



HUAXIN CEMENT CO., LTD.
ANNUAL REPORT **2018**

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. Director Ms. Geraldine Picaud did not attend the Meeting due to other commitments, and she authorized Director Mr. Mark Lo to attend the Meeting and vote by Power of Attorney.
- III. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard audit report with unmodified opinion for the Company.
- 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 the Annual Report are true, accurate and complete.

- V. Profit distribution plan or proposal on surplus common reserve fund transferred to increase share capital for the reporting period reviewed by the Board of Directors

In 2018, the Parent Company achieved net profit of 1,912,207,603 Yuan or 5,181,448,611 Yuan net profit attributable to the shareholders after consolidation. Pursuant to the relevant provisions contained in the Company Law, Articles of Association and Corporate Accounting Rule, 10%, i.e. 191,220,760 Yuan will be appropriated to statutory surplus common reserve fund. Balance of statutory surplus common reserve fund at the end of this period is 889,105,333 Yuan, accounting for 59% of the share capital at the end of this period. The allocable profit of the Parent Company is 5,717,023,232 Yuan by the end of December 2018.

The Board proposes that on the basis of the total 1,497,571,325 shares, a cash dividend of 1.15 Yuan per share (incl. tax) shall be distributed to all shareholders, hence 1,722,207,024 Yuan shall be distributed (covering 33.24% of the net profit attributable to the shareholders of the Parent Company after consolidation), and the whole of the remaining shall be booked as unallocated profit.

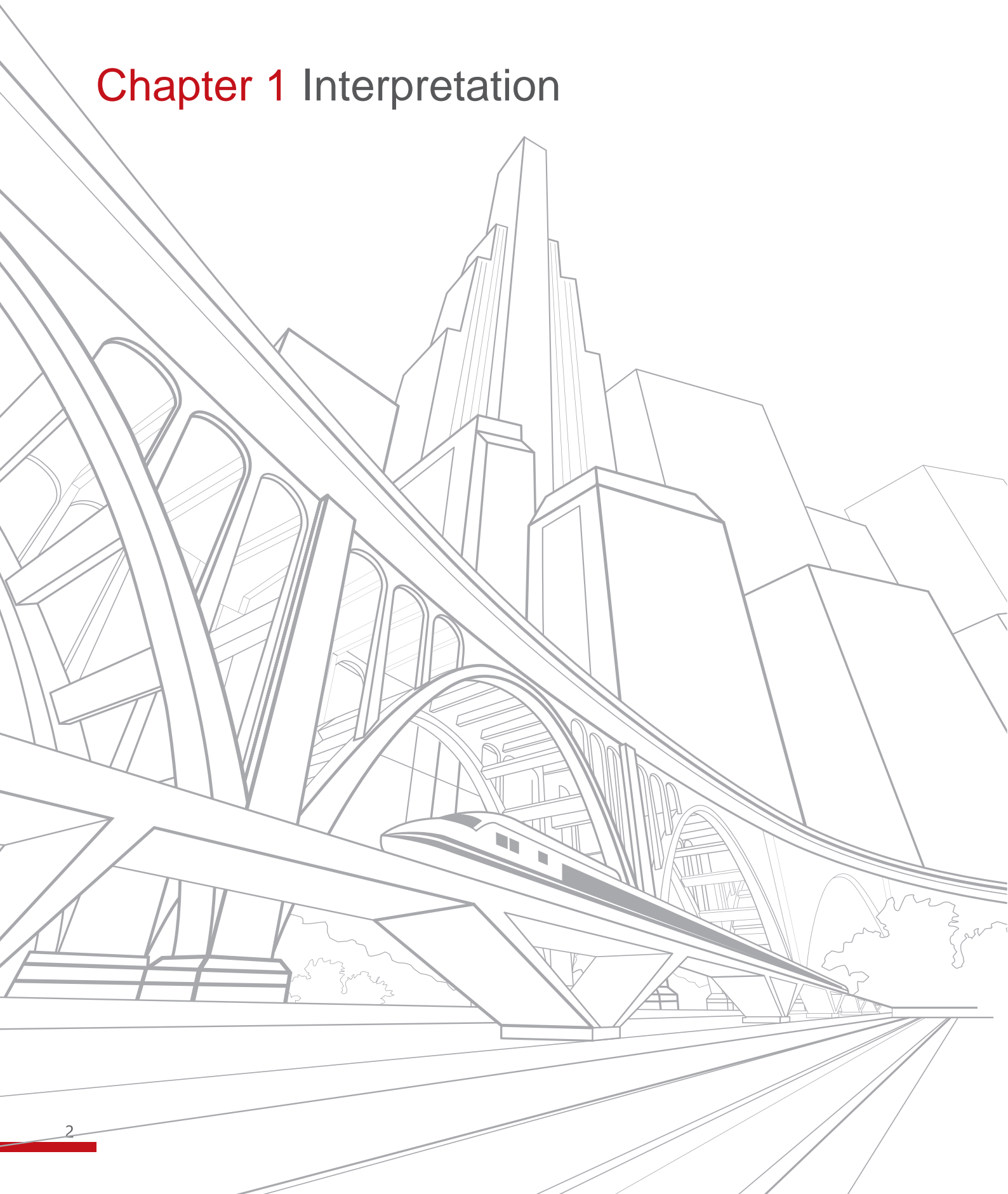
The Board also proposes that the shares shall be increased to all shareholders by transferring capital reserves on a basis of 4 shares for every existing 10 shares. Total increased share capital is 599,028,530 shares. The total shares of the Company will increase from 1,497,571,325 shares to 2,096,599,855 shares.

- VI. 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 are in compliance with the decision-making procedures.
- IX. Significant Risk Warning
The existing industry risks have been described in detail in this Report. Please refer to the possible risks and countermeasures included in the Company's future development discussion and analysis in Chapter 4-Discussion and Analysis on Business Operation.

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Chapter 1 Interpretation





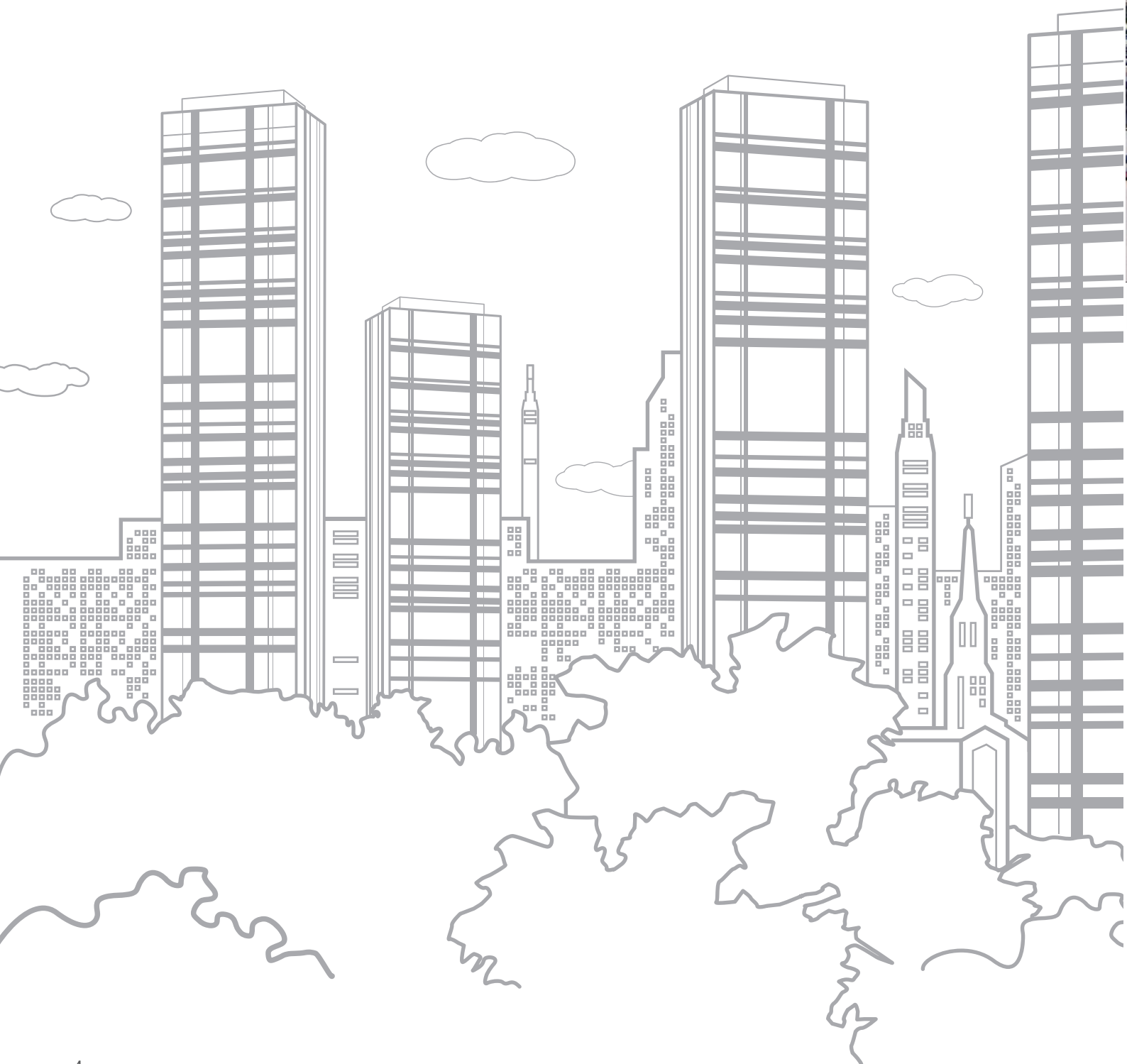
I. Interpretation

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

Interpretation of the common words		
Reporting period	means	Year 2018
Yuan, K Yuan, 10 K Yuan, mio Yuan, 100 mio Yuan	means	RMB, RMB K Yuan, RMB 10000 Yuan, RMB million Yuan, RMB 100 million Yuan, China's legal currency
LH	means	LafargeHolcim Ltd.
IT	means	Information technology
KPI	means	Key Performance Indicators
NOx	means	Nitrogen oxide (s)
SNCR	means	Selective non-catalytic reduction
SO ₂	means	Sulfur dioxide
PC32.5R cement	means	32.5 grade composite silicate cement with strong intensity in the early stage

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	435002
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	www.huaxincem.com
E-mail	investor@huaxincem.com

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	www.sse.com.cn
Place available	Securities and Investor Relations Department of the Company

V. 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

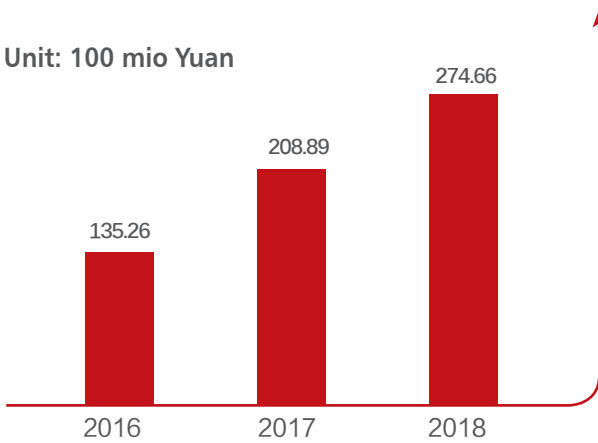
Certified Public Accountants(domestic) appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Address	30 th Floor, No. 222, Yanan East Road, Huangpu District, Shanghai
	Appointed accountants	Mr. Yang Haijiao, Mr. Pang Yong



Key data

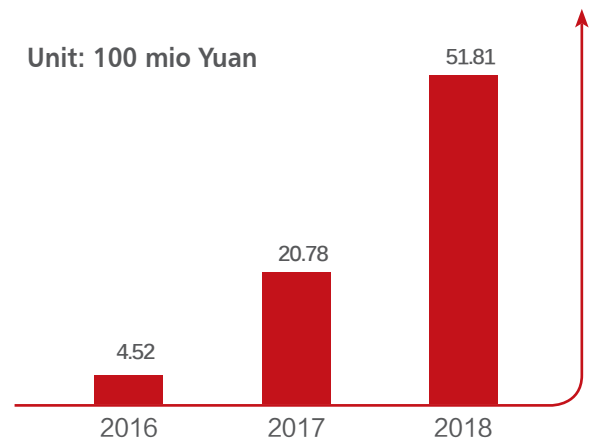
Sales revenue

Unit: 100 mio Yuan



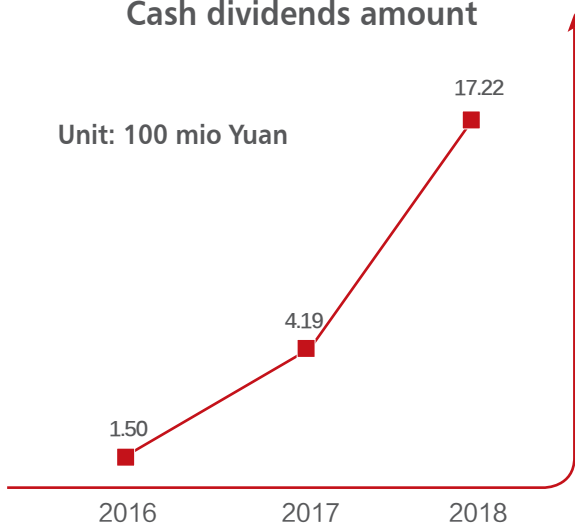
Net profit attributable to shareholders of the Company

Unit: 100 mio Yuan



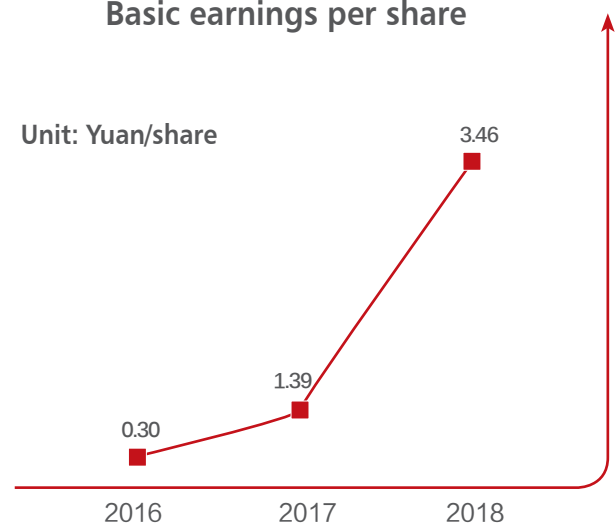
Cash dividends amount

Unit: 100 mio Yuan



Basic earnings per share

Unit: Yuan/share



VII. Financial Statements Summary and Financial Indicators for the Last Three Years

(I) Financial Statements Summary

Unit: Yuan

Item	2018	2017	Change over last year (%)	2016
Sales revenue	27,466,044,481	20,889,291,990	31.48	13,525,759,490
Net profit attributable to shareholders of the Company	5,181,448,611	2,077,640,568	149.39	451,940,413
Net profit attributable to shareholders of the Company after extraordinary items	5,127,542,064	1,803,520,260	184.31	464,128,509
Net cash flow from operating activities	7,899,606,105	3,904,076,048	102.34	3,096,150,887

	At the end of 2018	At the end of 2017	Change over last year (%)	At the end of 2016
Net assets attributable to shareholders of the Company	16,672,962,778	11,899,804,274	40.11	9,994,864,233
Total assets	33,161,505,602	30,499,323,197	8.73	27,426,749,410

(II) Financial Highlights

Item	2018	2017	Change over last year (%)	2016
Basic earnings per share (Yuan/share)	3.46	1.39	148.92	0.30
Diluted earnings per share (Yuan/share)	3.46	1.39	148.92	0.30
Basic earnings per share after extraordinary items (Yuan/share)	3.42	1.20	185.00	0.31
Return on net assets, weighted average (%)	36.27	18.98	Increased by 17.29 percentage points	4.61
Return on net assets after extraordinary items, weighted average (%)	35.89	16.47	Increased by 19.42 percentage points	4.74

VIII. Differences between Accounting Data under Overseas Accounting Standard and Accounting Data under Domestic Accounting Standard: Inapplicable

IX. Quarterly key financial indicators of 2018

Unit:Yuan

	The first quarter (Jan.- Mar.)	The second quarter (Apr.-Jun.)	The third quarter (Jul.-Sep.)	The fourth quarter (Oct.-Dec.)
Sales revenue	4,508,950,906	7,374,119,365	7,157,068,099	8,425,906,111
Net profit attributable to shareholders of the Company	530,364,403	1,537,553,470	1,343,466,675	1,770,064,063
Net profit attributable to shareholders of the Company after extraordinary items	511,995,185	1,538,763,599	1,325,601,802	1,751,181,478
Net cash flow from operating activities	596,907,873	2,092,893,015	2,461,287,295	2,748,517,922

X. Non-routine items and Amount

Unit: Yuan Currency: RMB

Non-routine items	2018 Amount	Note	2017 Amount	2016 Amount
Gains/losses from disposal of non-current assets	-17,370,924		-11,752,301	-108,998,664
Government subsidies, excluding regular fixed amount government subsidies	73,387,762		60,150,469	77,426,359
Gains from the investment costs for obtaining subsidiaries, joint ventures and cooperative enterprises being less than the fair value of the identifiable net assets of the investee when the investment is obtained	4,489,836		257,243,520	
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 and tradable financial liabilities, as well as the investment income from disposal of tradable financial assets, tradable financial liabilities and available-for-sale financial assets	16,955,156		2,697,595	862,070
Reversal of provisions for assets impairment of accounts			14,680,766	15,303,006
Trust fee income from the entrusted business				7,165,029
In addition to the above items, other non-operating income and expenses	-8,972,304		-14,635,746	-9,619,533
Gains/losses from defined as extraordinary items	-1,603,657			
Impacts from minority shareholders' interests	382,389		-26,662,074	-4,411,338
Impacts from income tax	-13,361,711		-7,601,921	10,084,975
Total	53,906,547		274,120,308	-12,188,096

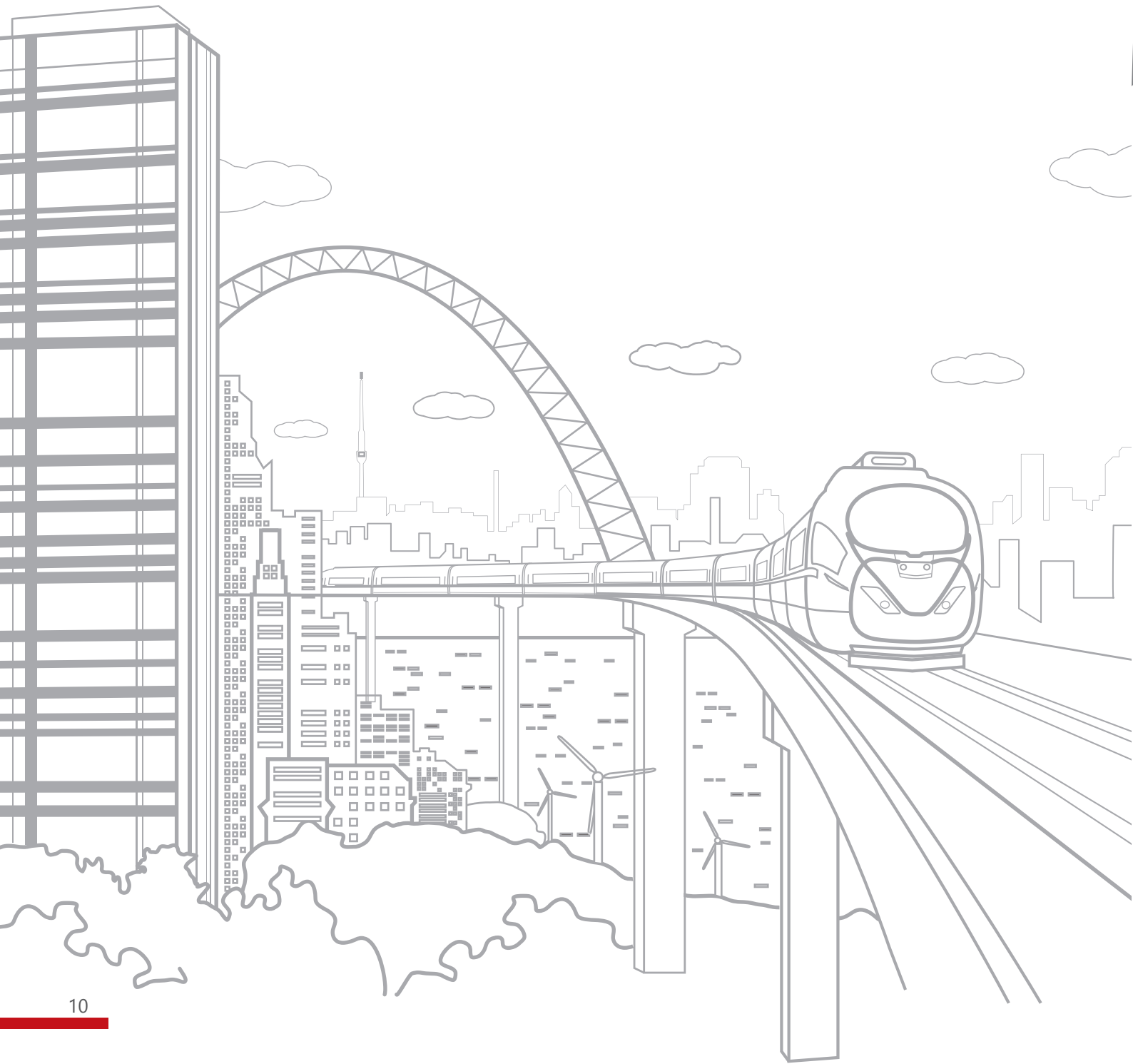
XI. Item measured by Fair Value

Unit: Yuan

Item	Period beginning	Period end	Change in the period	Impacts on the profits of the period
Financial assets at fair value through profit or loss	453,990,407	207,144,438	-246,845,969	15,851,219
Available for sale financial assets- equity instrument	38,418,708	29,707,153	-8,711,555	1,103,937
Available for sale financial assets- debt instrument	21,055,500	19,055,500	-2,000,000	-2,000,000
Total	513,464,615	255,907,091	-257,557,524	14,955,156

Chapter 3

Brief Introduction on the Company's businesses





I. Main Business, Operation Model of the Company and Industry Situation during the Reporting Period

(I) Main business of the Company

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 the vertical integration, Eco business transformation, overseas development strategy and business expansion strategy of high-tech building materials, the Company expanded its businesses to manufacturing and sales of RMX, aggregates, cement kiln co-processing of waste materials, EPC for both home and abroad cement projects, equipment business and project contracting regarding the cement kiln co-processing technology, cement-based high-tech building materials etc.

The Company has been listed in the Chinese Manufacturing Industry Top 500 and Fortune China Top 500. By the end of 2018, the Company owns almost 200 subsidiaries 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 25 million tons/year, composite eco wall material of 120 million/year, cement equipment manufacturing capacity of 50,000 tons/year, mortar capacity of 50,000 tons/year, cement packaging bag capacity of 500 million bags/year and wastes disposal capacity of 5.5 million tons/year (including CIPs).

In 2018, the cement business revenues accounted for 87% of the total operating revenues of the Company, playing a dominant role in all the business areas.

(II) Operation model of the Company

1. Model of management

Guided by the management thought of corporate management and specialized operation, the Company established the organization structure of Corporate Headquarter-Business Unit-Subsidiary, forming an operation model featuring well defined power and responsibilities, high efficiency in operation and strong executive capability.

2. Model of production

Production of the Company is defined by sales volume. Subsidiaries formulate annual production and operation plan based on the demand in their respective regions.

3. Model of sale

The model of sale features guidance from the Headquarter, integral management of Business Unit and equal importance attached to both direct sale and distribution. The pursuit of quality is the core and the Company strives to promote the brand and maintain its value so as to improve competitiveness in the market.

4. Model of procurement

In 2018, the Company launched the reform in procurement and initiated the procurement strategy of "Unified Procurement" + "Online Procurement". Important raw materials and fuels are procured by the Headquarter collectively. All the office supplies, IT consumables and some industry products are procured online. Raw materials, fuels, auxiliary materials and spare parts that are yet to be included in the scope of Unified Procurement and Online Procurement are procured collectively on a standard and process-oriented bidding platform of the Headquarter.

(III) Cement industry situation

Cement is an important and basic building material widely used in national infrastructure construction, municipal infrastructure and facility, real estate development, new rural village infrastructure and civil building 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.

China's cement output reached the peak in 2014. "Overall over-capacity and stable demand with downward trend" is the dominant feature for current stage. In 2018, benefiting from government's further strengthening of supply side structural reform and environmental control, cement industry gained effective results in cutting capacity through measures of "Limiting production for environmental protection", "Off-peak Production" and "Integral Mining Treatment". Supply and demand relationship reached a dynamic balance, cement price around the country bounced back and increased and overall industry profit reached a historical high.

The core task of the supply side structural reform is to cut capacity, however, phase-out mechanism of capacity is still flawed, and the way ahead for cutting capacity is long while the task is daunting. Healthy development of the industry is still subject to grave overcapacity.

II. Major assets changes of the Company during the reporting period: Inapplicable

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 the building materials industry with strong comprehensive competitiveness.

Core competitiveness of the Company is reflected as followed:

1. Advantages in scale operation and integral industry chain

The Company lowers the cost by scale effect, channels the upstream and downstream of the industry chain and gives play to the whole industry chain so as to form relatively strong competitiveness.

Since being listed, through continuous investment in new plants, merge and acquisition, the Company has been equipped with almost 100 million tons of capacity in 9 provinces and cities in China and neighboring countries including Tajikistan and Cambodia. In the meantime, the Company advocates and fulfills the development concept of "Rational Competition, Industrial Integration and Environmental Transformation". Depending on the Company's major business of cement, the Company steadily developed RMX, aggregate, cement equipment and engineering businesses, new building materials and eco business relied on Cement Kiln Co-processing, realizing vertically integral development earlier than other companies and forming coordinated competitiveness of synergy in both upstream and downstream.

2. Advantages in technology innovation

The Company has upheld the concept of “Development Driven by Innovation”. Starting from industry practical application and combining introduction and self-development, the Company has established a complete set of full-fledged technology innovation system and cultivated a strong and professional technology R&D team which maintains its leading place in technology innovation. The Company now has the overall contracting capacity in R&D, designing, manufacturing, installation, commissioning and “Turnkey Projects” of cement production facilities. It also has the capacity of exploring technology in cement kiln co-processing of wastes, as well as the capacity of applying the relevant technologies into real industrial production practice.

The Company was awarded the Second in the National Science and Technology Progress Awards in 2009 and 2017 (the first batch of units to finish the award). By the end of 2018, the Company obtained 40 patents for invention derived from production practice and 103 patents of utility model.

During the reporting period, CEO Mr. Li Yeqing was awarded the Third “Outstanding Engineer” of China; the Company was awarded Excellent Chinese Patent, two First Prizes in Provincial Building Material Industry Technology Innovation and Excellent Technology Innovative Platform at provincial level.

3. Advantages in Trademark and Brand

“Huaxin Castle” is a Chinese well-known trademark owned by the Company, and it is one of the oldest cement brands in China. The century old trademark and brand are well-known and highly recognized in the industry.

In 2018, the Company ranked 88th in the “China’s 500 Most Valuable Brands” with the brand value at 45.586 billion RMB, 20% rise in brand value over last year. Meanwhile, the Company ascended among the ranking list of Asian Top 500 Brands for the fourth year in a row, climbing to 176th place this year, 2 places ahead of last year. In addition, Huaxin Cement was listed the 313th place in Chinese Manufacturing Enterprises Top 500, the 350th place in Fortune China 500 and 31st place in Hubei Top 100 Enterprises.

4. Advantages in the tradition of quality product

The Company was selected as one of the national “Quality Model” Enterprises. The Company is the first enterprise in cement industry that passed the GB/T19001—ISO9001 quality system authentication. All 15 types of cement products were in the roll of the first batch of National Quality Inspection-Free Products and the quality of its cement products has been among the best in the national cement quality competition. The cement products of the Company have been used as building material in construction of the national landmark buildings and key projects such as the Great Hall of the People, Wuhan Yangtze River Bridge, Jingzhu Expressway, Qinghai-Tibet Railway, Three Gorges Dam and Hongkong-Zhuhai-Macau Bridge etc. and have won widespread acclaim.

5. Advantages in strategy layout

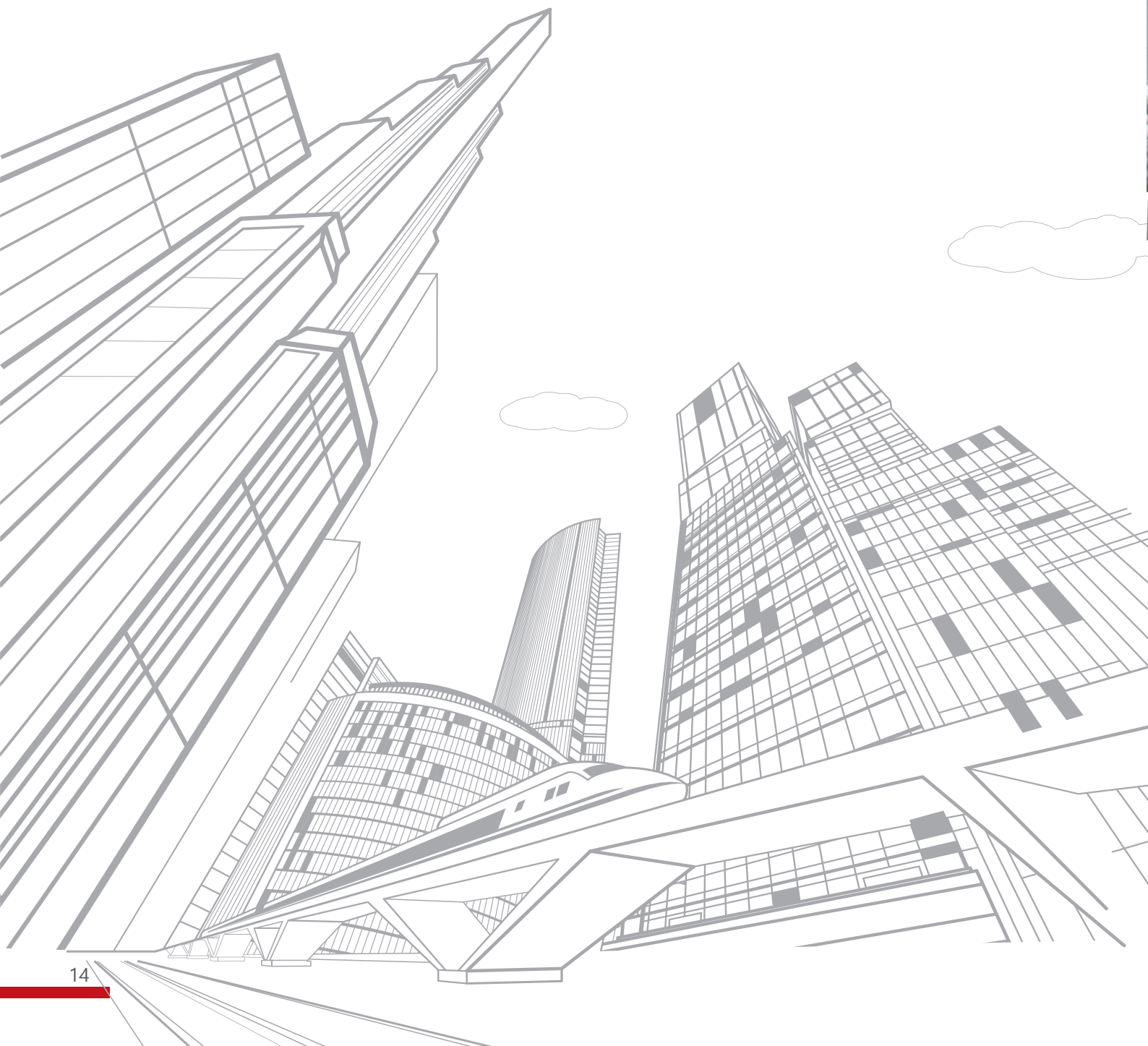
Chinese plants of the Company are mostly located along Yangtze River economic belt, key areas or hot spots in the west where economy is vibrant and market demand can be guaranteed comparatively. For overseas plants of the Company, they are planned like filling the blanks, in countries along the Belt and Road Initiative that have good friendship with China. In the meantime, the choice of location abides by the principle of “guaranteed resources, convenient traffic and potential in market growth”. As for the layout of cement based new material business and eco business of cement kiln co-processing, the Company fully considers the relevance, the coupling and synergy with its main business cement. Business layout, concentration and synergy of market layout have formulated the Company’s own strategic advantages.

6. Advantages in professional, stable and efficient management team

Top management’s leadership is the key to the Company’s strategy success. For the past 20 years, compound growth rate of the Company maintained highly efficient growth at 24%. It’s contributed by the entrepreneurship management team that is professional, dedicated, concentrated, advanced in concept, diligent, devoted, good at learning, efficient in management and stable for a long term.

Chapter 4

Discussion and Analysis on Business Operation





4

I. Discussion and Analysis on Business Operation

In 2018, GDP in China grew by 6.6%, achieving the expected target of around 6.5%; fixed asset investment for the whole year across China grew by 5.9%, down by 1.3 percentage points over the same period of last year. Affected by the slowdown of fixed asset investment and demand decline driven by unit fixed asset investment, cement output for 2018 was 2.21 billion tons, down by 130 million tons over last year. Nevertheless, supply side structural reform facilitated a dynamic balance between supply and demand. Cement price continued to rebound and rise. The total profit of cement industry reached a record high of 154.6 billion Yuan for the whole year. (Data source: National Bureau of Statistics)

In 2018, the Company realized the development of high quality, fast speed and high profit. During the reporting period, the Company seized the main trend and opportunity, stick to the lifeline of safety production and environmental compliance, strengthened control on compliance risks, reinforced cost control, further developed hazard wastes disposal and aggregate projects and exerted itself to implement the strategy of "Environmental Transformation, Overseas Expansion, Traditional Industry + Digitalized and High-tech Building Materials Expansion". The Company's business scale has been further expanded and performance once again hit a record high.

Eliminate potential risks in compliance.

During the reporting period, three tier eco management network of "Headquarter, Business Unit, Plant" consolidated monitoring warning and guarded against eco risks. Within the year, 18 plants of the Company passed the national first level safety production standardization evaluation of National Safety Production Bureau. And they successfully passed the site inspection of "Looking Back" of Central Eco Supervisory Body.

Further advance the reform in procurement.

During the reporting period, the Company intensively pushed forward the procurement strategy of "Unified Procurement" + "Online Procurement". Authorized decision making mechanism was upgraded, headquarter logistics company was established, logistics management team on raw material and fuel was founded to guard against risks of procurement, improve operation efficiency and realize added value of procurement.

Spare no efforts to maintain good status of plant operation.

Professional audit and comprehensive industry audit mechanism were established and improved to evaluate plant operation systematically and in a standard manner. Bottleneck and difficulties were solved and annual maintenance quality management level was continuously improved. Net operation rate of 30 kiln lines exceeded 98%.

Continuous innovation in sales and marketing.

During the reporting period, the Company organized the Price Management Committee to further standardize price management. Headquarter, along with Business Units, regularly studied demand supply change and price strategy, thus avoiding the losses and risks due to large price difference. The Company intensified the culture in sales and marketing to advance marketing innovation oriented towards clients and value creation. Sales volume of innovative products including quality home decoration cement and cement for private use increased by 21%.

Expand capacity in whole industry chain, steadily execute transformation development.

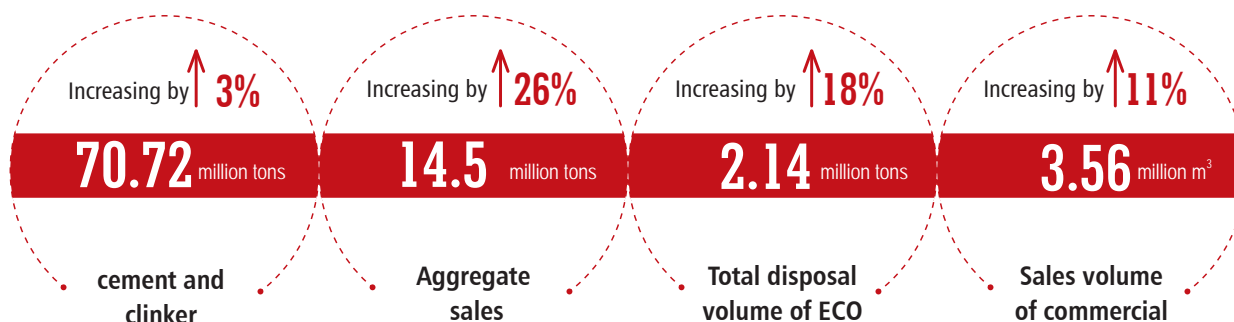
During the reporting period, the Company finished the acquisition of 100% equity of Chongqing Lafarge Shui On Cantian Cement Co., Ltd; Tibet Shannan Third Phase 3,000 tons/d and Shigatse Second Phase 3,000 tons/d projects were put into operation. Total newly added capacity is 4.77 million tons/year. With regard to aggregate, Tibet Shannan 3 million tons/y, Yunnan Honghe 1 million tons/y projects were put into operation; Accumulated annual capacity of Sichuan Quxian, Hunan Chenzhou, Hubei Changyang, Yunnan Jinghong and Yunnan Lincang was 13 million tons aggregate, which were being constructed. In terms of eco business, Wuhan Changshankou 2,000 tons/d and Shiyao 1,000 tons/d household garbage pre-disposal projects were put into operation within the year; industrial hazard wastes business made breakthrough; so far, the disposal capacity approved by eco evaluation of industry hazard waste bureau has amounted to 210,000 tons. With respect to new material, 120 million composite eco wall materials per year in Yangxin was constructed and put into operation. The first plant which is highly sophisticated and automated to produce 50,000 tons seepage-proofing special mortar was put into operation at the end of 2018. External sales of Ultra High Performance Concrete and other innovative products made headway and were successfully applied into Hongkong-Zhuhai-Macau Bridge.

