	1,325,956
Other receivables	Shanghai Wan'an Huaxin Cement Co., Ltd.	-	20,918

(2) Payables

Item	Related Party	Closing balance	Opening balance
Receipts in advance	Tibet Shigatse High-tech Xuelian Cement Co.,Ltd.	-	49,524,103
Account payables	LAFARGE ASIA SDN BHD	194,035	194,035
Account payables	Holcim Technology Ltd.	7,562,170	-
Account payables	Huaxin Group Co., Ltd.	1,556,604	
Other payables	LAFARGE ASIA SDN BHD	874,219	1,604,652

## 6. Commitments in relation to related parties

☐ Applicable    ☒ Inapplicable

## 7. Others

☐ Applicable    ☒ Inapplicable

## XIII. Commitments and Contingencies

### 1. Significant Commitments

(1) Capital commitments

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements:		
- Commitment for acquisition and construction of long-term assets	2,415,127,306	1,032,630,289

### 2. Contingencies

(1) Significant contingencies at the balance sheet date

In August 2012, Hubei Guoxin Real Estate Co., Ltd. filed a lawsuit against Huaxin Concrete (Wuhan) Co., Ltd. ("Wuhan Concrete"), a subsidiary of the Company, and pursued a compensation amounting to RMB36,381,674 due to the low quality of concrete provided by Wuhan Concrete. In September 2016, Hubei Wuhan intermediate court judged Wuhan Concrete to compensate RMB22,372,810. Both parties raised appeals in September 2016. Hubei Higher People's Court judged that first trial was not well argued and thus revoked the judgement of first trial and remanded for retrial on December 21 2016. The retrial was proceed in April 2017. In March 2018, Hubei Guoxin Real Estate Co., Ltd. changed its claim and claimed the infringement damages, it required Wuhan Concrete to compensate for the direct economic losses caused by the quality problems of the products, RMB 31,831,674 and indirect losses of RMB 5,000,000, Xinqi Construction Group undertakes joint and several liability.

In April 2019, the first-instance of the retrial judged Wuhan Concrete to bear 70% of the responsibility for the loss, while supporting the payment request of Wuhan Concrete. All the parties refused to accept the first-instance judgment and appealed, they are currently waiting for the notification from Hubei High Court. As of the reporting date, the case was still in process. Based on the status and lawyer's advice, management considered that

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the result cannot be reliably estimated at this stage, no accrued liability is needed.

#### **XIV. Other Significant events**

##### **1. Segment reporting**

###### **(1) Basis and accounting policy**

Sales, expenses, assets and liabilities of the Group are primarily attributable to manufacturing and sales of cement and related products. No segment information of the Group is presented considering the internal organization and management structure, the system of internal financial reporting to key management personnel, and similar business nature among various subsidiaries in the Group.

###### **(2) Financial information**

###### **1) Foreign transactions income categorized by source of income:**

Sales by district	Amount for the current period	Amount for the prior period
China	13,690,807,456	11,303,336,378
Tajikistan	386,077,793	319,717,774
Cambodia	310,283,850	260,016,119
Total	14,387,169,099	11,883,070,271

###### **2) Non-current assets categorized by location of assets**

Non-current Assets by district	Closing balance	Opening balance
China	21,120,019,798	20,497,441,849
Tajikistan	1,010,432,262	1,052,803,178
Cambodia	777,003,256	687,748,793
Nepal	62,913,751	-
Uzbekistan	11,772,117	-
Total	22,982,141,184	22,237,993,820

Note: The above non-current assets do not include credit investment, other equity instrument investments, other non-current financial assets, long-term receivables and deferred income tax assets.

#### **XV. Notes to the material items in the Company financial statements**

##### **1. Accounts receivable**

###### **(1) The ageing of accounts receivable is analyzed below:**

Ageing	Closing balance
Within 1 year	
Between 1 to 6 months	551,939,087
Between 6-12 months	35,619,135
Subtotal	587,558,222

Between 1 to 2 years	2,705,934
Between 2 to 3 years	6,921,353
Between 3 to 4 years	139,702,519
Over 4 years	8,063,336
<b>Total</b>	<b>744,951,364</b>

(2) Accounts receivable classified by different creditability grouping:

Type	30 June 2019					31 Dec 2018				
	Book balance		Bad debt provisions		Book value	Book balance		Bad debt provisions		Book value
	Amount	(%)	Amount	% of provision		Amount	(%)	Amount	% of provision	
Provision for bad debts individually										
Including:										
Debtors with significant balance						27,590,927	5	16,007,397	58	11,583,530
Others with insignificant balance						7,440,861	1	7,440,861	100	-
Related parties	634,398,006	85	-	-	634,398,006					
Debtors grouped by credit risk										
Including:										
Group 1						566,918,909	94	-	-	-
Group 2						4,059,514	-	8,982	-	4,050,532
Group 3	110,553,358	15	23,403,260	21	87,150,099					
<b>Total</b>	<b>744,951,364</b>	<b>/</b>	<b>23,403,260</b>	<b>/</b>	<b>721,548,105</b>	<b>606,010,211</b>	<b>/</b>	<b>23,457,240</b>	<b>/</b>	<b>582,552,971</b>

