

HUAXIN CEMENT CO., LTD.

Third Quarter Report 2019

I. Important Notice

1.1 The Board of Directors and its members, the Board of Supervisors and its members and the Senior Management of the Company 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.

1.2 All Directors of the Company attended the Board Meeting and reviewed the Third Quarter Report 2019.

1.3 Chairman of the Company Mr. Xu Yongmo, Legal representative and CEO Mr. Li Yeqing, Chief of the Accounting Ms. Kong Lingling and Manager of Accounting Department Mr. Wu Xin confirm that the financial statements in this Third Quarter Report are true, accurate and complete.

1.4 The financial statements of the Company for the third quarter have not been audited.

II. Overview of the Company

2.1 Financial Highlights

Unit: Yuan

	Reporting period end	Last year end	Change (%) of reporting period end vs last year end
Total assets	35,544,796,470	33,161,505,602	7.19
Net assets attributable to shareholders of the Company	19,845,055,084	16,672,962,778	19.03
	Year beginning to reporting period end (Jan-Sep)	Same period of last year	Change (%) of the reporting period vs same period of last year
Net cash flow from operating activities (Yuan)	7,050,582,070	5,151,088,183	36.88
	Year beginning to reporting period end (Jan-Sep)	Same period of last year	Change (%) of the reporting period vs same period of last year
Sales revenue	22,472,006,081	19,040,138,370	18.02
Net profit attributable to shareholders of the Company (Yuan)	4,843,892,644	3,411,384,548	41.99
Net profit attributable to shareholders of the Company after extraordinary items (Yuan)	4,800,511,154	3,376,360,586	42.18
Return on net assets, weighted average (%)	26.65	25.41	Increased by 1.24 percentage points
Basic earnings per share (Yuan/share)	2.31	1.63	41.72
Diluted earnings per share (Yuan/share)	2.31	1.63	41.72

Extra-ordinary items and amount:

Applicable Not Applicable

Unit: Yuan

Item	Current period (Jul-Sep)	Year beginning to reporting period end (Jan-Sep)	Remarks
Net loss on disposal of non-current assets	-2,072,202	-1,220,024	/
Government subsidies, excluding regular fixed amount government subsidies	22,318,284	54,438,182	/
In addition to the effective hedging business related to the normal business of the Company, gains and losses on changes in fair value arising from tradable financial assets, derived financial assets, tradable financial liabilities and derived financial liabilities, as well as investment income from disposal of tradable financial assets, derived financial assets, tradable financial liabilities, derived financial liabilities, or other credit investments	260,543	5,873,173	/
Other non-operating income and expenditures	-3,793,923	-327,471	/
Impacts from minority shareholders' interests (after tax)	-1,832,943	-2,589,796	/
Impacts from income tax	-3,369,556	-12,792,574	/
Total	11,510,203	43,381,490	/

2.2 Total number of shareholders, top ten shareholders and top ten holders of shares not subject to conditional sales at the reporting period end

Unit: share

Total number of shareholders				68,650		
Top ten shareholders						
Names of Shareholders (full name)	Shares held at the period end	%	Shares subject to conditional sales	Mortgage or frozen		Shareholder type
				Shares condition	Number	
HOLCHIN B.V.	835,543,825	39.85	0	nil	0	Foreign corporation
Huaxin Group Co., Ltd	335,560,000	16.01	0	nil	0	State corporation
Hong Kong Securities Clearing Company Ltd	109,219,362	5.21	0	nil	0	Unknown
HOLPAC LIMITED	41,691,843	1.99	0	nil	0	Foreign corporation

Central Huijin Asset Management Ltd.	30,476,180	1.45	0	nil	0	Unknown
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	13,805,393	0.66	0	nil	0	Unknown
Dai Deming	13,446,240	0.64	0	nil	0	Unknown
China Railway Wuhan Group Co.,Ltd	11,289,600	0.54	0	nil	0	Unknown
Bank of Communications-Rongtong Industry Prosperity Securities Fund	9,985,941	0.48	0	nil	0	Unknown
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,416,474	0.45	0	nil	0	Unknown