Continuously advance technology innovation, enhance corporate competitiveness.

During the reporting period, the Company increased investment in human resource, material and finance. The original laboratory in the headquarter was expanded and upgrade into a new R&D center accommodating technology innovation, R&D, experiment and test of cement, concrete, UHPC, mortar and other products. R&D and technology power are thus further strengthened, providing technology guarantee to future high quality development. In 2018, the Company gained 12 patent licensing (2 patents for invention), and 19 patent notices of acceptance. The Company presided over and attended 13 standard formulation at national, local and industry level.

II. Main business operation indicators of the reporting period

In 2018, cement and clinker sales volume of the Company reached 70.72 million tons, increasing by 3% year on year. Aggregate sales volume reached 14.5 million tons, increasing by 26% compared with last year. Total disposal volume of ECO business reached 2.14 million tons, up by 18% year on year. Sales volume of commercial RMX reached 3.56 million m³, increasing by 11% year on year. The overall operating revenue of the Company reached 27.466 billion CNY, increasing by 31.48% year on year. The total profits of the Company reached 7.131 billion CNY and the net profits attributable to the shareholders of the Company reached 5.181 billion CNY, increasing by 153.59% and 149.39% respectively year on year.



(I) Major Operations

1. Changes of Items in the Income Statement and Cash Flow Statement

Unit: Yuan

Item	Current period	Same period of last year	Change (%)
Sales revenue	27,466,044,481	20,889,291,990	31.48
Cost of sales	16,575,214,537	14,716,492,598	12.63
Selling and distribution expenses	1,701,838,126	1,402,119,400	21.38
General and administrative expenses	1,336,820,828	1,196,177,344	11.76
R&D expenditures	10,773,061	7,841,977	37.38
Financial costs	465,623,749	660,630,215	-29.52
Net cash flows from operating activities	7,899,606,105	3,904,076,048	102.34
Net cash flows from investing activities	-1,828,883,303	-1,634,307,187	-11.91
Net cash flows from financing activities	-4,383,900,782	-2,359,485,781	-85.80

Note: Sales revenue for this period increased over the same period of last year, mainly due to the price of cement products rebounded and rose.

Net cash flows from operating activities for this period increased over the same period of last year, mainly due to the price of cement products rebounded and rose, and profit increased.

2. Revenue and Costs

During the reporting period, the sales revenue increased by around 6.6 billion CNY over last year, among which, newly acquired plants revenues increased by around 600 million CNY, and cement and other main products increased revenues of 4.7 billion CNY due to stable and rising price of cement and other main products. Cost of sales increased by 1.86 billion CNY year on year. Apart from the impact of production and sales scale expansion of cement, aggregate and other main products, rise in coal price and maintenance also drove up the cost of production.

Price of cement and other main products maintained stable and rose, absorbing the cost growth in fuel and maintenance. Gross profit margin of the Company for this year increased by 10.10 percentage points over last year, and profitability significantly improved.

(1) Major business performance according to different sectors, products and areas

Unit: Yuan

Major business performance according to sectors						
Sectors	Operating revenue	Operating costs	Gross profit margin %	Operating revenue over last year %	Operating costs over last year %	Gross profit rate over last year %
Cement	23,884,218,326	14,220,135,256	40.46	28.9	8.47	+11.21 percentage points
Concrete	1,354,687,191	1,035,753,582	23.54	43.81	40.06	+2.04 percentage points
Aggregate	826,953,578	299,057,941	63.84	61.11	23.25	+11.11 percentage points
Others	1,400,185,386	1,020,267,758	27.13	54.68	63.26	-3.83 percentage points
Total	27,466,044,481	16,575,214,537	39.65	31.48	12.63	+10.10 percentage points

Major business performance according to products

Products	Operating revenue	Operating cost	Gross profit rate%	Operating revenue over last year %	Operating costs over last year %	Gross profit rate over last year %
32.5 type cement	6,670,817,080	3,696,696,599	44.58	11.48	-8.40	+12.02 percentage points
42.5 type and above cement	16,435,842,416	9,980,570,221	39.28	39.21	17.97	+10.93 percentage points
Commercial clinker	777,558,830	542,868,436	30.18	5.4	-11.55	+13.38 percentage points
Concrete	1,354,687,191	1,035,753,582	23.54	43.81	40.06	+2.04 percentage points
Aggregate	826,953,578	299,057,941	63.84	61.11	23.25	+11.11 percentage points
Others	1,400,185,386	1,020,267,758	27.13	54.68	63.26	-3.83 percentage points
Total	27,466,044,481	16,575,214,537	39.65	31.48	12.63	+10.10 percentage points

Major business performance in different areas

Areas	Operating revenue	Operating cost	Gross profit rate%	Operating revenue over last year %	Operating costs over last year %	Gross profit rate over last year %
Hubei	9,663,196,743			34.91		
Hunan	2,925,986,645			47.07		
Sichuan	1,836,545,034			89.32		
Yunnan	4,640,086,229			17.94		
Tibet	1,030,942,307			32.46		
Chongqing	2,325,827,327			53.02		
Henan	527,074,201			16.05		
Jiangsu	505,575,308			-0.13		
Jiangxi	310,094,627			-45.31		
Anhui	367,993,160			18.25		
Shanghai	328,369,176			-1.24		
Guangxi	175,114,063			6.94		
Guangdong	744,450,878			54.06		
Guizhou	672,778,451			33.44		
Overseas	1,315,436,985			10.77		
Others	91,759,582			276.53		
Total	27,466,044,481			31.48		

(2) Output and sales volume

Unit: 10000 tons

Product	Output	Sales volume	Storage volume	Output change over last year (%)	Sales volume change over last year (%)	Storage volume change over last year (%)
Cement	6,876	6,797	138	4.01	4.07	-2.93
Clinker	5,444	275	157	4.10	-19.35	33.79



(3) Cost Analysis

Unit: Yuan

Classification according to products							
Product	Cost item	Current period amount	% of the total cost	Same period of last year	% of the total cost	Change over the same period of last year (%)	Remarks
Cement	Raw materials	1,936,950,960	17	2,145,851,362	17	-10	
	Fuel and power	7,495,766,796	56	7,005,810,091	53	7	
	Depreciation and amortization	1,123,662,357	9	1,177,979,129	13	-5	
	Labor and Others	3,120,886,707	18	2,165,998,351	17	44	
Clinker	Raw materials	37,860,605	9	56,303,142	11	-33	
	Fuel and power	338,532,825	64	395,248,214	58	-14	
	Depreciation and amortization	42,230,921	9	55,210,295	13	-24	
	Labor and Others	124,244,085	18	107,009,924	18	16	
Concrete	Raw materials	942,635,453	87	641,297,383	85	47	
	Fuel and power	6,657,375	1	6,277,476	1	6	
	Depreciation and amortization	38,432,337	4	30,385,415	7	26	
	Labor and Others	48,028,417	8	61,524,324	7	-22	

(4) Information of major clients and major suppliers

Sales volume of the Top 5 clients totaled 660.88 million Yuan, accounting for 2.4% of the annual total sales volume; no related party transaction was included in the total Top 5 clients' sales volume, accounting for 0% of the annual total sales volume.

Procurement amount of the Top 5 suppliers totaled 1,963.46 million Yuan, accounting for 12.7% of the annual total procurement volume; USD 193.7355 million Yuan related party transaction was included in the total top 5 suppliers' procurement volume, accounting for 1.3% of the annual total sales volume.

3. Expenses

Unit: Yuan

Item	Current period	Same period of last year	Change (%)
Selling and distribution expenses	1,701,838,126	1,402,119,400	21.38
General and administrative expenses	1,336,820,828	1,196,177,344	11.76
Financial expenses	465,623,749	660,630,215	-29.52

Note: Decrease in financial expenses over last year is due to enhanced profitability and part of debts have been paid, so the loan scale was downsized.

4. R&D expenses

Unit: Yuan

R&D expenses calculated as expenses	115,334,649
R&D expenses calculated as capital expenditure	-
Total R&D expenses	115,334,649
% in sales revenue	0.42

Remarks: The above is the statistical data.



5. Cash flows

Unit: Yuan

Item	Current period	Last year same period	Change
Net cash flows from operating activities	7,899,606,105	3,904,076,048	102.34
Net cash flows from investing activities	-1,828,883,303	-1,634,307,187	-11.91
Net cash flows from financing activities	-4,383,900,782	-2,359,485,781	-85.80
Effect of foreign exchange rate changes on cash	17,091,219	-20,260,302	184.36
Net increase in cash and cash equivalents	1,703,913,239	-109,977,222	1,649.33

Note: Net cash flows from operating activities for this period increased over last year, mainly due to cement price rise.

Net cash flows from investing activities decreased over last year, mainly due to enhanced profitability, adequate fund and lowered need for loans.

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

(III) Assets and Liabilities

1. Assets and Liabilities

Unit: Yuan

Item	31 December 2018	% in the total assets	31 December 2017	% in the total assets	Change over the 31 December 2017(%)	Remarks
Cash at bank and in hand	5,326,761,911	16.06	3,606,246,276	11.82	47.71	Profit increased
Financial assets at fair value through profit or loss	207,144,438	0.62	453,990,407	1.49	-54.37	Part of monetary fund redeemed
Advances to suppliers	323,717,031	0.98	225,637,668	0.74	43.47	Advances of fuel increased
Other current assets	165,387,334	0.50	122,926,210	0.40	34.54	VAT to be deducted increased
Long term prepaid expenses	376,208,038	1.13	281,061,433	0.92	33.85	Long term assets were reclassified
Other non-current assets	56,397,942	0.17	-	Not applicable	Not applicable	Reclassified with advances to suppliers
Short-term borrowings	621,000,000	1.87	1,141,500,000	3.74	-45.60	Profit and net operating cash flows increased, downsized the scale of liability with interest
Employees remuneration payable	392,173,556	1.18	281,087,404	0.92	39.52	Significant performance growth led to the increase of short-term incentives
Taxes payable	935,736,726	2.82	507,945,221	1.67	84.22	Profit grew, income taxes payable increased
Including: Interests payable	70,507,991	0.21	113,171,188	0.37	-37.70	Profit and net operating cash flows increased, downsized the scale of liability with interest
Non-current assets due within one year	2,877,217,204	8.68	1,682,733,582	5.52	70.98	Newly added corporate debentures due soon
Long term borrowings	2,444,189,091	7.37	4,058,959,121	13.31	-39.78	Profit and net operating cash flow increased, downsized the scale of liability with interest
Debentures payable	1,196,831,761	3.61	3,295,605,346	10.81	-63.68	Corporate debentures due transferred to current liabilities.
Long term payables	261,696,441	0.79	99,385,421	0.33	163.31	Plants relocated received government subsidy.
Provisions	238,759,221	0.72	162,893,548	0.53	46.57	Withholding mining reclaim provisions
Other comprehensive income	-9,023,883	-0.03	-20,053,747	-0.07	55.00	Exchange rate the currency of subsidiary US dollar to RMB increased.
Undistributed profits	11,721,477,654	35.35	7,150,569,774	23.45	63.92	Profit growth
Minority interests	1,646,426,343	4.96	1,255,766,858	4.12	31.11	Profit growth

2. Major restrictions on assets by the period end

Unit: Yuan

Cash at bank and in hand	90,539,777
Notes receivable	27,510,016
Fixed asset	557,430,713
Intangible asset	14,272,894

In addition, equity of some subsidiaries of the Group was pledged to banks for long-term borrowings (Note VII (23)). On December 31, 2018, the balance of net book assets of such equity totaled approximately RMB 1,431,358,551.

(IV) Industrial operation information analysis: Inapplicable

(V) Investments

1. External equity investment

Unit: Yuan

Item	Current period	Same period of last year	Change (%)
Financial assets at fair value through profits or losses	207,144,438	453,990,407	-54.37
Available-for-sale financial assets	60,487,319	71,198,874	-15.04
Long-term equity investments	512,469,490	435,003,431	17.81

(1) Major equity investment

Unit: Yuan

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

(2) Major non-equity investment: Inapplicable

(3) Financial Assets valued by fair value

Unit: Yuan

Project name	Original investment (Yuan)	Balance at the end of the period	Fund resource	Purchased for this period	Sold for this period	Impact to the profit for the period	Change in fair value
Financial assets at fair value through profits or losses	200,000,000	207,144,438	Self owned	2,750,000,000	3,000,000,000	15,851,219	15,851,219
Available-for-sale financial assets	24,917,225	48,762,653	Self owned	-	-	-896,063	-10,711,555

(VI) Major assets and equity sale: Inapplicable

(VII) Major holding and joint stock companies

Unit: Yuan

Company name	Major product and service	Registered capital	Total assets	Net assets	Net profit	Sales revenue
Huaxin Cement (Wuxue) Co., Ltd.	Production and sales of cement	300,000,000	1,095,209,072	633,822,481	315,753,770	1,447,918,291
Huaxin Cement (Yangxin) Co., Ltd.	Production and sales of cement	500,000,000	1,372,487,487	823,777,936	301,958,187	1,329,494,130
Huaxin Cement (Xiangyang) Co., Ltd.	Production and sales of cement	140,000,000	838,925,076	404,065,144	233,109,748	1,042,713,304
Chongqing Huaxin Cantian Cement Co., Ltd.	Production and sales of cement	270,000,000	1,101,856,411	30,267,388	248,923,927	585,510,369
Huaxin Cement (Tibet) Co., Ltd.	Production and sales of cement	50,000,000	1,396,712,557	751,199,696	216,038,213	949,412,429

(VIII) Structural main body changes controlled by the Company: Inapplicable

III. Discussion and analysis on the future development of the Company

(I) Industrial pattern and trend of development

The year 2019 witnesses the 70th anniversary of the founding of People's Republic of China. It's also the critical year for building a moderately prosperous society in all respects. According to the Government Work Report, Chinese GDP growth in 2019 will be 6% - 6.5%. China's economy will remain operating within a reasonable range. Central Economic Conference considered that the major contradiction of our economy still lied in supply side structure, and reform in this regard should be unswervingly upheld as the



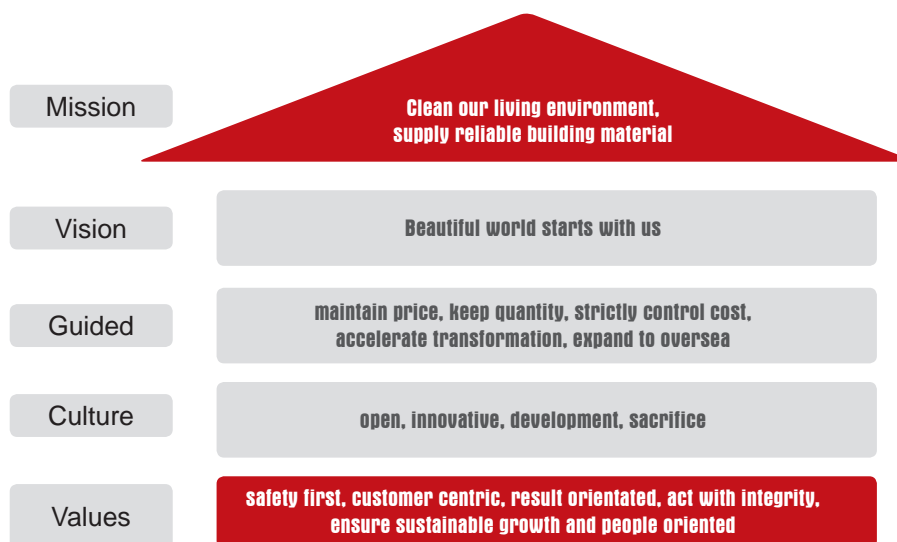
main line. More measures including reform, market and legal resorts should be taken to "consolidate, enhance, improve and channel". Fruits of "cutting capacity, cutting inventory, cutting leverage, lowering cost and making up for weakness" should be consolidated to promote the accelerated exit of "zombie companies" in more industries with overcapacity. Cost for business operation at all respects in the society should be lowered and more efforts should be devoted to strengthen the weakness in infrastructure.

In 2019, opportunities and challenges will coexist in cement industry of China. Outlooks for the industry are as followed:

1. Total demand for cement remains at a relatively high level of the plateau with downward pressure. With the ease of regulatory policies in real estate in 2019, real estate investment growth will remain stabilized. In the meantime, against the backdrop of strengthening the weakness in national transportation infrastructure and pushing for the kick off and completion of infrastructure projects, investment growth in infrastructure gradually recovered and picked up, and infrastructure investment will still prop up cement demand.
2. "Cutting capacity" may become the main trend in the industry. In 2019, supply side structural reform is being further propelled and ever more stringent control on air pollution and environment problems is being practiced. Off-peak production, eco limit on production, phasing out backward capacity, reduced capacity replacement and merge and acquisition to increase industry concentration will remain the most important measures to drive the supply side structural reform in cement industry.
3. Green development and high quality development will be deepened. China's economy has stepped into the stage of high quality development. Cement industry is undergoing severe overcapacity and there is no added quantity in market demand. It is time's call for energy conservation, cutting emission, intelligent manufacture, canceling low-grade cement type, develop low carbon cement, ecological cement, dry-mixed mortar and other cement based new materials to improve product quality and optimize product structure so as to meet quality development of the industry and new demand of market.
4. Cement price will remain relatively stable with slight rise in production cost. Currently, demand slowdown and over capacity coexist in China's cement industry, nevertheless, continuous deepened supply side structural reform provides a precious window opportunity to cement industry to solve severe overcapacity. Meanwhile, eco supervision is becoming ever more stringent, so the investment in eco protection of cement enterprises will further go up.

(II) Development strategy of the Company

In 2019, the Company will promote the corporate culture of "open, innovative, development, sacrifice" and adhere to the values of "safety first, customer centric, result orientated, act with integrity, ensure sustainable growth and people oriented" to pursue the vision of "Beautiful world starts with us". Shouldering the mission of "Clean our living environment, supply reliable building material", the Company will drive the reform through openness, develop through innovation, grow through transformation and always grasp the pulse of time's development to strive for a new Huaxin featuring innovation, coordination, green, sharing, openness and integration. Guided by "maintain price, keep quantity, strictly control cost, accelerate transformation, expand to overseas", operation and development will step up to a new stage.



(III) Business Plan

1. Completion of the 2018 business plan

In 2018, affected by factors such as growth in the scale of production and sales of the Company and significant operation improvement, the Company achieved operating revenue of 27.466 billion Yuan, up by 31.48% over the previous year and completing 128% of the annual budget. Of which: sales revenue of cement and clinker completed 135.7% of the budget; concrete sales revenue completed 153.5% of the budget; aggregate sales revenue completed 121.6% of the budget; the Eco sales revenue completed 87.6% of the budget.

In 2018, the actual budget completion on overall investment was 52.1%. By the end of 2018, total assets of the Company were 33.2 billion Yuan and the asset-liability ratio was 44.76%.

2. Business Plan for 2019

In 2019, the Company plans to sell cement and commercial clinker 72.96 million tons, concrete 3.68 million m³, aggregate 26.62 million tons, total disposal volume of ECO business 3.04 million tons. Estimated revenue of 2019 is over 27.5 billion CNY, basically level off with 2018.

In 2019, the Company plans to invest 5 billion CNY on capital expenditure, mainly flowing to cement business, aggregate business and new material business. In terms of cement business, the Company will further expand to overseas and replace old capacity at home. Nepal and Uzbekistan projects are planned to be constructed. Old capacity replacement in Hubei Huangshi and Yunan Luquan will be finished. Aggregate projects will be expanded continuously. Efforts will be made to new material business.

In 2019, total assets of the Company are predicted to be about 34.4 billion CNY and the asset-liability ratio is predicted to be reduced below 40%.

To achieve above business objectives, the Company will advance four strategies across the board:

1. Transformation strategy of combining cement with eco business: rigorously construct eco and cement kiln co-processing platform, expand the capacity of eco wastes processing, improve TSR alternative rate, make Huaxin an eco and building material group equipped with strength in technology, equipment, two section business model, safety, environment friendly and first mover.

2. Overseas strategy of cement business: Taking advantage of LH Group's overseas platform, make Huaxin an influential and leading cement manufacturer in developing countries and invested countries.

3. Innovation strategy of traditional industry + internet: develop core market's "e-commerce + logistics net", continuously expand the intelligent application in management, commerce and industry, make Huaxin a benchmarking enterprise with best competitiveness in the transformation of internet.

4. Expansion strategy in high-tech building material: continuously step up efforts in the research and development of high-tech building materials, realize the continuous upgrade of Huaxin brand value. To achieve the above business goals, the Company intends to take the following initiatives:

(1) Continue to promote production and operation management. All plants continue to execute cost benchmark management. With the help of the best practice sharing data base, plants can formulate targeted cost improvement plan. Through preventive maintenance of equipment, annual maintenance management, management in equipment status and shutdown accidents, high yield and stable operation can be ensured under off-peak production. Plant digitalization and intelligent operation will be explored to set up model plant.

(2) Keep advancing the 2nd phase project of intelligent procurement, formulate specific execution plan, improve the proportion of unified procurement and online procurement and make procurement more effective and transparent.

(3) Seize the opportunities brought by policies to create added-value for marketing. Eyes on the whole picture, stay positive and keep calm and practice the guidelines and measures of supply side structural reform. Strengthen the promotion of innovative results of marketing, advance the deepening development of marketing digitalization oriented towards "improve client experience, promote marketing operation". The Company will research and grasp the opportunity of canceling PC 32.5R cement type to optimize and upgrade innovative products and continue to widen differentiated competitive advantages.

(4) Deliberately organize and ensure the progress of projects to achieve high quality development. Within the year, construction of Yunnan Luquan 4,000 tons/d project and Huangshi 2.85 million tons/y project will be finished. Narayani 2,800 tons/d project in Nepal and Jizaakh 4,000 tons/d project in Uzbekistan will be basically completed by the end of this year. Construction of eco projects including Hubei Nanzhang hazard waste, Hubei Yidu, Chongqing Yunyang, Yunnan Huaping household garbage disposal projects will be finished. Kick off projects including Yunnan Jianchuan and Hubei Badong household garbage disposal, Guangdong Enping and Huangshi hazard wastes. Construction of Sichuan Quxian, Hunan Chenzhou, Hubei Changyang, Yunnan Jinghong, Lincang and Zhaotong aggregate projects will be finished. Nine projects with the accumulated capacity of 22.5 million tons aggregate per year in Hubei Xiangyang, Yangxin, Guizhou Shuicheng, Yunnan Fumin 2nd phase and Hunan Zhuzhou will kick off. 1 billion packaging bags project in Huangshi will be progressed as schedule to orderly upgrade the packaging bags of self plants.

The above business plan does not constitute a commitment of the Company on its performance to investors, and investors should have adequate risk awareness and should understand the difference between the business plan and the performance commitment.



(IV) Potential Risks

1. Business risks caused by demand slowdown in cement market

For recent two years, guided by intensified environmental protection, strong enforcement of national government, off-peak production and other policies of cutting capacity, cement industry witnessed dynamic balance between supply and demand, price rebounded and rose and industry prosperity picked up. However, capacity exit mechanism of cement industry is still yet to be improved, and overcapacity-the fundamental contradiction hasn't been effectively solved. Cement industry demand is going downward, under such circumstances, if capacity can't be effectively cut in cement industry, contradiction of supply and demand is bound to be exacerbated, and operation risks in the whole industry will increase.

Countermeasures: (1) Keep a close watch on the national macro-economy policies, strengthen the analysis and research of related policies and factors of cement industry demand to identify market demand and supply relationship. (2) Firmly implement related policies and measures of cutting capacity issued by national government and local governments to demonstrate due attitude of a large enterprise to firmly practice it, thus promoting the healthy development of the industry. (3) Stick to the marketing concept of client centric, optimize the management system of marketing business and systematic procedure, gradually construct the marketing ecosphere of "Internet+", enhance the bond with clients, and improve the convenience of purchase. (4) Focus on differentiated competition strategy, consolidate and expand home decoration cement market, research and pilot cement for civil structure to create differentiated competitive advantages..

2. Risks of cost rise and declining competitiveness

For recent two years, with ever more stringent control on mining of cement industry and eco emission, plus shutdown time increase of off peak production and cost rise in raw material and fuel, cost of cement-main products of the Company sees obvious rise. In the meantime, in predictable time period, the Company will increase investment in safety, environment protection, packaging, plant digitalization and intelligent operation management, thus the cost will rise to a certain range.

Countermeasures: (1) Firmly set up the concept of "Competition in market, capability in plant", refine management and streamline production. (2) Launch industry intelligent system R&D and application to boost operation efficiency. (3) Develop new products to enhance the ability of unit product to create value. (4) Promote the procurement reform of "Unified Procurement" + "Online Procurement" to lower the procurement cost of raw material and fuel. (5) Continuously push the progress of technology in terms of cement kiln co-processing and alternative fuel application to increase the amount of wastes disposal per ton clinker and increase the use of alternative fuel.

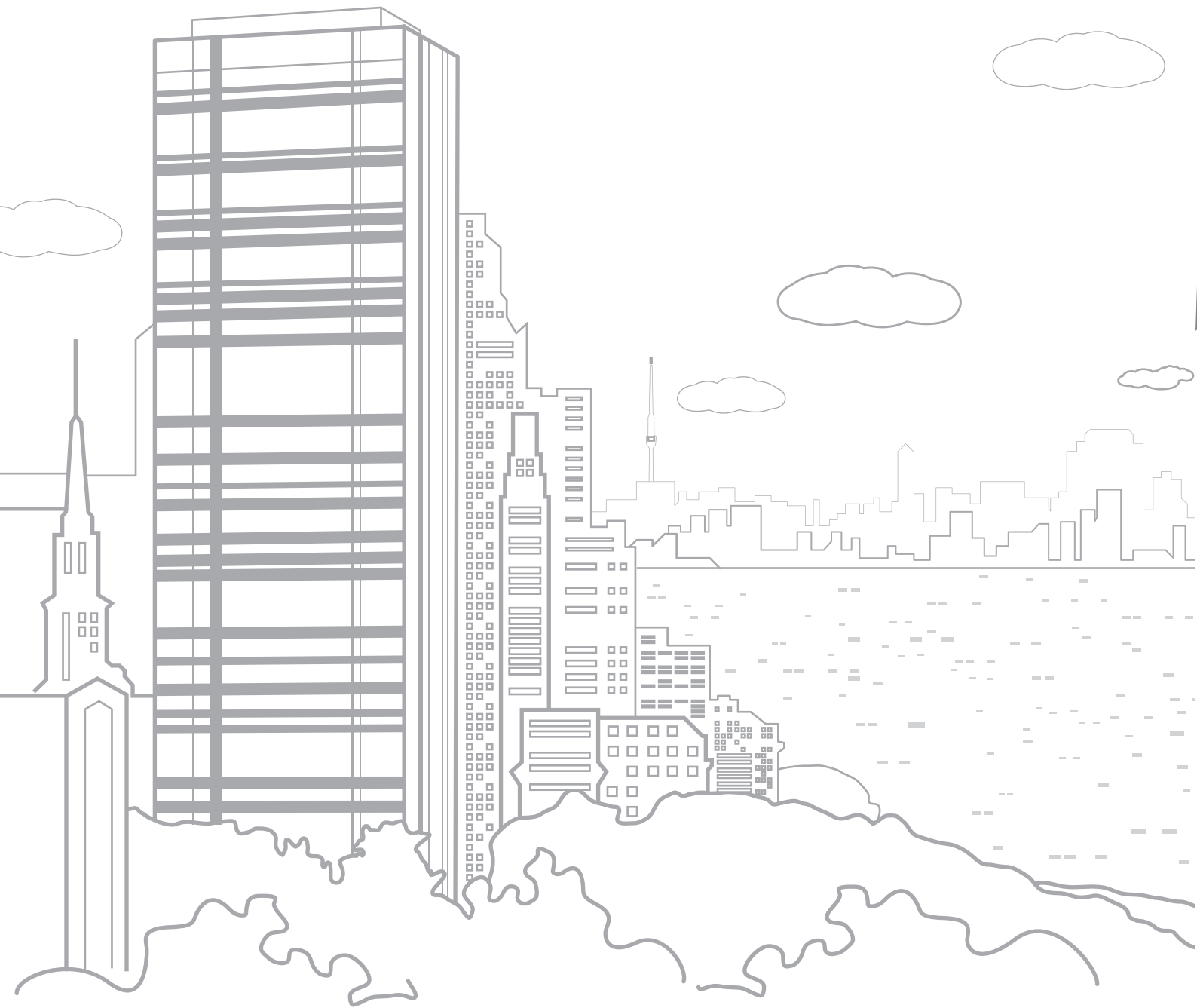
3. Risks of new business development below expectation

The Company has started to lay out and expand the business of UHPC, special mortar and other cement based new building materials, which is one of the strategic measures for the Company's innovation, transformation and high quality development and new growth point development. However, the Company is a newcomer in those fields and the brand is being established. In the meantime, cultivating business professionals and technology development professionals in this regard takes time. Operation, management and models of sales and marketing of the businesses are still being explored. Whether the development of new businesses can reach the expectation is still at risk.

Countermeasures: (1) Step up efforts in market study, positioning products to make sure products launched meet market demand. (2) Making use of the Company's resources including the access to resources, spare space in current plants and sales channels to lower the cost of investment and cost of operation. (3) Keep close cooperation with LafargeHolcim in new businesses, strengthen self R&D, and accelerate the progress of localization of new materials' technique, equipment and raw materials. (4) Improve technology service quality and product quality. Turn the Company from a solution provider into a "systematic provider" featuring "product+solution" to establish brand image gradually. (5) Create entrepreneurial culture of "Inner support, outer growth" to support business development.

IV. Situation and reason analysis for the Company's not disclosing the relevant issues according to the principles which are inapplicable or for other special reasons:Inapplicable

Chapter 5 Major Events





I. Common dividend distribution or capital reserve

(I) The formulation, implementation and adjustment of Cash dividend policy

On April 24, 2018, the Annual Shareholder's General Meeting 2017 reviewed and approved the Profit Distribution Plan 2017 of the Company. The Company distributed cash dividend accordingly of 0.28 Yuan (tax included) per share, totaled 419,319,971 Yuan to all shareholders based on the number of total shares of the Company at the end of 2017, namely 1,497,571,325 shares, and the surplus profits was retained as undistributed profits of the Company. There was no conversion of capital reserve into share capital in the year of 2017.

The profits distribution plan was fully implemented on June 22, 2018.

(II) Plan or proposal of common dividend distribution, conversion of capital reserve into share capital in the past 3 years (including the reporting period)

Unit: Yuan

Year	Bonus share for 10 shares (share)	Dividends for 10 shares (Yuan) (incl. tax)	Stock split for 10 shares (share)	Cash dividends amount (incl. tax)	Net profit attributable to the shareholders of the Company in the Consolidated Financial Statement	% in Net profit attributable to the shareholders of the Company in the Consolidated Financial Statement
2018	0	11.5	4	1,722,207,024	5,181,448,611	33.24
2017	0	2.8	0	419,319,971	2,077,640,568	20
2016	0	1.0	0	149,757,133	451,940,413	33.14

(III) The Company shall disclose in details the reason for having not cash dividend distribution plan though the profits attributable to common shareholders in the reporting period is positive: Inapplicable

II. Execution of Commitments:Inapplicable
III. Capital occupation and debts clearing up progress during the reporting period:Inapplicable
IV. Company's Explanation on Non-standard Audit Report from the CPAs:Inapplicable
V. Company's Explanation on Reasons and Impact of Changing Account Policies, Account Estimation or Correction of Important Account Mistakes:Inapplicable
VI. Appointment of Certified Public Accountants

	Original	Current
Name of domestic CPA	PricewaterhouseCoopers Zhong Tian CPAs LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Payment of domestic CPA	3,850,000	3,300,000
Age of domestic CPA	13	1

	Name	Payment
External Auditor for Internal Control	Deloitte Touche Tohmatsu Certified Public Accountants LLP	400,000

Description of the appointment and dismissal of accounting firms

According to the regulations in the revised Articles of Association reviewed and approved by the First Extraordinary Shareholders' General Meeting 2018 on June 12, 2018, the accounting firm providing audit service to the Company for the financial statements has to be replaced if the continuous appointment reaches 8 to 10 years. In view of the fact that PricewaterhouseCoopers Zhongtian CPAs LLP has provided audit services for the Company for 13 consecutive years, the First Extraordinary Shareholders' General Meeting 2018 reviewed and approved the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's financial auditor and internal control auditor for 2018.

VII. Risk of Stock Trade Suspending: Not applicable
VIII. Situation and reason for Termination of Stock Listing: Not applicable
IX. Related Issue on Bankruptcy and Reform:Not applicable
X. 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
Jiangsu Huohua Steel Structure Group Co., Ltd. accused 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 www.sse.com.cn .
Xiangyang Jianshan Technology Co., Ltd accused Huaxin Concrete (Wuhan) Co., Ltd, Xiangyang Xingshida Plastics Co., Ltd., Mr. Liu Jianshan and Huaxin Concrete Xiangyang Co., Ltd. about shareholding transfer contract dispute	
Xiangyang Xingshida Plastics Co., Ltd. accused Huaxin Concrete (Wuhan) Co., Ltd, Xiangyang Jianshan Technology Co., Ltd, Mr. Liu Jianshan and Huaxin Concrete Xiangyang Co., Ltd. about shareholding transfer contract dispute	

(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 estimated debt and the amount	Progress	Result and effect	Execution of the judgment
Huaxin Cement Co., Ltd.	Tianxing Group Co., Ltd, Yongkang City Tianyi Enamel Product Co., Ltd, Zhejiang Hengtai Aluminum Co., Ltd, Wuyi Huaou Furniture Co., Ltd, Mr. Xu Weiqiang, Mr. Liu Ligu, Mr. Xu Liansheng, Mr. Lin Kuande, Ms. Liu Mingyan, Mr. Cheng Dongqing, Mr. Xu Lianmeng, Mr. Sun Fusong, Mr. Li Yuanhong etc, Sichuan Guanghan Sanxingdui Cement Co., Ltd shareholders and Mr. Ying Tianxing.		Civil Action	For detailed information, please refer to the Half Year Report 2012 of the Company and Annual Report 2015 of the Company at www.sse.com.cn	6,000	No	On 25 th February, 2015, Sichuan Province Superior People's Court made the second-instance judgment.	The appellee Sichuan Guanghan Sanxingdui Cement Co., Ltd and its shareholders return double the deposit 60 million. Mr. Ying Tianxing takes joint liability for the above return responsibility of Sanxingdui shareholders'	On April 22 nd , 2015, the Company applied for compulsory execution from Deyang Municipal Intermediary People's Court. In 2018, the Company received 2.28 million of return. In February 2019, the Company applied for evaluated auction of equity of Sichuan Guanghan Sanxingdui Cement Co., Ltd from Deyang Municipal Intermediary People's Court.
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 and the Annual Report 2016 of the Company at www.sse.com.cn	3,683.17	No	In March 2018, the plaintiff claimed compensation right, altered the lawsuit request to ask the appellee to compensate the direct loss of 31,831,673.56 RMB and indirect loss of 5 million RMB caused by problematic products provided by the appellee. Xinqi Construction Group Co., Ltd took joint responsibility. Currently the case is for first-instance retrial.		
Huaxin Concrete (Wuhan) Co., Ltd	Hubei Guoxin Property Co., Ltd		Civil Action	For detailed information, please refer to the Annual Report 2013 of the Company and the Annual Report 2016 of the Company at www.sse.com.cn	490	No	Same as the above.		
North Heavy Industry Group Co., Ltd	Huaxin Cement (Enping) Co., Ltd		Civil Action	For detailed information, please refer to the Annual Report 2013 of the Company and the Annual Report 2016 of the Company at www.sse.com.cn	25,850.78	No	In December 2018, the plaintiff and the appellee reached an accord. In January 2019, Guangdong Province Superior People's Court made the second-instance final sentence.	The appellee pay the remaining amount of 159.6 million RMB to the plaintiff.	The appellee paid the remaining amount in a lump sum in December 2018. The lawsuit was closed in January 2019.
Huaxin Concrete (Xiangyang) Co., Ltd	Xiangyang Jianshan Technology Co., Ltd		Civil Action	For detailed information, please refer to the Annual Report 2015 of the Company and the Annual Report 2017 of the Company at www.sse.com.cn	2,477.39	No	In August 2018, the appellee requested a counterclaim to ask: sentence the appellee-Xiangyang Concrete Co., Ltd pay 28.52 million RMB to the plaintiff-Xiangyang Jianshan Technology Co., Ltd. In January 2019, the plaintiff applied to add Mr. Liu Jianshan, Xiangyang Xingshida Plastic Co., Ltd as joint appellee and take joint responsibility with the appellee. Currently the case is for first-instance retrial.		
Huaxin Concrete (Xiangyang) Co., Ltd	Xiangyang Jianshan Technology Co., Ltd		Civil Action	For detailed information, please refer to the Annual Report 2015 of the Company and the Annual Report 2017 of the Company at www.sse.com.cn	240	No	In October 2018, Xiangyang High-tech Industrial Development Zone People's Court made the first-instance sentence.	The appellee pay the plaintiff 2.2287 million RMB. Since 22 nd July 2015, until the amount is paid in full, there will be 6% annual interest rate based on 2.2287 million RMB.	In January 2019, Xiangyang High-tech Development Zone People's Court has accepted the application for compulsory execution from the plaintiff.