Debtors grouped by credit risk:

Provision for Group 3

	Closing balance		
	Accounts receivable	Bad debt provision	% of provision
Between 1 to 6 months	54,264,807	542,649	1
Between 6-12 months	20,037,008	2,003,701	10
Between 1 to 2 years	2,705,934	541,187	20
Between 2 to 3 years	6,921,353	2,768,541	40
Between 3 to 4 years	18,761,115	11,256,669	60
Over 4 years	7,863,140	6,290,512	80
<b>Total</b>	<b>110,553,358</b>	<b>23,403,260</b>	

(3) Bad debt provision

Type	Opening period	Change during the period			Closing balance
		Provisions	Recovered or reversed	Write off	
Group 3	23,457,240	-	53,982	-	23,403,260
<b>Total</b>	<b>23,457,240</b>	<b>-</b>	<b>53,982</b>	<b>-</b>	<b>23,403,260</b>

(4) Accounts receivables written off in the reporting period

☐ Applicable    ☒ Inapplicable

(5) Top five accounts receivable categorized by debtor

	Closing balance of account receivable	% of the total closing balance of accounts receivable	Closing balance of bad debt provisions
The total amount of the top five accounts receivable	273,326,353	37	-

(6) Accounts receivable that have been derecognized as a result of the transfer of financial assets:

☐ Applicable    ☒ Inapplicable

(7) Transfer of accounts receivable and continue to be involved in the formation of assets and liabilities:

☐ Applicable    ☒ Inapplicable

**2. Other receivables**

Item	Closing balance	Opening balance
Interest receivable	-	-
Dividend receivable	87,900,221	71,129,700
Other receivables	4,200,119,813	4,567,969,736
Total	4,288,020,034	4,639,099,436

**Interest receivable**

(1) Classification of interest receivable

☐ Applicable    ☒ Inapplicable

**Dividend receivable**

(2) Dividend receivable

	Closing balance	Opening balance
Subsidiary	87,900,221	71,129,700
Total	87,900,221	71,129,700

(3) Significant dividend receivable over one year

☐ Applicable    ☒ Inapplicable

(4) Bad debt provisions

☐ Applicable    ☒ Inapplicable

**Other receivables**

(5) Other receivables categorized by aging

Aging	Closing balance
Within 1 year	1,627,299,783
Between 1 and 2 years	890,923,845
Between 2 and 3 years	1,030,550,288

Over 3 years	698,222,962
Total	4,246,996,878

(6) Other receivables categorized by nature:

Nature	Closing balance	Opening balance
Borrowings due from related parties	3,775,801,078	4,135,807,878
Receivables due from related parties	410,682,698	384,826,653
Guarantee and deposits	56,600,746	91,341,062
Others	3,912,356	2,866,929
Total	4,246,996,878	4,614,842,522

(7) Bad debt provisions

Bad debt provisions	1 <sup>st</sup> phase	2 <sup>nd</sup> phase	3 <sup>rd</sup> phase	Total
	Credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on 1 Jan 2019		10,958	46,861,827	46,872,785
Provisions		4,279		4,279
Balance on 30 June 2019		15,237	46,861,827	46,877,064

(8) Bad debts

	Period beginning	Change during the period			Period end
		Provisions	Recovered or reversed	Write off	
	46,872,785	4,279	-	-	46,877,064
Total	46,872,785	4,279	-	-	46,877,064

(9) Other receivables written off in the reporting period

☐ Applicable ☒ Inapplicable

(10) As at 30 June 2019, the top five debtors are analyzed as below

	Type	Amount	Aging	% of total balance	Bad Debt Provision
Huaxin (Hong Kong) International Holdings Limited	Advances	439,142,833	Over 1 year	10	-
Huaxin Cement (Enping) Co., Ltd.	Advances	389,513,307	Within 2 years	9	-
Chongqing Huaxin Yanjing Cement Co., Ltd.	Advances	357,627,975	Between 2 to 3 years	8	-
Huaxin Concrete (Wuhan) Co., Ltd.	Advances	293,573,212	Within 3 years	7	-

Huaxin Cement (Zhuzhou) Co., Ltd.	Advances	226,518,934	Within 3 years	5	-
Total	/	1,706,376,261	/	39	-