Top ten holders of shares not subject to conditional sales			
Names of Shareholders	Number of shares not subject to conditional sales	Type and Number of Shares	
		Type	Number
Holchin B.V.	835,543,825	RMB ordinary shares	451,333,201
		Domestic listed foreign investment shares	384,210,624
Huaxin Group Co., Ltd	335,560,000	RMB ordinary shares	335,560,000
Hong Kong Securities Clearing Company Ltd	109,219,362	RMB ordinary shares	109,219,362
HOLPAC LIMITED	41,691,843	Domestic listed foreign investment shares	41,691,843
Central Huijin Asset Management Ltd.	30,476,180	RMB ordinary shares	30,476,180
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	13,805,393	Domestic listed foreign investment shares	13,805,393
Dai Deming	13,446,240	RMB ordinary shares	13,446,240
China Railway Wuhan Group Co.,Ltd	11,289,600	RMB ordinary shares	11,289,600
Bank of Communications-Rongtong Industry Prosperity Securities Fund	9,985,941	RMB ordinary shares	9,985,941
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,416,474	Domestic listed foreign investment shares	9,416,474
Remarks on relationship or concerted actions of the above shareholders	<p>1. Holpac Limited is the party acts in concert with Holchin B.V.</p> <p>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”.</p>		

2.3 Total number of preference stock shareholders, top ten preference stock shareholders and

top ten preference stock holders of shares not subject to conditional sales at the reporting period end

Applicable Not Applicable

III. Major Events

3.1 Status and reasons for major changes on major items and financial indicators in financial statements

Applicable Not Applicable

3.1.1 Changes of Major Financial Indicators in the Balance Sheet

Unit: Yuan

Item	September 30, 2019	Dec 31, 2018	Change	%	Remarks
Financial assests at fair value through profit or loss	-	207,144,438	-207,144,438	-100%	All money market fund was redeemed
Notes receivable	988,483,546	1,548,929,075	-560,445,529	-36%	Proportion of notes receivable decreased
Accounts receivable	1,104,138,712	524,536,351	579,602,361	110%	Scale expansion in production and sales
Advances to suppliers	438,906,101	323,717,031	115,189,070	36%	Advances increased in maintenance and raw materials, auxiliary materials
Other receivables	625,574,489	375,429,575	250,144,914	67%	Advance payment to purchase equity
Other current assets	250,244,013	165,387,334	84,856,679	51%	Retained VAT tax increased
Credit invesment	21,500,000	-	21,500,000	Not applicable	Reclassification based on New Accounting Standard for Financial Instruments
Available-for-sale financial assets	-	60,487,319	-60,487,319	-100%	Reclassification based on New Accounting Standard for Financial Instruments
Other equity instrument investment	48,269,862	-	48,269,862	Not applicable	Reclassification based on New Accounting Standard for Financial Instruments
Other non-current financial assets	32,872,063	-	32,872,063	Not applicable	Reclassification based on New Accounting Standard for

					Financial Instruments
Construction in progress	3,586,323,609	1,322,976,101	2,263,347,508	171%	Investment increase in cement, aggregate and eco projects
Other non-current assets	108,369,307	56,397,942	51,971,365	92%	Advances increased in construction
Short term borrowings	253,000,000	621,000,000	-368,000,000	-59%	Profit and net operating cash flow increased, cut down on liabilities with interest
Notes payable	285,757,550	-	285,757,550	Not applicable	Notes stock reduced, new acceptance bills increased
Advances from customers	1,075,632,629	638,732,781	436,899,848	68%	Scale expansion in production and sales
Employee benefits payable	246,135,023	392,173,556	-146,038,533	-37%	Distribution of short term incentives withheld last year
Current portion of non-current liabilities	1,801,635,784	2,877,217,204	-1,075,581,420	-37%	Payment of debentures due
Paid-in capital	2,096,599,855	1,497,571,325	599,028,530	40%	Capital reserve transferred to increase share capital
Other comprehensive income	19,223,132	-9,023,883	28,247,015	-313%	Exchange rate of RMB to local currency US dollar increased