XI. Punishment on Directors, Supervisors, Senior Managers, Controlling Shareholder, Actual Controller or purchaser and the rectification:Not applicable

XII. Explanation on the credibility and integrity of the Controlling Shareholder and the Actual Controller of the Company in the Reporting period:Not applicable

XIII. 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:Not applicable

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

Equity incentive:Not applicable

Employee holding shares plan:Not applicable

Other incentive measures:

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

On June 29, 2018, the Third Meeting of the Ninth Board of Directors of the Company reviewed and adopted the "Proposal on the Grant Date, Price and Number of "Phantom Performance Stock (PPS)" 2018 for the Top Management Team". Board of Directors, authorized by the Shareholders' General Meeting, defined the grant date and price of the PPS, as well as amount and number of the PPS for the Top Management for 2018.

In order to motivate employees to create more value for the Company and its shareholders, on August 22, 2018, the Fourth Meeting of the Ninth Board of Directors reviewed and adopted the Ninth Board Proposal on the Extra EBITDA Bonus (one-time rewards in 2018), the Company set up an Extra EBITDA Bonus (CEO award fund) to reward employees who have made outstanding contributions to the Company's performance improvement. The Extra EBITDA Bonus is based on the actual EBITDA and Cash Flow in 2018. Total Extra 2018 Bonus Pool = 28.4 million Yuan * (75% * EBITDA Factor + 25% * Cash flow from operating activities Factor).

XIV. Important Related Transaction

(I) Related Transactions in Connection with Daily Operation

1. Events that were disclosed in extraordinary announcements and that had no progress or changes during the further implementation:Not applicable

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

Unit: Yuan

Related party	Transaction	Transaction amount
LafargeHolcim Energy Solutions S.A.S.	Fuel procurement	193,735,493

3. Items that were not disclosed in extraordinary announcements: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:Not applicable

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

On March 22, 2018, the Twenty Ninth Meeting of the Eighth Board of Directors reviewed and approved the affiliated party transaction of 100% equity interest transfer in Chongqing Lafarge Shui On Cantian Cement. Co., Ltd. held by Lafarge China Cement Limited to the Company at a price of RMB 253.3 million.

The Company completed the acquisition in April 2018.

3. Items that were not disclosed in extraordinary announcements: Not applicable
4. If the Company has performance commitment, it should disclose the performance fulfilment in the reporting period: Not applicable
(III) Related Transactions involve Joint Investments: Not applicable
(IV) Related Claims and Debts: Not applicable
(V) Others

On December 11, 2018, the Seventh Meeting of the Ninth Board of Directors reviewed and approved the "Proposal on Related Party Transaction Between Huaxin and Holcim Philippines, Inc. on Signing the Project EPC Contract". The Company plans to construct a 6000 t/d cement clinker production line and a 7 MW waste heat power generation project, as well as upgrade a 3,000 t/d cement clinker production line for the related party Holcim Philippines, Inc. with a total contract price of USD 245 million.

The two parties are currently negotiating the specific terms of the contract.

XV. Major Contracts and Implementation
(I) Entrustment, Contract and Leasing: Not applicable
(II) 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)													-102,700,000
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													-491,297,534
Guarantee amount for subsidiaries left at the reporting period end (B)													1,874,303,235
Total guarantee amount (including guarantee for its subsidiaries)													
Total guarantee amount (A+B)													1,874,303,235
% in net assets of the Company													11.24
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)													792,475,488
Guarantee amount exceeded 50% of the net assets (E)													-
Total guarantee amount of the above three (C+D+E)													792,475,488

(III) Cash assets management entrusted to other

1. Entrusted Assets Management: Not applicable

2. Entrusted Loan: Not applicable

3. Others

Unit: Yuan

Investment type	Contract party	Investment amount	Earning	Lawsuit involved or not
RMB monetary market funds	China International Fund Management Co., Ltd.	2,750,000,000	15,851,219	No

The above investment was approved by the Thirty Third Meeting of the Seventh Board of Directors.

In 2018, the Company redeemed 3,000,000,000 Yuan Monetary Market Funds.

(IV) Other Major Contracts: Not applicable

XVI. Explanation on Other Major Issues: Not applicable

XVII. Obligation Performance in Social Responsibility

(I) Poverty alleviation work of the listed Company

1. Targeted poverty alleviation plan

To comprehensively implement the Central Government's work requirements and overall strategy 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 year

The targeted poverty alleviation activities of the Company were mainly carried out based on the overall arrangement of local governments where relevant subsidiaries and branches locate, targeting at industry development, employment transfer, relocation, education, eco protection, basic living guarantee and social poverty relief to effectively carry out the work on poverty alleviation.

The targeted poverty alleviation measures of the Company mainly include: donation of special poverty alleviation funds for the targeted poverty alleviation projects in government recognized impoverished villages; donation funds for vocational skills training for the poverty-stricken people; donation of cement for the infrastructure construction; pairing with specific persons in the villages to provide help and support, donation of funds and materials to help the poverty-stricken people get rid of poverty.

In the year of 2018, the Company pooled 14.8311 million Yuan in targeted poverty alleviation program, including 6.3474 million Yuan in cash, donated goods worth 8.4837 million Yuan, and helped 6356 government recognized poor people get rid of poverty.

3. Targeted property alleviation situation statistic table of the listed Company in 2016

Unit: 0000 Yuan

Indicators	Number and situation
I. The overall situation	
1. Funds	634.74
2. Material discount	848.37
3. Help government recognized poor people get rid of poverty (person)	6,356
II. sub-investment	
1. Industry development poverty alleviation	√ 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
Include: 1.1 industrial poverty alleviation project type	
1.2 Number of industrial poverty alleviation projects (unit)	19
1.3 Amount of investment in poverty alleviation projects	330.87
1.4 Help government recognized poor people get rid of poverty (person)	2,415
2. Poverty alleviation through transfer of employment	
Include: 2.1 Amount of investment of vocational skills training	1.00
2.2 Number of vocational skills training (person / time)	37
2.3 Help government recognized poor people by employment (person)	48
3. Relocation poverty alleviation	16.50
Include: 3.1 Number of relocated poor people employment (person)	150
4. Educational poverty alleviation	
Include: 4.1 Amount of investment of helping poor students	26.33
4.2 Number of poverty students (person)	366
4.3 Amount of investment in improving educational resources in poor areas	12.48
5. Health poverty alleviation	
Include 5.1 Amount of investment in medical resources	5.00
6. Ecological protection Poverty alleviation	<input type="checkbox"/> carry out ecological protection and construction √ Establishment of compensation for ecological protection <input type="checkbox"/> set up ecological public welfare positions √ others
Include: 6.1 Project name	
6.2 Amount invested	48.84

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Indicators	Number and situation
7. Basic living security	
7.1 Investment for helping "children, seniors and women left behind"	2.98
7.2 Number of "children, seniors and women left behind" (person)	21
7.3 Investment for helping poor people with disabilities	27.61
7.4 Number of poor people with disabilities (person)	202
8. Social poverty alleviation	
8.1 Investment in coordination	45.25
8.2 Investment in fixed-point poverty alleviation work	137.05
8.3 Poverty alleviation fund	33.00
9. Other projects	
9.1 Number of projects	63
9.2. Amount invested	796.21
9.3 Help government recognized poor people get rid of poverty (person)	3,893
9.4 Other projects	
III. Awards received (Title, level)	
Tibet Shigatse High-tech Snow Lotus Cement Ltd. resident team was awarded the honorary title of "Autonomous Region-level Advanced Resident Team" for 2017 by the Tibet Autonomous Region Government.	

4. Follow-up targeted poverty alleviation

(1) We must attach great importance to poverty alleviation and earnestly strengthen leadership. The responsible persons of the targeted poverty alleviation of the Company must conscientiously study and understand the points of relevant targeted poverty alleviation documents, raise political awareness, focus on problems, and make targeted efforts. Targeted poverty alleviation shall be given due priority. We need to fully realize the importance, urgency and arduousness of the targeted poverty alleviation activities, take the initiative to implement, and strive to create new achievements in targeted poverty alleviation through careful operation.

(2) Step up efforts in the implementation of responsibility. For weak link and existing problems, targeted poverty relief departments should conduct in-depth analysis, conscientiously study and formulate specific rectification measures, divide tasks into more specific segments, assign responsibilities to a certain person, strengthen target assessment, strictly implement the accountability mechanism, and promote the effective implementation of the work.

(3) Increase efforts and promote effective progress. Targeted poverty alleviation departments should step up efforts, identify gaps and enforce measures to ensure the full implementation of the annual targeted poverty alleviation tasks. Task force on targeted poverty alleviation of the Company conduct more researches, inspection, assessment and provide more guidance and exchanges on the implementation of the poverty alleviation activities to push the effective progress of follow-up targeted poverty alleviation activities.

(II) Corporate Social Responsibility

The Company also compiled and published its social responsibility report. For details, please refer to "2018 Social Responsibility Report of the Company" published at www.sse.com.cn.

(III) Environmental information

1. Description of Environmental Protection of Listed Companies and Their Subsidiaries in Heavy Polluting Industries Provided by National Environmental Protection Departments

(1) Pollution emission information

In 2018, pollutant 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 ³)	Emission standard (mg/m ³)	Total emission amount (t)	Verified emission (t)	Excess emission
1	Huaxin Cement (Yangxin) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	360.63	580.6	No
		NO _x	Organized	2	Kiln inlet	<400	400	1903.08	3557.4	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	155.09	441.45	No
2	Huaxin Cement (Wuxue) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	134.49	409.2	No
		NO _x	Organized	2	Kiln inlet	<400	400	2689.80	3682.8	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	155.12	457	No
3	Huaxin Cement (Daye) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	112.88	1058.75	No
		NO _x	Organized	2	Kiln inlet	<400	400	966.27	2117.5	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	91.57	270.33	No
4	Huaxin Cement (Xiangyang) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	24.27	120	No
		NO _x	Organized	2	Kiln inlet	<400	400	1254.56	2420	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	84.10	341.8	No
5	Huaxin Cement (Xinyang) Ltd.	SO ₂	Organized	1	Kiln inlet	<100	100	75.75	120	No
		NO _x	Organized	1	Kiln inlet	<320	320	439.06	1100	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	45.75	154.7	No
6	Huaxin Jinlong Cement (Yunxian) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	18.51	100	No
		NO _x	Organized	2	Kiln inlet	<400	400	801.79	1285	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	62.08	275.05	No
7	Huaxin Cement (Fangxian) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	27.84	120	No
		NO _x	Organized	1	Kiln inlet	<400	400	372.09	687.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	34.49	88.69	No
8	Huaxin Cement (Yichang) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	49.13	1138.5	No
		NO _x	Organized	2	Kiln inlet	<400	400	978.07	2277	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	99.64	182.6	No
9	Huaxin Cement (Zigui) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	59.96	682	No
		NO _x	Organized	1	Kiln inlet	<400	400	1280.50	1327	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	48.04	191.1	No
10	Huaxin Cement (Enshi) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	7.87	80	No
		NO _x	Organized	1	Kiln inlet	<400	400	445.16	508.75	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	22.24	78.75	No
11	Huaxin Cement (Changyang) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	82.00	756.26	No
		NO _x	Organized	1	Kiln inlet	<400	400	473.00	1512.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	18.60	219.95	No
12	Huaxin Cement Co., Ltd. Huangshi Branch	SO ₂	Organized	2	Kiln inlet	<200	200	182.96	260	No
		NO _x	Organized	2	Kiln inlet	<400	400	1566.87	1650	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	146.21	212.85	No

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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 ³)	Emission standard (mg/m ³)	Total emission amount (t)	Verified emission (t)	Excess emission
13	Huaxin Cement (Hefeng) Minzu Building Materials Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	13.80	41	No
		NO _x	Organized	1	Kiln inlet	<400	400	221.10	275	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	15.25	42.57	No
14	Huaxin Cement (Zhuzhou) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	112.43	620.09	No
		NO _x	Organized	1	Kiln inlet	<400	400	927.66	1996.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	39.62	165.17	No
15	Huaxin Cement (Chenzhou) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	29.94	248.34	No
		NO _x	Organized	1	Kiln inlet	<400	400	1027.80	1200	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	29.54	191.57	No
16	Huaxin Cement (Daoxian) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	128.50	167.4	No
		NO _x	Organized	1	Kiln inlet	<400	400	804.10	992	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	32.28	159.96	No
17	Huaxin Cement (Lengshuijiang) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	12.28	225	No
		NO _x	Organized	1	Kiln inlet	<400	400	793.55	1296	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	26.49	247.75	No
18	Huaxin Cement (Sangzhi) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	6.41	331.25	No
		NO _x	Organized	1	Kiln inlet	<400	400	512.55	662.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	20.88	85.47	No
19	Huaxin Cement (Chibi) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	101.00	130	No
		NO _x	Organized	1	Kiln inlet	<400	400	538.16	1452	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	36.63	180.18	No
20	Huaxin Cement (Enping) Ltd.	SO ₂	Organized	1	Kiln inlet	<100	100	100.29	211.1	No
		NO _x	Organized	1	Kiln inlet	<320	320	698.95	992	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<20	20	45.63	112.84	No
21	Huaxin Cement (Quxian) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	70.55	137.53	No
		NO _x	Organized	1	Kiln inlet	<400	400	807.54	1280	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	53.80	165.12	No
22	Huaxin Cement Chongqing Fuling Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	120.64	784.3	No
		NO _x	Organized	1	Kiln inlet	<350	350	862.65	1372.5	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	5.48	194.6	No
23	Huaxin Cement (Wanyuan) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	4.05	68.6	No
		NO _x	Organized	1	Kiln inlet	<400	400	462.07	559	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	25.41	95.55	No
24	Huaxin Cement (Tibet) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	118.06	119.27	No
		NO _x	Organized	2	Kiln inlet	<400	400	607.12	711	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	51.32	131.58	No
25	Chongqing Huaxin Diwei Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	132.49	426.25	No
		NO _x	Organized	1	Kiln inlet	<350	350	394.50	745.94	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	43.01	105.79	No

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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 ³)	Emission standard (mg/m ³)	Total emission amount (t)	Verified emission (t)	Excess emission
26	Chongqing Huaxin Yanjing Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	112.37	545.6	No
		NO _x	Organized	1	Kiln inlet	<350	350	562.34	954.8	Due to process fluctuations, the SNCR system did not respond in a short time, and NO _x exceeded 0.08 times on March 16.
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	37.41	131.04	No
27	Huaxin Guizhou Dingxiao Special Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	12.81	160	No
		NO _x	Organized	1	Kiln inlet	<400	400	233.73	320	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	25.98	41.28	No
28	Guizhou Shuicheng Shui On Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	17.63	79	No
		NO _x	Organized	1	Kiln inlet	<400	400	586.66	825	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	29.12	106.43	No
29	Yunnan Huaxin Dongjun Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	44.66	140	No
		NO _x	Organized	1	Kiln inlet	<400	400	1094.98	1240	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	43.79	106.43	No
30	Huaxin Cement (Fumin) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	10.86	91.08	No
		NO _x	Organized	1	Kiln inlet	<400	400	653.30	695.81	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	40.79	99.98	No
31	Huaxin Cement (Honghe) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	27.94	59.67	No
		NO _x	Organized	2	Kiln inlet	<400	400	1191.14	1220	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	67.62	112.98	No
32	Huaxin Cement (Zhaotong) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	22.14	120	No
		NO _x	Organized	1	Kiln inlet	<400	400	906.00	1200	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	56.02	119.86	No
33	Huaxin Cement (Kunming Dongchuan) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	5.15	72.06	No
		NO _x	Organized	1	Kiln inlet	<400	400	589.82	600	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	33.69	77.4	No
34	Huaxin Cement (Diqing) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	7.24	22	No
		NO _x	Organized	1	Kiln inlet	<400	400	633.04	655	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	31.22	90.23	No
35	Huaxin Hongta Cement (Jinghong) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	10.42	130.69	No
		NO _x	Organized	1	Kiln inlet	<400	400	617.04	620	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	33.63	99.98	No
36	Huaxin Cement (Yunlong) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	9.08	63.24	No
		NO _x	Organized	1	Kiln inlet	<400	400	488.75	720.94	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	26.58	96.75	No
37	Huaxin Cement (Jianchuan) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	13.12	45.31	No
		NO _x	Organized	1	Kiln inlet	<400	400	274.91	740.35	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	36.46	96.75	No
38	Huaxin Cement (Lijiang) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	11.08	63.54	No
		NO _x	Organized	1	Kiln inlet	<400	400	591.14	620	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	45.95	79.98	No
39	Huaxin Cement (Lincang) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	12.14	82.63	No
		NO _x	Organized	1	Kiln inlet	<400	400	593.37	638.6	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	55.03	81.38	No
40	Tibet Shigatse High-tech Snow Lotus Cement Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	25.10	400	No
		NO _x	Organized	1	Kiln inlet	<400	400	603.58	800	No
		Particulate matters	Organized	1	Kiln inlet Kiln outlet	<30	30	17.37	68.8	No

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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 ³)	Emission standard (mg/m ³)	Total emission amount (t)	Verified emission (t)	Excess emission
41	Chongqing Huaxin Cantian Cement Co., Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	216.97	790	No
		NO _x	Organized	1	Kiln inlet	<350	350	864.62	1395.67	No
		Particulate matters	Organized	1	Kiln inlet	<30	30	49.48	205.76	No
42	Huaxin Environmental Ezhou Co., Ltd.	NH ₃	Organized	1	Biological filter	<35kg/h	35 kg/h	-	Implement emission rate control without performing total accounting	No
		H ₂ S	Organized	1	Biological filter	<2.3kg/h	2.3 kg/h	-		No
43	Wuhan Wugang Huaxin Cement Limited Liability	SO ₂	Organized	1	Hot-blast furnace	<400	400	15.55	Implement concentration control without quotas	No
		NO _x	Organized	1	Hot-blast furnace	<300	300	27.99		No
		Particulate matters	Organized	1	Hot-blast furnace	<20	20	12.95		No
44	Hunan Huaxin Xianggang Cement Ltd.	SO ₂	Organized	1	Hot-blast furnace	<600	600	9.6	Not included in the total control for emission permit of Hunan Province	No
		NO _x	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	11.56	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	0.94	Implement concentration control without quotas	No
49	Panzhihua Huaxin Cement Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	6.31	Implement concentration control without quotas	No
50	Huaxin Cement (Chuxiong) Ltd.	SO ₂	Organized	1	Furnace in fluid bed	<600	600	4.01	Implement concentration control without quotas	No
		NO _x	Organized	1	Furnace in fluid bed	<400	400	5.21		No
		Particulate matters	Organized	3	Furnace in fluid bed Cement grinding mill	<30	30	2.64		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	3.45	Implement concentration control without quotas	No
53	Huaxin Cement (Honghe) Ltd. Gejiu Branch	Particulate matters	Organized	1	Cement grinding mill	<20	20	15.86	Implement concentration control without quotas	No
54	Huaxin Cement (Macheng) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	10.66	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	3.05	Implement concentration control without quotas	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, enhanced pollution control investment, adopted advanced pollution control process and technology to reduce the impact of pollutant emissions on the environment and achieve continuous and stable emission of major pollutants. By implementing the NO_x emission reduction program of "low nitrogen combustion reform + process optimization + SNCR system optimization + co-processing of RDF and NO_x reduction by biomass" to achieve continuous and stable NO_x emission. Dust collectors were upgraded and maintained during the annual repair to ensure that

the dust collectors were in optimal operation and to achieve continuous and stable emission of particulate matters at each outlet. By using low-sulfur coal, controlling the sulfur content in the raw materials and strengthening process control, SO₂ was reduced from the source. By using new technology of complex desulfurization and optimizing wet desulfurization to further reduce the impacts of SO₂ emission 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, the "Environmental Protection Three Simultaneous System" (Environmental facilities shall be designed, constructed and used at the same time with the main works). The Company conducted clean production audit in strict accordance with the requirements of the Clean Production Law and the Departments of clean production.

(4) Emergency plan for emergent environmental incidents

During the reporting period, all subsidiaries of the Company formulated environmental emergency plans according to the requirements of the Law of PRC on Response to Emergencies and the Interim Administrative Measures for Emergency Management of Environmental Emergencies. They implemented emergency plan drills on the basis of the requirements of the emergency plans for environmental emergencies, to ensure that the Company can respond quickly and in a timely manner after a sudden environmental incident, and to prevent environmental events from affecting the environment and the public.

(5) Environment self-monitoring Plan

During the reporting period, all subsidiaries of the Company carried out self-monitoring in strict accordance with the requirements of national environmental monitoring technical specifications and environmental monitoring and management regulations. Self-monitoring projects included smoke, sulfur dioxide, nitrogen oxides, etc. The self-monitoring method was combined with automatic monitoring and manual monitoring. The 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 polluted weather, suspended production or restricted production to minimize the impact of heavy pollution on the environment to fight for the Blue Sky.

In accordance with the requirements of the environmental protection department, all subsidiaries regularly published emission data on the environmental monitoring information release platforms of various provinces and cities. In addition, electronic display screens were installed in each plant area to disclose pollutant emission information to accept public supervision.

2. Description on environmental protection of other subsidiaries besides the key pollutant discharge units

The subsidiaries of the Company that are not included in the list of the national key pollutant discharge 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.

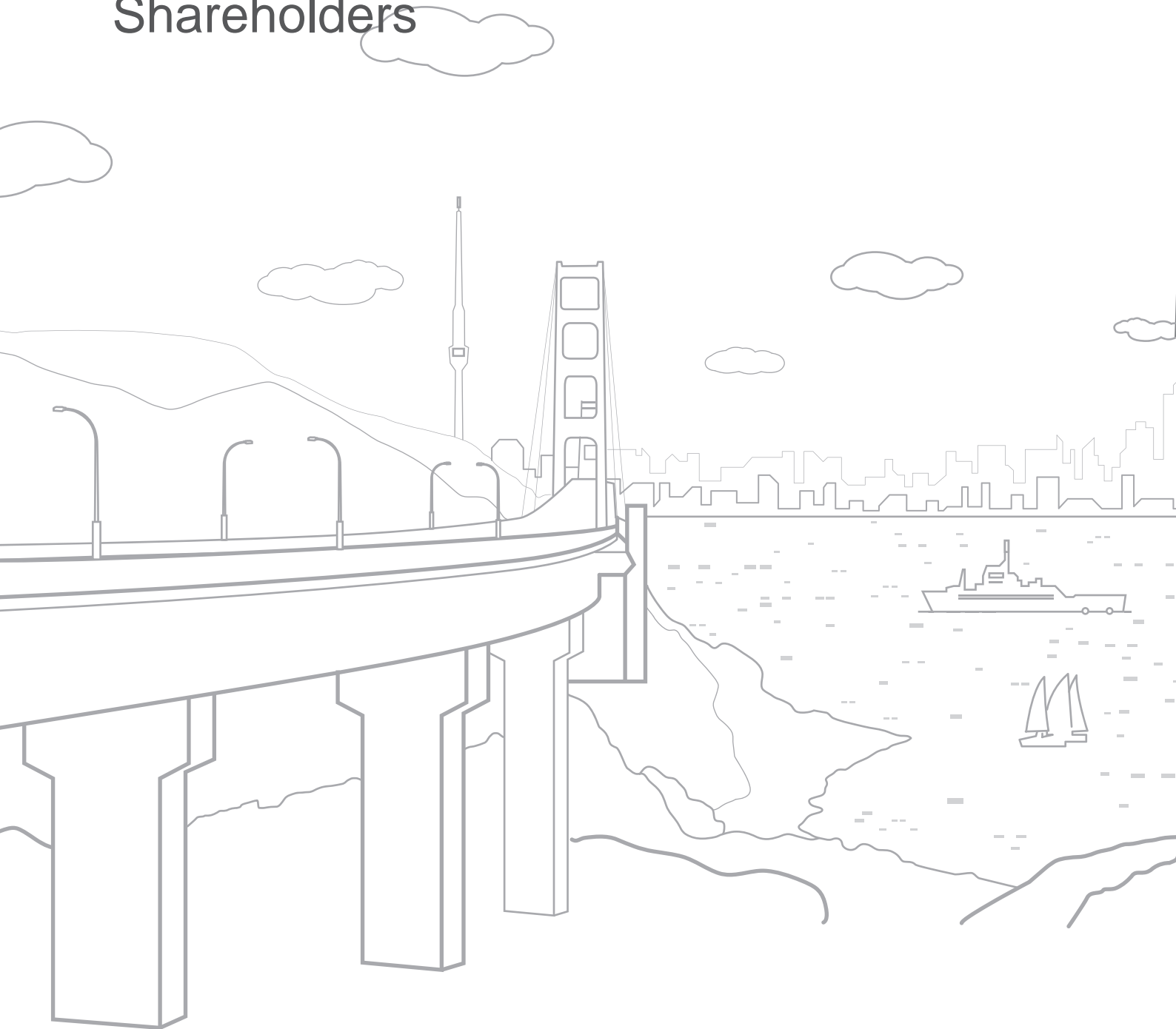
3. Explanation on reasons for non-disclosure of environmental information of other subsidiaries besides the key pollutant discharge units: Not applicable

4. Explanation on the follow-up progress or changes of the disclosure of environmental information during the reporting period: Not applicable

XVIII. Convertible Corporate Bond: Not applicable

Chapter 6

Changes in Common Share Capital and Shareholders





I. Changes in Common share Capital Structure

(I) Changes in the Common Share Capital

1. Changes in the Common Share Capital

There is no change in the total common share capital and the shareholder structure during the reporting period.

2. Changes of Shares Subject to Conditional Sales:Not applicable

II. Securities Issuance and Listing

(I) Securities Issuance in the reporting period:Not applicable

(II) Change in Total Common Shares, Shareholders, Assets and Liabilities Structures:Not applicable

(III) There is no Staff Shares during the Reporting Period:Not applicable

III. General Information of Shareholders and Actual Controller

(I) Total Number of Shareholders

Total number of shareholders at the end of reporting period	53,972
Total number of shareholders at the end of the last month before the disclosure of the Annual Report	50,606

(II) Top Ten Shareholders and Top Ten Holders of Shares not subject to conditional sales

Top ten shareholders

Unit: share

Full Names of Shareholders	Change during the reporting period	Shares amount at the end of the period	%	The amount of shares subject to conditional sales	Mortgage or frozen Status	Amount	Shareholder type
HOLCHIN B.V.	0	596,817,018	39.85	0	nil		Foreign corporation
Huaxin Group Co., Ltd.	0	239,685,714	16.01	0	nil		State-owned corporation
Hong Kong Securities Clearing Company Ltd.	58,209,900	59,551,513	3.98	0	nil		Unknown
HOLPAC LIMITED	0	29,779,888	1.99	0	nil		Foreign corporation
Central Huijin Investment Ltd	0	21,768,700	1.45	0	nil		Unknown
UBS AG	17,915,262	20,711,642	1.38	0	nil		Unknown
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	-1,463,400	11,772,338	0.79	0	nil		Unknown
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	-493,820	9,462,133	0.63	0	nil		Unknown
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	-311,300	8,773,267	0.59	0	nil		Unknown
China Railway Wuhan Bureau Group Co., Ltd.	0	8,064,000	0.54	0	nil		Unknown

Top ten holders of shares not subject to conditional sales

Unit: share

Names of Shareholders	The amount of shares	Shares type and amount	
		Type	Amount
HOLCHIN B.V.	596,817,018	RMB ordinary shares	322,380,858
		Domestic listed foreign investment shares	274,436,160
Huaxin Group Co., Ltd.	239,685,714	RMB ordinary shares	239,685,714
Hong Kong Securities Clearing Company Ltd.	59,551,513	RMB ordinary shares	59,551,513
HOLPAC LIMITED	29,779,888	Domestic listed foreign investment shares	29,779,888
Central Huijin Investment Ltd	21,768,700	RMB ordinary shares	21,768,700
UBS AG	20,711,642	RMB ordinary shares	20,711,642
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	11,772,338	Domestic listed foreign investment shares	11,772,338
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,462,133	Domestic listed foreign investment shares	9,462,133
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	8,773,267	Domestic listed foreign investment shares	8,773,267
China Railway Wuhan Bureau Group Co., Ltd.	8,064,000	RMB ordinary shares	8,064,000
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".		

IV. General Information of the Largest Shareholder and Its Actual Controller

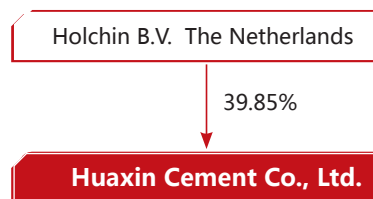
(I) Largest Shareholder

1. Corporation

Name	Date of incorporation	Business range	Other controlling and shareholding situation in other listed companies both in and abroad during the reporting period
Holchin B.V.	Jun 16, 1998	Setting up companies and other enterprises; acquiring, administrating, monitoring and transferring equity and other rights and interests of corporations, companies or enterprises.	During the reporting period, the largest shareholder, Holchin B. V. had no new shareholding activity in other listed companies both in and abroad during the reporting period

2. Index and the date of the modification of the largest shareholder during the reporting period: Not applicable

3. Ownership and Controlling Relationship between the Company and the Controller



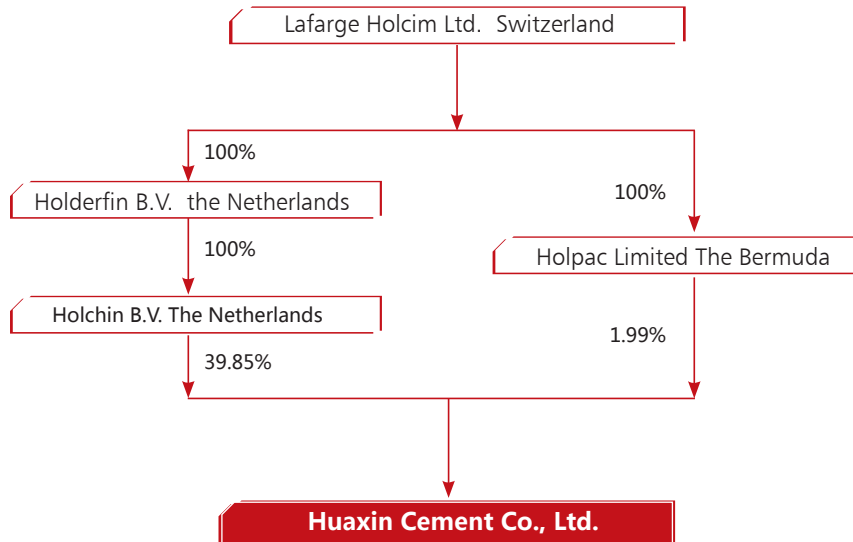
(II) Actual controller of the largest shareholder

1. Legal representative

Name	Date of incorporation	Business range	Other controlling and shareholding situation in other listed companies both in and abroad during the reporting period
Lafarge Holcim Ltd	July 15, 2015	Production and sales of cement, concrete (gravel and sand) and concrete	By the end of the reporting period, LafargeHolcim Ltd indirectly holds 133,952,742 shares of Sichuan Shuangma Cement Co., Ltd. accounting for 17.55% of its total share capital.

2. Index and the date of the modification of the controller of the largest shareholder during the reporting period: Not applicable

3. Property right and controlling relationship between the Company and the controller of the largest shareholder



V. Other Corporate Shareholders Holding over 10% Shares

Unit: Yuan

Name	Legal Representative	Registered capital	Date of incorporation	Registered Number of the Representative Business License	Business range
Huaxin Group Co., Ltd.	Mr. Liu Fengshan	340,000,000	Nov 14, 1996	17843892-3	Manufacture and sales of cement product, parts of machines, development of real estate, commerce, service, etc.

VI. Explanation on the Restricted Shareholding Reduction: Not applicable

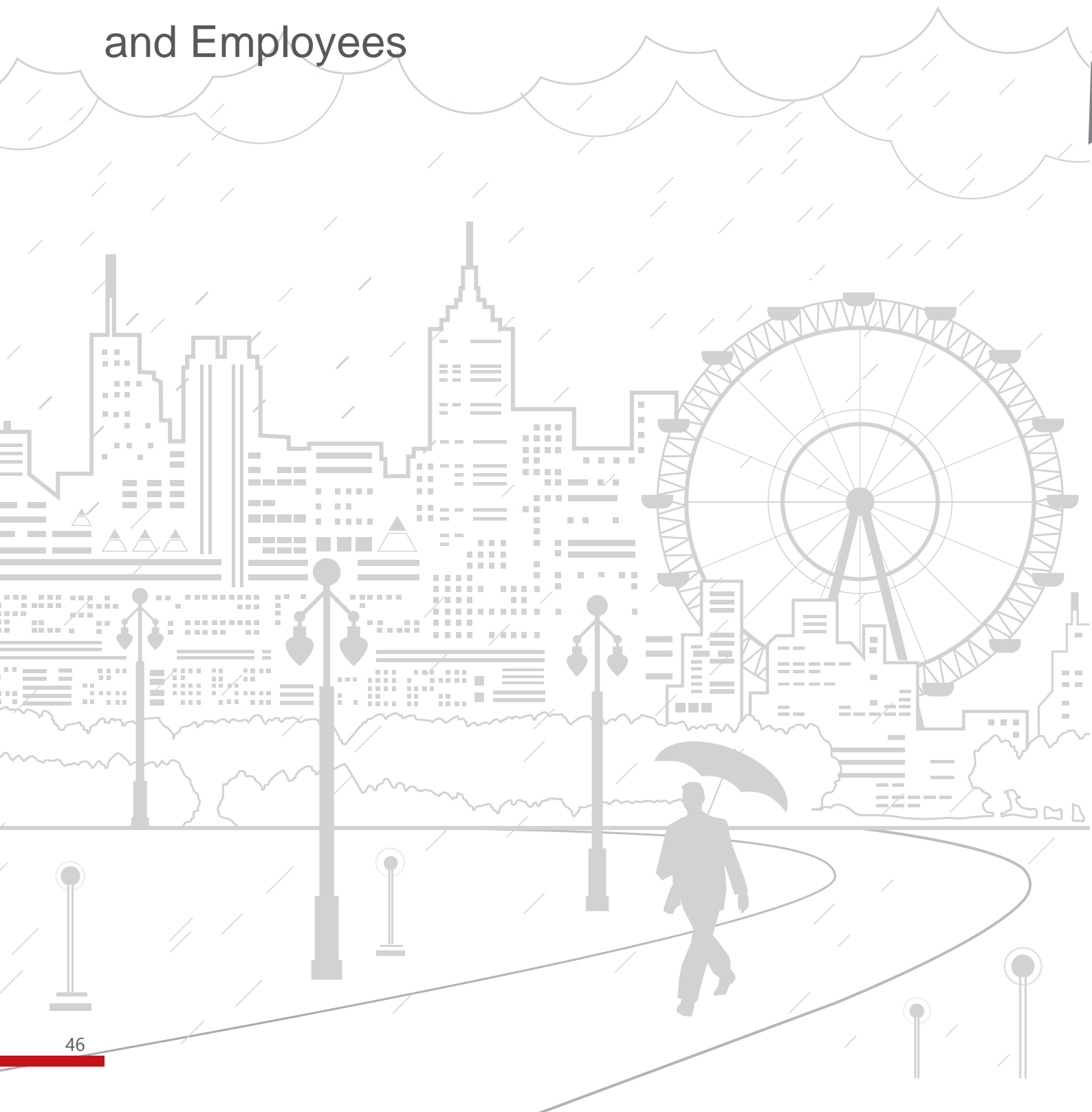


Chapter 7 Preferred Stock

☐ Applicable ☒ Not applicable

Chapter 8

Directors, Supervisors, Senior Management and Employees





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I. Shareholding and Remuneration Information

(I) Shareholding and Remuneration Information of Directors, Supervisors and Senior Management

Unit: Share

Name	Position	Gender	Age	Starting	Ending	Shares held at year begin	Shares held at year end	change	Reason for change	Payment from the Company (10 k Yuan) before tax	Remuneration/ allowance from shareholder company or other related Company
Xu Yongmo	Chairman	M	62	Apr 24, 2018	Apr 24, 2021					46	No
Li Yeqing	Director/CEO	M	54	Apr 24, 2018	Apr 24, 2021	344,614	344,614			516.88	No
Liu Fengshan	Director/VP	M	53	Apr 24, 2018	Apr 24, 2021	80,000	80,000			240.74	No
Liu Yan	Independent Director	F	45	Apr 24, 2018	Apr 24, 2021					30	No
Simon Mackinnon	Independent Director	M	57	Apr 24, 2018	Apr 24, 2021					30	No
Wang Liyan	Independent Director	M	61	Apr 24, 2018	Apr 24, 2021					29	No
Geraldine Picaud	Director	F	48	Apr 24, 2018	Apr 24, 2021					12	Yes
Roland Koehler	Director	M	65	Apr 24, 2018	Apr 24, 2021					12	Yes
Mark Lo	Director	M	55	Dec 27, 2018	Apr 24, 2021					0	Yes
Peng Qingyu	Chairman to the Board of Supervisor	M	58	Apr 24, 2018	Apr 24, 2021	212,880	212,880			265.93	No
Fu Guohua	Supervisor	M	55	Apr 24, 2018	Apr 24, 2021					35.14	No
Yu Yousheng	Supervisor	M	55	Apr 24, 2018	Apr 24, 2021					51.33	No
Yang Xiaobing	Supervisor	M	48	Apr 24, 2018	Apr 24, 2021					44	No
Zhang Lin	Supervisor	M	46	Apr 24, 2018	Apr 24, 2021					72.97	No
Wang Ximing	Secretary to the Board	M	59	Apr 25, 2018	Apr 24, 2021	193,960	193,960			224.54	No
Kong Lingling	CFO	F	54	Apr 25, 2018	Apr 24, 2021	196,752	196,752			276.77	No
Ke Youliang	VP	M	53	Apr 25, 2018	Apr 24, 2021	157,480	157,480			261.43	No
Chen Bing	VP	M	51	Apr 25, 2018	Apr 24, 2021					235.57	No
Du Ping	VP	M	48	Apr 25, 2018	Apr 24, 2021					237.09	No
Liu Yunxia	VP	F	50	Apr 25, 2018	Apr 24, 2021	41,600	41,600			215.42	No
Mei Xiangfu	VP	M	46	Apr 25, 2018	Apr 24, 2021	18,900	18,900			237.68	No
Xiong Guangwei	VP	M	55	Apr 25, 2018	Apr 24, 2021					224.32	No
Yuan Dezu	VP	M	55	Apr 25, 2018	Apr 24, 2021					237.95	No
Yang Hongbing	VP	M	46	Apr 25, 2018	Apr 24, 2021					228.55	No
Xu Gang	VP	M	40	Apr 25, 2018	Apr 24, 2021					172.85	No
Martin Krieger	Director	M	57	Apr 20, 2017	Apr 23, 2018					6	Yes
Daniel Bach	Director	M	55	Nov 9, 2016	Apr 23, 2018					6	Yes
Ian Riley	Director	M	60	Apr 24, 2018	Nov 29, 2018					16.5	Yes
Hu Zhenwu	VP	M	50	Apr 23, 2015	Apr 23, 2018	78,680	78,680			224.87	No
Total	/	/	/	/	/	1,324,866	1,324,866		/	4,191.53	/

