

HUAXIN CEMENT CO., LTD.

# Third Quarter Report 2020

## 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 were present at the Board Meeting and reviewed the Third Quarter Report 2020.

1.3 Chairman of the Company Mr. Xu Yongmo, Legal representative and CEO Mr. Li Yeqing, Chief in charge of Corporate Finance 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 Third Quarter Report of the Company was not audited.

## II. Basic information of the Company

### 2.1 Financial Highlights

Unit: Yuan

	Reporting period end	Last year end	Change (%) of reporting period end / last year end
Total assets	39,256,899,357	36,645,386,717	7.13
Net assets attributable to shareholders of the Company	22,054,162,678	21,309,042,690	3.5
	Year beginning to reporting period end (Jan-Sept)	Same period of last year (Jan-Sept)	Change (%) of the reporting period / same period of last year
Net cash flow from operating activities (Yuan)	5,652,065,416	7,050,582,070	-19.84
	Year beginning to reporting period end (Jan-Sept)	Same period of last year (Jan-Sept)	Change (%) of the reporting period / same period of last year
Sales revenue	20,411,674,930	22,472,006,081	-9.17
Net profit attributable to shareholders of the Company	4,024,415,213	4,843,892,644	-16.92
Net profit attributable to shareholders of the Company after extraordinary items	4,000,320,975	4,800,511,154	-16.67
Return on net assets, weighted average (%)	18.01	26.65	Down by 8.64 percentage points
Basic earnings per share (Yuan/share)	1.93	2.31	-16.45
Diluted earnings per share (Yuan/share)	1.93	2.31	-16.45

Extra-ordinary items and amount:

☒ Applicable   ☐ Not Applicable

Unit: Yuan

Item	Current period (Jul-Sept)	Year beginning to reporting period end (Jan-Sept)	Remarks
Gains from disposal of non-current assets	-1,456,712	-3,210,677	
Government subsidies, excluding regular fixed amount government subsidies	27,819,376	68,973,288	
In addition to the effective hedging business related to the normal business of the Company, the gains and losses from changes in fair value from the holding of tradable financial assets, derivative financial assets, tradable financial liabilities and derivative financial liabilities, and investment income gained from disposal of tradable financial assets, derivative finance, tradable financial liabilities, derivative financial liabilities and other credit investments	260,543	-6,359,274	
Other non-operating income and expenditures	-2,288,770	-25,883,128	
Impacts from minority shareholders' interests (after tax)	-2,675,608	-2,076,105	
Impacts from income tax	-5,645,362	-7,349,866	
Total	16,013,467	24,094,238	

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

Unit: share

Total number of shareholders				83,077		
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.	113,679,565	5.42	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
Bank of Communications- Rongtong Industry Prosperity Securities Investment Fund	23,264,754	1.11	0	nil	0	unknown
Huaxin Cement Co. Ltd Special Account for Share Repurchase	22,689,338	1.08	0	nil	0	other

Industrial and Commercial Bank of China Limited-Rongtong China Wind No. 1 Flexible Allocation Hybrid Securities Investment Fund	13,326,859	0.64	0	nil	0	unknown
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	0.54	0	nil	0	State Corporation
Dai Deming	10,690,053	0.51	0	nil	0	Domestic Natural Person

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
		Domestically 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.	113,679,565	RMB ordinary shares	113,679,565
HOLPAC LIMITED	41,691,843	Domestically listed foreign investment shares	41,691,843
Central Huijin Asset Management Ltd.	30,476,180	RMB ordinary shares	30,476,180
Bank of Communications-Rongtong Industry Prosperity Securities Investment Fund	23,264,754	RMB ordinary shares	23,264,754
Huaxin Cement Co. Ltd Special Account for Share Repurchase	22,689,338	RMB ordinary shares	22,689,338
Industrial and Commercial Bank of China Limited-Rongtong China Wind No. 1 Flexible Allocation Hybrid Securities Investment Fund	13,326,859	RMB ordinary shares	13,326,859
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	RMB ordinary shares	11,289,600
Dai Deming	10,690,053	RMB ordinary shares	10,690,053
Remarks on relationship or concerted actions of the above shareholders	1. Holpac Limited is the party acts 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”.		