3.1.2 Changes of Major Financial Indicators in the Income statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan-Sep 2019)	Same period of last year (Jan-Sep 2018)	Change	%	Remarks
R&D expenses	15,043,240	6,572,310	8,470,930	129%	Investment in new business and eco business research and development increased
Finance expenses	194,726,635	360,531,701	-165,805,066	-46%	Liabilities with interest decreased, expenses on interest were reduced
Investment income	116,046,879	85,970,675	30,076,204	35%	Profit of associates increased
Gains from changes in fair	-3,979,528	-1,172,463	-2,807,065	-239%	Carry over of incomes after the sale of

value					financial assets
Losses on credit impairment	20,464,153	13,772,229	6,691,924	49%	Increase in reversal of accounts receivable
Losses on asset impairment	-12,825,435	-1,510,440	-11,314,995	-749%	Pirce fall in inventory increased
Gains on dispoal of assets	2,988,265	-93,039	3,081,304	3312%	Increase in the disposal of real estate
Income tax expenses	1,281,948,196	893,565,340	388,382,856	43%	Increase in sales volume and price, profit increased
Net profit attributable to shareholders of the Company	4,843,892,644	3,411,384,548	1,432,508,096	42%	Increase in sales volume and price, profit increased

3.1.3 Changes of Major Financial Indicators in the Cash flow statement

Unit: Yuan

Items	From year beginning to reporting period end (Jan – Sep 2019)	Same period of last year (Jan – Sep 2018)	Change	%	Remarks
Net cash flows from operating activities	7,050,582,070	5,151,088,183	1,899,493,887	37%	Performance improved to increase operating cash flow
Net cash flows from investing activities	-2,595,675,957	-1,325,024,023	-1,270,651,934	-96%	Construction project investment increased
Net cash flows from financing activities	-4,027,637,364	-3,056,330,262	-971,307,102	-32%	Dividend distribution increased

3.2 Remarks on progress of major events, their impacts and solutions

Applicable Not Applicable

3.3 Implementation of commitments made by the Company and its shareholders holding over 5% shares

Applicable Not Applicable

3.4 Reason, warning and remarks in respect of that accumulative net profit is predicted to be loss or have great change compared with those of the same period of previous year from beginning of this year to end of next reporting period.

Applicable Not Applicable

Huaxin Cement Co., Ltd.
Legal Representative: Mr. Li Yeqing
October 23, 2019

IV. Attachments

4.1 Financial statements

Balance Sheet (Consolidated)

September 30, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	30 Sep 2019	31 Dec 2018
Current assets		
Cash at bank and in hand	5,859,338,299	5,326,761,911
Financial assets at fair value through profit or loss	-	207,144,438
Notes receivable	988,483,546	1,548,929,075
Accounts receivable	1,104,138,712	524,536,351
Advances to suppliers	438,906,101	323,717,031
Other receivables	625,574,489	375,429,575
Including: Interest receivable	512,353	-
Dividends receivable	-	-
Inventories	2,043,244,486	2,078,566,938
Other current assets	250,244,013	165,387,334
Total current assets	11,309,929,646	10,550,472,653
Non-current assets		
Credit investment	21,500,000	-
Available-for-sale financial assets	-	60,487,319
Long-term receivables	29,148,833	29,279,695
Long-term equity investments	618,052,443	512,469,490
Other equity instrument Investment	48,269,862	-
Other non-current financial assets	32,872,063	-
Fixed assets	15,421,282,679	16,118,856,112
Construction in progress	3,586,323,609	1,322,976,101
Intangible assets	3,308,085,116	3,403,613,645
Goodwill	447,472,492	447,472,492
Long-term prepaid expenses	334,201,904	376,208,038
Deferred income tax assets	279,288,516	283,272,115
Other non-current assets	108,369,307	56,397,942
Total non-current assets	24,234,866,824	22,611,032,949
TOTAL ASSETS	35,544,796,470	33,161,505,602
Current liabilities		
Short-term borrowings	253,000,000	621,000,000
Notes payable	285,757,550	-
Accounts payable	3,966,202,509	3,789,324,069
Advances from customers	1,075,632,629	638,732,781
Employee benefits payable	246,135,023	392,173,556