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Name	Main work experience
Mr. Xu Yongmo	Mr. Xu Yongmo, born in April 1956, Master of Engineering, Doctor and Post Doctorate who had studied in UK. 1982 ~ 1983, assistant engineer of Plasterboard Subsidiary of Beijing New Building Material Plant; 1986 ~ 1988, the principal of RMX laboratory of Concrete and Housing Building Materials Institute of China Building Materials Academy; 1988~1991, vice director of Technical Information Centre of China Building Materials Academy; 1998 ~ 2002, VP of China Building Materials Academy; from April 2002 to April 2017, VP of China Building Materials Federation; from June 2006 to December 2016, president of China Concrete & Cement Product Association; from December 2016 till now, executive president of China Concrete & Cement Product Association; from March 2007 till now, director-general of China Construction Units Association; from October 2007 till now, VP of China Cement Association; from December 2011, director-general of China Silicate Association. He became Independent Director of the Company from April 2009 to March 2012. He became the Chairman of the Company from April 2012.
Mr. Li Yeqing	Mr. Li Yeqing, born in February 1964, doctor, senior engineer. He currently takes the positions of CEO, Secretary of the Party committee of both the Company and Huaxin Group Co., Ltd.. From July 1984, Mr. Li Yeqing successively graduated from Silicate Major of Wuhan Building Material Institute as Bachelor of Engineering, Industrial Management Major of Wuhan University of Technology as Master of Engineering; and Management Science and Engineering Major of Huazhong University of Science and Technology as Doctor of Business Administration. July 1984 ~ October 1987, Wuhan University of Technology Portland Engineering Department, teacher, League Committee vice secretary. He entered Huaxin Cement Plant (former name of the Company) in November 1987, taking position of quality control engineer of Central Lab, vice manager of Limestone Quarry, vice director of Extension Office and manager of production technology, and became vice manager of Huaxin Cement Plant in January 1993, he became Deputy General Manager of the Company at June 1994, General Manager of the Company in December 1999 (he was renamed as CEO of the Company since March 2004). He took the position of Director of the Company from April 1994. He concurrently took the positions of Vice Chairman of China Building Materials Federation since March 2009 and Vice Chairman of China Cement Association since May 2000. He became Chairman of Hubei Building Materials Federation since Jan 2014.
Mr. Liu Fengshan	Mr. Liu Fengshan, born in November 1965, master degree of public relations from Singapore Nanyang Technological University. Mr. Liu graduated from Kunming Engineering College in July 1987 and got bachelor degree of engineering. From 1987 to August 1998, he took the position of technician of Chimashan Quarry, workshop manager, deputy quarry manager, quarry manager and secretary of the Party Committee of Daye Non-ferrous Metal Company successively. From August 1998 to August 1999, he took the positions of quarry manager of Tonglushan Quarry and secretary of Party Committee of Daye Non-ferrous Metal Company. From August 1999 to January 2002, he was deputy secretary of Party Committee and secretary of Discipline Inspection Committee of Daye Non-ferrous Metal Company. From January 2002 to April 2004, he took the position of deputy secretary of Discipline Inspection Commission of Huangshi City. From April 2004 to October 2006, he was the deputy secretary of Daye Municipal Party Committee and Mayor of Daye. From October 2006 to November 2006, he was deputy secretary general of Huangshi Municipal Party Committee. From November 2006 to September 2011, he took the positions of director general and secretary of Leading Party Group of Bureau of Civil Affairs of Huangshi City. Since September 2011, he took the positions of Chairman and General Manager of Huaxin Group Co., Ltd., as well as deputy secretary Party Committee of both Huaxin Group Co., Ltd. and Huaxin Cement Co., Ltd.. He became Director of the Company from April 2012. He became VP of the Company from June 2012.
Ms. Liu Yan	Ms. Liu Yan, born in January 1973, received her Bachelor law degree and LL.M. degree from Peking University Law School. She also received her second LL.M. degree from New York University School of Law. Ms. Liu is admitted to practice law in China and in the State of New York, U.S.A. She joined Tian Yuan Law Firm in 1995 and became a partner in 2002. Ms. Liu's main practice areas are: domestic and overseas public offerings and listings, PE, mergers and acquisitions, foreign direct investment. She became Independent Director of the Company from Sep 2014.
Mr. Simon Mackinnon	Mr. Simon Mackinnon, born in January 1961, British, Oxford University BA, MA, University of Pennsylvania MA MS. He was the Chairman of Sinophi Healthcare since 2010, Non-Executive Chairman of Modern Water PLC, MW China since 2011, Non-Executive Chairman of Xeros Technology Group PLC, Xeros China since 2012, Vice Chairman of Governors of Wellington College International Tianjin and Shanghai since 2009, Non-Executive Director of London Bridge Capital and Venture Partner of SMC Capital China, part of Simon Murray Capital since 2008.; He became Independent Director of the Company from Sep 2014.
Mr. Wang Liyan	Mr. Wang Liyan, born in Feb. 1957, Professor of Accounting at Guanghua School of Management, Peking University. Chief Editor of China Management Accounting Journal, Head of the Environment Audit Committee of Chinese Society for Environmental Sciences, Associate Director of Environmental Accounting Committee, the Accounting Society of China, Member of Professional Ethics Committee of China CPA Association. He became an Independent Director of the Company in April 2015.

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Name	Main work experience
Ms. Geraldine Picaud	Ms. Geraldine Picaud, French national, born in Feb 1970, Geraldine Picaud became Chief Financial Officer for LafargeHolcim in January 2018. She holds a Master Degree in Business Administration from Reims Business School. In 2011, Geraldine Picaud joined the Group from CAC 40-listed ophthalmic optics company Essilor International, where she was Group CFO. Prior to that she was CFO of Volcafe Holdings, the Switzerland-based coffee business of ED&F Man. Geraldine initially joined ED&F Man in London in 2007 as Head of Corporate Finance in charge of M&A. This followed 13 years as CFO at international specialty chemicals group, Safic Alcan as Head of Business Analysis and then as CFO. She became Director of the Company from Apr 2018.
Mr. Roland Koehler	Mr. Roland Koehler, born in Dec 1953, Swiss national, a graduate in business administration from the University of Zurich, joined building materials group Hunziker (Switzerland) in 1988 as Head of Finance and Administration and has transferred to Holcim as a management consultant in 1994. From 1995 to 1998, he was Head of Corporate Controlling and from 1999 to end 2001 Head of Business Risk Management. Since 2002, he has headed Corporate Strategy & Risk Management. Effective January 1, 2005, Roland Kohler has been promoted to Corporate Strategy & Risk Manager. Roland Kohler became a member of the EXCO of Holcim since March 1, 2010 and was in charge of the service and support functions of the Holcim Group Support Ltd. organization. From 2012 to 2015 Roland served on the Executive Committee of Holcim responsible for the European Region. From August 2015 to Dec 2017, Roland was member of the Executive committee of the combined company, LafargeHolcim, responsible for Europe, Oceania region as well as Trading. Since July 2017, after the departure of the CEO's until arrival of a new CEO, Roland has assumed the role of ad interim COO of the LafargeHolcim Group. In 2018 Roland has been nominated for Chairman of LafargeHolcim Foundation for Sustainable Construction. He became Director of the Company from Apr 2018.
Mr. Mark Lo	Mr. Mark Lo, born in July 1963, MBA of Purdue University, CPA certified in Ohio USA. From 1987 to 1991, MIS Manager and Executive Assistant in Ohio government agency Lake Metroparks, From May 1991 to August 1998, successively held the post of Financial Manager of Carrier Taiwan Co., Ltd and CFO of Shanghai Yileng Carrier Air Conditioning Co., Ltd. From 1998 to 2002, CFO of Switzerland Suzhou Schindler Elevator Co. From 2003 to 2005, Executive Vice President of Schindler China. From 2005 to 2018, successively held the post of Area Manager of Sika AG Greater China, President/Chairman of Sika China, Vice President/ Head of M&A of Sika AG Asia Pacific, Co-head Corporate M&A of Sika AG. Since August 2018, he has been the Country Head Greater China of LafargeHolcim Group. He became Director of the Company from Dec 27, 2018.
Mr. Peng Qingyu	Mr. Peng Qingyu, born in June 1960, Senior Economist. He graduated from Western Economics Major of Huazhong University of Science and Technology and got Master degree of Economics at April 2004. Mr. Peng Qingyu entered Huaxin Cement Plant at January 1979 and used to be Chief in Sales Department, Vice Manager and Manager of Huaxin Nantong Trading Company, Director of Shanghai Office, Manager of Sales Department of the Company and vice manager of Sales Company. He took position of DGM of the Company and manager of Sales Company from April 2000. He had been the Vice Present of the Company from March 2004 to Mar 2015. Since April 2015, he has become the Discipline inspection commission secretary, Chairman of the Union and the Chairman of the Board of Supervisors.
Mr. Fu Guohua	Mr. Fu Guohua, born in July 1963, Bachelor, Statistician, China Commerce Operating Manager (CCOM). He entered Huaxin Cement Plant (former name of the Company) in July 1983, he successively took the positions of comprehensive statistician and investment planner of the Planning Department, Chief of Assets Management Division of the Planning and Development Department. He joined Huaxin Group Co., Ltd. in January 2001 and successively took the positions of vice director and director of the General Office, general vice manager, Secretary of the General Party Branch. He once concurrently took the position of Manager of the Huaxin Group Real Estate Development Co., Ltd.. He is now the Vice President of Huaxin Group Co., Ltd. and Vice Chairman of the Labor Union of Huaxin Cement Co., Ltd. He took the position of Supervisor from April 2012.
Mr. Yu Yousheng	Mr. Yu Yousheng, born in July 1963, Bachelor, Political Engineer. He entered the Company in October 1989, served as secretary to the Party Committee Office, secretary to the Company Office, Chief of Policy Research Office; assistant administration manager, administration manager, vice Party secretary, Chairman of labor union of Xiangfan Company; vice director of Party Office, director of Labor Union Office, manager of corporate social responsibility team. Currently, he is the deputy secretary to the Discipline Committee, director of Supervisory Office, chairman of Labor Union of the Headquarter. He took the position of Supervisor from April 2012.

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Name	Main work experience
Mr. Yang Xiaobing	Mr. Yang Xiaobing, born in July 1970, bachelor's degree, Human Resources Professional. He joined the Company in March 1992, he once served as investigator of the Planning & Development Department; deputy chief and chief of the Business Administration Division of the Corporate Office; chief of the Human Resources Development of Huaxin Golden Cat Company, human resources manager of the Company, Professional Assistant Deputy Director of Southwest BU, the Chief of the Labor Union Office. He currently takes the position of vice chairman of the Labor Union. He took the position of Supervisor from April 2013.
Mr. Zhang Lin	Mr. Zhang Lin, born in September 1972, MBA, CPA. He graduated from Hangzhou Business School, Zhejiang Business Administration University, majoring in accounting in June 1995; graduated from Huazhong University of Science and Technology, majoring in Business Administration in December 2002. He joined the company in July 1995, served as the Company's accountant, Chief of Plan and Finance Department of Xiantao Company and Yichang, Financial Manager of Zhaotong Company, member of HARP project, vice manager of ERP Department, Financial Director of Overseas BU, Chief of Internal Audit and Internal Control. He took the position of Supervisor from Apr 2012 to Apr 2015. He became Internal Audit Director of the Company since May 2018. He took the position of Supervisor from Mar 2017.
Mr. Wang Ximing	Mr. Wang Ximing, born in October 1959, MBA, Senior Economist. He graduated from Chemistry Major of Wuhan Steel Institute (Wuhan University of Science) and got Bachelor of Science in February 1982; he graduated from Business Administration Major of Renming University of China and got MBA degree in 1993. Mr. Wang Ximing entered Huaxin Cement Plant in 1982 and used to be teacher in Huaxin Technique School, vice secretary of Youth League Committee of Huaxin Cement Co., Ltd., cadre of Organization Department of CPC Huangshi Committee, Vice manager of Labor and Personnel Department of Huaxin Cement Plant, Vice Manager of Planning Department, Vice Manager, Manager of Securities Department of the Company, Secretary to the Board. He took position of DGM and Secretary to the Board of the Company from April 2000. He has become Vice Present and Secretary to the Board of the Company from March 2004 to Apr 2018. He served as Secretary to the Board and Chief of Securities and Investor Relations since April 2018.
Ms. Kong Lingling	Ms. Kong Lingling, born in June 1964, Master of Economics, Senior Economist. She graduated from Wuhan University of Technology and got Bachelor degree of Science in 1985; and graduated from Enterprise Administration Major of Fudan University and got Master degree of Economic in 1992. Ms. Kong Lingling entered Huaxin Cement Plant at July 1985 and used to be engineer in Research Firm of Huaxin Cement Plant, vice secretary of Youth League Committee, Vice Manager of Financial Department, Vice Manager of Planning Department and Manager of Financial Department. She became DGM of the Company from April 2000 and VP of the Company from March 2004. She served as CFO of the Company since Apr 2018.
Mr. Ke Youliang	Mr. Ke Youliang, born in April 1965, Doctor of Management, Senior Economist. He graduated from Industry and Corporate Administration major of Huangshi University of Technology in July 1985, and graduated from Industry Economy Administration major of Zhongnan University of Finance and Economics in 1992, graduated from Industry Economy Administration major of Wuhan University of Science and got Master Degree of economy, graduated from Management Science and Engineering of Wuhan University of Science and got Doctor Degree of Management in 2007. Mr. Ke Youliang entered Huaxin Cement Plant in 1985 and used to be assistant manager of Investment Department, manager of Engineering Administration Department, vice manager of Comprehensive Administration Department of Engineering Division and manager of Planning and Development Department. He was appointed Assistant GM and Manager of Planning and Development Department at November 2001 and DGM of the Company from April 2003. He became VP of the Company from March 2004.
Mr. Chen Bing	Mr. Chen Bing, born in Dec 1967, MBA. In 1989, he graduated from the School of Water Resources and Hydropower Engineering of Wuhan University, majored in industrial and civil construction, bachelor's degree. In 2000, he graduated from Huazhong University of Science and Technology, master's degree in business administration. He entered Huaxin Cement Plant (predecessor of the Company) in 1987. From Sep 1989 to Mar 2000, he successively took the positions of civil technician of the Extension and Restructuring Office of the Company, Head of Engineering Department of Huaxin Cement Nantong Co., Ltd., chief engineer of Engineering Department of Huaxin Cement Co., Ltd, manager of Technical Service Department and chief of clinker section of Huaxin Cement Sales Company. From Mar 2000 to Feb 2003, he was the manager of Wuhan Market Department of Huaxin Cement Sales Company. From February 2003 to Jan 2009, he concurrently took the positions of DGM of Huaxin Cement Sales Company, GM of Wugang Huaxin Cement Co., Ltd. and Huaxin Cement Wuhan Company. From Jan 2009 to Oct 2011, he concurrently took the positions of Executive DGM of RMC&AGG Business Unit of the Company and GM of Aggregate Company. Since Mar 2014, he is the GM of RMC&AGG Business Unit of the Company. He is vice chairman of China Concrete and Cement Products Association since 2014. Since 2011, He serves as vice chairman of Hubei Concrete and Cement Products Association. In 2015, he serves as vice chairman of China Aggregates Association. He became VP of the Company from Jan 2016.

Con.

Name	Main work experience
Mr. Du Ping	Mr. Du Ping, born in Aug 1970, Master of Management. In 1993, he graduated from Zhongnan University of Economics, majored in Investment Principles. In 2003, he graduated from Zhongnan University of Economics and Law, majored in Enterprise Management and got Master of Management. He entered Huaxin Cement Co., Ltd in Jul 1993 and successively took positions in Investment and Development Department, Advisory Department and Technical Centre, Planning and Development Department and then he was assistant to the Manager and Vice Manager of Planning and Development Department. From Jan 2003 to Jan 2011, he successively took positions of executive DGM and GM in Huaxin Cement (Tibet) Co., Ltd., GM of Tabei Gaoxin Building Materials Group, Administration Manager of Southwest Region of Huaxin. In Sep 2012, he was selected in "123 Key Talent Program of Hubei Province" (first batch). Since Feb 2011, he was AVP of the Company, GM of Hubei East Cement Business Unit. Now he is also a member of Hubei Youth Federation. He became VP of the Company from Jan 2016.
Ms. Liu Yunxia	Ms. Liu Yunxia, born in September 1968, MBA, Senior Engineer. In 1989, she graduated from Wuhan University of Technology, majored in cement of silicate engineering, Bachelor of Engineering. In 2006, she graduated from Wuhan University of Technology and got MBA degree. She entered the Huaxin Cement Plant (predecessor of the Company in July 1989 and was a teacher of technology in the Trade School of Huaxin. From Feb 1993 to Jan 2000, she was an engineer of the Engineering Department. From Jan 2000 to Jun 2012, she successively took the positions of vice manager and manager of the Development Department, and the GM of Tajikistan Plant. Since Jul 2012, she became an AVP of the Company, vice director of the Strategy and Development Center and GM of the Hong Kong Investment Company. She became VP of the Company from Jan 2016. Since April 2018, she concurrently served as the Chief of marketing and procurement business of the Company.
Mr. Mei Xiangfu	Mr. Mei Xiangfu, born in Jul 1972, Master of Engineering and MBA. He graduated from Nanchang Institute of Aeronautical Technology, majored in Machine Manufacturing Processes and Equipment and got Bachelor of Engineering. In 2002, he graduated from Wuhan University of Technology, majored in Mechanical and Electrical Engineering and got Master of Engineering. In 2011, he graduated from Huazhong University of Science and Technology and got MBA. He entered Huaxin Cement Co., Ltd. in 1994, and took the positions of technician, vice manager of Equipment and Power Department, DGM of Yangxin Company, DGM and GM of Wuxue Company, GM of Southeast Region, GM of Zhuzhou Company, GM of Maintenance Company. Since Feb 2011, he is AVP of the Company, GM of Hunan and Guangdong Cement Business Unit, Head of the Growth and Innovation Business. He became VP of the Company from Jan 2016. Since April 2018, he concurrently served as the General Manager of the New Business Unit of the Company.
Mr. Xiong Guangwei	Mr. Xiong Guangwei, born in Mar 1963, Doctor of Civil Engineering. He graduated from Tsinghua University and got Bachelor of Engineering in 1984. In Apr 1995, he graduated from Swiss Federal Institute of Technology and got Doctor of Civil Engineering. From May 1995 to Dec 2004, he successively took positions of assistant engineer, business development and market assistant director and project director in Swiss Holcim Cement Group. From Jan 2005 to Dec 2006, he was Director GM of Topmost China AGG Business in Anglo American. From Feb 2007 to Dec 2015 he successively took the positions of Director of Lafarge Guizhou Project, GM of Lafarge Chongqing Operation Unit and GM of Lafarge Yunnan Operation Unit, GM of Hunan BU. He became VP of the Company from Jan 2016.
Mr. Yuan Dezu	Mr. Yuan Dezu, born in Sep 1963, Bachelor degree. In 1986, he graduated from Central TV University Huaxin Branch Campus, junior college education majored in Industrial Accounting. In 1997, he graduated from Hubei Communist Party School, majored in Enterprise Management and got Bachelor of Management. From 1998 to 2000, he had a correspondence course in Party School of Central Committee of the Communist Party. In Jul 1981, He entered Huaxin Cement Plant (predecessor of the Company), and successively took the positions of planner in Sales Department, deputy chief of Administration Section of Sales Department, vice manager of Sales Management Department, manager of Logistics Department, DGM of Sales Company, Marketing GM of Hubei East Region, Marketing Director of Hubei East Region. Since Feb 2011, he has been an AVP of the Company. From Feb 2011 to Apr 2015, he was GM of Hubei Northwest Cement Business Unit. Since Apr 2015, he became the GM of Hubei West Cement Business Unit. He is now the Executive Vice Chairman and Secretary General of Hubei Cement Association. He became VP of the Company from Jan 2016.

Con.

Name	Main work experience
Mr. Yang Hongbing	Mr. Yang Hongbing, born in September 1972, Bachelor of Engineering. In 1995, he graduated from School of Mechanics of Huazhong University of Science and Technology majored in Forging and Pressing, and then joined in Huaxin Cement Co., Ltd., he successively took the positions of engineer in Mechanics and Power Department, chief engineer in Dry Processing plant, assistant of the General Manager in Yichang Company, Deputy General Manager in Yichang Company and Project Manager for the phase II construction, Executive General Manager of Yichang Company, Executive General Manager of Zigui Company, Regional Production Director in Hubei West, General Manager of Hubei West Region. Since Jan 2012, he has been an AVP of the Company and General Manager of Hubei Southwest Cement Business Unit. Since May 2015, he has been the GM of Huaxin Environmental Engineering Co., Ltd. He became VP of the Company from Jan 2016. Since April 2018, he concurrently served as the chairman of the Environmental Engineering Company and Head in charge of the Eco business of CIP maintenance of headquarter.
Mr. Xu Gang	Mr. Xu Gang, born in March 1978, Master of Business Administration of Tsinghua University. He graduated from Safety Engineering major of China University of Geosciences in July 2000 and got the degree of Bachelor of Engineering. In the meantime, he majored in Financial Management in Huazhong University of Science and Technology and got the bachelor degree. From 2000 to May 2005, he successively took the positions of Safety Engineer, Safety Manager and Technique Manager in Beijing Xingfa Cement Company Ltd. and Beijing Shunfa Cement Company Ltd. From May 2005 to May 2009, he successively took the positions of Integration Manager of Lafarge Shui On Cement China Region Merger & Acquisition Project, Project Manager of Organization Structure Optimization and Strategic Manager of China region. From December 2015 to April 2016, he took the position of Marketing Director of Yunnan BU of Huaxin Cement. Since April 2016, he became the AVP of Huaxin Cement Co., Ltd, successively took in charge of Growth and Innovation, Strategy Development and Procurement businesses. Since April 2018, he served as the VP in charge of Overseas Business and Strategy of the Company.
Mr. Martin Kriegner	Mr. Martin Kriegner, born in Sep 1961, Austrian. Doctorate of Law from University of Vienna (1985), MBA from University of Economics Vienna (1990) and he joined Lafarge in 1998. From 1998 to 2001, he served as the Country CEO, Head of Lafarge cement, RMX concrete and aggregates business in Austria, Hungary, Slovakia, Slovenia and Croatia. From 2002 to 2005, he was the CEO Cement, Head of newly acquired cement operations in India. From 2005 to 2012, he served as the Regional President Asia and SW Asia Cement. From 2012 to 2015, he was the Country CEO, Head of all Lafarge businesses in India. In 2015, he became the Area Manager of Central Europe for LafargeHolcim Group covering the Central European markets of Switzerland, Italy, South Germany, East of France, Austria, Croatia and Serbia. Since March 2016, he became the Head of India. Since August 2016, he became the Head of India & South East Asia and a member of the Executive Committee of LafargeHolcim Group. He became a Director of the Company from Apr 2017 to Apr 2018.
Mr. Daniel Bach	Mr. Daniel Bach, born in 1963, Swiss, dipl. Masch.-Ing. and Dr. sc. techn. from Swiss Federal Institute of Technology (ETH). From 1989 to 1993, he was an assistant at the Institute of Mechanics, ETH; from 1994 to 2014, he successively took positions of Project Manager in the Investment Project Department and Assistant to the Head of "Business Risk Management" of Holderbank Management and Consulting Ltd. (Switzerland), Technical Director of PT Semen Cibinong Tbk (Indonesia), Assistant to Member of the Executive Committee of Holcim Ltd. (Switzerland), Senior Vice President Manufacturing of Holcim Philippines, Inc. and CEO of Holcim (Romania) SA; from Apr 2005 to Mar 2008, he was also a Director of the Company; from 2014 to 2016, he was Area Manager of South East Asia, LafargeHolcim Ltd. / Holcim Ltd. (Singapore); and he took the position of Area Manager South East Asia and China (Huaxin), LafargeHolcim Ltd. (Singapore) since July 2016. He became the Director of the Company from Nov 2016 to Apr 2018.
Mr. Ian Riley	Mr. Ian Riley, born in March 1958, British, Engineering Master from Cambridge University, England. From December 1998 to May 2000, he was appointed Managing Director in Tenbridge Ltd. (Shanghai). From May 2000 to February 2003, he was appointed as CEO of Asialink Technologies (Shanghai). From April 2003-September 2006, he was appointed as General Manager Consulting in SIP (Shanghai). From September 2006 to June 2008, he was appointed CIO of Huaxin Cement. From July 2008 to Feb 2011, he was the person in charge of Holcim China and the AVP in Huaxin Cement. He was VP of the Company from March 2011 to March 2014. Since 2014, he was the head of Holcim Group in Greater China, in 2015, he was the head of LafargeHolcim Group in Greater China after Lafarge and Holcim completed their global merger. He became a Director of the Company from Apr 2014 to Nov 2018.
Mr. Hu Zhenwu	Mr. Hu Zhenwu, born in September 1968, Master and Senior Engineer. Mr. Hu Zhenwu majored in silicate engineering in Wuhan Building Material Institute (now renamed as Wuhan University of Technology), where he obtained a Bachelor Degree in Engineering in 1991; and later Master Degree in Materials Engineering from Wuhan University of Technology in 2002. Mr. Hu Zhenwu joined Huaxin Cement Plant (former name of the Company) in 1991, taking the positions of Assistant Processing Engineer, Processing Engineer, Head of Technical Department in Engineering Department, and head of Engineering Department, Deputy Director of Technical Center; he was appointed as assistant to the CEO in Sep 2006. He became VP of the Company from March 2011 to Apr 2018. He served as Chief of Engineering and Equipment of the Company since April 2018.

II. Positions of Director, Supervisor and Senior Management

(I) Position at Shareholder Company

Name	Name of shareholder Company	Position	Starting	Ending
Li Yeqing	Huaxin Group Co., Ltd.	Party Secretary	Sep. 7, 2001	
Liu Fengshan	Huaxin Group Co., Ltd.	Chairman/GM	Sep. 21, 2011	
Peng Qingyu	Huaxin Group Co., Ltd.	Chairman of Labor Union/ Secretary to the Disciplinary Committee	Apr. 23, 2015	
Fu Guohua	Huaxin Group Co., Ltd.	DGM	Feb. 8, 2006	

(II) Positions at Other Companies/Units

Chairman Mr. Xu Yongmo, Independent Directors Ms. Liu Yan, Mr. Simon Mackinnon and Mr. Wang Liyan, Directors Ms. Geraldine Picaud, Mr. Roland Koehler and Mr. Mark Lo as well as Directors who left during the reporting period Mr. Martin Kriegner, Mr. Daniel Bach and Mr. Ian Riley, have their positions respectively at other companies/units (please see the above career experiences).

III. Remuneration for Directors, Supervisors and Senior Management

Decision procedures of remuneration for Directors, Supervisors and Senior Management	Remunerations for Senior Management shall be proposed by the Remuneration and Assessment Committee of the Board, discussed and decided by the Board of Directors; annual remuneration for Directors and Supervisors shall be approved by the Shareholders' General Meeting.
Basis for deciding remunerations for Directors, Supervisors and Senior Management	Based on the basic salary and Short-term Incentives for Directors, Supervisors and Senior Management approved by the Board Meeting and Shareholders' General Meeting, combined with the operating performance actually fulfilled by the Company, the Remuneration and Assessment Committee proposed the basic salary and Short-term Incentives for Senior Management, and then submitted them to the Board for approval. Proposal in Respect of 2017 Short-term Incentives for Senior Management and Proposal in Respect of 2018 KPIs for Senior Management of the Company were reviewed and adopted by the Twenty Ninth Meeting of the Eighth Board of Directors convened on March 22, 2018. The Ninth Board Proposal on the Top Management Team Remuneration Adjustment was reviewed and adopted by the Third Meeting of the Ninth Board of Directors convened on June 29, 2018. The above-mentioned proposals respectively clarified 2017 short term incentives, 2018 basic salaries and KPIs for the Senior Management of the Company in a scientific and objective way.
Remuneration payable of Directors, Supervisors and Senior Management	At the end of the reporting period, remuneration payable (before tax) of Director, Supervisor and Senior Management is 41,915.3 thousand Yuan.
Actual Payment of Remuneration of Directors, Supervisors and Senior Management	At the end of the reporting period, actual payment (before tax) of remuneration of Directors, Supervisors and Senior Management is 41,915.3 thousand Yuan.

IV. Changes of Directors, Supervisor or Senior Management

Name	Position	Change	Reason
Geraldine Picaud	Director	Elected	Be elected to the new Board
Roland Koehler	Director	Elected	Be elected to the new Board
Mark Lo	Director	Elected	Fill the vacancy in the Board of Directors
Martin Kriegner	Director	Left	Expiration of his term of office
Daniel Bach	Director	Left	Expiration of his term of office
Ian Riley	Director	Removed	Remove proposed by the shareholder

V. Punishments from securities supervising authorities:Not applicable

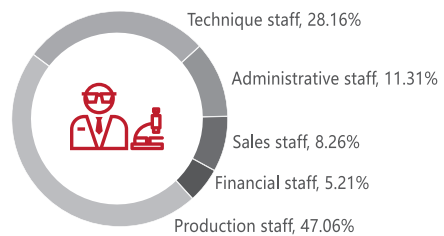
VI. Employees of the Parent Company and Subsidiaries

(I) Employees

Employees at Parent Company	1,132
Employees at major subsidiaries	15,272
Total Employees	16,404
Pension Employees	0

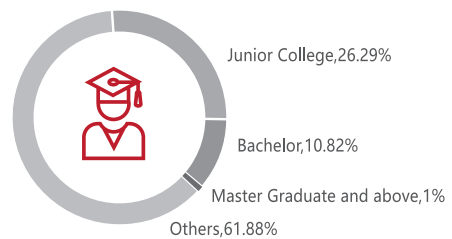
Major Structure

Type	Number
Production staff	7,720
Sales staff	1,355
Technique staff	4,619
Financial staff	855
Administrative staff	1,855
Total	16,404



Education

Education level	Number
Master Graduate and above	167
Bachelor	1,775
Junior College	4,312
Others	10,150
Total	16,404



(II) Remuneration Policy

During the reporting period, the Company continuously improved employees' remuneration through the management on total amount of remuneration. The Company formulated the total remuneration assessment plan according to different businesses of cement, Eco, concrete, aggregate, equipment manufacture and new materials, and closely linked the performance of the Company with employees' remuneration.

(III) Training Plan

In 2018, the Company continued to carry out various professional trainings such as management training, technical training, marketing training, procurement training, financial training and safety training, and carried out diversified and differentiated training for different levels and types of employees to continuously enhance the Company's core competitiveness. In addition, the authentication of internal trainers was carried out for the first time to promote the construction of learning organization of the Company.

Management Training: Enhance the leadership of managers at all levels by continuing to launch 3 leadership programs, including Senior Leadership, Mini-MBA, Senior Management and Middle Management training.

Technical training: through launching cement manufacturing courses, process engineers, preventive maintenance engineers, mechanical engineers, electrical instrument automation engineers, lubrication engineers, quality engineers, trainers training, junior/ middle/senior maintenance workers, greasers and welders and team leader training programs, professional technical knowledge and practical skills of employees were further enhanced.

Marketing training: Through the organization of relevant trainings including "Training Camp for Marketing Manager Elites", "Eagle Training Program for Marketing Area General Managers", grassroots marketing personnel qualification series training, "distribution system" promotion training, project development, operation management and risk control, and working with the discipline committee, labor union and legal affairs department to carry out incorrupt government education and risk control trainings for the entire personnel of the marketing system, the marketing staff's ideological quality and professional ability were further enhanced.

Procurement training: Continuous procurement professional knowledge trainings were launched on topics such as product latitude, organizational latitude, supplier management, market management, and contract management.

Financial training: According to the results of the ability assessment on financial personnel, 6 training sessions on the 5 professional competence items of "financial statement reading and analysis", "operational financial analysis", "forecasting and planning", "capital expenditure management" and "tax revenue planning" were carried out. Transformation of the financial staff functions and professional competence were further promoted.

Safety training: Comprehensively improved the safety personnel's professional quality and management skills by organizing and implementing the TtT training programs for health and safety on-site subject matters covering 5 topics including HSMS Health and Safety Management System, Energy Isolation II, Hoisting Safety, Mobile Equipment & Road Transportation II and Emergency Management.

Internal Trainer authentication: The selection and authentication of senior trainers and chief trainers on technology, marketing, procurement and safety throughout the whole Company was organized and carried out for the first time to further standardize management and effectively motivate internal trainers and promote the construction of learning organization of the Company.

(IV) Labor outsourcing

Total remuneration paid for outsourcing labor :39,983,169.44Yuan

Chapter 9

Corporate Governance





I. Company Governance Information

Corporate governance structure of the Company was in accordance with the requirements of the modern enterprise system and the Code of Corporate Governance for Listed Companies. In strict compliance with the requirements of the rules and regulations in the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and other normative documents, and combined with the actual situation, the Company continuously improved its corporate governance structure and operated regularly.

II. Shareholders' General Meeting

Name	Date	Disclosing website	Disclosing Date
ASGM 2017	April 24, 2018	www.sse.com.cn	April 25, 2018
1st ESGM 2018	June 12, 2018	www.sse.com.cn	June 13, 2018
2nd ESGM 2018	November 29, 2018	www.sse.com.cn	November 30, 2018
3rd ESGM 2018	December 27, 2018	www.sse.com.cn	December 28, 2018

III. Performance of Functions by Directors

(I) Directors Present at Board Meetings and Shareholders' General Meetings

Name	Independent Director or not	Present at BM						Present at SGM
		Meeting number should attend	Present in person	Present in circular resolution	Present by proxy	Absent	Absent or present by proxy successively for 2 times or not	Present at SGM
Xu Yongmo	No	9	9	3	0	0	No	4
Li Yeqing	No	9	9	3	0	0	No	4
Liu Fengshan	No	9	9	3	0	0	No	4
Liu Yan	Yes	9	9	3	0	0	No	4
Simon Mackinnon	Yes	9	9	3	0	0	No	3
Wang Liyan	Yes	9	9	3	0	0	No	4
Geraldine Picaud	No	7	6	2	1	0	No	0
Roland Koehler	No	7	7	2	0	0	No	0
Martin Kriegner	No	2	2	1	0	0	No	0
Daniel Bach	No	2	2	1	0	0	No	0
Ian Riley	No	8	5	2	1	2	Yes	2
Mark Lo	No	0	0	0	0	0	No	2

Remarks for not attending the Board Meeting in person for two consecutive times

The Director left, Mr. Ian Riley, did not attend the Board meeting in person for two consecutive times for personal reasons.

Board Meetings convened in 2018	9
Including: Meetings on-site	3
Meetings in circular resolution	3
Meetings On-site plus circular resolution	3

(II) Objection from Independent Directors on Relevant Issues of the Company: Not applicable

IV. Important Opinions and Suggestions proposed by Special Committees to the Board of Directors during their duty performance, issues with objections and detailed situation that shall be disclosed

During the reporting period, all the Special Committees to the Board of Directors have proposed important opinions and suggestions and diligently performed their duties.

(1) Duty performance of the Strategy Committee

During the reporting period, the Strategy Committee convened two meetings, conducted professional discussion and review on the national macro situation, Company and Cement BUS' development strategy, overseas development strategy, Eco business development strategy and New Business development strategy and provided comments and suggestions.

(2) Duty performance of the Audit Committee

During the reporting period, the Audit Committee convened meetings for three times, reviewed the 2017 Financial Statements and Audit Report (draft), 2017 Internal Control Assessment Report, Work Report 2017 of the Audit Committee, 2018 Half Year Financial Report of the Company, Proposal on Related Party Transaction Between Huaxin and Holcim Philippines, Inc. on Signing the Project EPC Contract and formed relevant resolutions or reviewing opinions. The Audit Committee also issued opinions and suggestions on the major related party transactions of the Company, replacement of the accounting firm for the annual audit, and the audit work for 2018 annual report.

(3) Duty performance of the Nomination Committee

During the reporting period, the Nomination Committee held two meetings, reviewed relevant proposals regarding director candidates for the Ninth Board of Directors of the Company and formed resolutions; the procedures and compliance on replacement of a director during the term of the Ninth Board proposed by the Shareholder were studied and a written review opinion was issued on the qualifications of the newly nominated director candidate.