### 3. Long-term equity investments

	30 June 2019			31 Dec 2018		
	Carrying value	Impairment provision	Book value	Carrying value	Impairment provision	Book value
Subsidiaries	10,167,603,237	42,000,000	10,125,603,237	9,727,603,237	42,000,000	9,685,603,237
Associates - without quoted price	541,795,478	-	541,795,478	504,411,317	-	504,411,317
Total	10,709,398,715	42,000,000	10,667,398,715	10,232,014,554	42,000,000	10,190,014,554

#### (1) Subsidiaries

	31 December 2018	Increase	Decrease	30 June 2019	Impairment provision balance at period end
Hunan Huaxin Steel Cement Co., Ltd.	85,500,000	-	-	85,500,000	-
Huaxin Aggregate Co., Ltd.	258,100,000	-	-	258,100,000	-
Huaxin Hongta Cement (Jinghong) Co., Ltd.	91,601,080	-	-	91,601,080	-
Huaxin Environment Engineering (Yichang) Co., Ltd.	20,000,000	-	-	20,000,000	-
Huaxin Environment Engineering Co., Ltd.	1,000,000,000	-	-	1,000,000,000	-
Huaxin (Huangshi) Logistics Co., Ltd.	-	20,000,000	-	20,000,000	-
Huaxin Concrete (Wuhan) Co., Ltd.	80,502,159	-	-	80,502,159	-
Huaxin Concrete Co., Ltd.	50,000,000	-	-	50,000,000	-
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	363,802,268	-	-	363,802,268	-
Huaxin Narayani Investment (Shanghai) Co., Ltd.	500,000	-	-	500,000	-
Huaxin Cement (Changyang) Co., Ltd.	197,590,806	-	-	197,590,806	-
Huaxin Cement (Chenzhou) Co., Ltd.	220,000,000	-	-	220,000,000	-
Huaxin Cement (Chibi) Co., Ltd.	140,000,000	-	-	140,000,000	-
Huaxin Cement (Daye) Co., Ltd.	420,100,753	-	-	420,100,753	-
Huaxin Cement (Daoxian) Co., Ltd.	180,000,000	-	-	180,000,000	-
Huaxin Cement (Diqing) Co., Ltd.	65,550,000	-	-	65,550,000	-
Huaxin Cement (E'zhou) Co., Ltd.	99,437,031	-	-	99,437,031	-
Huaxin Cement (Enping) Co., Ltd.	674,058	-	-	674,058	-
Huaxin Cement (Enshi) Co., Ltd.	40,200,000	-	-	40,200,000	-
Huaxin Cement (Fangxian) Co., Ltd.	30,124,664	-	-	30,124,664	-
Huaxin Cement (Henan Xinyang) Co., Ltd.	200,000,000	-	-	200,000,000	-
Huaxin Cement (Hefeng) National Materials Co., Ltd.	24,300,483	-	-	24,300,483	-
Huaxin Cement (Huangshi) Bulk Storage and transportation Co., Ltd.	20,000,000	-	-	20,000,000	-
Huaxin Cement (Huangshi)	190,000,000	210,000,000	-	400,000,000	-

	31 December 2018	Increase	Decrease	30 June 2019	Impairment provision balance at period end
Co., Ltd.					
Huaxin Cement Technology Management (Wuhan) Co., Ltd.	20,000,000	-	-	20,000,000	-
Huaxin Cement (Jingzhou) Co., Ltd.	70,800,000	-	-	70,800,000	-
Huaxin Cement Research and design Co.,Ltd.	990,000	-	-	990,000	-
Huaxin Cement (Kunming Dongchuan) Co., Ltd.	140,000,000	-	-	140,000,000	-
Huaxin Cement (Lengshuijiang) Co., Ltd.	180,000,000	-	-	180,000,000	-
Huaxin Cement (Macheng) Co., Ltd.	65,000,000	-	-	65,000,000	-
Huaxin Cement (Nantong) Co., Ltd.	89,680,203	-	-	89,680,203	-
Huaxin Cement (Quxian) Co., Ltd.	240,000,000	-	-	240,000,000	-
Huaxin Cement (Sangzhi) Co., Ltd.	120,000,000	-	-	120,000,000	-
Huaxin Cement (Suizhou)Co., Ltd.	24,600,000	-	-	24,600,000	-
Huaxin Cement (Wanyuan) Co., Ltd.	190,000,000	-	-	190,000,000	-
Huaxin Cement (Wuhan)Co., Ltd.	42,000,000	-	-	42,000,000	42,000,000
Huaxin Cement (Wuxue) Co., Ltd.	300,000,000	-	-	300,000,000	-
Huaxin Cement (Tibet) Co., Ltd.	50,000,000	-	-	50,000,000	-
Huaxin Cement (Xiantao) Co., Ltd.	14,658,136	-	-	14,658,136	-
Huaxin Cement Xiangyang Xiangcheng Co., Ltd.	40,000,000	-	-	40,000,000	-
Huaxin Cement (Xiangyang) Co., Ltd.	140,000,000	-	-	140,000,000	-
Huaxin Cement (Yangxin) Co., Ltd.	653,713,479	-	-	653,713,479	-
Huaxin Cement (Yichang) Co., Ltd.	505,589,562	-	-	505,589,562	-
Huaxin Cement (Yueyang) Co., Ltd.	22,500,000	-	-	22,500,000	-
Huaxin Cement (Zhaotong) Co., Ltd.	45,000,000	-	-	45,000,000	-
Huaxin Cement Chongqing Fuling Co., Ltd.	200,000,000	-	-	200,000,000	-
Huaxin Cement (Zhuzhou) Co., Ltd.	340,000,000	-	-	340,000,000	-
Huaxin Cement (Zigui) Co., Ltd.	240,000,000	-	-	240,000,000	-
Huaxin (Hong Kong) International Holdings Limited	157,935,218	-	-	157,935,218	-
Huaxin New Building Materials Co., Ltd.	50,000,000	-	-	50,000,000	-
Huaxin Central Asia Investment (Wuhan) Co., Ltd.	108,623,689	210,000,000		318,623,689	-
Huaxin Equipment Engineering Co., Ltd.	190,000,000	-	-	190,000,000	-
Huangshi Huaxin Packaging Co.,Ltd.	60,229,648	-	-	60,229,648	-
Mauritus Somerset Investment Co.,Ltd.	252,000,000	-	-	252,000,000	-
Wuhan Wugang Huaxin Cement Co., Ltd.	20,000,000	-	-	20,000,000	-
Yunnan Huaxin Construction Materials	977,000,000	-	-	977,000,000	-