Taxes and other levies payable	855,420,951	935,736,726
Other payables	985,506,003	897,653,363
Including: Interests payable	71,892,560	70,507,991
Dividends payable	213,141,613	160,590,225
Current portion of non-current liabilities	1,801,635,784	2,877,217,204
Total current liabilities	9,469,290,449	10,151,837,699
Non-current liabilities		
Long-term borrowings	1,982,750,799	2,444,189,091
Debentures payable	1,197,751,572	1,196,831,761
Long-term payables	319,518,208	261,696,441
Long-term employee benefits payable	123,380,624	124,171,344
Provisions	223,269,577	238,759,221
Deferred income	289,645,652	262,432,189
Deferred income tax liabilities	150,804,061	162,198,735
Total non-current liabilities	4,287,120,493	4,690,278,782
Total liabilities	13,756,410,942	14,842,116,481
OWNERS' EQUITY		
Paid-in capital (or Share capital)	2,096,599,855	1,497,571,325
Capital surplus	1,911,223,490	2,510,252,020
Other comprehensive income	19,223,132	-9,023,883
Surplus reserve	952,685,662	952,685,662
Undistributed profits	14,865,322,945	11,721,477,654
Equity attributable to the shareholders of the Company	19,845,055,084	16,672,962,778
Minority interests	1,943,330,444	1,646,426,343
Total owners' equity	21,788,385,528	18,319,389,121
TOTAL LIABILITIES AND OWNERS' EQUITY	35,544,796,470	33,161,505,602

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

Balance Sheet (Parent Company)

September 30, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	30 Sep 2019	31 Dec 2018
Current assets		
Cash at bank and in hand	3,372,927,733	3,451,321,002
Financial assets at fair value through profit or loss	-	207,144,438
Notes receivable	174,274,111	211,818,382
Accounts receivable	808,787,422	582,552,971
Advances to suppliers	206,526,079	183,137,324
Other receivables	4,160,410,296	4,639,099,436
Including: Interest receivable	-	-
Dividends receivable	263,300,000	71,129,700
Inventories	266,736,948	332,152,305
Current portion of non-current assets	4,855,490	3,609,824
Other current assets	11,965,535	34,471,735
Total current assets	9,006,483,614	9,645,307,417
Non-current assets		
Available-for-sale financial assets	-	41,431,819
Long-term receivables	20,143,614	19,083,573
Long-term equity investments	10,802,367,553	10,190,014,554
Other equity instrument Investment	48,269,862	-
Other non-current financial assets	32,872,063	-
Fixed assets	270,646,011	300,150,484
Construction in progress	197,639,472	100,636,765
Intangible assets	42,937,874	46,034,664
Long-term prepaid expenses	32,801,175	34,521,671
Deferred income tax assets	33,606,605	39,250,259
Total non-current assets	11,481,284,229	10,771,123,789
TOTAL ASSETS	20,487,767,843	20,416,431,206
Current liabilities		
Notes payable	113,900,000	-
Accounts payable	184,990,990	211,409,370
Advances from customers	25,938,592	13,992,917
Employee benefits payable	42,156,601	84,435,340
Taxes and other levies payable	182,119,356	119,097,062
Other payables	5,006,193,722	3,888,709,040
Including: Interests payable	64,741,953	67,118,203
Dividends payable	576,326	10,737,337
Current portion of non-current liabilities	1,541,369,903	2,213,236,104

Total current liabilities	7,096,669,164	6,530,879,833
Non-current liabilities		
Long-term borrowings	728,962,126	1,537,212,836
Debentures payable	1,197,751,572	1,196,831,761
Long-term employee benefits payable	31,594,796	35,594,796
Provisions	7,617,053	7,920,053
Deferred income	11,151,083	12,732,333
Total non-current liabilities	1,977,076,630	2,790,291,779
Total liabilities	9,073,745,794	9,321,171,612
OWNERS' EQUITY		
Paid-in capital (or Share capital)	2,096,599,855	1,497,571,325
Capital surplus	2,309,566,774	2,908,595,304
Other comprehensive income	24,633,296	19,384,071
Surplus reserve	952,685,662	952,685,662
Undistributed profits	6,030,536,462	5,717,023,232
Total owners' equity	11,414,022,049	11,095,259,594
TOTAL LIABILITIES AND OWNERS' EQUITY	20,487,767,843	20,416,431,206