(4) Duty performance of the Remuneration & Assessment Committee

During the reporting period, the Remuneration & Assessment Committee convened three meetings. Remuneration of Directors, Supervisors and Senior Management disclosed in 2017 annual report was reviewed; Proposal in Respect of 2017 Short-term Incentives for the Senior Management was reviewed, and 2018 KPI assessment plan for the Senior Management was discussed and reviewed based



on the 2017 KPI assessment results. During the reporting period, the Remuneration Committee proposed to adjust the remuneration of the Senior Management according to the development of the Company's businesses and the change of responsibilities and duties of the Senior Management. Opinions and suggestions on the granting of "Phantom Performance Stock (PPS)" 2018 (the second granting) for the Senior Management were expressed. Proposal on the Extra EBITDA Bonus (one-time rewards in 2018) was considered and reviewed. At the same time, the Remuneration Committee also discussed and studied the retention strategy of non-cement industrial talents.

(5) Duty performance of the Governance & Compliance Committee

During the reporting period, the Governance & Compliance Committee convened two meetings. The work plan 2018 of the Governance & Compliance Committee was reviewed, and opinions and suggestions were made on the amendment of the Articles of Association and rotation of auditors of the Company. In addition, the Committee also expressed opinions and suggestions on improving the corporate governance structure and promoting the compliance operation of the various businesses of the Company.

V. Risks of the Company Discovered by the Board of Supervisors:Not applicable

VI.Explanation on the inability to keep independence in business, personnel, assets, organization or finance related to the controlling shareholder:Not applicable

Horizontal competition, counter measures, progress and follow up plan.:Not applicable

VII. Senior Management Assessment and Incentive Mechanism

According to the Proposal in Respect of 2017 Short-term Incentives for Senior Management, Proposal in Respect of 2018 KPIs for Senior Management of the Company approved by the Board of Directors, the Remuneration and Assessment Committee to the Board assessed the performance of the Senior Management in light of the actual annual operating performance of the Company and the individual annual performance of the Senior Management, submitted the assessment results to the Board for approval and then implemented remuneration plans accordingly.

On June 29, 2018, the Third Meeting of the Ninth Board of Directors reviewed and adopted the Ninth Board Proposal on the Top Management Team Remuneration Adjustment and Proposal on the Grant Date, Price and Number of "Phantom Performance Stock (PPS)" 2018 for the Top Management Team.

VIII. Disclosure on internal control self-assessment report

Detailed information of the 2018 Internal Control Assessment Report please refers to the website of Shanghai Stock Exchange: www.sse.com.cn.

IX. Statement of Internal Control Audit Report

Deloitte Touche Tohmatsu Certified Public Accountants LLP appointed by the Company conducted audit on the effectiveness of internal control focusing on financial reports, and issued a standard audit report with unqualified opinion.

The Annual Internal Control Audit Report was disclosed at the same time as the Annual Report 2018. For detailed information, please log on the website of Shanghai Stock Exchange: www.sse.com.cn.

Disclosure of the Internal Control Audit Report: Yes

Chapter 10

Corporate Bonds



10

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 1) (7 years)	12 Huaxin 02	122147	May 17, 2012	May 17, 2019	10.00	5.65%	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. 2012 Corporate Bonds (tranche 2) (7 years)	12 Huaxin 03	122188	Nov 9, 2012	Nov 9, 2019	11.00	5.9%	Ditto	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

On May 17, 2018, the Company paid on time the interest for 2012 Huaxin Cement Co., Ltd. corporate bonds tranche 1. (Please refer to related announcement at www.sse.com.cn released on May 10, 2018).

On August 22, 2018, the Company paid on time the interest for 2016 Huaxin Cement Co., Ltd. corporate bonds tranche 1 (Please refer to related announcement at www.sse.com.cn released on August 4, 2018).

On November 9, 2018, the Company paid on time the interest for 2012 Huaxin Cement Co., Ltd. corporate bonds tranche 2. (Please refer to related announcement at www.sse.com.cn released on November 2, 2018).

Other information about the corporate bonds

1. The Maturity of 12 Huaxin 02 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 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.
3. The Maturity of 16 Huaxin 01 is 5 years.

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

Trustee of Corporate Bonds "12 Huaxin 02" and "12 Huaxin 03"	Name	CITIC Securities Co., Ltd.
	Address	22 nd Floor, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contacts	Song Yilan
	Number	010-60833626
Trustee of Corporate Bond "16 Huaxin 01"	Name	Essence Securities Co., Ltd.
	Address	A02 at the 35 th floor and 28 th 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 th floor, Anji Tower, No. 760 Xizang South Road, Huangpu District, Shanghai

III. Use of the raised funds from the corporate bonds

Issuance amount of 2012 first tranche of corporate bonds totaled 2 billion Yuan, the Company has used the raised funds in accordance with the stipulations contained in the Prospectus, and the raise funds from 2012 first tranche of corporate bonds have been used up.

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 organization

On April 24, 2018, 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 the main credit rating and bond credit rating of the Company were upgraded to AAA.

On April 24, 2018, the credit rating organization (China ChengXin Rating Co., Ltd.) issued "Huaxin Cement Co., Ltd. 2016 Corporate Bonds (the first tranche) Rating Report", both the main credit rating and bond credit rating of the Company were upgraded to 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

During the reporting period, there is 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 the appointing specialized departments and personnel, arranging funds for the repayment, establishing and strictly implementing the fund management plan.

VI. Meeting held for the bondholders

During the reporting period, the Company did not hold any meeting for the bondholders.

VII. Performance of duties of the corporate bond trustee

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 (2017)" and "Huaxin Cement Co., Ltd. 2012 Corporate Bonds (the second tranche) Trustee's Report (2017)" on the website of Shanghai Stock Exchange on April 26, 2018. Profiles of two tranches of corporate bonds, annual operations and financial condition of the issuer in 2017, 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 (2017)" on the website of Shanghai Stock Exchange on April 28, 2018. Profiles of corporate bonds, annual operations and financial condition of the issuer in 2017, use of the raised funds, interest repayment and meetings for the holders were disclosed.

VIII. Financial highlights for the last 2 years by the reporting period end

Unit: Yuan

Item	2018	2017	Change over last year (%)	Reason for the change
EBITDA	9,174,169,895	4,939,292,252	85.74	
Liquid ratio	1.04	0.95	9.47	
Quick ratio	0.80	0.75	6.67	
Asset-liability ratio (%)	45%	57%	-12%	
EBITDA/total liabilities	0.62	0.28	121.43	
Interest Protection Multiples	15.48	6.01	157.57	
Cash Interest Protection Multiples	23.67	8.16	190.07	
EBITDA Interest Protection Multiples	19.92	8.89	124.07	
Loan repayment rate (%)	100%	100%	-	
Interest repayment rate (%)	100%	100%	-	

IX. Interest repayment of other bonds and debt financing instruments:Not applicable

X. Bank credit of the Company during the reporting period

By end of the reporting period, bank credit amount of the Company was 15.254 billion Yuan, and the usable credit amount was 7.94 billion Yuan. The Company has timely and sufficiently repaid both principal and interest of the bank loans in 2018.

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

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.

XII. Major issues and the impact on operations and repayment ability of the Company:Not applicable



Chapter 11 Financial Report

Auditor's Report

De Shi Bao (Shen) Zi (19) No.P00652

To the Shareholders of Huaxin Cement Co., Ltd.:

I. Opinion

We have audited the financial statements of Huaxin Cement Co., Ltd. (the "Company"), which comprise the consolidated and company's balance sheets as at 31 December 2018, the consolidated and company's income statements, the consolidated and company's cash flow statements and the consolidated and company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2018, and the consolidated and company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Institute of Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

1. Impairment of goodwill

(1) Description of the matter

As set out in Note (V) 13, the Company has carrying value of goodwill of RMB 447,472,492 in the consolidated balance sheet as at 31 December 2018, which has deducted the goodwill impairment of RMB 69,557,768. Referring to Note (III) 17 of the consolidated financial statements, the Company's goodwill arising from business combination is tested for impairment at the end of each year. The recoverable amount of cash-generating units (or group of cash-generating units) which goodwill has been allocated is determined based on present value of expected future cash flow which made by management. In calculation of present value of future cash flow, the Company need to forecast the future revenue growth rate and future gross margin of cash-generating units (or group of cash-generating units) and the discount rate appropriately, which are all subjected to management's estimates and judgements. Therefore, we consider the impairment of goodwill as a key audit matter.

(2) How our audit addressed the key audit matter

Our procedures in relation to impairment of goodwill mainly included:

- (a) Understood and evaluated the key internal controls in relation to impairment test of goodwill;
- (b) Obtained the spreadsheet of goodwill impairment test prepared by management, and understood the process of preparation;
- (c) Compared the underlying data used by the Company in goodwill impairment test with historical data and other supporting documents, and evaluated the appropriateness of the methodologies and reasonableness of management's key assumptions and judgements used in the impairment testing;
- (d) Verified the mathematical accuracy on the calculation of the recoverable amount of the cash generating units to which goodwill has been allocated.

2. Assessment of fair value of long-term assets in business combination

(1) Description of the matter

As set out in Note (VI) 1, the Company acquired 100% interest of Chongqing Lafarge Shui On Cement Co., Ltd. from Lafarge China Cement Co., Ltd with consideration of RMB 253,300,000 on 1 April 2018. The acquisition was recognized as business combination under non-common control. As the assessment of fair value of long term assets obtained from the business combination is subjected to management's estimates and judgements, therefore, we consider it as a key audit matter.

(2)How our audit addressed the key audit matter

Our procedures in relation to assessment of fair value of long-term assets in business combination mainly included:

- (a)Understood and evaluated the key internal controls in relation to assessment of fair value of long-term assets in business combination;
- (b)Checked relevant acquisition agreement, understood management's judgement on acquisition date and relevant contractual terms, and reviewed if accounting treatment is consistent with ASBEs;
- (c)Assessed the competency, the capability and objectivity of independent valuer engaged by management;
- (d)Evaluated the appropriateness of the methodologies and the reasonableness of key assumptions and judgements and parameters used by independent valuer in the assessment of fair value of long-term assets in business combination.

3.Recognition of deferred tax assets

1. Description of the matter

As set out in Note (V) 15, The Company has net carrying amount of deferred tax assets of RMB 283,272,115 in the consolidated balance sheet as at 31 December 2018. Considering its material impact to the consolidated financial statements and the involvement of management's estimates and judgements on future taxable profit, therefore, we consider it as a key audit matter.

2.How our audit addressed the key audit matter

Our procedures in relation to recognition of deferred tax assets mainly included:

- (a)Understood and evaluated the key internal controls in relation to the recognition of deferred tax assets;
- (b)Obtained calculation spreadsheet of deferred tax assets prepared by management and verified its mathematical accuracy;
- (c)Obtained supporting documents including the income tax final settlement report of prior year, tax return and accounting records of current year and checked the appropriateness and accuracy of deductible temporary differences, deductible losses and expiry period of deductible losses;
- (d)Obtained the entities' profit forecast approved by management, evaluated the reasonableness of the forecast based on the industry trend and historical financial performance of the entities; reviewed the recognition of deferred tax assets of tax losses and deductible temporary differences is to the extent of taxable income will be available in the future.

IV.Other Information

The Company's Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for preparation and fair presentation of the financial statements in accordance with the ASBEs and designing, implementing and maintaining such internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the financial reporting process of the Company.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountant: Mr. Yang Haijiao
(Engagement partner)

Shanghai, China

Chinese Certified Public Accountant: Mr. Pang Yong

28 March 2019

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under Accounting Standards for Business Enterprises. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Huaxin Cement Co., Ltd.

Consolidated balance sheet

AT 31 DECEMBER 2018

RMB yuan

ASSETS	Note	Closing balance	Opening balance
Current assets			
Cash and bank balances	V(1)	5,326,761,911	3,606,246,276
Financial Assets at Fair Value through Profit or Loss	V(2)	207,144,438	453,990,407
Notes receivable and accounts receivable	V(3)	2,073,465,426	2,353,371,486
Including: Notes receivable	V(3.2)	1,548,929,075	1,711,160,593
Accounts receivable	V(3.3)	524,536,351	642,210,893
Prepayments	V(4)	323,717,031	225,637,668
Other receivables	V(5)	375,429,575	379,786,691
Inventories	V(6)	2,078,566,938	1,621,482,745
Non-current assets due within one year		-	3,600,000
Other current assets	V(7)	165,387,334	122,926,210
Total Current Assets		10,550,472,653	8,767,041,483
Non-current assets			
Available-for-sale financial assets	V(8)	60,487,319	71,198,874
Long-term receivables		29,279,695	31,124,087
Long-term equity investments	V(9)	512,469,490	435,003,431
Fixed assets	V(10)	16,118,856,112	15,758,662,922
Construction in progress	V(11)	1,322,976,101	1,302,962,540
Intangible assets	V(12)	3,403,613,645	3,026,753,484
Goodwill	V(13)	447,472,492	447,472,492
Long-term prepaid expenses	V(14)	376,208,038	281,061,433
Deferred tax assets	V(15)	283,272,115	378,042,451
Other non-current assets		56,397,942	-
Total Non-current Assets		22,611,032,949	21,732,281,714
TOTAL ASSETS		33,161,505,602	30,499,323,197

Huaxin Cement Co., Ltd.

Consolidated balance sheet - continued

AT 31 DECEMBER 2018

[English Translation for Reference Only]

RMB yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities			
Short-term borrowings	V(16)	621,000,000	1,141,500,000
Notes payable and accounts payable	V(17)	3,789,324,069	4,154,025,215
Receipts in advance	V(18)	638,732,781	562,705,382
Employee benefits payable	V(19)	392,173,556	281,087,404
Taxes payable	V(20)	935,736,726	507,945,221
Other payables	V(21)	897,653,363	910,399,656
Including: Interest payable	V(21.2)	70,507,991	113,171,188
Dividends payable	V(21.3)	160,590,225	174,309,238
Non-current liabilities due within one year	V(22)	2,877,217,204	1,682,733,582
Total Current Liabilities		10,151,837,699	9,240,396,460
Non-current liabilities			
Long-term borrowings	V(23)	2,444,189,091	4,058,959,121
Bonds payable	V(24)	1,196,831,761	3,295,605,346
Long-term payables	V(25)	261,696,441	99,385,421
Long-term employee benefits payable	V(26)	124,171,344	96,353,657
Provisions	V(27)	238,759,221	162,893,548
Deferred income	V(28)	262,432,189	252,146,422
Deferred tax liabilities	V(15)	162,198,735	138,012,090
Total Non-current Liabilities		4,690,278,782	8,103,355,605
TOTAL LIABILITIES		14,842,116,481	17,343,752,065
SHAREHOLDERS' EQUITY			
Share capital	V(29)	1,497,571,325	1,497,571,325
Capital reserve	V(30)	2,510,252,020	2,510,252,020
Other comprehensive income	V(31)	(9,023,883)	(20,053,747)
Surplus reserve	V(32)	952,685,662	761,464,902
Retained profits	V(33)	11,721,477,654	7,150,569,774
Total equity attributable to shareholders of the Company		16,672,962,778	11,899,804,274
Minority interests		1,646,426,343	1,255,766,858
TOTAL SHAREHOLDERS' EQUITY		18,319,389,121	13,155,571,132
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		33,161,505,602	30,499,323,197

The accompanying notes form part of the 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.

Balance Sheet of the Company

AT 31 DECEMBER 2018

RMB yuan

ASSETS	Note	Closing balance	Opening balance
Current assets			
Cash and bank balances		3,451,321,002	2,452,643,578
Financial Assets at Fair Value through Profit or Loss ("FVTPL")		207,144,438	453,990,407
Notes receivable and accounts receivable		794,371,353	788,575,187
Including: Notes receivable		211,818,382	446,551,919
Accounts receivable	XV(1)	582,552,971	342,023,268
Prepayments		183,137,324	106,287,105
Other receivables	XV(2)	4,639,099,436	5,428,951,612
Including: Dividends receivable		71,129,700	20,000,000
Inventories		332,152,305	44,099,137
Non-current assets due within one year		3,609,824	4,855,490
Other current assets		34,471,735	12,828,851
Total Current Assets		9,645,307,417	9,292,231,367
Non-current assets			
Available-for-sale financial assets		41,431,819	50,143,374
Long-term receivables		19,083,573	19,239,519
Long-term equity investments	XV(3)	10,190,014,554	9,674,396,153
Fixed assets		300,150,484	336,047,804
Construction in progress		100,636,765	13,296,182
Intangible assets		46,034,664	49,881,743
Long-term prepaid expenses		34,521,671	881,758
Deferred tax assets		39,250,259	39,026,824
Total Non-current Assets		10,771,123,789	10,182,913,357
TOTAL ASSETS		20,416,431,206	19,475,144,724

Huaxin Cement Co., Ltd.

Balance Sheet of the Company - continued

AT 31 DECEMBER 2018

RMB yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities			
Short-term borrowings		-	220,000,000
Accounts payable		211,409,370	280,018,627
Receipts in advance		13,992,917	21,027,466
Employee benefits payable		84,435,340	29,714,834
Taxes payable		119,097,062	39,351,347
Other payables		3,888,709,040	1,965,616,985
Including: Interest payable		67,118,203	109,814,961
Dividends payable		10,737,337	29,581,523
Non-current liabilities due within one year		2,213,236,104	1,117,508,420
Total Current Liabilities		6,530,879,833	3,673,237,679
Non-current liabilities			
Long-term borrowings		1,537,212,836	2,854,573,061
Bonds payable		1,196,831,761	3,295,605,346
Long-term employee benefits payable		35,594,796	19,236,904
Provisions		7,920,053	7,551,106
Deferred income		12,732,333	16,035,000
Total Non-current Liabilities		2,790,291,779	6,193,001,417
TOTAL LIABILITIES		9,321,171,612	9,866,239,096
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	25,917,737
Surplus reserve		952,685,662	761,464,902
Retained profits		5,717,023,232	4,415,356,360
TOTAL SHAREHOLDERS' EQUITY		11,095,259,594	9,608,905,628
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,416,431,206	19,475,144,724

Huaxin Cement Co., Ltd.

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

ITEM	Note	Amount for the current period	Amount for the prior period
I. Operating income	V(34)	27,466,044,481	20,889,291,990
Less: Operating costs	V(34)	16,575,214,537	14,716,492,598
Taxes and levies	V(35)	500,174,955	331,811,251
Selling and distribution expenses	V(36)	1,701,838,126	1,402,119,400
General and administrative expenses	V(37)	1,336,820,828	1,196,177,344
Research and development expense		10,773,061	7,841,977
Financial expenses	V(38)	465,623,749	660,630,215
Including: Interest expenses		451,222,378	525,195,334
Interest income		37,891,458	28,503,838
Impairment losses of assets	V(39)	67,103,768	269,466,670
Add: Other income	V(40)	256,980,281	165,219,286
Investment income	V(41)	83,512,256	108,409,622
Including: Income from investment in associates		71,745,531	99,089,919
Gains from changes in fair values	V(42)	3,584,774	2,697,595
Gains/(Losses) on disposal of assets	V(43)	17,624,464	(1,576,103)
II. Operating profit		7,170,197,232	2,579,502,935
Add: Non-operating income	V(44)	20,668,991	272,310,194
Less: Non-operating expenses	V(45)	59,795,254	39,778,618
III. Profit before tax		7,131,070,969	2,812,034,511
Less: Income tax expenses	V(46)	1,425,576,154	600,276,283
IV. Net profit		5,705,494,815	2,211,758,228
(I) Classified by the continuity of operation		5,705,494,815	2,211,758,228
1. Net profit for the year from continuing operations		5,705,494,815	2,211,758,228
(II) Classified by the ownership		5,705,494,815	2,211,758,228
1. Net profit attributable to owners of the Company		5,181,448,611	2,077,640,568
2. Profit or loss attributable to minority interests		524,046,204	134,117,660
V. Other comprehensive income, net of tax		20,290,033	(51,719,266)
Other comprehensive income attributable to shareholders of the parent company, net of tax		11,029,864	(22,943,394)
(I) Items that will be reclassified subsequently to profit or loss		11,029,864	(22,943,394)
1. Gain or loss on changes in fair value of available-for-sale financial assets		(6,533,666)	6,863,436
2. Exchange differences on translation of financial statements denominated in foreign currencies		17,563,530	(29,806,830)
Other comprehensive income attributable to minority interests, net of tax		9,260,169	(28,775,872)
VI. Total comprehensive income		5,725,784,848	2,160,038,962
Total comprehensive income attributable to shareholders of the parent company		5,192,478,475	2,054,697,174
Total comprehensive income attributable to minority interests		533,306,373	105,341,788
VII. Earnings per share			
Basic earnings per share(RMB)		3.46	1.39

Huaxin Cement Co., Ltd.

Income Statement of the Company

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

ITEM	Note	Amount for the current period	Amount for the prior period
I. Operating income	XV(4)	2,903,454,448	1,487,413,678
Less: Operating costs	XV(4)	2,145,235,802	1,080,110,074
Taxes and levies		23,214,011	14,100,932
Selling and distribution expenses		53,618,214	46,071,180
General and administrative expenses		308,754,142	188,088,827
Financial expenses		65,125,543	163,154,455
Including: Interest expenses		372,945,995	413,028,258
Interest income		289,210,043	271,307,858
Impairment losses of assets		16,256,077	1,723,104
Add: Other income		13,992,664	5,077,167
Investment income	XV(5)	1,640,674,714	1,776,247,518
Including: Income from investment in associates		72,318,401	98,670,161
Gains from changes in fair values		3,584,773	2,697,595
Gains on disposal of assets		11,134,589	(1,256,330)
II. Operating profit		1,960,637,399	1,776,931,056
Add: Non-operating income		588,875	162,969
Less: Non-operating expenses		2,655,396	1,818,427
III. Profit before tax		1,958,570,878	1,775,275,598
Less: Income tax expenses		46,363,275	47,078,113
IV. Net profit		1,912,207,603	1,728,197,485
(I) Net profit for the year from continuing operations		1,912,207,603	1,728,197,485
V. Other comprehensive income, net of tax		(6,533,666)	6,863,436
(I) Items that will be reclassified subsequently to profit or loss		(6,533,666)	6,863,436
1. Gain or loss on changes in fair value of available-for-sale financial assets		(6,533,666)	6,863,436
VI. Total comprehensive income		1,905,673,937	1,735,060,921

Huaxin Cement Co., Ltd.

Consolidated cash flow statement

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

ITEM	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		30,517,753,199	23,796,537,126
Receipts of tax refunds		183,944,112	109,776,064
Other cash receipts relating to operating activities	V(47)(1)	158,108,427	106,623,146
Sub-total of cash inflows from operating activities		30,859,805,738	24,012,936,336
Cash payments for goods purchased and services received		16,418,254,738	15,720,483,792
Cash payments to and on behalf of employees		2,238,257,475	1,910,326,299
Payments of various types of taxes		3,574,274,547	1,792,139,248
Other cash payments relating to operating activities	V(47)(2)	729,412,873	685,910,949
Sub-total of cash outflows from operating activities		22,960,199,633	20,108,860,288
Net Cash Flow from Operating Activities	V(48)(1)	7,899,606,105	3,904,076,048
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		3,000,000,000	1,157,200,000
Cash receipts from investment income		14,810,605	62,537,786
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		300,181,056	28,626,285
Net cash receipts from disposals of subsidiaries and other business units	V(48)(3)	1,483,175	-
Other cash receipts relating to investing activities	V(47)(3)	-	83,528,027
Sub-total of cash inflows from investing activities		3,316,474,836	1,331,892,098
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,215,937,319	1,121,968,095
Cash payments to acquire investments		2,750,000,000	800,205,327
Net cash paid for acquisitions of subsidiaries	V(48)(2)	173,700,292	1,044,025,863
Other cash payments relating to investing activities		5,720,528	-
Sub-total of cash outflows from investing activities		5,145,358,139	2,966,199,285
Net Cash Flow from Investing Activities		(1,828,883,303)	(1,634,307,187)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		10,500,000	6,000,000
Including: cash receipts from capital contributions from minority owners of subsidiaries		10,500,000	6,000,000
Cash receipts from borrowings		1,231,955,556	2,985,363,377
Other cash receipts relating to financing activities	V(47)(4)	18,163,077	217,951,576
Sub-total of cash inflows from financing activities		1,260,618,633	3,209,314,953
Cash repayments of borrowings		4,378,415,650	4,252,566,175
Cash payments for interest expenses and distribution of dividends		1,084,702,827	833,256,542
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		146,010,747	128,616,539
Other cash payments relating to financing activities	V(47)(5)	181,400,938	482,978,017
Sub-total of cash outflows from financing activities		5,644,519,415	5,568,800,734
Net Cash Flow from Financing Activities		(4,383,900,782)	(2,359,485,781)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		17,091,219	(20,260,302)
V. Net Increase in Cash and Cash Equivalents(decrease presented with "-")		1,703,913,239	(109,977,222)
Add: Opening balance of Cash and Cash Equivalents		3,532,308,895	3,642,286,117
VI. Closing Balance of Cash and Cash Equivalents	V(48)(4)	5,236,222,134	3,532,308,895

Huaxin Cement Co., Ltd.

Cash Flow Statement of the Company

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

ITEM	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,399,522,322	1,622,832,192
Receipts of tax refunds		3,267,459	230,127
Other cash receipts relating to operating activities		108,394,166	148,410,371
Sub-total of cash inflows from operating activities		3,511,183,947	1,771,472,690
Cash payments for goods purchased and services received		2,911,538,372	1,372,941,364
Cash payments to and on behalf of employees		231,811,206	205,997,889
Payments of various types of taxes		84,414,929	73,451,066
Other cash payments relating to operating activities		462,507,100	25,515,148
Sub-total of cash outflows from operating activities		3,690,271,607	1,677,905,467
Net Cash Flow from Operating Activities	XV(6)	(179,087,660)	93,567,223
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		3,000,000,000	1,150,000,000
Cash receipts from investment income		1,583,424,204	1,603,278,591
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,054,926	321,966
Other cash receipts relating to investing activities		4,065,346,107	1,141,588,495
Sub-total of cash inflows from investing activities		8,662,825,237	3,895,189,052
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		130,327,177	25,119,452
Cash payments to acquire investments		2,940,000,000	800,205,327
Net cash paid for acquisitions of subsidiaries		253,300,000	1,427,640,000
Other cash payments relating to investing activities		3,143,450,000	1,974,985,685
Sub-total of cash outflows from investing activities		6,467,077,177	4,227,950,464
Net Cash Flow from Investing Activities		2,195,748,060	(332,761,412)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		393,500,000	1,760,013,652
Other cash receipts relating to financing activities		2,393,230,285	785,632,762
Sub-total of cash inflows from financing activities		2,786,730,285	2,545,646,414
Cash repayments of borrowings		2,935,000,000	1,761,651,986
Cash payments for interest expenses and distribution of dividends		853,650,964	550,828,179
Other cash payments relating to financing activities		7,302,960	4,920,604
Sub-total of cash outflows from financing activities		3,795,953,924	2,317,400,769
Net Cash Flow from Financing Activities		(1,009,223,639)	228,245,645
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		1,093,874	(4,492,812)
V. Net Increase in Cash and Cash Equivalents (decrease presented with "-")		1,008,530,635	(15,441,356)
Add: Opening balance of Cash and Cash Equivalents		2,435,487,407	2,450,928,763
VI. Closing Balance of Cash and Cash Equivalents		3,444,018,042	2,435,487,407

Huaxin Cement Co., Ltd.

Consolidated statement of changes in shareholders' equity

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

Note	Attributable to owners of the Company					Minority interests	TOTAL OWNERS' EQUITY
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
	V(29)	V(30)	V(31)	V(32)	V(33)		
I. Balance at 1 January 2018	1,497,571,325	2,510,252,020	(20,053,747)	761,464,902	7,150,569,774	1,255,766,858	13,155,571,132
II. Changes for the year	-	-	11,029,864	191,220,760	4,570,907,880	390,659,485	5,163,817,989
(I) Total comprehensive income	-	-	11,029,864	-	5,181,448,611	533,306,373	5,725,784,848
(II) Owners' contributions and reduction in capital	-	-	-	-	-	8,489,030	8,489,030
1. Ordinary shares invested by shareholders	-	-	-	-	-	10,500,000	10,500,000
2. Others	-	-	-	-	-	(2,010,970)	(2,010,970)
(III) Profit distribution	-	-	-	191,220,760	(610,540,731)	(151,135,918)	(570,455,889)
1. Transfer to surplus reserve	-	-	-	191,220,760	(191,220,760)	-	-
2. Distribution to shareholders	-	-	-	-	(419,319,971)	(151,135,918)	(570,455,889)
III. Balance at 31 December 2018	1,497,571,325	2,510,252,020	(9,023,883)	952,685,662	11,721,477,654	1,646,426,343	18,319,389,121

Huaxin Cement Co., Ltd.

Consolidated statement of changes in shareholders' equity

FOR THE YEAR ENDED 31 DECEMBER 2017

RMB yuan

Note	Attributable to owners of the Company					Minority interests	TOTAL OWNERS' EQUITY
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
	V(29)	V(30)	V(31)	V(32)	V(33)		
I. Balance at 1 January 2017	1,497,571,325	2,509,753,457	2,889,647	588,645,153	5,396,004,651	1,378,833,194	11,373,697,427
II. Changes for the year	-	498,563	(22,943,394)	172,819,749	1,754,565,123	(123,066,336)	1,781,873,705
(I) Total comprehensive income	-	-	(22,943,394)	-	2,077,640,568	105,341,788	2,160,038,962
(II) Owners' contributions and reduction in capital	-	-	-	-	-	(18,072,310)	(18,072,310)
1. Ordinary shares invested by shareholders	-	-	-	-	-	39,551,379	39,551,379
2. Others	-	-	-	-	-	(57,623,689)	(57,623,689)
(III) Profit distribution	-	-	-	172,819,749	(322,576,882)	(210,335,814)	(360,092,947)
1. Transfer to surplus reserve	-	-	-	172,819,749	(172,819,749)	-	-
2. Distribution to shareholders	-	-	-	-	(149,757,133)	(210,335,814)	(360,092,947)
(IV) Transfers within owners' equity	-	498,563	-	-	(498,563)	-	-
1. Others	-	498,563	-	-	(498,563)	-	-
III. Balance at 31 December 2017	1,497,571,325	2,510,252,020	(20,053,747)	761,464,902	7,150,569,774	1,255,766,858	13,155,571,132

Huaxin Cement Co., Ltd.

The Company's statement of changes in shareholders' equity

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB yuan

ITEM	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	TOTAL OWNERS' EQUITY
I. Balance 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
II. Changes for the year	-	-	(6,533,666)	191,220,760	1,301,666,872	1,486,353,966
(I) Total comprehensive income	-	-	(6,533,666)	-	1,912,207,603	1,905,673,937
(II) Profit distribution	-	-	-	191,220,760	(610,540,731)	(419,319,971)
1. Transfer to surplus reserve	-	-	-	191,220,760	(191,220,760)	-
2. Distribution to shareholders	-	-	-	-	(419,319,971)	(419,319,971)
III. Balance 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

Huaxin Cement Co., Ltd.

The Company's statement of changes in shareholders' equity

FOR THE YEAR ENDED 31 DECEMBER 2017

RMB yuan

ITEM	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	TOTAL OWNERS' EQUITY
I. Balance at 1 January 2017	1,497,571,325	2,908,595,304	19,054,301	588,645,153	3,009,735,757	8,023,601,840
II. Changes for the year	-	-	6,863,436	172,819,749	1,405,620,603	1,585,303,788
(I) Total comprehensive income	-	-	6,863,436	-	1,728,197,485	1,735,060,921
(II) Profit distribution	-	-	-	172,819,749	(322,576,882)	(149,757,133)
1. Transfer to surplus reserve	-	-	-	172,819,749	(172,819,749)	-
2. Distribution to shareholders	-	-	-	-	(149,757,133)	(149,757,133)
III. Balance 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

HUAXIN CEMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

[English Translation for Reference Only]

I. BASIC INFORMATION ABOUT THE COMPANY

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 RMB9.06 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.

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 of the headquarter is Huaxin Plaza, No. 426 Gaoxin Avenue, Donghu New Technology Development District, Wuhan City, Hubei Province.

The Company's and consolidated financial statements were authorized for issue by the Company's Board of Directors on 28 March 2019.

Principal subsidiaries included in the scope of consolidation are listed in Note VII. "Equity interests in other entities". The detailed changes in the scope of the consolidated financial statements in this year refer to Note VI "Changes Scope of Consolidation".

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Basis of going concerns

The group has evaluated its risk of going concerns for future 12 months since 31 December 2018, and found no significant doubts about it. Hence, the financial reports are prepared on the basis of going concerns assumption.

3. Basis of accounting and principle of measurement

The accrual basis of accounting has been adopted. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In the measurement of non-financial assets at fair value, market participants' ability to best utilize such assets to general most economic benefits, or the ability to sell such assets to other market participants who are able to best utilize the assets to general economic benefits is taken into account.

For financial assets of which transaction prices are the fair value on initial recognition, and of which valuation technique involving unobservable input is used in subsequent measurement, the valuation technique in the course of valuation is adjusted to enable the result of initial recognition based on the valuation technique equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Hints of accounting policy and accounting assumption

Accounting to the characteristics of production and operation, the group formulate the accounting policy and the accounting assumption, which are mainly embodied in the method of bad debt provision for receivables(Note III(9)), the depreciation of fixed assets and the amortization of intangible assets(Note III(13), (16)) and the time point of revenue recognition(Note III(22)).

The key judgement made by the group in determining significant policy are detailed in note III(27).

1. Statement of compliance with the ASBEs

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises ("ASBEs"), and present truly and completely, the Company's and consolidated financial position as of 31 December 2018, and the Company's and consolidated results of operations, changes in shareholders' equity and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries, namely, Huaxin Gayur (Sogd) Cement LLC and Huaxin Yovon Cement LLC, determine TJS as their functional currency based on the currency of the primary economic environment in which they operate. Cambodian Cement Chakrey Ting Factory Co., Ltd. determines USD as its functional currency based on the currency of the primary economic environment in which it operates. The Group adopts RMB to present its financial statements.

4. Business combination

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.

4.1 Business combinations under non-common control and goodwill

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 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 recognised 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

5.1 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 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. Criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, 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 bank deposits are not regarded as cash or cash equivalents in the preparation of cash flow statements.

7. Translation of transactions and financial statements denominated in foreign currencies

7.1 Transactions denominated in foreign currencies

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 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.

7.2 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.

8. 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.

For regular purchase or sale of financial assets, assets to be received or liabilities to be assumed is recognized on the date of transaction, or assets already sold are derecognized on the date of transaction.

8.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

8.2 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Group has no held-to-maturity investment.

8.2.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated as measured at fair value and whose changes are included in the current profit and loss. The group FVTPL only has Financial assets held for trading.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

8.2.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, other receivables, non-current assets due within one year and Long-term receivables etc.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

8.2.3. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale and financial assets that are not classified as financial assets at FVTPL, loans and receivables and held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost.

8.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at FVTPL. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

The objective evidence of impairment available-for-sale financial assets suggest a serious or non-temporary decline in the fair value of available-for-sale financial assets. On balance sheet day, the Group separately inspects the available-for-sale equity financial assets. If the fair value of available-for-sale financial assets invested on the balance sheet day is less than 50% of their initial investment cost (including 50%) or less than initial investment cost over one year (including one year), the impairment will occur. If the fair value of available-for-sale is below its initial investment cost, which is more than 20% (including 20%) but not up to 50%, the Group will take into account other relevant factors such as price volatility to determine whether the equity instrument investment should be impaired.

- Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

8.4 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) 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 (3) 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. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

8.5 Classification, recognition and measurement of financial liabilities

On initial recognition, financial instruments or their components issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments. The Group's financial liabilities are mainly other financial liabilities, including accounts payable, loans and bonds payable.

8.5.1 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

The other financial liabilities, whose maturity are less than one year (including one year) , are listed as current liabilities; The other financial liabilities whose maturity are more than one year (including one year), are listed as non-current liabilities. Hence, the rest are listed as non-current liabilities.

8.6 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

8.7 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off 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. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

8.8 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.

9. Receivables

9.1 Receivables that are individually significant and for which bad debt provision is individually assessed:

Basis or monetary criteria for determining an individually significant receivable	An account receivable that exceeds RMB 3,000,000 and other receivable that exceeds RMB 2,000,000 are deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	According to the receivables of the expected future cash flow present value is less than its book value of the difference.

9.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis and credit risk characteristics:

Basis for determining a portfolio is as follows:

Name of portfolio	Basis
Portfolio 1	Significant and main project receivables
Portfolio 2	Accounts receivable except for significant and main project receivables
Portfolio 3	Deposits, security deposits, advances to staff, reserve funds and transaction amount due from/to who has business relationship
Portfolio 4	Other receivables except for those included in Group 3
Bank acceptances	Banks with lower credit risk

Method of determining provision on a portfolio basis:

Name of portfolio	Basis of determination
Portfolio 1	The provision rate is zero based on the historical loss ratio of receivables with similar credit risk characteristics
Portfolio 2	Aging analysis
Portfolio 3	The provision rate is zero based on the historical loss ratio of receivables with similar credit risk characteristics
Portfolio 4	Aging analysis
Bank acceptances	Not provided

Portfolios that aging analysis is used for bad debt provision:

	Provision as a proportion of accounts receivable and other receivables (%)
Within 1 year	0%
1 to 2 years	10%
2 to 3 years	20%
Over 3 years	40%

9.3 Accounts receivable that are not individually significant but for which bad debt provision is individually assessed:

Reasons for making individual bad debt provision	Receivables that are not individually significant are subject to separate impairment assessment and a provision for impairment of such receivables is made if there is objective evidence that the Group will not be able to collect the amount under the original terms.
Bad debt provision methods	According to the receivables of the expected future cash flow present value is less than its book value of the difference.

10. Inventories

10.1 Categories of inventories

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

10.2 Valuation method of inventories upon delivery

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

10.3 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.

10.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

Spare parts, auxiliary materials and turnover materials are amortized using the immediate write-off method.