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	Period end	Year beginning	Change	%	Remarks
Tradable financial assets	300,000,000	-	300,000,000	Not applicable	Bought monetary fund
Accounts receivable	1,184,247,466	561,894,121	622,353,345	111	Collection of receivables delayed due to the impact of COVID-19
Accounts receivable financing	826,432,571	1,308,788,934	-482,356,363	-37	Cash portion raised in receivables, notes receivable reduced
Other non-current assets	1,088,228,211	128,051,017	960,177,194	750	Equity M&A receivables and payables and advances in construction increased
Short-term borrowings	669,000,000	197,000,000	472,000,000	240	Supplement current fund
Notes payable	720,501,996	191,505,647	528,996,349	276	Decrease in stock notes, increase in new notes
Contract liabilities	1,044,916,614	-	1,044,916,614	Not applicable	Adjustment based on New Accounting Standard
Advances from customers	-	616,086,758	-616,086,758	-100	Adjustment based on New Accounting Standard
Current portion of non-current liabilities	1,636,719,187	769,685,711	867,033,476	113	Corporate bonds due soon
Long-term borrowings	3,598,284,501	2,039,543,196	1,558,741,305	76	Loan increase due to M&A and new projects
Debentures Payable	-	1,198,058,176	-1,198,058,176	-100	Corporate bonds due soon
Long-term payables	55,813,740	81,962,612	-26,148,872	-32	Part of financial leasing is due, converted into current liabilities
Treasury stock	610,051,971	-	610,051,971	Not applicable	A share repurchase for ESOP
Other comprehensive income	-159,645,784	-17,416,212	-142,229,572	-817	Difference increase due to foreign exchange

##### 3.1.2 Changes of Major Financial Indicators in the Income statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan-Sept 2020)	Same period of last year (Jan-Sept 2019)	Change	%	Remarks
Gains from changes in fair value	-6,359,274	-3,979,528	-2,379,746	-60	Holding share price fell

Loss of credit impairment	-26,214,188	20,464,153	-46,678,341	-228	Impacted by COVID-19, collection of goods payment delayed, bad debt provision increased
Gains/(Losses) on disposal of assets	10,114,587	2,988,265	7,126,322	238	Profit increase in fixed asset disposal
Non-operating expenses	59,184,925	29,122,907	30,062,018	103	Donations and epidemic prevention expenses increased

### 3.1.3 Changes of Major Financial Indicators in the Cash flow statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan – Sept 2020)	Same period of last year (Jan – Sept 2019)	Change	%	Remarks
Net cash flows from operating activities	5,652,065,416	7,050,582,070	-1,398,516,654	-20	Affected by COVID-19, sales and production declined and profit decreased
Net cash flows from investing activities	-3,396,438,071	-2,595,675,957	-800,762,114	-31	Investment in monetary fund increased and payment of equity M&A receivables and payables
Net cash flows from financing activities	-1,658,289,925	-4,027,637,364	2,369,347,439	59	Investment and supplement of current fund borrowings increased

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

#### 1. Issuance of overseas bonds

On December 17, 2019, the Fourteenth Meeting of the Ninth Board of Directors of the Company reviewed and approved the "Proposal on the Issuance of Overseas Bonds through a Wholly Owned Subsidiary". The Company plans to issue overseas bonds totalling no more than US\$500 million (US\$500 million included) through a directly or indirectly wholly controlled subsidiary outside the PRC.

The issuance of overseas bonds is currently underway.

#### 2. Repurchase of A Shares of the Company

On December 17, 2019, on August 11, 2020, the Fourteenth Meeting of the Ninth Board of Directors of the Company reviewed and approved the "Proposal on the Repurchase of A Shares of the Company By Means of Centralized Bidding" and the Eighteenth Meeting of the Board of Directors reviewed and approved the "Proposal on Adjusting the Total Fund for the A Share Repurchase By Means of Centralized Bidding". The total fund for the repurchase would not be less than 550 million Yuan (550 million Yuan is included) and not be over 610 million Yuan (610 million Yuan is included). The price of the repurchased shares would be no more than 32.03 Yuan/share (including 32.03 Yuan/share). Time limit is within 12 months after the day when the Board reviewed and approved the share repurchase plan. The shares repurchased would all be used for the ESOP or stock incentive plan. If the Company fails to finish the transfer of all repurchased shares within 3 years after the announcement on share repurchase result, the Company will perform the procedure of reducing registered capital according to law, and un-transferred shares will be cancelled.