	31 December 2018	Increase	Decrease	30 June 2019	Impairment provision balance at period end
Investment Holding Ltd.					
Chongqing Huaxin Cantian Cement Co., Ltd.	253,300,000	-	-	253,300,000	-
Chongqing Huaxin Diwei Cement Co., Ltd.	73,000,000	-	-	73,000,000	-
Chongqing Huaxin Phoenix Lake Concrete Co., Ltd.	40,000,000	-	-	40,000,000	-
Chongqing Huaxin Tiancheng Concrete Co., Ltd.	29,000,000	-	-	29,000,000	-
Chongqing Huaxin Yanjing Cement Co., Ltd.	4,000,000	-	-	4,000,000	-
Total	9,727,603,237	440,000,000	-	10,167,603,237	42,000,000

## (2) Associates

	Period beginning	Changes	Period end	Impairment provision
		Net profit (loss) adjusted by the equity method		
Tibet High-Tech Building Materials Co., Ltd.	341,355,724	38,980,449	380,336,173	-
Shanghai Wanan Huaxin Cement Co., Ltd.	163,055,593	-1,596,288	161,459,305	-
Total	504,411,317	37,384,161	541,795,478	-

## 4. Sales and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main operations	510,403,274	329,800,817	400,883,240	260,341,679
Other operations	1,285,641,684	1,125,710,842	540,184,171	391,766,485
Total	1,796,044,958	1,455,511,659	941,067,411	652,108,164

## 5. Investment income

Item	Current period	Prior period
Income from long-term equity investment under cost method	1,449,138,386	741,007,688
Income from long-term equity investment under equity method	37,384,161	40,132,609
Income from disposal of financial asset at fair value through profit or loss		1,103,938
Income from available-for-sale financial assets	11,126,751	13,316,891
Total	1,497,649,298	795,561,126

## XVI. SUPPLEMENTARY TO THE FINANCIAL STATEMENTS

### 1. Non-routine items

Item	Amount
Profit or loss on disposal of non-current assets	852,178
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	32,119,898
In addition to the effective hedging business related to the normal business of the Company, gains and losses on changes in fair value arising from tradable financial assets, derived financial assets, tradable financial liabilities and derived financial liabilities, as well as investment income from disposal of tradable financial assets, derived financial assets, tradable financial liabilities, derived financial liabilities, or other credit investments	5,612,630
Non-operating items other than aforesaid items	3,466,452
Effect of income tax	-9,423,019
Effect of minority interest (after tax)	-756,853
Total	31,871,286

## 2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	17.30	1.51	1.51
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	17.12	1.49	1.49

## 3. Differences in accounting data between domestic and overseas accounting standards

☐Applicable ☒Not applicable

## 4. Others

☐Applicable ☒Not applicable

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## **Chapter 11 Documents for Inspection**

1. Financial Statements carrying the signatures of the legal representative, administrative leader of accounting and chief of accounting department.
2. All original copies of the public notice and documents that were published on presses designated by CSRC.

Chairman: Xu Yongmo  
Legal Representative: Li Yeqing  
Huaxin Cement Co., Ltd.  
August 22, 2019