11. Holding for sale asset

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 valuate 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 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.

12. Long-term equity investments

12.1 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.

12.2 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.

12.3 Subsequent measurement and recognition of profit or loss

12.3.1. 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.

12.3.2. 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 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.

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.

12.4 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.

13. Fixed assets

13.1 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.

13.2 Depreciation method

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:

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

Category	Depreciation period	Residual value rate	Annual depreciation rate
Buildings	25-40 years	4%	2.4% to 3.8%
Machinery and equipment	5-18 years	4%	5.3% to 19.2%
Office equipment	5-10 years	4%	9.6% to 19.2%
Transportation vehicles	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.

13.3 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.

13.4 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.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

14. 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.

15. 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.

16. Intangible assets

16.1 Measurement method and useful life of intangible assets

Intangible assets include land use rights, concession right, mining rights, mine restoration fees and software etc.

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:

Category	Estimated useful life
Land use rights	40-50 years
Concession right	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.

17. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, and intangible assets with finite useful lives 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 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 recognised 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.

18. 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 capitalised 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.

19. Employee benefits

19.1 Accounting treatment of short-term 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.

19.2 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.

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 labour 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 labour 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.

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

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

20. 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.

21. 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.

21.1 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.

22. 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:

22.1 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 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.

22.2 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.

22.3 Service income

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

22.4 Interest income

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

23. 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.

23.1 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.

23.2 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.

24. Deferred tax assets/ deferred tax liabilities

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

24.1 Current income tax

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.

24.2 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' 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.

24.3 Offsetting income tax

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.

25. 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.

25.1 Accounting treatment of operating leases

25.1.1 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.

Relevant accounting treatment is set out in Note (III) "13.3 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. Contingent rents are credited to profit or loss in the period in which they are actually incurred. 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.

26. 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.

27. Critical accounting estimates and judgements

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:

27.1 Estimation on impairment of goodwill

The Group assess goodwill impairment annually. The recoverable amount of CGU and group of CGUs is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note V(13)).

If management revises the gross margin is used in the calculation of the future cash flows of CGU and group of CGUs, and the revised gross margin is lower than the one currently used, the Group would need to recognize further impairment against goodwill.

If management revises the sales growth rate is used in the calculation of the future cash flows of CGU and group of CGUs, and the sales growth rate is lower than the one currently used, the Group would need to recognize further impairment against goodwill.

If management revises the discount rate is used in the calculation of the future cash flows of CGU and group of CGUs, and the discount rate is higher than the one currently used, the Group would need to recognize further impairment against goodwill.

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

27.2 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, sales 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.

27.3 Depreciation and amortization

Fixed assets (taking account of the estimated residual values); intangible assets with limited service life 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.

27.4 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.

27.5 Deferred taxation

Deferred tax assets arising from related accumulated deductible losses, tax deduction and other deductible temporary differences have been recognized on respective balance sheet dates. Deferred tax asset is recognized for the tax losses that can be carried forward to subsequent years for deduction of the taxable profit with applicable tax rates in accordance with the tax law. Income tax expense (income) and balance of deferred tax may be variable to changes of applicable tax rates and reverse of temporary differences. Changes of estimation mentioned above may cause significant adjustment of deferred tax.

27.6 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.

28. Changes in accounting policies

Changes in accounting policies and reasons	Approval procedures
The Company started adopting the Notice of the Revised Format of 2018 Financial Statements for General Business Enterprise (Cai Kuai (2018) No. 15, hereinafter referred to as the "Cai Kuai No.15 Document") released by the MoF on 15 June 2018 since the preparation of financial statements for the year of 2018. Cai Kuai No.15 Document revised the presenting items in the balance sheet and income statement, added line items of "Notes and Accounts Receivable", "Notes and Accounts Payable", and "Research and Development Expenses", revised the presenting contents of the line items of "Other Receivables", "Fixed Assets", "Construction in Progress", "Other Payables" and "Long-term Payables", removed the line items of "Notes Receivable", "Accounts Receivable", "Dividends Receivable", "Interest Receivable", "Disposal of Fixed Assets", "Materials for construction of fixed assets", "Notes Payable", "Accounts Payable", "Interest Payable", "Dividends Payable" and "Special Payables", added line items of "Including: Interest Expenses" and "Interest Income" under "Financial Expenses", and adjusted the presenting location of some accounts in the income statement. The Company has accounted for the above changes in presenting items using retrospective application, and adjusted comparable data for prior year retrospectively.	Making amendment in accordance with the uniformly used accounting standard, not applicable

IV. TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Enterprise income tax(Note I)	Taxable income	13%, 15%, 25%
VAT(Note 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%, 10%, 11%, 16%, 17%
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 Fiscal and Tax (2018) 32 "Notice of the State Administration of Taxation on the Adjustment of VAT Tax Rate", the tax rate of taxpayers who have engaged in VAT taxable sales or imported goods have changed from 17% and 11% to 16% and 10% respectively from 1 May 2018.

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

2.1 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. 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 for 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 for a nine-years period 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.

2.2 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 refunded ratio at 70%.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB yuan

ITEM	Closing balance	Opening balance
Cash on hand	1,014,354	2,581,513
Bank deposits	5,235,207,780	3,529,727,382
RMB	4,767,112,228	3,170,385,407
USD	459,559,325	350,872,924
TJS	6,184,234	6,079,432
Others	2,351,993	2,389,619
Restricted Cash	90,539,777	73,937,381
RMB	89,402,481	67,404,488
Others	1,137,296	6,532,893
Total	5,326,761,911	3,606,246,276
Including: Cash deposited overseas	136,153,570	215,923,859

As at 31 December 2018, restricted cash include mine restoration deposit of RMB 32,947,396, bank deposits of RMB 44,990,351 that have been pledged to banks as letters of guarantee, bank deposits of RMB11,576,566 that have been pledged as carbon emission trading deposit, , bank deposits of RMB725,462 that have been pledged as bank acceptance notes and letters of credit, and other bank deposits of RMB300,002, amounting to RMB 90,539,777 in total (31 December 2017: RMB 73,937,381). The restricted cash is not regarded as cash when preparing the cash flow statements.

2. Financial Assets at Fair Value through Profit or Loss

RMB yuan

ITEM	Closing balance	Opening balance
Financial assets held for trading	207,144,438	453,990,407
Including: Monetary fund (a)	207,144,438	453,513,045
Others	-	477,362
Total	207,144,438	453,990,407

- (a) Monetary fund is issued by China International Fund Management Co., Ltd.. The fair value of this product is based on the market value of the last trading day of 2018. The Group's intended holding period of the monetary fund is within one year.

3. Notes and accounts receivable

3.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Notes receivable	1,548,929,075	1,711,160,593
Accounts receivable	524,536,351	642,210,893
Total	2,073,465,426	2,353,371,486

3.2 Notes receivable

(1) Classification of notes receivable

RMB yuan

Category	Closing balance	Opening balance
Bank acceptances	1,548,929,075	1,711,160,593

- (2) As at 31 December 2018, notes receivable that has been endorsed or discounted but has not yet expired in the Company are as follows:

RMB yuan

ITEM	Derecognized amount	Amount not terminated
Bank acceptances- endorsed but has not yet expired	1,065,268,099	27,510,016

- (3) As at 31 December 2018, notes that has been converted to account receivable by the Company due to issuers' failure to discharge obligations are as follows:

RMB yuan

ITEM	Amounts converted to accounts receivable
Bank acceptances	14,520,926

3.3 Accounts receivable

(1) Accounts receivable classified by different creditability grouping

RMB yuan

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables that are individually significant and for which bad debt provision is individually assessed	94,315,289	14	74,001,564	78	20,313,725	57,532,471	8	47,438,589	82	10,093,882
Receivables for which bad debt provision is collectively assessed on a portfolio basis	443,853,226	64	4,783,391	1	439,069,835	586,287,124	76	10,823,086	2	575,464,038
Portfolio 1	221,482,976	32	-	-	221,482,976	327,840,822	43	-	-	327,840,822
Portfolio 2	222,370,250	32	4,783,391	2	217,586,859	258,446,302	34	10,823,086	4	247,623,216
Receivable that are not individually significant but for which bad debt provision is individually assessed	152,119,029	22	86,966,238	57	65,152,791	123,270,088	16	66,617,115	54	56,652,973
Total	690,287,544	100	165,751,193	24	524,536,351	767,089,683	100	124,878,790	16	642,210,893

As at 31 December 2018, accounts receivable that are individually significant and the related provision for bad debts is provided on the individual basis are analyzed as follows:

RMB yuan

Accounts receivable (by client)	Closing balance			Reasons for the provision
	Accounts receivable	Bad debt provision	Proportion of provision (%)	
Client A	24,417,713	12,834,184	53	Overdue, the other partys financial situation deteriorated
Client B	12,453,750	12,453,750	100	Overdue, the other partys financial situation deteriorated
Client C	9,922,440	1,192,244	12	Overdue, the other partys financial situation deteriorated
Client D	8,974,092	8,974,092	100	Overdue, the other partys financial situation deteriorated
Client E	6,346,094	6,346,094	100	Overdue, the other partys financial situation deteriorated
Others	32,201,200	32,201,200	100	Overdue, the other partys financial situation deteriorated
Total	94,315,289	74,001,564		

Accounts receivables portfolios for which bad debt provision has been assessed using the aging analysis approach:

RMB yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	193,572,961	-	-
1 to 2 years	21,572,734	2,157,273	10
2 to 3 years	1,318,521	263,704	20
Over 3 years	5,906,034	2,362,414	40
Total	222,370,250	4,783,391	

(2) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision made for the period amounted to RMB 55,100,989. Provision recovered or reversed was RMB 2,978,198. No individually significant bad debt provision was reversed. In addition, accounts receivables of RMB 29,391,469 written off in prior years are recovered in the current period.

(3) Accounts receivable written off in the current period

RMB yuan

ITEM	Write-off amounts
Accounts receivable written off	11,250,388

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

RMB yuan

ITEM	Closing balance of accounts receivable	% of total balance	Closing balance of bad debt provision
Client A	24,417,713	4	12,834,184
Client F	15,382,370	2	568,691
Client G	14,575,837	2	-
Client B	12,453,750	2	12,453,750
Client H	12,000,471	2	-
Total	78,830,141	12	25,856,625

4. Prepayments

(1) Ageing analysis of prepayments is as follows:

RMB yuan

ITEM	Closing balance		Opening balance	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	296,332,894	92	220,351,543	98
Between 1 and 2 years	23,794,839	7	4,447,395	2
Between 2 and 3 years	2,798,180	1	415,093	0
Over 3 years	791,118	0	423,637	0
Total	323,717,031	100	225,637,668	100

As at 31 December 2018, advance to suppliers with ageing over one year amounted to RMB 27,384,137 (31 December 2017: RMB 5,286,125), mainly comprising 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:

RMB yuan

Name of supplier	Amount	% of total balance
Supplier A	76,820,149	24
Supplier B	31,207,857	10
Supplier C	26,133,785	8
Supplier D	25,933,353	8
Supplier E	24,400,000	8
Total	184,495,144	58

5. Other receivables

5.1 Disclosure of other receivable by categories

RMB yuan

Categories	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables that are individually significant and for which bad debt provision is individually assessed	61,970,206	14	50,755,380	82	11,214,826	55,477,758	13	48,113,758	87	7,364,000
Receivables for which bad debt provision is collectively assessed on a portfolio basis	337,849,431	76	1,553,950	-	336,295,481	351,762,973	79	3,173,531	1	348,589,442
Portfolio 3	326,393,021	73	-	-	326,393,021	321,612,460	72	-	-	321,612,460
Portfolio 4	11,456,410	3	1,553,950	14	9,902,460	30,150,513	7	3,173,531	11	26,976,982
Receivable that are not individually significant but for which bad debt provision is individually assessed	41,973,689	10	14,054,421	33	27,919,268	35,506,837	8	11,673,588	33	23,833,249
Total	441,793,326	100	66,363,751	15	375,429,575	442,747,568	100	62,960,877	14	379,786,691

Individually significant other receivables for which bad debt provision has been assessed on an individual basis:

RMB yuan

Other receivables (by client)	Closing balance			
	Other receivables	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Client I	27,027,341	27,027,341	100	Uncertainty in recoverability of amounts due to financial crisis of the client
Client J	15,514,967	15,514,967	100	Uncertainty in recoverability of amounts due to financial crisis of the client
Client K	7,700,000	2,880,000	37	Uncertainty in recoverability of amounts due to financial crisis of the client
Client L	6,324,101	1,264,820	20	Uncertainty in recoverability of amounts due to financial crisis of the client
Others	5,403,797	4,068,252	75	Uncertainty in recoverability of amounts due to financial crisis of the client
Total	61,970,206	50,755,380	82	

Other receivables portfolios for which bad debt provision has been assessed using the aging analysis approach:

RMB yuan

Aging	Closing balance		
	Other receivables	Bad debt provision	Proportion of provision (%)
Within 1 year	5,262,716	-	-
1 to 2 years	2,145,092	214,509	10
2 to 3 years	1,400,000	280,000	20
Over 3 years	2,648,602	1,059,441	40
Total	11,456,410	1,553,950	

5.2 Classification by nature

RMB yuan

Nature	Closing carrying amount	Opening carrying amount
Guarantee deposits	333,018,406	325,439,358
Advances to third-party companies	78,861,154	74,574,250
Petty cash	6,659,335	6,926,409
Others	23,254,431	35,807,551
Total	441,793,326	442,747,568

5.3 Bad debt provision provided, recovered or reversed in the current period

Bad debt provision made for the year amounted to RMB 8,250,422. Provision recovered or reversed in the current year was RMB 4,164,381. In addition, other receivables of RMB 1,042,114 written off in prior years are recovered in the current period.

5.4 Write-off of other receivable in the current period:

RMB yuan

ITEM	Write-off amounts
Other receivables written off	683,167

5.5 Amounts due from top five debtors are analyzed as below:

RMB yuan

ITEM	Closing balance of other receivables	(%) of total balance	Aging	Closing balance of Bad debt provision
Client M	38,927,223	9	1-2 year	-
Client N	29,599,227	7	Above 3 year	-
Client O	27,711,764	6	Above 3 year	-
Client I	27,027,341	6	Above 3 year	27,027,341
Client J	15,514,967	4	Above 3 year	15,514,967
Total	138,780,522	32		42,542,308

6. Inventories

(1) Inventories are classified as follows:

RMB yuan

ITEM	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	565,132,205	2,744,569	562,387,636	559,959,938	2,426,954	557,532,984
Semi-finished goods	374,387,985	165,122	374,222,863	308,187,595	165,122	308,022,473
Finished goods	789,006,981	-	789,006,981	377,050,927	-	377,050,927
Turnover materials	31,559,628	-	31,559,628	51,066,002	-	51,066,002
Auxiliary materials	166,826,040	16,566,709	150,259,331	130,667,075	14,242,570	116,424,505
Spare parts	192,996,213	33,717,916	159,278,297	244,105,111	32,719,257	211,385,854
Assets that are completed but unsettled arising from construction contracts	11,852,202	-	11,852,202	-	-	-
Total	2,131,761,254	53,194,316	2,078,566,938	1,671,036,648	49,553,903	1,621,482,745

(2) Provision for decline in value of inventories

RMB yuan

ITEM	Opening balance	Increase	Decrease		Closing balance
		Provision	Reversal	Write-off	
Raw materials	2,426,954	317,615	-	-	2,744,569
Semi-finished goods	165,122	-	-	-	165,122
Auxiliary materials	14,242,570	2,780,090	455,951	-	16,566,709
Spare parts	32,719,257	1,077,840	-	79,181	33,717,916
Total	49,553,903	4,175,545	455,951	79,181	53,194,316

The provisions for decline in value of auxiliary materials and space parts are made based on the latest purchase price, stock ageing and obsolescence.

- (3) Assets that are completed but unsettled arising from construction contracts at the end of the period:

RMB yuan

ITEM	Closing balance
Accumulated costs incurred	464,847,133
Accumulated gross profit recognized	21,387,131
Less: Amount for which settlement has been processed	474,382,062
Assets that are completed but unsettled arising from construction contracts	11,852,202

7. Other current assets

RMB yuan

	Closing balance	Opening balance
Deductible input VAT	125,573,949	99,241,327
Prepaid income tax	39,000,369	15,392,058
Other taxes prepaid	813,016	8,292,825
Total	165,387,334	122,926,210

8. Available-for-sale financial assets

- (1) Available-for-sale financial assets

RMB yuan

ITEM	Closing balance			Opening balance		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale debt instruments	21,055,500	2,000,000	19,055,500	21,055,500	-	21,055,500
Available-for-sale equity instruments	44,207,419	2,775,600	41,431,819	52,918,974	2,775,600	50,143,374
At fair value	29,707,153	-	29,707,153	38,418,708	-	38,418,708
At cost	14,500,266	2,775,600	11,724,666	14,500,266	2,775,600	11,724,666
Total	65,262,919	4,775,600	60,487,319	73,974,474	2,775,600	71,198,874

- (2) Available-for-sale financial assets measured at fair value at the end of the period

RMB yuan

Categories of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost	3,861,725	21,055,500	24,917,225
Fair value	29,707,153	19,055,500	48,762,653
Accumulated changes in fair value included in other comprehensive income, net of tax	19,384,071	-	19,384,071
Impairment provided	-	2,000,000	2,000,000

- (3) Available-for-sale financial assets measured at cost at the end of the period

RMB yuan

ITEM	Carrying amount				Impairment provision				Equity interest in investee (%)
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance	
Huangshi Power Generation Co., Ltd.	11,724,466	-	-	11,724,466	-	-	-	-	1.4988
Zhengzhou New Star Group Corporation	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000	-
Hubei Building Materials Industry and Trade Group Corporation	505,800	-	-	505,800	505,600	-	-	505,600	-
Changjiang Economic Development Corporation	150,000	-	-	150,000	150,000	-	-	150,000	-
Pingdingshan Zhongnan Coal Company	100,000	-	-	100,000	100,000	-	-	100,000	-
Huaxin Group Yidu Company	20,000	-	-	20,000	20,000	-	-	20,000	-
Total	14,500,266	-	-	14,500,266	2,775,600	-	-	2,775,600	-

(4) Changes in impairment of available-for-sale financial assets during the reporting period

RMB yuan

Categories of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Opening balance of impairment provided	2,775,600	-	2,775,600
Provision for the period	-	2,000,000	2,000,000
Decrease	-	-	-
Closing balance of impairment provided	2,775,600	2,000,000	4,775,600

9. Long-term equity investments

RMB yuan

	Opening balance	Changes for the period		Closing balance	Closing balance of impairment provision
		Increase in investment	Investment gains/losses under equity method		
I. Associates					
Shanghai Wan'an Huaxin Cement Co., Ltd.	162,618,952	-	436,641	163,055,593	-
Tibet High-tech Building Materials Group Co., Ltd.	269,473,964	-	71,881,760	341,355,724	-
Zhangjiajie Tianzi Concrete Co., Ltd.	2,910,515	-	(572,870)	2,337,645	-
Nanguang Huasen Environmental Engineering Co., Ltd.	-	5,720,528	-	5,720,528	-
Total	435,003,431	5,720,528	71,745,531	512,469,490	-

10. Fixed assets

10.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Fixed assets	16,116,628,188	15,756,941,609
Fixed assets under process of disposal	2,227,924	1,721,313
Total	16,118,856,112	15,758,662,922

10.2 Fixed assets

(1) Fixed assets

RMB yuan

	Buildings	Machinery and equipment	Office equipment	Transportation vehicles	Total
I. Original carrying amount					
1. Opening balance	11,927,315,767	14,690,132,326	316,235,870	542,981,697	27,476,665,660
2. Addition	715,778,297	1,141,422,007	19,810,079	23,715,459	1,900,725,842
(1) Purchase	36,947,280	70,308,829	3,891,098	8,179,969	119,327,176
(2) Transfer from construction in progress	547,318,410	851,414,885	14,998,750	14,971,350	1,428,703,395
(3) Increase due to business combination	131,512,607	219,698,293	920,231	564,140	352,695,271
3. Reduction	126,113,453	208,414,437	38,419,398	41,066,101	414,013,389
(1) Disposal	126,113,453	208,414,437	38,419,398	41,066,101	414,013,389
4. Translation difference	102,943	23,541,777	308,266	159,951	24,112,937
5. Closing balance	12,517,083,554	15,646,681,673	297,934,817	525,791,006	28,987,491,050
II. Accumulated depreciation					
1. Opening balance	2,960,107,736	7,832,992,389	233,369,684	440,847,438	11,467,317,247
2. Addition	393,860,066	980,023,262	7,251,984	34,795,777	1,415,931,089
(1) Provision	393,860,066	980,023,262	7,251,984	34,795,777	1,415,931,089

Con.

	Buildings	Machinery and equipment	Office equipment	Transportation vehicles	Total
3. Reduction	62,710,159	167,422,541	35,010,282	36,232,639	301,375,621
(1) Disposal	62,710,159	167,422,541	35,010,282	36,232,639	301,375,621
4. Translation difference	120,334	4,297,455	(928)	127,493	4,544,354
5. Closing balance	3,291,377,977	8,649,890,565	205,610,458	439,538,069	12,586,417,069
III. Impairment provision					
1. Opening balance	113,598,062	138,735,194	73,548	-	252,406,804
2. Addition	21,068,441	14,001,157	4,082	-	35,073,680
(1) Provision	21,068,441	14,001,157	4,082	-	35,073,680
3. Reduction	511,645	2,509,049	13,997	-	3,034,691
(1) Disposal	511,645	2,509,049	13,997	-	3,034,691
4. Closing balance	134,154,858	150,227,302	63,633	-	284,445,793
IV. Net book value					
1. Closing balance	9,091,550,719	6,846,563,806	92,260,726	86,252,937	16,116,628,188
2. Opening balance	8,853,609,969	6,718,404,743	82,792,638	102,134,259	15,756,941,609

As at 31 December 2018, buildings and equipment with net book value of RMB 557,430,713 (original carrying amount of RMB 1,449,308,807) (31 December 2017: carrying amount of RMB 450,978,811, the original carrying amount of RMB 1,087,108,133 is used as the collateral for short-term borrowing and long-term borrowing (NOTE V, 16 and 23).

(2) Fixed assets held under financing lease:

RMB yuan

ITEM	Book value	Accumulated depreciation	Impairment provision	Net book value
Machinery and equipment(2018)	150,000,000	64,249,478	-	85,750,522

(3) Fixed assets leased under operating lease:

RMB yuan

ITEM	Closing carrying amount
Concrete batching plant	69,390,174

(4) Fixed assets pending for ownership certificate:

RMB yuan

ITEM	Closing carrying amount
Buildings	1,355,983,349

11. Construction in progress

11.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Construction in progress	1,194,218,803	1,248,084,829
Materials for construction of fixed assets	128,757,298	54,877,711
Total	1,322,976,101	1,302,962,540

11.2 Construction in progress

(1) Construction in progress

RMB yuan

ITEM	Closing balance			Opening balance		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Kunming Chongde 4000TPD Luquan Second Line Production Line Project	156,644,367	-	156,644,367	11,753,981	-	11,753,981
Huangshi Annual Production of 2.85 Million Tons of Cement Clinker Production Line Construction Project	133,398,311	-	133,398,311	-	-	-
Huaxin New Materials and Intelligent Equipment Manufacturing Technology Park Construction Project	78,613,958	-	78,613,958	-	-	-
Huaxin Environmental Engineering Series Project - Yunyang Waste Treatment Project	75,512,305	-	75,512,305	54,123,228	-	54,123,228
Tibet Shannan Hour Production of 1000 Tons of Waste Rock Comprehensive Utilization Project	35,795,819	-	35,795,819	-	-	-
Changyang New Materials Annual Production of 6 Million Tons of Aggregate Production Line Project	32,721,226	-	32,721,226	-	-	-
Zhuzhou Environmental Hazardous Waste Disposal Plant Expands Production Capacity Investment Project	31,932,523	-	31,932,523	-	-	-
Huaxin Environmental Engineering Series Project - Municipal Waste Treatment Project	30,664,049	-	30,664,049	11,808,380	-	11,808,380
Huaxin Environmental Engineering Series Project - Changshankou Waste Treatment Project	-	-	-	320,790,977	-	320,790,977
Tibet Phase III Annual Production of 1.2 Million Tons Cement Production Line Construction Project	-	-	-	89,240,326	-	89,240,326
Huaxin Environmental Engineering Series Project - Shiyang Waste Treatment Project	-	-	-	103,717,127	-	103,717,127
Huaxin Building Materials Yangxin Cement Stone Powder Brick Production Line Construction Project	-	-	-	4,467,979	-	4,467,979
Huaxin Environmental Engineering Series Project - Yichang Sludge Treatment Project	-	-	-	16,725,319	-	16,725,319
Huaxin Environmental Engineering Series Project - Others	171,413,027	-	171,413,027	169,413,396	-	169,413,396
Others	457,395,772	9,872,554	447,523,218	475,381,425	9,337,309	466,044,116
Total	1,204,091,357	9,872,554	1,194,218,803	1,257,422,138	9,337,309	1,248,084,829

(2) Movement of significant construction in progress:

RMB yuan

Project name	Budget	Opening balance	Addition	Transferred to fixed assets	Other reduction	Closing balance	Accumulated cost incurred out of budget (%)	Progress (%)	Accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period	Source of funds
Tibet Phase III Annual Production of 1.2 Million Tons Cement Production Line Construction Project	460,000,000	89,240,326	344,830,590	434,070,916	-	-	100	100	-	-	-	Working capital
Kunming Chongde 4000TPD Luquan Second Line Production Line Project	669,320,000	11,753,981	144,890,386	-	-	156,644,367	23	23	-	-	-	Working capital
Huangshi Annual Production of 2.85 Million Tons of Cement Clinker Production Line Construction Project	1,847,573,900	-	133,398,311	-	-	133,398,311	7	7	-	-	-	Working capital

Con.

Project name	Budget	Opening balance	Addition	Transferred to fixed assets	Other reduction	Closing balance	Accumulated cost incurred out of budget (%)	Progress (%)	Accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period	Source of funds
Huaxin Environmental Engineering Series Project - Shiyuan Waste Treatment Project	200,000,000	103,717,127	89,112,391	-	192,829,518	-	100	100	5,064,312	1,750,639	5.25%	Working capital and borrowings
Huaxin New Materials and Intelligent Equipment Manufacturing Technology Park Construction Project	207,560,000	-	78,613,958	-	-	78,613,958	38	38	-	-	-	Working capital
Huaxin Environmental Engineering Series Project - Changshankou Waste Treatment Project	388,070,000	320,790,977	61,708,479	346,020,649	36,478,807	-	100	100	14,873,649	5,996,005	5.25%	Working capital and borrowings
Tibet Shannan Hour Production of 1000 Tons of Waste Rock Comprehensive Utilization Project	74,820,000	-	35,795,819	-	-	35,795,819	48	48	-	-	-	Working capital
Huaxin Building Materials Yangxin Cement Stone Powder Brick Production Line Construction Project	41,670,000	4,467,979	33,086,869	37,554,848	-	-	100	100	-	-	-	Working capital
Changyang New Materials Annual Production of 6 Million Tons of Aggregate Production Line Project	230,000,000	-	32,909,205	187,979	-	32,721,226	14	14	-	-	-	Working capital
Zhuzhou Environmental Hazardous Waste Disposal Plant Expands Production Capacity Investment Project	53,392,300	-	31,932,523	-	-	31,932,523	60	60	-	-	-	Working capital
Huaxin Environmental Engineering Series Project - Yichang Sludge Treatment Project	42,500,000	16,725,319	21,795,760	-	38,521,079	-	100	100	78,257	-	-	Working capital
Huaxin Environmental Engineering Series Project - Municipal Waste Treatment Project	40,000,000	11,808,380	18,855,669	-	-	30,664,049	77	77	-	-	-	Working capital
Huaxin Environmental Engineering Series Project - Yunyang Waste Treatment Project	79,800,000	54,123,228	21,389,077	-	-	75,512,305	95	95	734,516	-	-	Working capital
Huaxin Environmental Engineering Series Project - Others	N/A	169,413,396	94,550,380	92,550,748	-	171,413,028	N/A	N/A	42,621,165	1,620,001	-	Working capital and borrowings
Total others	N/A	466,044,116	587,642,124	518,318,255	87,844,768	447,523,217	N/A	N/A	-	-	-	Self-owned funds
Total		1,248,084,829	1,730,511,541	1,428,703,395	355,674,172	1,194,218,803	-	-	63,371,899	9,366,645	-	

(3) Impairment provision for construction in progress in the current period

RMB yuan

ITEM	Opening balance	Addition	Reduction	Closing balance	Reason for provision
Qingshan Project of Huaxin Concret	7,401,126	-	-	7,401,126	Management decides to terminate the Project because of failure in obtaining governmental approval.
Lengshuijiang Project of Huaxin Concret	940,164	-	-	940,164	
Daoxian Project of Huaxin Concret	-	277,395	-	277,395	
Chibi Project of Huaxin Concret	-	257,850	-	257,850	
Others	996,019	-	-	996,019	
Total	9,337,309	535,245	-	9,872,554	

11.3 Materials for construction of fixed assets

RMB yuan

ITEM	Closing balance			Opening balance		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Machinery and equipment	128,757,298	-	128,757,298	54,877,711	-	54,877,711

12. Intangible assets

RMB yuan

ITEM	Land use rights	Mining rights	Mine restoration fees	Concession rights	Software and others	Total
I. Original carrying amount						
1. Opening balance	2,535,877,920	756,321,053	186,734,009	-	221,938,528	3,700,871,510
2. Addition	162,012,581	82,120,343	81,308,415	231,350,597	14,821,487	571,613,423
(1) Purchase	5,328,349	24,518,727	80,169,388	-	14,076,112	124,092,576
(2) Transfer from construction in progress	38,681,265	14,294,221	1,139,027	231,350,597	653,900	286,119,010
(3) Increase due to business combination	118,002,967	43,307,395	-	-	91,475	161,401,837
3. Reduction	69,744,454	15,318,660	15,306,444	-	1,798,229	102,167,787
(1) Disposal or retirement	15,467,005	15,318,660	5,407,009	-	1,798,229	37,990,903
(2) Others	54,277,449	-	9,899,435	-	-	64,176,884
4. Closing balance	2,628,146,047	823,122,736	252,735,980	231,350,597	234,961,786	4,170,317,146
II. Accumulated amortization						
1. Opening balance	318,310,077	139,532,456	52,426,953	-	163,848,540	674,118,026
2. Addition	57,626,433	30,439,447	5,953,713	2,528,618	16,934,322	113,482,533
(1) Provision	57,626,433	30,439,447	5,953,713	2,528,618	16,934,322	113,482,533
3. Reduction	15,070,256	-	4,041,179	-	1,785,623	20,897,058
(1) Disposal or retirement	6,210,165	-	1,713,948	-	1,785,623	9,709,736
(2) Others	8,860,091	-	2,327,231	-	-	11,187,322
4. Closing balance	360,866,254	169,971,903	54,339,487	2,528,618	178,997,239	766,703,501
III. Net book value						
Closing balance	2,267,279,793	653,150,833	198,396,493	228,821,979	55,964,547	3,403,613,645
Opening balance	2,217,567,843	616,788,597	134,307,056	-	58,089,988	3,026,753,484

As at 31 December 2018, the land use right with a net book value of RMB 14,272,894 (original carrying amount of RMB 24,274,843) (31 December 2017: net book value of RMB 15,816,767, original carrying amount of RMB 31,471,127) is used as the collateral for short-term borrowing and long-term borrowing (NOTE V, 16 and 23).

13. Goodwill

(1) Original carrying amount of goodwill

RMB yuan

Name of investee	Closing & opening balance
Huaxin Cement (Daye) Co., Ltd.	189,057,605
Cambodian Cement Chakrey Ting Factory Co., Ltd.	125,767,908
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	101,685,698
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768
Huaxin Cement (E'zhou) Co., Ltd.	21,492,135
Huaxin Cement (Nantong) Co., Ltd.	9,469,146
Total	517,030,260

(2) Provision for impairment of goodwill

RMB yuan

Name of investee	Closing & opening balance
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768

- (3) The recoverable amounts are determined by using the discounted cash flow forecast prepared based on the five-year financial budgets approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

Sales growth rate	-2%-5%
Gross margin	19%-38%
Discount rate	16%

14. Long-term prepaid expenses

RMB yuan

ITEM	Opening balance	Increase in the period	Amortization in the period	Closing balance
Mine development cost	268,514,332	90,625,079	69,020,411	290,119,000
Others	12,547,101	80,217,794	6,675,857	86,089,038
Total	281,061,433	170,842,873	75,696,268	376,208,038

15. Deferred tax assets and liabilities

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

RMB yuan

ITEM	Closing balance		Opening balance	
	Deductible temporary differences and tax losses	Deferred tax assets	Deductible temporary differences and tax losses	Deferred tax assets
Provision for impairment of assets	153,712,730	36,190,239	97,002,639	23,142,335
Difference between the fair value and the tax base of identifiable assets of business combination	407,227,793	84,965,817	581,922,794	118,306,293
Temporary difference arising from expense recognition	353,760,365	83,953,404	323,579,396	77,486,642
Unrealized profit arising from elimination of intra-group transactions	230,131,456	57,532,864	217,934,712	54,483,678
Deductible losses	17,887,695	4,191,002	461,916,599	100,865,201
Provision for staff welfare	137,546,941	25,590,852	96,503,042	21,718,305
Others	880,788	132,118	1,722,340	258,351
Total	1,301,147,768	292,556,296	1,780,581,522	396,260,805

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

RMB yuan

	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Capitalization of general borrowing interest	57,023,917	14,255,979	65,684,060	16,421,015
Changes in fair value of available-for-sale financial assets	25,845,428	6,461,356	34,556,983	8,639,246
Valuation addition on assets in business combination under non-common control	207,168,666	46,198,066	210,217,626	50,459,243
Depreciation difference of fixed assets between accounting and tax basis	439,386,715	82,138,044	345,666,207	62,413,842
Others	159,754,485	22,429,471	136,000,830	18,297,098
Total	889,179,211	171,482,916	792,125,706	156,230,444

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

RMB yuan

ITEM	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	9,284,181	283,272,115	18,218,354	378,042,451
Deferred tax liabilities	9,284,181	162,198,735	18,218,354	138,012,090

- (4) Details of unrecognized deferred tax assets

RMB yuan

ITEM	Closing balance	Opening balance
Deductible temporary differences	2,480,110,976	2,795,021,106
Deductible losses	987,933,080	1,548,829,053
Total	3,468,044,056	4,343,850,159

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

RMB yuan

Year	Closing balance	Opening balance
2018	-	94,205,788
2019	155,549,091	311,600,774
2020	332,035,821	546,679,577
2021	242,972,073	407,511,234
2022	180,277,056	188,831,680
2023	77,099,039	-
Total	987,933,080	1,548,829,053

16. Short-term borrowings

- (1) Category of short-term borrowings:

RMB yuan

ITEM	Closing balance	Opening balance
Mortgaged bank borrowings (Note 1)	31,000,000	81,000,000
Unsecured bank borrowings (Note 2)	590,000,000	950,500,000
Guaranteed bank borrowings	-	110,000,000
Total	621,000,000	1,141,500,000

Note 1: As at 31 December 2018, parts of buildings, machinery and equipment (Note V(10)) and land use rights (Note V(12)) of the Group are the collateral of the pledged bank borrowings of RMB 31,000,000 (2017: RMB 81,000,000).

Note 2: As at 31 December 2018, unsecured bank borrowings amounting to RMB 141,000,000 (2017: RMB 492,000,000) guaranteed by the company for its subsidiaries within the group.

As at 31 December 2018, the interest rate of short-term borrowings ranges from 2.35% to 4.35% per annum (31 December 2017: from 4.30% to 4.79% per annum)

The group has no overdue short-term borrowings.

17. Notes and accounts payable

17.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Notes payable	-	14,450,000
Accounts payable	3,789,324,069	4,139,575,215
Total	3,789,324,069	4,154,025,215

17.2 Notes payable

RMB yuan

	Closing balance	Opening balance
Bank acceptances	-	14,450,000

17.3 Accounts payable

RMB yuan

ITEM	Closing balance	Opening balance
Payables for raw materials	2,371,944,417	2,720,640,435
Payables for construction and equipment	934,700,160	1,033,498,258
Payables for transportation services	191,881,135	199,782,333
Payables for utility charges	92,984,125	72,781,671
Others	197,814,232	112,872,518
Total	3,789,324,069	4,139,575,215

Significant accounts payable over one year

RMB yuan

ITEM	Closing balance	Reasons for being outstanding or carried forward
Construction and equipment payables and construction warranty payable	561,207,244	Part of project is under construction, related amounts have not been paid.
Total	561,207,244	

18. Receipts in advance

(1) Receipts in advance

RMB yuan

ITEM	Closing balance	Opening balance
Advance from customers	638,732,781	556,730,942
Advances for construction contacts	-	5,974,440
TOTAL	638,732,781	562,705,382

(2) Significant receipts in advance over one year

RMB yuan

	Closing balance	Opening balance
Advance for sales of cement	35,023,917	25,561,949

19. Employee benefits payable

(1) Employee benefits payable

RMB yuan

ITEM	Opening balance	Addition	Reduction	Closing balance
1.Short-term employee benefits payable	257,049,545	2,134,844,941	2,019,531,314	372,363,172
2.Defined contribution plan	6,235,758	201,123,090	200,924,060	6,434,788
3.Defined benefit plan(the portion payable within one year)	4,748,365	4,029,385	4,748,365	4,029,385
4.Termination benefits payable	13,053,736	9,346,211	13,053,736	9,346,211
Total	281,087,404	2,349,343,627	2,238,257,475	392,173,556

(2) Short-term employee benefits

RMB yuan

ITEM	Opening balance	Addition	Reduction	Closing balance
1.Salaries or wages, bonuses and allowances	224,570,063	1,649,541,088	1,546,176,464	327,934,687
2.Staff welfare	2,979,986	193,342,715	183,808,420	12,514,281
3.Social insurance	7,237,968	146,129,836	142,626,256	10,741,548
including: Medical insurance	5,718,476	128,378,857	124,758,413	9,338,920
Injury insurance	1,084,997	12,611,337	12,590,343	1,105,991
Maternity insurance	434,495	5,139,642	5,277,500	296,637
4.Housing funds	11,031,704	104,099,459	109,208,632	5,922,531
5.Labor union funds and employee education fee	11,229,824	41,731,843	37,711,542	15,250,125
Total	257,049,545	2,134,844,941	2,019,531,314	372,363,172

(3) Defined contribution plan

RMB yuan

ITEM	Opening balance	Addition	Reduction	Closing balance
1.Basic pension insurance	4,102,991	195,683,019	194,571,263	5,214,747
2.Unemployment insurance	2,132,767	5,440,071	6,352,797	1,220,041
Total	6,235,758	201,123,090	200,924,060	6,434,788

The Group participates in the basic pension insurance and unemployment insurance plans established by government agencies according to the regulations. According to the plans, the Group pays monthly expenses to the plans based on 12-19% and 0.5-0.7% of the employee's basic salary respectively. In addition to the above monthly deposit expenses, the Group shall not undertake any further payment obligations. The corresponding expenditure is recorded into the current profit or loss or the cost of related assets when it occurs.