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

Income Statements (Consolidated)

Jan – Sep, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period (Jul-Sep)	Last period (Jul-Sep)	Year beginning to reporting period end (Jan-Sep)	Same period of last year (Jan-Sep)
1. Total sales revenue	8,084,836,982	7,157,068,099	22,472,006,081	19,040,138,370
Including: sales revenue	8,084,836,982	7,157,068,099	22,472,006,081	19,040,138,370
2. Total cost of sales	5,855,791,741	5,375,938,313	16,118,633,891	14,625,792,776
Including: Cost of sales	4,823,282,101	4,352,251,315	13,203,139,416	11,748,097,559
Taxes and surcharges	124,515,058	132,900,846	365,170,773	355,846,295
Selling and distribution expenses	522,250,342	451,722,727	1,389,358,860	1,225,575,322
General and administrative expenses	342,729,193	330,933,748	951,194,967	929,169,589
R&D expenses	4,082,133	2,222,360	15,043,240	6,572,310
Financial expenses	38,932,914	105,907,317	194,726,635	360,531,701
Including :Interest cost	61,031,407	109,600,383	233,302,976	349,373,663
Interest income	16,270,956	9,983,725	50,701,409	29,394,864
Add: Other income	66,998,963	54,595,806	180,896,044	161,391,029
Investment income	65,750,901	31,990,107	116,046,879	85,970,675
Including: Income from investment in associates	64,968,838	31,990,107	103,238,065	71,549,846
Gains from changes in fair values	-2,447,719	2,301,859	-3,979,528	-1,172,463
Losses on credit impairment	1,859,091	10,523	20,464,153	13,772,229
Losses on assets impairment	-9,416,822	685,309	-12,825,435	-1,510,440
Gains on disposal of assets	-940,801	-891,150	2,988,265	-93,039
3. Operating profit	2,350,848,854	1,869,822,240	6,656,962,568	4,672,703,585
Add: Non-operating income	8,099,930	13,855,693	24,688,634	21,477,223
Less: Non-operating expenses	13,125,254	13,472,673	29,122,907	26,930,310
4. Profit before tax	2,345,823,530	1,870,205,260	6,652,528,295	4,667,250,498
Less: Income tax expenses	468,216,580	359,909,100	1,281,948,196	893,565,340
5. Net profit	1,877,606,950	1,510,296,160	5,370,580,099	3,773,685,158
(1) Classified by the continuity of operation				
a.Net profit for the year from continuing operations	1,877,606,950	1,510,296,160	5,370,580,099	3,773,685,158
(2) Classified by the ownership				
a. Net profit attributable	1,681,369,087	1,343,466,675	4,843,892,644	3,411,384,548

to owners of the Company				
b. Profit or loss attributable to minority interests	196,237,863	166,829,485	526,687,455	362,300,610
6. Net of other comprehensive income after tax	28,317,969	23,844,372	32,872,458	23,222,544
Net of other comprehensive income after tax attributable to owners of the parent company	19,417,499	15,822,529	22,997,790	13,523,627
(1) Other comprehensive income that will not be reclassified as gain or loss	-	-	-	-
(2) Other comprehensive income that will be reclassified as gain or loss	19,417,499	15,822,529	22,997,790	13,523,627
a. Gain or loss on fair value changes of financial assets available for sale	-	1,810,849	-	-3,265,742
b. Currency translation differences	19,417,499	14,011,680	22,997,790	16,789,369
Net of other comprehensive income after tax attributable to Minority Shareholders	8,900,470	8,021,843	9,874,668	9,698,917
7. Total comprehensive income	1,905,924,919	1,534,140,532	5,403,452,557	3,796,907,702
Total comprehensive income attributable to owners of the parent company	1,700,786,586	1,359,289,204	4,866,890,434	3,424,908,175
Total comprehensive income attributable to Minority Shareholders	205,138,333	174,851,328	536,562,123	371,999,527
8. Earnings per share				
(1) Basic earnings per share (RMB/share)	0.80	0.64	2.31	1.63
(2) Diluted earnings per share (RMB/share)	0.80	0.64	2.31	1.63

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

Income Statement (Parent Company)

Jan – Sep, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period (Jul-Sep)	Last period (Jul-Sep)	Year beginning to reporting period end (Jan-Sep)	Same period of last year (Jan-Sep)
1. Total sales revenue	1,077,529,977	788,702,669	2,873,574,935	1,729,770,080
Less: Cost of sales	892,450,756	583,673,428	2,347,962,415	1,235,781,592
Taxes and surcharges	5,170,035	5,903,663	14,224,364	14,827,423
Selling and distribution expenses	17,205,136	13,947,908	47,762,845	39,904,307
General and administrative expenses	68,588,550	51,444,520	196,535,181	154,570,686
R&D expenses	-	4,398,746	-	10,896,450
Financial expenses	-13,241,674	-3,081,119	22,964,056	36,181,258
Including :Interest cost	64,187,696	93,024,914	219,036,794	286,029,989
Interest income	61,624,752	77,200,104	197,014,015	226,285,686
Add: Other income	185,417	1,280,269	2,231,250	7,411,102
Investment income	329,750,901	110,465,124	1,827,400,199	906,026,250
Including: Income from investment in associates	64,968,838	31,990,107	102,352,999	72,122,716
Gains from changes in fair values	-2,447,719	2,301,859	-3,979,528	-1,172,463
Losses on credit impairment	-	-	49,703	1,006,747
Losses on assets impairment	-	-	180,646	-68,317
Gains on disposal of assets	-	23,116	2,251,321	63,119
2. Operating profit	434,845,773	246,485,891	2,072,259,665	1,150,874,802
Add: Non-operating income	40,784	418,219	169,176	552,274
Less: Non-operating expenses	550,946	623,539	668,863	2,355,395
3. Profit before tax	434,335,611	246,280,571	2,071,759,978	1,149,071,681
Less: Income tax expenses	32,410,780	33,559,174	58,199,395	33,559,174
4. Net profit	401,924,831	212,721,397	2,013,560,583	1,115,512,507
(1) Net profit for the year from continuing operations	401,924,831	212,721,397	2,013,560,583	1,115,512,507
5. Net of other comprehensive income after tax	-	1,810,849	-	-3,265,742
(1) Other comprehensive income that will not be reclassified as gain or loss				
(2) Other comprehensive income that will be reclassified as gain or	-	1,810,849	-	-3,265,742

loss				
a. Gain or loss on fair value changes of financial assets available for sale	-	1,810,849	-	-3,265,742
6. Total comprehensive income	401,924,831	214,532,246	2,013,560,583	1,112,246,765
7. Earnings per share				
(1) Basic earnings per share (RMB/share)				
(2) Diluted earnings per share (RMB/share)				

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

Cash Flow Statements (Consolidated)

Jan – Sep 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Jan-Sep 2019	Jan-Sep 2018
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	25,853,553,418	22,103,507,293
Refund of taxes and levies	164,191,540	128,132,053
Cash received relating to other operating activities	280,218,174	538,052,036
Sub-total of cash inflows	26,297,963,132	22,769,691,382
Cash paid for goods and services	13,469,730,979	12,808,433,405
Cash paid to and on behalf of employees	2,039,217,136	1,619,456,047
Payments of taxes and levies	3,172,218,574	2,401,285,813
Cash paid relating to other operating activities	566,214,373	789,427,934
Sub-total of cash outflows	19,247,381,062	17,618,603,199
Net cash flows from operating activities	7,050,582,070	5,151,088,183
2. Cash flows from investing activities:		
Cash received from investments	1,030,000,000	1,700,000,000
Cash received from returns on investments	12,328,814	13,377,821
Net cash received from disposal of fixed assets and intangible assets and other long-term assets	37,955,729	184,630,720
Net cash received from disposal of subsidiaries and other business units	1,500,000	-
Cash received relating to other investing activities	76,765,566	28,691,673
Sub-total of cash inflows	1,158,550,109	1,926,700,214
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,680,279,235	1,417,707,370
Cash paid relating to investing activities	848,989,980	1,655,720,528
Net cash paid for acquisition of subsidiaries	10,933,233	174,007,821
Cash paid relating to other investing activities	214,023,618	4,288,518
Sub-total of cash outflows	3,754,226,066	3,251,724,237
Net cash flows from investing activities	-2,595,675,957	-1,325,024,023