The Group shall pay RMB 195,683,019 and RMB 5,440,071 (2017: RMB 168,299,632 and RMB 5,408,342) to the basic pension insurance and unemployment insurance plans respectively this year. As at December 31, 2018, the Group has outstanding expenses of RMB 5,214,746 and RMB 1,220,041 (31 December 2017: RMB 4,102,991 and RMB 2,132,767) which has not be paid to the pension insurance and unemployment insurance plans when the reporting period has been due, but relevant outstanding expenses have been paid after the reporting period.

20. Taxes payable

RMB yuan

ITEM	Closing balance	Opening balance
Enterprise income tax payable	623,436,893	240,690,380
VAT payable	187,394,897	197,828,619
Flood prevention fee payable	18,862,548	18,517,288
Resource tax payable	17,691,208	8,078,067
Environment tax payable	18,424,841	-
Individual income tax payable	17,604,530	10,897,399
Others	52,321,809	31,933,468
Total	935,736,726	507,945,221

21. Other payables

21.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Interests payable	70,507,991	113,171,188
Dividends payable	160,590,225	174,309,238
Other payables	666,555,147	622,919,230
Total	897,653,363	910,399,656

21.2 Interests payable

RMB yuan

ITEM	Closing balance	Opening balance
Interest for corporate bonds	64,181,670	105,342,960
Interest for long-term borrowings	5,010,308	6,363,814
Interest for short-term borrowings	1,316,013	1,464,414
Total	70,507,991	113,171,188

21.3 Dividends payable

RMB yuan

ITEM	Closing balance	Opening balance
Ordinary share	10,737,338	29,581,522
Minority interests		
--Tibet Changsheng Road & Bridge Construction Co., Ltd	87,518,955	75,518,957
--Gayur Liability Limited Company	62,332,731	69,208,759
--Diqing Rongshunlin Product Development Co., Ltd.	1,201	-
Total	160,590,225	174,309,238

21.4 Other payables

(1) Other payables by nature

RMB yuan

ITEM	Closing balance	Opening balance
Payables for acquisition of equity interests	249,207,680	253,815,152
Amounts due to minority interests	141,011,960	134,175,377
Deposits	126,722,501	112,535,085
Collected or paid for others	32,527,298	30,274,096
Amounts due to government	30,637,244	12,474,167
Others	86,448,464	79,645,353
Total	666,555,147	622,919,230

(2) Other significant payables over one year

RMB yuan

ITEM	Closing balance	Reasons for being outstanding or carried forward
Amounts due to minority interests, and deposits of major construction contracts paid to the Group	497,245,936	Payment criteria for acquisition of equity yet to be archived; final settlement of related project has not been processed.

22. Non-current liabilities due within one year

RMB yuan

ITEM	Closing balance	Opening balance
Long-term borrowings due within one year	741,592,004	700,032,324
Bonds payable due within one year	2,100,000,000	799,866,667
Long-term payables due within one year	35,625,200	182,834,591
Total	2,877,217,204	1,682,733,582

23. Long-term borrowings

(1) Categories of long-term borrowings

RMB yuan

ITEM	Closing balance	Opening balance
Unsecured bank borrowings(Note 1)	2,236,234,785	3,981,076,841
Pledged bank borrowings (Note 2)	737,500,000	612,500,000
Mortgaged bank borrowings(Note 3)	208,500,000	160,500,000
Guaranteed bank borrowings (Note 4)	3,546,310	4,914,604
Less: Long-term borrowings due within one year		
Unsecured bank borrowings	478,173,480	556,128,151
Pledged bank borrowings	98,500,000	89,000,000
Mortgaged bank borrowings	163,500,000	53,500,000
Guaranteed bank borrowings	1,418,524	1,404,173
Total	2,444,189,091	4,058,959,121

Note 1: As at 31 December 2018, unsecured RMB denominated long-term borrowings of RMB 635,550,000 (31 December 2017: RMB 495,810,000), USD denominated long-term borrowings of RMB 243,643,600 (31 December 2017: RMB 930,466,631) were guaranteed by the Company, of which the principals are to be repaid in batches during the period from 2019 to 2022.

Note 2: As at 31 December 2018, long-term pledged bank borrowings of RMB 737,500,000 (31 December 2017: RMB 612,500,000) were secured by the investment in subsidiaries of the Group, of which the principals are to be repaid by installment from 2019 to 2024.

Note 3: As at 31 December 2018, parts of buildings, machinery and equipment (Note V(10)) and land use rights (Note V(12)) of the Group are the collateral of the pledged bank borrowings of RMB 208,500,000 (2017:RMB 160,500,000).

Note 4: As at 31 December 2018, long-term borrowings denominated in DKK equivalent to RMB 3,546,310 (31 December 2017: RMB 4,914,604) 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.

As at 31 December 2018, the interest rate of long-term borrowings ranges from 2.9% to 6.89% per annum (31 December 2017: from 2.77% to 6.65% per annum).

24. Bonds payable

(1) Bonds payable

RMB yuan

ITEM	Closing balance	Opening balance
2012 Issued Corporate Bonds I	-	1,000,000,000
2012 Issued Corporate Bonds II	-	1,100,000,000
2016 Issued Corporate Bonds I	1,196,831,761	1,195,605,346
Total	1,196,831,761	3,295,605,346

(2) Changes in bonds payable

RMB yuan

Name of bond	Par Value	Issue date	Term of bond	Issue amount	Opening balance	amortization of premium or discount	Transfer to non-current liabilities due within one year	Closing balance	Interests by par value
2012 Issued Corporate Bonds I	1,000,000,000	17/05/2012	7 Years	1,000,000,000	1,000,000,000	-	1,000,000,000	-	56,500,000
2012 Issued Corporate Bonds II	1,100,000,000	09/11/2012	7 Years	1,100,000,000	1,100,000,000	-	1,100,000,000	-	64,900,000
2016 Issued Corporate Bonds I	1,200,000,000	9/08/2016	5 Years	1,200,000,000	1,195,605,346	1,226,415	-	1,196,831,761	57,480,000
Total	3,300,000,000			3,300,000,000	3,295,605,346	1,226,415	2,100,000,000	1,196,831,761	178,880,000

Note I: Pursuant to the relevant approval ([2012] 615) from China Securities Regulatory Commission, the Company issued two batches of corporate bonds on 17 May 2012 and 9 November 2012 respectively.

The principal of first batch of corporate bonds amounted to RMB 2 billion, of which 1 billion had been paid on 17 May 2012, and another 1 billion with 5.65% interest per annual, seven-year tenure, The bond holders have an early redemption option and the issuer has an option to increase interest rate at the end of the fifth year. On 17 May 2012, no bond holder executed the redemption option. The corporate bonds will be repaid on 17 May 2019, and will be reclassified into non-current liabilities maturing within one year.

On 9 November 2012, the Company issued 5.90% interest, seven-year tenure corporate bonds with principal of RMB1,100,000,000 ("2012 Issued Corporate Bonds II"). The bond holders have an early redemption option and the issuer has an option to increase interest rate at the end of the fifth year. On 9 November 2012, no investors executed the early redemption option. The corporate bonds will be repaid on 19 November 2019, and will be reclassified into non-current liabilities maturing within one year.

Note II: Pursuant to the relevant approval ([2016] 1255) from China Securities Regulatory Commission (CSRC), the Company issued 4.79% interest, five-year tenure corporate bonds with principal of RMB1,200,000,000 on 19 August 2016 ("2016 Issued Corporate Bonds I").

25. Long-term payables

25.1 Presentation by categories

RMB yuan

ITEM	Closing balance	Opening balance
Long-term payables	71,032,113	99,385,421
Special payables	190,664,328	-
Total	261,696,441	99,385,421

25.2 Long-term payables

(1) Long-term payables by nature

RMB yuan

ITEM	Closing balance	Opening balance
Finance lease payables	103,910,917	280,718,912
Others	2,746,396	1,501,100
Less: Finance lease payables due within one year	35,625,200	182,834,591
Total	71,032,113	99,385,421

As at 31 December, 2018, payables for the finance lease amounted to RMB 103,910,917 and were secured by letters of guarantee of RMB 15,000,000 (Note V (1)).

Payables for finance lease represents the minimum lease payments less unrecognized finance charges. The future payment plan of finance lease payables is as follows:

RMB yuan

	Closing balance	Opening balance
1st year subsequent to the balance sheet date	34,306,813	182,834,591
2nd year subsequent to the balance sheet date	32,936,978	34,306,813
3rd year subsequent to the balance sheet date	31,550,150	32,936,978
Subsequent periods	15,258,676	46,808,826
Total Minimum lease payments	114,052,617	296,887,208
Unrecognized finance costs	10,141,700	16,168,296
Finance lease payables	103,910,917	280,718,912
Including: Finance lease payables due within one year	35,625,200	182,834,591
Finance lease payables due after one year	68,285,717	97,884,321

25.3 Special payables

(1) Special payables by nature

RMB yuan

ITEM	Opening balance	Increase	Decrease	Closing balance
Compensation for relocation of subsidiaries	-	264,100,000	73,435,672	190,664,328

Due to ecological restoration request in Wushan Zone, Nantong city, the local government and Huaxin Cement (Nantong) Co., Ltd. ("Nantong Plant") entered into the relocation compensation agreement in which the Nantong Plant ceases production and migrates from the plant area and processes the cancellation of property right, local Government provides compensation of RMB 278 million. As of 31 December 2018, Nantong Plant has received compensation of RMB 264,100,000 and incurred loss of RMB 73,435,67 related to relocation, the migration of plant hasn't been completed.

26. Long-term employee benefits payable

(1) Long-term employee benefits payable by nature

RMB yuan

ITEM	Opening balance	Increase	Decrease	Closing balance
Retired staff compensation payable (a)	50,718,806	3,911,644	20,456,382	34,174,068
Early-retired employee benefits payable (b)	50,272,210	-	13,077,704	37,194,506
Long-term employee incentives payable (c)	13,164,742	53,013,624	-	66,178,366
Sub-total	114,155,758	56,925,268	33,534,086	137,546,940
Less: To be paid in one year	17,802,101			13,375,596
Total	96,353,657			124,171,344

- (a) 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.

Management determine the provision for employee benefits based on expected accumulated benefit unit method.

At the balance sheet date, the key assumptions for the calculation of Group's retired staff compensation are as follows:

ITEM	At the end of the period	At the beginning of the period
Discount rate	2.60%~3.70%	3.79%~4.23%
Salary/wage growth rate	10%	10%
Average life expectancy	77	77

- (b) Early-retired employee benefits: Pursuant to the Group's policies, the Company and certain subsidiaries are obliged to pay the basic wage and social insurance payments for eligible early-retired employees, until the employee reached the statutory retirement age.
- (c) Long-term employee incentives payable

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 virtual shares 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 virtual shares 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.

RMB yuan

The measurement on the liability incurred by the Company that is calculated and determined on the basis of the shares or other equity instruments	The fair value is determined by share price of the Company on settlement date
The accumulated amount of liabilities of cash-settled share-based payment	66,178,366
Incurred expenses for cash-settled share-based payment	53,013,624

27. Provisions

RMB yuan

ITEM	Closing balance	Opening balance
Provision for mine restoration	238,237,421	162,371,748
Provision for pending litigation	521,800	521,800
Total	238,759,221	162,893,548

28. Deferred income

RMB yuan

ITEM	Opening balance	Addition	Reduction	Closing balance	Nature
Government grants	252,146,422	39,371,097	29,085,330	262,432,189	Government grants related to assets

Items involving government grants:

RMB yuan

Government Item	Opening balance	Subsidies increased for the period	Amount recognized in non-operating income for the period	Amount recognized in other income for the period	Closing balance	Related to assets/ income
Cement kiln line infrastructure	158,678,821	37,714,897	205,802	15,320,201	180,867,715	Related to assets
Energy saving technological transformation	93,467,601	1,656,200	-	13,559,327	81,564,474	Related to assets
Total	252,146,422	39,371,097	205,802	28,879,528	262,432,189	

29. Share capital

RMB yuan

ITEM	Closing and opening balance
Listed shares without restriction of trading	
A shares listed	972,771,325
B shares listed	524,800,000
Total share capital	1,497,571,325

30. Capital reserve

RMB yuan

ITEM	Closing and opening balance
Share premium	2,410,355,433
Share option	4,146,565
Transfer of capital reserve recognized under the previous accounting system	45,377,303
Compensation from government for plant relocation	7,553,919
Government grants	42,818,800
Total	2,510,252,020

31. Other comprehensive income

RMB yuan

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	
I. Items that may be subsequently reclassified to profit or loss						
Including: Change in value of available-for-sale financial assets	25,917,737	(8,711,555)	(2,177,889)	(6,533,666)	-	19,384,071
Exchange differences on translation of financial statements denominated in foreign currencies	(45,971,484)	26,823,699	-	17,563,530	9,260,169	(28,407,954)
Total	(20,053,747)	18,112,144	(2,177,889)	11,029,864	9,260,169	(9,023,883)

32. Surplus reserve

RMB yuan

ITEM	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	697,884,573	191,220,760	-	889,105,333
Discretionary surplus reserve	63,580,329	-	-	63,580,329
Total	761,464,902	191,220,760	-	952,685,662

In accordance with the Company Law of the PRC and the Company's Articles of Association, appropriations of 10% of net profit should be made to the statutory surplus reserve, after offsetting accumulated losses from prior years. The Company appropriated RMB 191,220,760, 10% of net profit for the year ended 31 December 2018 to the statutory surplus reserve (2017: 10% of net profit, RMB 172,819,749).

The amount of appropriation to the discretionary surplus reserve should be proposed by the board of directors of the Company and approved by general meeting of shareholders. Discretionary surplus reserve can be used to make up losses or to increase share capital after certain approval. The Company has not made any appropriation to discretionary surplus reserves in 2018 (2017: nil)

33. Retained profits

RMB yuan

ITEM	The current period	The prior period
Opening balance of retained profits	7,150,569,774	5,396,004,651
Add: Net profit attributable to the shareholders of the Company	5,181,448,611	2,077,640,568
Less: Appropriation of statutory surplus reserve	191,220,760	172,819,749
Dividends (Note)	419,319,971	149,757,133
Others	-	498,563
Closing balance of retained profits	11,721,477,654	7,150,569,774

Note: Pursuant to the resolution at the Annual General Meeting on 24 April 2018, cash dividends of RMB 419,319,971 (RMB 2.80 per 10 shares) were paid to all shareholders based on the issued shares of 1,497,571,325.

34. Operating income and operating costs

RMB yuan

ITEM	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main operation	27,322,893,020	16,503,935,133	20,781,741,749	14,642,772,283
Other operation	143,151,461	71,279,404	107,550,241	73,720,315
Total	27,466,044,481	16,575,214,537	20,889,291,990	14,716,492,598

Principal income presented by products:

RMB yuan

ITEM	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Sales of cement	23,106,659,496	13,677,266,820	17,791,012,105	12,495,638,933
Sales of concrete	1,354,687,191	1,035,753,582	942,026,198	739,484,598
Sales of clinker	777,558,830	542,868,436	737,738,807	613,771,575
Sales of aggregate	826,953,578	299,057,941	513,278,808	242,647,625
Others	1,257,033,925	948,988,354	797,685,831	551,229,552
Total	27,322,893,020	16,503,935,133	20,781,741,749	14,642,772,283

Other income presented by products

RMB yuan

ITEM	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Sales of materials	32,315,193	11,675,227	42,303,997	28,058,035
Rental income	12,976,971	2,912,657	22,213,943	16,712,779
Clinker outsourcing	7,145,513	6,955,283	15,159,679	14,340,576
Others	90,713,784	49,736,237	27,872,622	14,608,925
Total	143,151,461	71,279,404	107,550,241	73,720,315

35. Taxes and levies

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Resource tax	129,241,898	106,287,155
City maintenance and construction tax	96,665,340	61,555,490
Environmental protection tax	78,729,020	-
Educational surcharge	55,852,817	34,907,115
Land holding tax	51,295,647	58,678,078
Property tax	32,386,384	30,485,211
Others	56,003,849	39,898,202
Total	500,174,955	331,811,251

36. Selling and distribution expenses

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Transportation, carriage and outsourced labor expenses	482,436,151	436,674,378
Material costs	478,153,904	431,430,031
Staff costs	366,038,216	264,804,513
Utilities expenses	72,188,289	62,564,611
Depreciation and amortization expenses	69,185,564	64,680,956
Entertainment expenses	46,462,570	37,999,726
Traveling expenses	44,776,104	21,712,269
Rental expenses	15,137,055	6,745,701
Repair expenses	42,822,836	23,947,870
Others	84,637,437	51,559,345
Total	1,701,838,126	1,402,119,400

37. General and administrative expenses

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Staff costs	731,160,152	613,960,793
Depreciation and amortization	111,735,935	109,285,911
Entertainment expenses	58,372,291	38,720,366
Traveling expenses	43,602,949	59,485,214
Office and meeting expenses	43,340,517	25,196,434
Outsourced labor expenses	37,242,963	34,047,729
Intermediary service expenses	36,898,566	30,708,788
Rental expenses	30,572,443	12,987,527
Utilities expenses	19,196,164	23,054,417
Property insurance expenses	14,778,615	14,047,935
Pollution expenses	12,748,172	82,304,380
Communication expenses	7,092,074	11,545,187
Services fees	6,226,415	6,391,748
Others	183,853,572	134,440,915
Total	1,336,820,828	1,196,177,344

38. Financial expenses

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Interest expenses	460,589,023	555,488,877
Less: capitalized interest	9,366,645	22,293,543
Finance discount	-	8,000,000
Interest expenses	451,222,378	525,195,334
Less: interest income	37,891,458	28,503,838
Exchange losses	28,242,923	143,010,038
Others	24,049,906	20,928,681
Total	465,623,749	660,630,215

39. Impairment losses of assets

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
I. Bad debt losses	25,775,249	61,465,283
II. Losses from decline in value of inventories	3,719,594	11,695,118
III. Impairment losses of available-for-sale financial assets	2,000,000	-
IV. Impairment losses of fixed assets	35,073,680	194,370,086
V. Impairment losses of construction in progress	535,245	1,936,183
Total	67,103,768	269,466,670

40. Other income

RMB yuan

ITEM	2018	2017	Related to assets/ income
Tax refunds from sales of goods having utilized waste natural materials	183,944,112	105,168,817	Related to income
Amortization of deferred income (V,28)(Note)	28,879,528	32,669,941	Related to assets
Other government grants (Note)	44,156,641	27,380,528	Related to income
Total	256,980,281	165,219,286	

Note: Other income in non-recurring profit or loss amounted to RMB 73,036,169 in 2018.

41. Investment income

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Share of profits in equity method of long-term equity investments	71,745,531	99,089,919
Losses on disposal of long-term equity investments	(3,043,880)	-
Income from holding financial assets at fair value through profit or loss	12,266,445	6,179,934
Income from holding available-for-sale financial assets	1,103,937	3,139,769
Others	1,440,223	-
Total	83,512,256	108,409,622

42. Gains from changes in fair values

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Financial assets at fair value through profit or loss -		
Includes: Monetary fund	3,631,393	2,923,248
Others	(46,619)	(225,653)
Total	3,584,774	2,697,595

43. Gains/(Losses) on disposal of assets

RMB yuan

ITEM	Amount for the current period	Amount for the prior period	Non-routine items in 2018
Gains (losses) on disposal of fixed assets	12,210,125	(1,576,103)	12,210,125
Gains (losses) on disposal of intangible assets	5,414,339	-	5,414,339
Total	17,624,464	(1,576,103)	17,624,464

44. Non-operating income

RMB yuan

ITEM	Amount for the current period	Amount for the prior period	Non-routine items in 2018
Government grants	351,593	100,000	351,593
Negative goodwill	4,489,836	257,243,520	4,489,836
Others	15,827,562	14,966,674	15,827,562
Total	20,668,991	272,310,194	20,668,991

45. Non-operating expenses

RMB yuan

ITEM	Amount for the current period	Amount for the prior period	Non-routine items in 2018
Total profits on disposal of non-current assets	34,995,388	10,176,198	34,995,388
Includes: Losses on disposal of fixed assets	34,995,388	10,154,377	34,995,388
Losses on disposal of intangible assets	-	21,821	-
Donations	8,967,686	10,890,064	8,967,686
Others	15,832,180	18,712,356	15,832,180
Total	59,795,254	39,778,618	59,795,254

46. Income tax expenses

(1) Income tax expenses

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Income tax expenses for the current period	1,314,563,048	503,649,984
Deferred income taxes	111,013,106	96,626,299
Total	1,425,576,154	600,276,283

(2) Adjustment on accounting profit and income tax expense

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Total profit	7,131,070,969	2,812,034,511
Income tax expense calculated based on 25%	1,782,767,742	703,008,628
Effect of preferential tax rates applicable to subsidiaries	(224,304,523)	(114,762,959)
Profits not subject to tax	(17,936,383)	(24,772,480)
Effect of non-deductible cost, expense and loss	8,200,697	34,691,454
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	(175,552,127)	(51,007,252)
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	22,005,749	99,495,472
Negative goodwill	(1,122,459)	(64,310,880)
Others	31,517,458	17,934,300
Income tax expenses	1,425,576,154	600,276,283

47. Notes to consolidated cash flow statement

(1) Other cash receipts relating to operating activities

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Receipt of deposits	14,187,416	33,378,771
Receipt of government grants	83,673,529	27,480,528
Interest income	37,891,458	28,503,838
Others	22,356,024	17,260,009
Total	158,108,427	106,623,146

(2) Other cash payments relating to operating activities

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Traveling expenses	88,385,853	81,292,691
Deposits	7,579,048	95,434,770
Pollution expenses	12,748,172	82,304,380
Entertainment expenses	104,834,861	76,720,092
Agency and other service charges	43,124,981	37,100,536
Low value consumables	56,799,404	50,215,156
Environmental maintenance expenses	48,562,684	37,924,458
Office and meeting expenses	43,340,517	31,322,261
Low value consumables	45,709,498	19,733,228
Premiums for property insurance	14,778,615	14,047,935
Donations and other social responsibility expenses	69,852,368	10,890,064
Others	193,696,872	148,925,378
Total	729,412,873	685,910,949

(3) Other cash receipts relating to investing activities

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Receipt of government grants related to asset projects	-	55,948,210
Receipt of companies	-	26,565,875
Others	-	1,013,942
Total	-	83,528,027

(4) Other cash receipts relating to financing activities

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Receipt of consideration and deposit for sales and lease back of fixed assets	-	175,477,409
Cash advances from non-financial enterprises	-	34,474,167
Receipt of government loans and grants	18,163,077	8,000,000
Total	18,163,077	217,951,576

(5) Other cash payments relating to financing activities

RMB yuan

ITEM	Amount for the current period	Amount for the prior period
Repayments of cash advances to non-financial enterprises	-	449,690,279
Repayments for principal and deposit of finance lease	181,400,938	16,200,000
Payments for acquiring minority interests	-	13,907,738
Payments of expenses for bond offering, raising of bank borrowings and finance leases	-	3,180,000
Total	181,400,938	482,978,017

48. Supplementary information of cash flow statements

(1) Net Cash Flow from Operating Activities

RMB yuan

Supplementary information	Closing balance	Opening balance
Adjust net profit to cash flow of operating activities		
Net profit	5,705,494,815	2,211,758,228
Add: Provision for asset impairment	67,103,768	269,466,670
Depreciation of fixed assets	1,415,931,089	1,430,449,047
Amortization of intangible assets	113,482,533	96,873,175
Amortization of long-term prepaid expenses	75,696,268	84,961,725
Amortization of deferred income	(29,085,330)	(32,669,941)
Net loss on disposal of non-current assets	(17,624,464)	1,576,103
Net loss on retirement of fixed assets	34,995,388	10,176,198
Investment income	(83,512,256)	(108,409,622)
Changes in fair value recognized in profit	(3,584,774)	(2,697,595)
Financial expenses	451,222,378	525,195,344
Negative goodwill	(4,489,836)	(257,243,520)
Decrease in deferred income tax asset	94,770,336	112,434,236
Increase/(Decrease) Deferred income tax liability	16,242,770	(15,807,937)
Increase in inventories	(438,030,568)	(99,139,064)
(Increase)/Decrease in operating receivables	230,507,908	(464,112,692)
Increase in operating payables	270,486,080	141,265,693
Net cash flows from operating activities	7,899,606,105	3,904,076,048
Changes in cash and cash equivalents		
Ending balance of cash	5,236,222,134	3,532,308,895
Less: beginning balance of cash	3,532,308,895	3,642,286,117
Increase/(Decrease) in cash and cash equivalent	1,703,913,239	(109,977,222)

(2) Net cash paid for acquisitions of subsidiaries

RMB yuan

ITEM	Amount
Cash and cash equivalents paid for business combination in this year	253,300,000
Including: Chongqing Huaxin Cantian Cement Co., Ltd.	253,300,000
Less: Cash and cash equivalents held by the target companies at the date of acquisition	79,599,708
Including: Chongqing Huaxin Cantian Cement Co., Ltd.	79,599,708
Net cash paid to acquisition of subsidiaries	173,700,292

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

RMB yuan

ITEM	Amount
Cash and cash equivalent received from disposal of subsidiaries in current period	1,500,000
Including: Tongbai Xingshan Mining Co., Ltd.	1,500,000
Less: Cash and cash equivalents of the subsidiaries at the date of disposal	16,825
Including: Tongbai Xingshan Mining Co., Ltd.	16,825
Net cash received from disposal of subsidiaries	1,483,175

(4) The composition of cash and cash equivalents

RMB yuan

Item	Closing balance	Opening balance
Cash	5,236,222,134	3,532,308,895
Including: Cash in hand	1,014,354	2,581,513
Cash at bank without restriction	5,235,207,780	3,529,727,382
Closing balance of cash	5,236,222,134	3,532,308,895

49. Assets whose ownership is restricted

RMB yuan

Item	Closing balance	Opening balance
Cash at bank and in hand (Note V , 1)	90,539,777	73,937,381
Notes receivable(Note V,3)	27,510,016	165,802,127
Fixed assets (Note V , 10)	557,430,713	450,978,811
Intangible assets (Note V , 12)	14,272,894	15,816,767
Total	689,753,400	706,535,086

In addition, the equity of some subsidiaries of the group is pledged to the bank for long-term borrowing (NOTE V, 23). As of December 31, 2018, the book net asset balance corresponding to the equity is about RMB 1,431,358,551 (As of December 31, 2017: RMB 581,176,475).

50. Foreign currency monetary items

(1) Foreign currency monetary items

RMB yuan

Item	Closing balance of foreign currency	Exchange rate	RMB balance
Cash at bank and in hand			
Including: USD	54,064,565	6.8632	371,055,923
Euro	130,104	7.8473	1,020,965
HKD	62,207	0.8762	54,506
Other payables			
Including: HKD	17,030,340	0.8762	14,921,984
Non-current liabilities due within one year			
Including: USD	45,540,000	6.8632	312,550,128
DKK	1,340,000	1.0586	1,418,524
Long-term borrowings			
Including: USD	52,300,000	6.8632	358,945,360
DKK	2,010,000	1.0586	2,127,786

- (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.

VI. CHANGING SCOPE OF CONSOLIDATION

1. Business combination not under common control

(1) Business combination not under common control occur this period

RMB yuan

Name of the purchaser	Equity acquisition cost	Equity acquisition ratio	Method of equity acquisition	Acquisition date	The basis determined by the purchase date	The income of the purchase from the purchase date to the end of the term	Net profit of the purchaser from the [purchase date to the end of the period]
Chongqing Huaxin Cantian Cement Co., Ltd. (Original name: Chongqing Lafarge Shui On Cantian Cement Co., Ltd.)	253,300,000	100%	Cash	1 April 2018	The date when changes occur in control right	585,510,369	248,923,927

(2) Acquisition cost and goodwill

RMB yuan

Acquisition cost	Chongqing Huaxin Cantian Cement Co., Ltd.
Cash	253,300,000
Total cost	253,300,000
Less: fair value of net identifiable asset	257,789,836
Difference between the combination cost and the fair value of the net identifiable assets acquired	(4,489,836)

(3) Identifiable assets and liabilities of the purchaser on the date of purchase

RMB yuan

ITEM	Chongqing Huaxin Cantian Cement Co., Ltd. Fair value on Acquisition date
Assets	
Cash at bank and in hand	79,599,708
Notes receivable	28,326,416
Accounts receivable	11,761,089
Advances to suppliers	15,964,742
Others receivables	10,947,096
Inventories	22,773,219
Fixed assets	352,695,271
Construction in progress	1,016,629
Intangible assets	161,401,837
Liabilities	
Short-term borrowings	214,641,246
Accounts payable	142,611,374
Advances from customers	21,449,502
Employee benefits payable	2,247,375
Taxes payable	11,413,176
Interests payable	4,473,707
Other payables	17,221,931
Provisions	2,516,095
Deferred tax liabilities	10,121,765
Net Asset	257,789,836
Less: Minority interests	-
Net asset acquired	257,789,836

(4) Identifiable assets and liabilities of the purchaser on the date of purchase

The Group applied valuation techniques to determine the fair value of asset acquired and liabilities assumed. The valuation method of major asset and key assumptions are as below:

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.

2. Disposal of subsidiaries

- (1) As at 1 December 2018, the Company sold 80% of the equity of Tongbai Xingshan Mining Co., Ltd. to its minority shareholders for RMB 5,000,000.

VII. 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 (Yichang) Co., Ltd.	Yichang	Yichang	Production and sale of cement	100	0	Set up
Huaxin Cement (Xiangyang) Co., Ltd.	Xiangyang	Xiangyang	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 (Zhaotong) Co., Ltd.	Zhaotong	Zhaotong	Production and sale of cement	60	40	Set up
Huaxin Cement (Tibet) Co., Ltd.	Tibet	Tibet	Production and sale of cement	79	0	Set up
Huaxin Cement (Wuhan) Co., Ltd.	Wuhan	Wuhan	Production and sale of cement	100	0	Set up
Huaxin Cement (Xiantao) Co., Ltd.	Xiantao	Xiantao	Production and sale of cement	80	0	Set up
Huaxin Cement (Yueyang) Co., Ltd.	Yueyang	Yueyang	Production and sale of cement	100	0	Set up
Hunan Huaxiang Environmental Industry Development Co., Ltd.	Xiangtan	Xiangtan	Production and sale of cement	60	0	Set up
Huaxin Cement (Nantong) Co., Ltd.	Nantong	Nantong	Production and sale of cement	85	0	Business combination
Huaxin Cement (Henan Xinyang) Co., Ltd.	Xinyang	Xinyang	Production and sale of cement	100	0	Set up
Huaxin Cement (Zigui) Co., Ltd.	Zigui	Zigui	Production and sale of cement	100	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 (Macheng) Co., Ltd.	Macheng	Macheng	Production and sale of cement	100	0	Set up
Huaxin Cement (Hefeng) National Materials Co., Ltd.	Hefeng	Hefeng	Production and sale of cement	51	0	Business combination
Huaxin Cement Xiangyang Xiangcheng Co., Ltd.	Xiangyang	Xiangyang	Production and sale of cement	100	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 Hongta Cement (Jinghong) Co., Ltd.	Jinghong	Jinghong	Production and sale of cement	51	0	Business combination
Huaxin Cement (Changyang) Co., Ltd.	Changyang	Changyang	Production and sale of cement	100	0	Business combination
Huaxin Cement (Daoxian) Co., Ltd.	Daoxian	Daoxian	Production and sale of cement	100	0	Set up
Huaxin Cement (Kunming Dongchuan) Co., Ltd.	Kunming	Kunming	Production and sale of cement	100	0	Set up

Con.

subsidiaries	Place of business	Place of registration	Principal activities	% of ownership interest		Acquisition mode
				Directly	Indirectly	
Huaxin Cement (Jingzhou) Co., Ltd.	Jingzhou	Jingzhou	Production and sale of cement	100	0	Business combination
Huaxin Cement (Fangxian) Co., Ltd.	Fangxian	Fangxian	Production and sale of cement	70	0	Business combination
Huaxin Cement (Danjiangkou) Co., Ltd.	Danjiangkou	Danjiangkou	Production and sale of cement	0	70	Business combination
Huaxin Cement (Lengshuijiang) Co., Ltd.	Lengshui Jiang	Lengshui Jiang	Production and sale of cement	90	0	Set up
Huaxin Cement (Diqing) Co., Ltd.	Diqing	Diqing	Production and sale of cement	69	0	Business combination
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	Yunxian	Yunxian	Production and sale of cement	80	0	Business combination
Huaxin Jinlong Cement (Suizhou) Co., Ltd.	Suizhou	Suizhou	Production and sale of cement	60	0	Business combination
Huaxin Cement (Sangzhi) Co., Ltd.	Sangzhi	Sangzhi	Production and sale of cement	80	0	Set up
Huaxin Gayur Cement Limited Liability Company (Note ii)	Tajikistan	Tajikistan	Production and sale of cement	0	75	Set up
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
Huaxin Cement (Enping) Co., Ltd.	Enping	Enping	Production and sale of cement	0	65.07	Business combination
Cambodia Cement Charkrey Ting Factory Co., Ltd.	Cambodia	Cambodia	Production and sale of cement	0	68	Business combination
Huaxin Gayur (Sogd) Cement Limited Liability Company (Note ii)	Tajikistan	Tajikistan	Production and sale of cement	0	95	Set up
Huaxin Cement (Fumin) Co., Ltd.	Fumin	Fumin	Production and sale of cement	0	100	Business combination
Yunnan Huaxin Construction Materials Investment Holding 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 of cement	0	100	Business combination
Huaxin Cement (Chuxiong) Co., Ltd.	Chuxiong	Chuxiong	Production and sale of cement	0	100	Business combination
Hekou Honghe Cement Co., Ltd.	Honghe	Honghe	Production and sale of cement	0	100	Business combination
Yanshan Yuanda Honghe Cement Co., Ltd.	Honghe	Honghe	Production and sale of cement	0	100	Business combination
Huaxin Cement (Jianchuan) Co., Ltd.	Jianchuan	Jianchuan	Production and sale of cement	0	100	Business combination
Huaxin Cement (Yunlong) Co., Ltd.	Yunlong	Yunlong	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
Panzhihua Huaxin Cement Co., Ltd.	Panzhihua	Panzhihua	Production and sale of cement	0	100	Business combination
Kunming Chongde Cement Co., Ltd.	Kunming	Kunming	Production and sale of cement	0	100	Business combination
Yunnan State-owned Cement Kunming Co., Ltd.	Kunming	Kunming	Production and sale of cement	0	100	Business combination
Chongqing Huaxin Yanjing Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	80	0	Business combination
Chongqing Huaxin Diwei Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	97.27	0	Business combination
Chongqing Huaxin Shentian Cement Co., Ltd.	Chongqing	Chongqing	Production and sale of cement	100	0	Business combination
Huaxin Guizhou Dingxiao Special Cement Co., Ltd.	Guizhou	Guizhou	Production and sale of cement	0	100	Business combination
Guizhou Shuicheng Shui On Cement Co., Ltd.	Guizhou	Guizhou	Production and sale of cement	0	70	Business combination
Huaxin Narayani Cement Co., Ltd.	Narayani	Narayani	Production and sale of cement	100	0	Set up
Huaxin Cement (Huangshi) Co., Ltd.	Huangshi	Huangshi	Production and sale of cement	80	14	Set up
Wuhan Wugang Huaxin Cement Co., Ltd. (Note (i))	Wuhan	Wuhan	Production and sale of cement and scoria	50	0	Set up
Huaxin Concrete (Wuhan) Co., Ltd.	Wuhan	Wuhan	Production and sale of concrete	100	0	Set up
Huaxin Concrete (Huangshi) Co., Ltd.	Huangshi	Huangshi	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Wanyuan) Co., Ltd.	Wanyuan	Wanyuan	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Chenzhou) Co., Ltd.	Chenzhou	Chenzhou	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Jingmen) Co., Ltd.	Jingmen	Jingmen	Production and sale of concrete	0	100	Business combination
Xinyang Huaxin Concrete Co., Ltd.	Xinyang	Xinyang	Production and sale of concrete	0	100	Set up
Tibet Huaxin Construction Materials Co., Ltd.	Tibet	Tibet	Production and sale of concrete	0	56.4297	Set up
Jiujiang Huaxin Concrete Co., Ltd.	Jiujiang	Jiujiang	Production and sale of concrete	0	100	Set up
Jiujiang Rongda Energy Saving And Environmental Protection Building Materials Co., Ltd.	Jiujiang	Jiujiang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Xiaogan) Co., Ltd.	Xiaogan	Xiaogan	Production and sale of concrete	0	100	Set up