3. Cash flows from financing activities		
Cash received from capital contributions	33,000,000	10,500,000
Cash received from borrowings	676,615,384	784,000,000
Cash received from other financing activities	137,900,000	17,891,045
Sub-total of cash inflows	847,515,384	812,391,045
Cash repayments of borrowings	2,644,253,546	2,919,406,268
Cash payments for interest expenses and distribution of dividends or profits	2,116,682,945	783,221,815
Cash payments relating to other financing activities	114,216,257	166,093,224
Sub-total of cash outflows	4,875,152,748	3,868,721,307
Net cash flows from financing activities	-4,027,637,364	-3,056,330,262
4. Effect of foreign exchange rate changes on cash	1,402,450	21,239,760
5. Net increase in cash and cash equivalents	428,671,199	790,973,658
Add: Cash and cash equivalents at the period beginning	5,236,222,134	3,532,308,895
6. Cash and cash equivalents at the period end	5,664,893,333	4,323,282,553

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

Cash Flow Statements (Parent Company)

Jan – Sep 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Jan-Sep 2019	Jan-Sep 2018
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,835,410,336	1,081,972,752
Refund of taxes and levies	2,534,499	3,267,459
Cash received relating to other operating activities	1,198,373,999	858,412,393
Sub-total of cash inflows	3,036,318,834	1,943,652,604
Cash paid for goods and services	2,519,029,806	1,840,789,744
Cash paid to and on behalf of employees	333,059,886	297,693,178
Payments of taxes and levies	127,501,887	103,350,852
Cash paid relating to other operating activities	1,016,679,078	552,728,973
Sub-total of cash outflows	3,996,270,657	2,794,562,747
Net cash flows from operating activities	-959,951,823	-850,910,143
2. Cash flows from investing activities:		
Cash returns from investments	1,030,000,000	1,700,000,000
Cash received from returns on investments	1,502,580,957	852,823,685
Net cash received from disposal of fixed assets and intangible assets and other long-term assets	7,178,810	8,644,287
Cash received relating to other investing activities	-	288,236
Sub-total of cash inflows	2,539,759,767	2,561,756,208
Cash paid to acquire fixed assets, intangible assets and other long-term assets	91,151,453	48,193,396
Cash paid relating to investing activities	1,340,000,000	1,650,000,000

Net cash paid for acquisition of subsidiaries	-	341,300,000
Cash paid relating to other investing activities	158,509	-
Sub-total of cash outflows	1,431,309,962	2,039,493,396
Net cash flows from investing activities	1,108,449,805	522,262,812
3. Cash flows from financing activities		
Cash received from borrowings	-	244,000,000
Cash received from other financing activities	8,450,225,906	7,028,176,082
Sub-total of cash inflows	8,450,225,906	7,272,176,082
Cash repayments of borrowings	1,480,049,643	1,666,071,618
Cash payments for interest expenses and distribution of dividends or profits	1,723,020,943	402,109,025
Cash payments relating to other financing activities	5,491,588,447	4,742,940,219
Sub-total of cash outflows	8,694,659,033	6,811,120,862
Net cash flows from financing activities	-244,433,127	461,055,220
4. Effect of foreign exchange rate changes on cash	-3,163,087	1,486,612
5. Net increase/(loss) in cash and cash equivalents	-99,098,232	133,894,501
Add: Cash and cash equivalents at the period beginning	3,444,018,042	2,435,487,407
6. Cash and cash equivalents at the period end	3,344,919,810	2,569,381,908

Legal Representative: Mr. Li Yeqing Chief of the Accounting: Ms. Kong Lingling Person in charge of Accounting Department: Mr. Wu Xin

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

Consolidated balance sheet

Unit: Yuan

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

Long-term equity investments	512,469,490	512,469,490	
Other equity instrument investment	-	48,269,862	48,269,862
Other non-current financial assets	-	29,707,152	29,707,152
Fixed assets	16,118,856,112	16,118,856,112	
Construction in progress	1,322,976,101	1,322,976,101	
Intangible assets	3,403,613,645	3,403,613,645	
Goodwill	447,472,492	447,472,492	
Long-term prepaid expenses	376,208,038	376,208,038	
Deferred tax assets	283,272,115	274,135,816	-9,136,299
Other non-current assets	56,397,942	56,397,942	
Total non-current assets	22,611,032,949	22,638,441,845	27,408,896
Total assets	33,161,505,602	33,188,914,498	27,408,896
Current liabilities:			
Short-term borrowings	621,000,000	621,000,000	
Accounts payable	3,789,324,069	3,789,324,069	
Advances from customers	638,732,781	638,732,781	
Employee benefits payable	392,173,556	392,173,556	
Taxes payable	935,736,726	935,736,726	
Other payables	897,653,363	897,653,363	
Including: Interests payable	70,507,991	70,507,991	
Dividends payable	160,590,225	160,590,225	
Current portion of non-current liabilities	2,877,217,204	2,877,217,204	
Total current liabilities	10,151,837,699	10,151,837,699	
Non-current liabilities:			
Long-term borrowings	2,444,189,091	2,444,189,091	
Bonds payable	1,196,831,761	1,196,831,761	
Long-term payables	261,696,441	261,696,441	
Long-term employee benefits payable	124,171,344	124,171,344	
Provisions	238,759,221	238,759,221	
Deferred income	262,432,189	262,432,189	
Deferred tax liabilities	162,198,735	162,198,735	
Total non-current liabilities	4,690,278,782	4,690,278,782	
Total liabilities	14,842,116,481	14,842,116,481	
Shareholders' equity:			
Share capital	1,497,571,325	1,497,571,325	
Capital reserve	2,510,252,020	2,510,252,020	
Other comprehensive income	-9,023,883	-3,774,658	5,249,225
Surplus reserve	952,685,662	952,685,662	
Undistributed profits	11,721,477,654	11,743,637,325	22,159,671
Total equity attributable to shareholders of the Company	16,672,962,778	16,700,371,674	27,408,896

Minority interests	1,646,426,343	1,646,426,343	
Total shareholders' equity	18,319,389,121	18,346,798,017	27,408,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,161,505,602	33,188,914,498	27,408,896

Balance sheet of the Company

Unit: Yuan

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

Employee benefits payable	84,435,340	84,435,340	
Taxes payable	119,097,062	119,097,062	
Other payables	3,888,709,040	3,888,709,040	
Including: Interests payable	67,118,203	67,118,203	
Dividends payable	10,737,337	10,737,337	
Current portion of non-current liabilities	2,213,236,104	2,213,236,104	
Total current liabilities	6,530,879,833	6,530,879,833	
Non-current liabilities:			
Long-term borrowings	1,537,212,836	1,537,212,836	
Bonds payable	1,196,831,761	1,196,831,761	
Long-term employee benefits payable	35,594,796	35,594,796	
Provisions	7,920,053	7,920,053	
Deferred income	12,732,333	12,732,333	
Total non-current liabilities	2,790,291,779	2,790,291,779	
Total liabilities	9,321,171,612	9,321,171,612	
Shareholders' equity:			
Share capital	1,497,571,325	1,497,571,325	
Capital reserve	2,908,595,304	2,908,595,304	
Other comprehensive income	19,384,071	24,633,296	5,249,225
Surplus reserve	952,685,662	952,685,662	
Undistributed profits	5,717,023,232	5,739,182,903	22,159,671
Total shareholders' equity	11,095,259,594	11,122,668,490	27,408,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,416,431,206	20,443,840,102	27,408,896

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

Applicable Inapplicable

4.4 Audit Report

Applicable Not Applicable