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subsidiaries	Place of business	Place of registration	Principal activities	% of ownership interest		Acquisition mode
				Directly	Indirectly	
Huaxin Concrete Xiangyang Fancheng District Co., Ltd.	Xiangyang	Xiangyang	Production and sale of concrete	0	100	Set up
Huaxin Building Materials Xiangyang Fancheng District Co., Ltd.	Xiangyang	Xiangyang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Xiangyang Nanzhang) Co., Ltd.	Xiangyang	Xiangyang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Xianning) Co., Ltd.	Xianning	Xianning	Production and sale of concrete	0	100	Business combination
Zaoyang Huaxin Concrete Co., Ltd.	Zaoyang	Zaoyang	Production and sale of concrete	0	84.41	Business combination
Huaxin Concrete (Yueyang) Co., Ltd.	Yueyang	Yueyang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Zhuzhou) Co., Ltd.	Zhuzhou	Zhuzhou	Production and sale of concrete	0	100	Set up
Hubei Zhushen Building Materials Co., Ltd.	Wuhan	Wuhan	Production and sale of concrete	0	84.41	Business combination
Huaxin Concrete (Chibi) Co., Ltd.	Chibi	Chibi	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Enshi) Co., Ltd.	Enshi	Enshi	Production and sale of concrete	0	100	Set up
Huaxin Concrete (E'zhou) Co., Ltd.	Ezhou	Ezhou	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Jianli) Co., Ltd.	Jianli	Jianli	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Jingzhou) Co., Ltd.	Jingzhou	Jingzhou	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Chongyang) Co., Ltd.	Xianning	Xianning	Production and sale of concrete	0	51	Business combination
Huaxin Concrete (Daoxian) Co., Ltd.	Daoxian	Daoxian	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Lengshuijia) Co., Ltd.	Lengshui Jiang	Lengshui Jiang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Changyang) Co., Ltd.	Changyang	Changyang	Production and sale of concrete	0	100	Set up
Huaxin Concrete (Xiangyang) Co., Ltd.	Xiangyang	Xiangyang	Production and sale of concrete	84.41	0	Business combination
Huaxin Concrete Xiangyang Economic and Technological Development Zone Co., Ltd.	Xiangyang	Xiangyang	Production and sale of concrete	0	84.41	Business combination
Chongqing Huaxin Phoenix Lake Concrete Co., Ltd.	Chongqing	Chongqing	Production and sale of concrete	100	0	Business combination
Chongqing Huaxin Tiancheng Concrete Co., Ltd.	Chongqing	Chongqing	Production and sale of concrete	100	0	Business combination
Huaxin Concrete Yangxin New Material Co., Ltd.	Yangxin	Yangxin	Production and sale of concrete	0	100	Set up
Huaxin Environment Engineering (Wuxue) Co., Ltd.	Wuxue	Wuxue	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering Co., Ltd.	Wuhan	Wuhan	Environmental design and construction and waste disposal	100	0	Set up
Huaxin Environment Engineering (Huangshi) Co., Ltd.	Huangshi	Huangshi	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Zhuzhou) Co., Ltd.	Zhuzhou	Zhuzhou	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Xinyang) Co., Ltd.	Xinyang	Xinyang	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Fengjie) Co., Ltd.	Fengjie	Fengjie	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Nanzhang) Co., Ltd.	Nanzhang	Nanzhang	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Environmental design and construction and waste disposal	0	80	Set up
Huaxin Environment Engineering (Fangxian) Co., Ltd.	Fangxian	Fangxian	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (E'zhou) Co., Ltd.	Ezhou	Ezhou	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Yingcheng) Co., Ltd.	Yingcheng	Yingcheng	Environmental design and construction and waste disposal	0	100	Set up
Enping Huaxin Environment Engineering Co., Ltd.	Enping	Enping	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Zigui) Co., Ltd.	Zigui	Zigui	Environmental design and construction and waste disposal	0	100	Set up

Con.

subsidiaries	Place of business	Place of registration	Principal activities	% of ownership interest		Acquisition mode
				Directly	Indirectly	
Huaxin Environment Engineering (Youxian) Co., Ltd.	Youxian	Youxian	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Wanyuan) Co., Ltd.	Wanyuan	Wanyuan	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Zhaotong) Co., Ltd.	Zhaotong	Zhaotong	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Dazhi) Co., Ltd.	Daye	Daye	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Loudi) Co., Ltd.	Loudi	Loudi	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Yunyang) Co., Ltd.	Yunyang	Yunyang	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Shiyan) Co., Ltd.	Shiyan	Shiyan	Environmental design and construction and waste disposal	0	100	Business combination
Wuhan Dragon Mouth Huaxin Environment Engineering Co., Ltd.	Wuhan	Wuhan	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Yidu) Co., Ltd.	Yidu	Yidu	Environmental design and construction and waste disposal	0	100	Set up
Chongqing Fulin Huaxin Environment Engineering Co., Ltd.	Chongqing	Chongqing	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Jianchuan) Co., Ltd.	Jianchuan	Jianchuan	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Lijiang) Co., Ltd.	Lijiang	Lijiang	Environmental design and construction and waste disposal	0	100	Set up
Huaxin Environment Engineering (Yichang) Co., Ltd.	Yichang	Yichang	Environmental design and construction and waste disposal	100	0	Set up
Huaxin Environment (Shiyan) Renewable Resources Utilization Co., Ltd.	Shiyan	Shiyan	Environmental design and construction and waste disposal	0	100	Set up
Zhuzhou Huaxin Environmental Hazardous Waste Disposal Co., Ltd.	Zhuzhou	Zhuzhou	Environmental design and construction and waste disposal	0	80	Set up
Huaxin Environment (Yangxin) Renewable Resources Utilization Co., Ltd.	Yangxin	Yangxin	Environmental design and construction and waste disposal	0	100	Set up
Huaxin (Nanzhang) Renewable Resources Utilization Co., Ltd.	Nanzhang	Nanzhang	Industrial solid waste, hazardous waste disposal and recycling	0	100	Set up
Huaxin Aggregate (Wuxue) Co., Ltd.	Wuxue	Wuxue	Production and sale of aggregate	0	100	Set up
Huaxin Aggregate (Yangxin) Co., Ltd.	Yangxin	Yangxin	Production and sale of aggregate	0	100	Set up
Huaxin Aggregate (Chibi) Co., Ltd.	Chibi	Chibi	Production and sale of aggregate	0	100	Set up
Huaxin New Building Materials Co., Ltd.	Wuhan	Wuhan	Production and sale of new materials	100	0	Set up
Chongqing Huaxin New Building Materials Co., Ltd.	Chongqing	Chongqing	Production and sale of new materials	0	100	Set up
Huaxin New Building Materials (Yangxin) Co., Ltd.	Yangxin	Yangxin	Production and sale of new materials	0	100	Set up
Huaxin New Building Materials (Wuhan) Co., Ltd.	Wuhan	Wuhan	Production and sale of new materials	0	60	Set up
Huaxin New Building Materials (Changyang) Co., Ltd.	Changyang	Changyang	Production and sale of new materials	0	100	Set up
Huaxin New Building Materials (Fumin) Co., Ltd.	Fumin	Fumin	Production and sale of new materials	0	65	Set up
Huangshi Huaxin New Packaging Co., Ltd.	Huangshi	Huangshi	Production, sale of cement packaging bags	100	0	Set up

Con.

subsidiaries	Place of business	Place of registration	Principal activities	% of ownership interest		Acquisition mode
				Directly	Indirectly	
Huaxin Packaging (Chibi) Co., Ltd.	Chibi	Chibi	Production, sale of cement packaging bags	0	100	Set up
Huaxin Packaging (Yidu) Co., Ltd.	Yidu	Yidu	Production, sale of cement packaging bags	0	100	Set up
Huaxin Packaging (Ezhou) Co., Ltd.	Ezhou	Ezhou	Production, sale of cement packaging bags	0	100	Set up
Huaxin Packaging (Zhuzhou) Co., Ltd.	Zhuzhou	Zhuzhou	Production, sale of cement packaging bags	0	100	Set up
Huaxin Packaging (Nanzhang) Co., Ltd.	Nanzhang	Nanzhang	Production, sale of cement packaging bags	0	100	Set up
Huaxin Packaging (Quxian) Co., Ltd.	Quxian	Quxian	Production, sale of cement packaging bags	0	100	Set up
Cambodia Zoretta Packaging Co., Ltd.	Cambodia	Cambodia	Production, sale of cement packaging bags	0	68	Set up
Huaxin Cement (Huangshi) Bulk Storage And Transportation Co., Ltd.	Huangshi	Huangshi	Loading and unloading, warehousing and other services	100	0	Set up
Xiangyang Huaxin Logistics Co., Ltd.	Xiangyang	Xiangyang	Loading and unloading, warehousing and other services	0	100	Set up
Kunming Huaxin logistics Co., Ltd.	Kunming	Kunming	Loading and unloading, warehousing and other services	0	100	Business combination
Chongqing Huaxin logistics Co., Ltd.	Chongqing	Chongqing	Loading and unloading, warehousing and other services	0	90.0166	Business combination
Huaxin logistics (Zigui) Co., Ltd.	Zigui	Zigui	Loading and unloading, warehousing and other services	0	100	Set up
Zhuzhou Huaxin logistics Co., Ltd.	Zhuzhou	Zhuzhou	Loading and unloading, warehousing and other services	0	100	Set up
Huaxin Central Asia Investment (Wuhan) Co., Ltd.	Wuhan	Wuhan	Investment	100	0	Set up
Huaxin Concrete Co., Ltd.	Wuhan	Wuhan	Investment	100	0	Set up
Huaxin Aggregate Co., Ltd.	Wuhan	Wuhan	Investment	100	0	Set up
Huaxin (Hong Kong) International Holdings Co., Ltd.	Hong Kong	Hong Kong	Investment	100	0	Set up
Success Eagle Cement (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment	65	0	Business combination
Huaxin Hong Kong (Cambodia) Investment Co., Ltd.	Hong Kong	Hong Kong	Investment	0	100	Set up
Huaxin Hong Kong (Central Asia) Investment Co., Ltd.	Hong Kong	Hong Kong	Investment	0	51	Set up
Huaxin Narayani Investment (Shanghai) Co., Ltd.	Shanghai	Shanghai	Investment	100	0	Set up
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
Huangshi Huaxin Cement Scientific Research and Design Co., Ltd.	Huangshi	Huangshi	Building materials engineering design, etc	99	0	Set up
Huaxin Cement Technology Management (Wuhan) Co., Ltd.	Wuhan	Wuhan	R&D and consulting service	100	0	Set up
Hunan Huaxiang Environmental Industry Development Co., Ltd.	Xiangtan	Xiangtan	Production and sale of mineral powder	0	60	Set up
Huaxin Cement (Huangshi) Equipment Manufacturing Co., Ltd.	Huangshi	Huangshi	Manufacturing, maintenance and installation of mechanical & electrical tools	0	100	Set up
Huaxin Equipment Engineering Co., Ltd.	Huangshi	Huangshi	Manufacturing, maintenance and installation of mechanical & electrical tools	100	0	Set up
Huaxin Xincai Landscape Engineering (Wuhan) Co., Ltd.	Wuhan	Wuhan	Building materials wholesale, construction consulting	0	100	Set up
Nanzhang Huaxin Xinrui Hotel Management Co., Ltd.	Nanzhang	Nanzhang	Accommodation services	0	99	Set up

- 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.
- 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

RMB yuan

Subsidiaries	% of minority shareholders' equity interest	Profits or losses attributable to the minority shareholders in 2018	Dividends to minority shareholders in 2018	Closing balance of minority interest
Huaxin Hong Kong (Central Asia)Investment Co., Ltd.	49.00%	77,812,247	-	261,463,967
Cambodia Cement Charkrey Ting Factory Co., Ltd.	32.00%	49,608,979	-	218,477,836
Huaxin Cement (Daye) Co., Ltd.	30.00%	47,133,441	-	178,198,926
Huaxin Hongta Cement (Jinghong) Co., Ltd.	49.00%	72,486,075	36,197,566	176,596,640
Huaxin Cement (Tibet) Co., Ltd.	21.00%	46,225,963	42,000,000	166,471,878

- (3) Main financial information of the above significant subsidiaries

RMB yuan

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 Hong Kong (Central Asia) Investment Co., Ltd.	202,217,956	1,047,548,702	1,249,766,658	474,533,039	326,619,795	801,152,834	173,052,420	1,124,599,432	1,297,651,852	541,037,341	433,746,881	974,784,222
Cambodia Cement Charkrey Ting Factory Co., Ltd.	137,337,777	723,016,683	860,354,460	139,687,486	37,923,737	177,611,223	97,932,249	702,451,875	800,384,124	171,258,920	101,410,025	272,668,945
Huaxin Cement (Daye) Co., Ltd.	336,544,315	466,930,308	803,474,623	186,997,363	22,480,841	209,478,204	248,426,359	461,555,568	709,981,927	248,310,324	24,786,655	273,096,979
Huaxin Hongta Cement (Jinghong) Co., Ltd.	112,220,857	336,239,846	448,460,703	76,106,899	7,628,055	83,734,954	98,441,970	358,587,092	457,029,062	158,160,049	8,201,447	166,361,496
Huaxin Cement (Tibet) Co., Ltd.	452,630,670	944,081,887	1,396,712,557	472,251,708	173,261,153	645,512,861	521,966,039	495,129,079	1,017,095,118	275,232,746	6,700,889	281,933,635

RMB yuan

Subsidiaries	2018				2017			
	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 Hong Kong (Central Asia)Investment Co., Ltd.	741,902,205	125,746,194	125,746,194	163,893,902	622,606,640	30,479,649	30,479,649	234,682,968
Cambodia Cement Charkrey Ting Factory Co., Ltd.	549,844,528	123,661,664	155,028,058	197,573,712	514,844,106	88,939,200	58,864,191	204,810,104
Huaxin Cement (Daye) Co., Ltd.	777,794,727	157,111,471	157,111,471	261,723,411	617,308,477	59,708,374	59,708,374	97,503,821
Huaxin Hongta Cement (Jinghong) Co., Ltd.	479,852,429	147,930,766	147,930,766	147,228,095	396,002,241	81,947,378	81,947,378	142,023,359
Huaxin Cement (Tibet) Co., Ltd.	949,412,429	216,038,213	216,038,213	274,944,941	762,091,304	220,761,215	220,761,215	275,058,114

2. Equity interests in associates

(1) Significant associates

Associates	Place of business	Place of registration	Principal activities	% of ownership interest		Accounting treatment of investment associated enterprises
				Directly	Indirectly	
Shanghai Wan'an Huaxin Cement Co., Ltd.	Shanghai	Shanghai	Production and sale of cement	49	0	Equity method
Tibet High-Tech building materials Co., Ltd.	Tibet	Tibet	Production and sale of cement	43	0	Equity method

(2) Main financial information of significant associates

RMB yuan

	Closing balance/ Amount for the current period		Opening balance/ Amount for the prior period	
	Shanghai Wan'an Huaxin Cement Co., Ltd.	Tibet High-Tech building materials Co., Ltd.	Shanghai Wan'an Huaxin Cement Co., Ltd.	Tibet High-Tech building materials Co., Ltd.
Current Assets	235,603,439	395,860,084	235,412,395	571,179,725
Non-current Assets	106,500,021	945,180,958	106,500,021	508,378,316
Total Assets	342,103,460	1,341,041,042	341,912,416	1,079,558,041
Current Liabilities	7,293,540	288,735,068	7,621,081	266,559,148
Non-current Liabilities	2,043,402	112,136,081	2,415,922	96,349,367
Total Liabilities	9,336,942	400,871,149	10,037,003	362,908,515
Minority interests	-	127,513,564	-	92,827,068
Equity interest attributable to the shareholders of the Company	332,766,518	812,656,329	331,875,413	623,822,458
Net assets based on the share proportion	163,055,593	349,442,221	162,618,952	268,243,657
Adjustment - unrealized profits in internal transactions	-	(8,086,497)	-	1,230,307
Book values of equity investment in associates	163,055,593	341,355,724	162,618,952	269,473,964
Sales	21,062,104	727,375,879	13,777,880	722,209,027
Net profit	891,105	167,166,883	(5,931,193)	276,149,527
Other comprehensive income	-	-	-	-
Total comprehensive income	891,105	167,166,883	(5,931,193)	276,149,527
Dividends from associates in the current period	-	-	-	51,600,000

(3) Summarised information of non-significant associates

RMB yuan

	Closing balance/ Amount for the current period	Opening balance/ Amount for the prior period
Associates		
Investment book values	8,058,173	2,910,515
Total amounts calculated based on share proportion are as follows:		
-- Net profit	(572,870)	419,758
--Other comprehensive income	-	-
--Total comprehensive income	(572,870)	419,758

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balance, Financial assets at fair value through profit or loss, notes receivables and accounts receivable, other receivable, available-for-sale 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 (V). 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 analyze 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 analyze 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. As at 31 December 2018, 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.

RMB yuan

	Closing balance	Opening balance
Cash and bank balances	371,055,925	298,679,007
Accounts payable	-	67,240,515
Borrowings	671,495,488	766,853,712

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 2018 and 2017, the group did not sign any forward foreign exchange or currency swap contracts

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:

RMB yuan

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	(15,021,978)	(13,407,823)	(26,770,761)	(22,841,066)
USD	5% down	15,021,978	13,407,823	26,770,761	22,841,066

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 31 December 2018, the balance of long-term borrowings of the Group's floating interest rate was RMB 2,440,642,781 (Opening balance: RMB 4,054,044,517). (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 2018 and 2017, 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:

RMB yuan

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%	(24,406,428)	(18,304,821)	(40,540,445)	(30,405,334)
Benchmark interest rate reduced by 1%	24,406,428	18,304,821	40,540,445	30,405,334

1.1.3. Other price risk

The Group's available-for-sale financial assets and held-for-trading financial assets are measured at fair value at each balance sheet date. Therefore, the Group is exposed to the risks of changes in the security prices.

1.2. Credit risk

On December 31, 2018, 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.

Based on the analysis of the customer's financial status and its credit history, the group believes that there is no objective evidence that this part of the payment cannot be recovered according to the original terms. Overdue receivable but not impaired is as below

	Closing Balance					Opening Balance				
	With 1 year	1-2year	2-3year	Above 3 year	Total	With 1 year	1-2year	2-3year	Above 3 year	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Account Receivable	139,454,673	34,426,420	297,848	10,394,626	184,573,567	236,711,281	297,848	272,405	10,122,221	247,403,755
Other Receivable	-	-	-	27,711,764	27,711,764	-	-	-	30,000,000	30,000,000
Total	139,454,673	34,426,420	297,848	38,106,390	212,285,331	236,711,281	297,848	272,405	40,122,221	277,403,755

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:

	RMB yuan				
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
No financial derivatives liabilities					
Short-term borrowings	636,396,166	-	-	-	636,396,166
Accounts payable	3,789,324,069	-	-	-	3,789,324,069
Interest payable	70,507,991	-	-	-	70,507,991
Dividend payable	160,590,225	-	-	-	160,590,225
Other payables	666,555,147	-	-	-	666,555,147
Long term Borrowings	882,601,000	1,168,567,677	1,091,761,539	428,095,056	3,571,025,272
Bonds payable	2,234,673,425	57,480,000	1,233,839,432	-	3,525,992,857
Long-term payables	34,306,813	32,936,978	46,808,826	-	114,052,617
Total	8,474,954,836	1,258,984,655	2,372,409,797	428,095,056	12,534,444,344

IX. DISCLOSURE OF FAIR VALUE

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

	RMB yuan			
Item	Closing balance			Total
	Level 1	Level 2	Level 3	
I. Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss	-	207,144,438	-	207,144,438
1. Financial assets designated as at fair value through profit or loss	-	207,144,438	-	207,144,438
(II) Available-for-sale financial assets	29,707,153	-	19,055,500	48,762,653
(1) Equity instrument investments	29,707,153	-	-	29,707,153
(2) Debt instrument investments	-	-	19,055,500	19,055,500
Total assets continuously measured at fair value	29,707,153	207,144,438	19,055,500	255,907,091

2. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

ITEM	Fair Value at 31 December 2018	Valuation technique	Input			
			Item	Range	Relation with fair value	Observable/unobservable
Available-for-sale financial assets						
Available-for-sale debt instruments	19,055,500	Discount cash flow method	Interest rate	10%-18%	Negative	Unobservable

3. Fair value of financial assets and financial liabilities not measured at fair value

The Group's financial assets and liabilities not measured at fair value mainly include: cash and bank balances, accounts receivable, other receivables, available-for-sale financial assets, bank borrowings, payables, bonds payable and other financial liabilities, etc. As at 31 December 2018, there are no significant difference between the book value and the fair value of the Company's financial assets and financial liabilities.

X. RELATED PARTY RELATIONSHIPS AND SIGNIFICANT RELATED PARTY TRANSACTIONS

1. Information of major shareholders of the Company

Names	Registered address	Principal business	Registered capital	Ratio of the shareholders in the Company	Proportion of voting rights of shareholders in the Company
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 Euros	39.85%	41.84%
Huaxin Group Co. Ltd.	Huangshi City, the PRC	Production and sales of cement, related machinery and spare parts, real estate development, trading and rendering of service etc.	RMB 340,000,000	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 person 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. The Company's subsidiaries

See note (VII) for details of the Company's subsidiaries.

3. The Company's associates

See note (VII) for details of the Company's significant associates.

4. 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.
Holcim Philippines, Inc.	Controlled by Lafarge Holcim Ltd.
Chongqing Lafarge Shui On Cantian Cement Co., Ltd.	Controlled by Lafarge Holcim Ltd.
Hubei Huaxin Real Estate Co., Ltd.	Controlled by Huaxin Group Co. Ltd.
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Associate of the Group
Shanghai Wan'an Huaxin Cement Co., Ltd.	Associate of the Group

Note: Chongqing Lafarge Shui On Cantian Cement Co., Ltd. became the group's subsidiary on 1 April 2018. (note.1), related parties only summarize the transactions before 1 April 2018.

5. Related party transactions

(1) Sales/purchase of goods and services provided/ received of Related party transactions

Purchase of goods / acceptance of labor

RMB yuan

Related Party	Nature of transaction	Amount for the current period	Amount for the prior period
LafargeHolcim Energy Solutions S.A.S.	Purchasing fuel	193,735,493	162,781,617
Holcim Technology Ltd	Technical Services	7,549,520	7,187,620
Huaxin Group Co. Ltd.	Accept integrated management services	6,226,415	6,391,748
Lafarge Ciments Distribution	purchase materials	4,344,435	-
Lafarge Holcim Construction Material (China) Co., Ltd.	Labor dispatch service	1,472,472	795,547
LAFARGE ASIA SDN BHD	Technical Services	150,318	-

Sales of goods/provision of services

RMB yuan

Related Party	Nature of transaction	Amount for the current period	Amount for the prior period
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Sales of spare parts / engineering services, etc.	332,972,723	4,135,971
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	Technical Services	1,178,190	1,709,490
Chongqing Lafarge Shui On Cantian Cement Co., Ltd.	Sales of materials		8,666,082
Holcim Philippines, Inc.	Construction contract		USD 1,828,668

(2) Leases with related parties

Leases where a group entity is the lessee:

RMB yuan

Related Party	Nature of transaction	Amount for the current period	Amount for the prior period
Hubei Huaxin Real Estate Co., Ltd.	Renting an office building	19,075,593	-

(3) Business combination

RMB yuan

Related Party	Nature of transaction	Amount for the current period	Amount for the prior period
Lafarge China Cement Co., Ltd.	Purchase of subsidiaries	253,300,000	1,375,000,000

6. Salaries of key management

RMB yuan

Item	Closing balance	Opening balance
Salaries of key management	41,563,900	34,955,634

7. Receivables from and payables to related parties

(1) Receivables

RMB yuan

Item	Related Party	Closing balance	Opening balance
Accounts receivable	Shanghai Wan'an Huaxin Cement Co., Ltd.	5,920,700	7,429,916
Accounts receivable	Holcim Philippines, Inc.	-	5,974,440
Accounts receivable	Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	-	2,109,286
Accounts receivable	Chongqing Lafarge Shui On Cantian Cement Co., Ltd.	-	10,139,316
Prepayment	Lafarge ciments distribution	170,254	-
Other receivables	Lafarge China	-	18,907,764
Other receivables	Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	1,325,956	1,600,861
Other receivables	Shanghai Wan'an Huaxin Cement Co., Ltd.	20,918	20,918

(2) Payables

RMB yuan

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	369,764
Account payables	Huaxin Group Co., Ltd.	-	550,000
Account payables	Holcim Technology Ltd.	-	7,187,620
Account payables	LafargeHolcim Energy Solutions S.A.S.	-	33,639,368
Other payables	Lafarge China	-	5,810,894
Other payables	LAFARGE ASIA SDN BHD	1,604,652	1,454,334
Dividend payables	Holchin B.V.	-	29,005,197

8. Commitments in relation to related parties

The commitments in relation to related parties contracted for at the balance sheet date but not recognised in the balance sheet are analysed as follows:

RMB yuan

Item	Closing balance	Opening balance
-Guarantee commitments		-
Tibet Shigatse High-tech Xuelian Cement Co., Ltd.	-	130,000,000

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Capital commitments

RMB yuan

	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	1,032,630,289	189,402,688

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

	RMB yuan	
	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	13,685,676	13,612,086
2nd year subsequent to the balance sheet date	13,759,264	13,685,676
3rd year subsequent to the balance sheet date	13,832,853	13,759,264
Subsequent periods	102,051,161	115,884,014
Total	143,328,954	156,941,040

2. Contingencies

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 The company undertakes joint and several liability. As of the reporting date, the case was still in process. Based on the status and lawyer's advice, management considered that the result cannot be reliably estimated at this stage, no accrued liability is needed.

XII. EVENTS AFTER BALANCE SHEET DATE

In accordance with the resolution of the board of directors on March 28, 2019, the board of directors proposed that the company distribute cash dividends of RMB 1,772,207,024 to all shareholders, and increase the capital of the company to all shareholders with the capital accumulation fund, 4 shares per 10 shares, a total of 599,028,530 shares. The total equity of the company increased from 1,497,571,325 shares to 2,096,599,855 shares. The above proposal is pending approval by the shareholders' meeting.

XIII. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is the total equity in the consolidated balance sheet. The Group monitors capital on the basis of the gearing ratio without restrictions of external compulsive capital requirement. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (Note V(1)). Total borrowings includes short-term borrowings (Note V(16)), current portion of non-current liabilities (Note VII(22)), long-term borrowings (Note VII(23)), debentures payable (Note VII(24)), and long-term payables (Note VII(25)).

The gearing ratios at 31 December 2018 and 2017 were as follows:

	RMB yuan	
	Closing balance	Opening balance
Total borrowings	7,206,723,859	10,273,268,866
Less: Cash at bank and in hand	5,326,761,911	3,606,246,276
Net debt	1,879,961,948	6,667,022,590
Shareholders' equity	18,319,389,121	13,155,571,132
Leverage ratios	10%	51%

XIV. SEGMENT REPORTING

1. Determination basis and accounting policies of reporting segments

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 of reporting segments

(1) Foreign transactions income categorized by source of income:

RMB yuan

Sales by district	Amount for the current period	Amount for the prior period
China	26,174,297,748	19,732,505,437
Tajikistan	741,902,205	641,942,447
Cambodia	549,844,528	514,844,106
Total	27,466,044,481	20,889,291,990

(2) Non-current assets categorized by location of assets:

RMB yuan

Non-current Assets by district	Closing balance	Opening balance
China	20,497,441,849	19,422,955,803
Tajikistan	1,052,803,178	1,126,508,624
Cambodia	687,748,793	702,451,875
Total	22,237,993,820	21,251,916,302

Note: The above non-current assets not include available for sale assets\ long-term receivables and deferred tax assets.

XV. NOTES TO THE MATERIAL ITEMS IN THE COMPANY FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable classified by different creditability grouping:

RMB yuan

species	Closing balance					Opening balance				
	Carrying amount		Bad debt provisions		Book value	Carrying amount		Bad debt provisions		Book value
	Amount	%	Amount	% of provision		Amount	%	Amount	% of provision	
Debtors with significant balance	27,590,927	5	16,007,397	58	11,583,530	-	-	-	-	-
Debtors grouped by credit risk	570,978,423	94	8,982	-	570,969,441	339,924,411	97	1,912,186	1	338,012,225
Group 1	566,918,909	94	-	-	566,918,909	318,921,350	91	-	-	318,921,350
Group 2	4,059,514	0	8,982	0	4,050,532	21,003,061	6	1,912,186	9	19,090,875
Others with insignificant balance but assessed individually	7,440,861	1	7,440,861	100	-	11,216,247	3	7,205,204	64	4,011,043
Total	606,010,211	100	23,457,240	4	582,552,971	351,140,658	100	9,117,390	3	342,023,268

As at 31 December 2018, accounts receivable that are individually significant and the related provision for bad debts is provided on the individual basis are analyzed as follows:

RMB yuan

Accounts receivable	Closing balance			Reasons for provision
	Accounts receivable	Bad debt provision	% of provision	
Client A	24,417,713	12,834,184	53	Recoverability is doubtful due to long aging
Client B	3,173,214	3,173,213	100	Recoverability is doubtful due to long aging
Total	27,590,927	16,007,397	58	

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis method:

RMB yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	% of provision
Within 1 year	3,969,698	-	-
Between 1 and 2 years	89,816	8,982	10
Total	4,059,514	8,982	

(2) Provisions, recovery or reversal of bad debts for the period

The provision for bad debts for the period is RMB 18,552,887; and the reversed bad debt provision is RMB 2,259,724. No provision for bad debts of accounts receivable with significant single amount was reversed.

(3) Accounts receivable written off in the reporting period

RMB yuan

Item	Write-off amounts
Accounts receivable actually written-off	1,953,313

(4) Top five accounts receivable categorized by debtor

RMB yuan

Item	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	123,790,063	20	12,834,184

2. Other receivables

2.1 Disclosure of other receivables by categories:

RMB yuan

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individually significant and for which bad debt provision has been assessed individually	146,785,077	3	44,383,694	30	102,401,383	146,883,682	3	44,383,694	30	102,499,988
Debtors grouped by credit risk	4,462,852,750	97	-	-	4,462,852,750	5,306,391,625	97	253,266	-	5,306,138,359
Group 3	4,462,491,173	97	-	-	4,462,491,173	5,305,660,892	97	-	-	5,305,660,892
Group 4	361,577	0	-	-	361,577	730,733	0	253,266	35	477,467
Others with insignificant balance but assessed individually	5,204,695	0	2,489,092	48	2,715,603	2,595,092	0	2,281,827	88	313,265
Total	4,614,842,522	100	46,872,786	1	4,567,969,736	5,455,870,399	100	46,918,787	1	5,408,951,612

Significant other receivables and bad debt provision is individually made at the end of the period:

RMB yuan

Accounts receivable (by entity)	Closing balance			Reasons for the provision
	Accounts receivable	Bad debt provision	Proportion of provision (%)	
Huaxin Cement (Wuhan) Co., Ltd.	146,785,077	44,383,694	30	Shutdown of subsidiaries significant uncertainty in the future earnings

Other receivables portfolios for which bad debt provision has been assessed using the aging analysis approach:

RMB yuan

Aging	Closing balance		
	Other receivables	Bad debt provision	Proportion of provision (%)
Within 1 year	361,577	-	-

2.2 Classified by nature

RMB yuan

Nature	Closing balance	Opening balance
Borrowings due from related parties	4,135,807,878	5,057,703,985
Receivables due from related parties	384,826,653	351,180,760
Guarantee and deposits	91,341,062	45,495,617
Others	2,866,929	1,490,037
Total	4,614,842,522	5,455,870,399

2.3 Provisions, recovery or reversal of bad debts for the period:

The provision for bad debts for the period is RMB 3,999; the recovered or reversed bad debt provision for the period is RMB 50,000, and there is no reversal of bad debt provision for accounts receivable with significant individual amount.

2.4 Other receivables written off in the reporting period

RMB yuan

Item	Write-off amounts
Other receivables actually written-off	-

2.5 Top five other receivables categorized by debtor

RMB yuan

Item	Closing balance	Percentage of total closing other receivables (%)	Closing balance of bad debt provision
Huaxin Cement (Enping) Co., Ltd.	512,315,442	11	-
Chongqing Huaxin Yanjing Cement Co., Ltd.	445,960,404	9	-
Huaxin Concrete (Wuhan) Co., Ltd.	281,812,287	6	-
Huaxin (Hong Kong) International Holdings Limited	260,178,772	6	-
Huaxin Cement Chongqing Fuling Co., Ltd.	167,145,290	4	-
Total	1,667,412,195	36	-

3. Long-term equity investments

RMB yuan

	Closing balance	Opening balance
Subsidiaries	9,727,603,237	9,284,303,237
Associates	504,411,317	432,092,916
	10,232,014,554	9,716,396,153
Less: Impairment provision for long-term equity investment	42,000,000	42,000,000
	10,190,014,554	9,674,396,153

(1) Subsidiary

RMB yuan

Name of subsidiaries	Opening balance	Changes in the current year		Closing balance	Amount of impairment provision
		Businesses combination not involving common control	Additional investment		
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 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) Co., Ltd.	-	-	190,000,000	190,000,000	-
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

Con.

Name of subsidiaries	Opening balance	Changes in the current year		Closing balance	Amount of impairment provision
		Businesses combination not involving common control	Additional investment		
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.	14,658,135	-	-	14,658,135	-
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	157,935,219	-	-	157,935,219	-
Huaxin New Building Materials Co., Ltd.	50,000,000	-	-	50,000,000	-
Huaxin Central Asia Investment (Wuhan) Co., Ltd.	108,623,689	-	-	108,623,689	-
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 Investment Holding Ltd.	977,000,000	-	-	977,000,000	-
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	-
Chongqing Huaxin Cantian Cement Co., Ltd.	-	253,300,000	-	253,300,000	-
Total	9,284,303,237	253,300,000	190,000,000	9,727,603,237	42,000,000

(2) Joint venture

RMB yuan

	Opening balance	Changes in the current year		Closing balance	Balance of provision at year end
		Additional investment	Investment gains and losses base on equity method		
Joint venture					
Shanghai Wan'an Huaxin Cement Co., Ltd.	162,618,952	-	436,641	163,055,593	-
Tibet high-tech building materials group co. Ltd.	269,473,964	-	71,881,760	341,355,724	-
Total	432,092,916	-	72,318,401	504,411,317	-

(3) Provision for long-term equity investment

RMB yuan

	Closing balance and opening balance
Subsidiaries-	
Huaxin Cement (Wuhan) Co., Ltd.	42,000,000

4. Operating income and operating costs

RMB yuan

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main operations	1,050,600,575	677,229,556	799,604,018	623,878,754
Other operations	1,852,853,873	1,468,006,246	687,809,660	456,231,320
Total	2,903,454,448	2,145,235,802	1,487,413,678	1,080,110,074

5. Investment income

RMB yuan

	Amount for the current period	Amount for the prior period
Income from long-term equity investment under cost method	1,553,545,708	1,669,602,749
Share of profits in equity method of long-term equity investments	72,318,401	98,670,161
Income from disposal of financial asset at fair value through profit or loss	12,266,445	6,179,934
Income from available-for-sale financial assets	1,103,937	1,794,674
Others	1,440,223	-
Total	1,640,674,714	1,776,247,518

6. Supplementary information to the cash flow statement

RMB yuan

Supplementary information	Amount for the current period	Amount for the prior period
1. Adjust net profit to cash flow of operating activities		
net profit	1,912,207,603	1,728,197,485
Plus: asset impairment provision	16,256,077	1,723,105
Depreciation of fixed assets	40,062,382	51,196,301
Amortization of intangible assets	4,138,341	4,631,265
Amortization of long-term deferred expenses	881,758	3,035,627
Deferred income amortization	(3,302,667)	(3,302,667)
Loss (income) on non-current asset disposal	(10,046,325)	1,256,330
Return on investment	(1,640,674,714)	(1,776,247,518)
Income from changes in fair value	(3,584,773)	(2,697,595)
Financial expense	83,735,952	166,337,698
Deferred income tax assets (increase) decrease	(223,435)	42,118,827
The increase (decrease) in stock	(288,237,397)	12,067,424
Reduction of operating receivable items	55,184,736	28,473,867
Reduction of operational payable items	(345,485,198)	(163,222,926)
Net cash flow from operating activities	(179,087,660)	93,567,223
2. Net changes in cash and cash equivalents:		
Closing balance of cash	3,444,018,042	2,435,487,407
Minus: opening balance of cash	2,435,487,407	2,450,928,763
Net increase (decrease) in cash	1,008,530,635	(15,441,356)

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the current period

RMB yuan

Item	Amount
Profit or loss on disposal of non-current assets	(17,370,924)
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)	73,387,762
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	16,955,156
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	4,489,836
Disposal of investment losses of subsidiaries	(3,043,880)
Non-operating items other than aforesaid items	(8,972,304)
Others	1,440,223
Effect of income tax	13,361,711
Effect of minority interest (after tax)	(382,389)
Total	53,906,547

2. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS have been prepared by China GAAP Holdings Limited ("China GAAP Company") in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

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	36.27	3.46	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	35.89	3.42	N/A



12

Chapter 12 Documents for Inspection

- 1. Financial Statements carrying the signatures of the legal representative, administrative leader of accounting and chief of accounting department.**
- 2. Original Auditor's Report, audited and signed by the CPAs.**
- 3. 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.

March 28, 2019