By September 3, 2020, the Company finished the repurchase with actual repurchased shares 22,689,338, 1.08% of total shares of the Company. Total utilized fund is 609,917,786.61 Yuan (excluding trading fees).

#### 3. Matters on Changing the Listing Venue of the Company's Domestically Listed Foreign Shares & Listing by way of Introduction on the Main Board of the Stock Exchange of Hong Kong Ltd.

On August 20, 2020, the Nineteenth Meeting of the Ninth Board of Directors approved the Plan on Changing the Listing Venue of the Company's Domestically Listed Foreign Shares & Listing by way of Introduction on the Main Board of the Stock Exchange of Hong Kong Ltd. The Company plans to change its 734,720,000 domestically listed foreign shares (B share) to be listed in the main board of the Stock Exchange of Hongkong by way of introduction and convert those shares into overseas listed foreign shares in Hongkong Stock Exchange (H share). Currently, agencies employed by the Company are conducting due diligence to the Company. The conversion plan is yet to be approved by Shareholder's General Meeting and application profiles are to be reviewed by China Securities Regulatory Commission, Hongkong Stock Exchange afterwards.

#### 4. 2020-2022 Core Employee Stock Ownership Plan

The Eighteenth Meeting of the Ninth Board of Directors on August 11, 2020, and the Second Shareholders' General Meeting on September 25, 2020 approved the Proposal on 2020-2022 Core Employee Stock Ownership Plan (draft) and its Summary. Total fund of the ESOP is not over 610 million RMB with incentivized subjects not over 800. Stock sources from repurchased A shares of the Company.

As of now, the Company defined the grant date, grant price and grant quantity for the 2020 A-0 and B-0 shares of the 2020-2022 Core Employee Stock Ownership Plan. Currently the Company is processing the transfer of repurchased A shares from the special securities account to the ESOP securities account.

#### 3.3 Commitments that have not been fulfilled during the reporting period

☐ 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 26, 2020

## IV. Attachments

### 4.1 Financial statements

#### Balance Sheet (Consolidated)

Sept 30, 2020

Huaxin Cement Co., Ltd.

Unit: Yuan

Type: not been audited

Item	30 Sept 2020	31 Dec 2019
<b>Current assets</b>		
Cash at bank and in hand	5,822,655,548	5,107,514,423
Financial assets held for trading	300,000,000	-
Notes receivable	69,232,755	97,734,290
Accounts receivable	1,184,247,466	561,894,121
Accounts receivable financing	826,432,571	1,308,788,934
Advances to suppliers	227,800,770	258,828,106
Other receivables	343,842,620	485,987,186
Including: Interest receivable	494,868	55,985
Dividend receivable	-	1,255,397
Inventories	2,546,425,217	1,996,995,776
Other current assets	389,154,623	330,744,967
Total current assets	11,709,791,570	10,148,487,803
<b>Non-current assets</b>		
Credit investments	7,500,000	7,500,000
Long-term receivables	29,183,683	29,148,833
Long-term equity investments	515,316,161	414,090,759
Other equity instrument investments	36,061,585	38,230,101
Other non-current financial assets	28,644,334	35,003,608
Fixed assets	16,527,733,513	16,718,113,646
Construction in progress	4,453,962,105	4,113,162,732
Intangible assets	3,773,359,700	3,869,622,351
Development expenditure	807,554	440,897
Goodwill	476,084,798	476,084,798
Long-term prepaid expenses	312,521,953	328,639,529
Deferred income tax assets	297,704,190	338,810,643
Other non-current assets	1,088,228,211	128,051,017
Total non-current assets	27,547,107,787	26,496,898,914
<b>TOTAL ASSETS</b>	<b>39,256,899,357</b>	<b>36,645,386,717</b>
<b>Current liabilities</b>		
Short-term borrowings	669,000,000	197,000,000
Notes payable	720,501,996	191,505,647
Accounts payable	4,368,298,804	5,120,908,908



Advances from customers	-	616,086,758
Contract liabilities	1,044,916,614	-
Employee benefits payable	412,875,844	484,465,267
Taxes and other levies payable	942,761,424	965,576,744
Other payables	647,316,308	679,448,864
Including: Interests payable	14,255,334	21,770,866
Dividends payable	38,496,246	34,268,915
Current portion of non-current liabilities	1,636,719,187	769,685,711
Total current liabilities	10,442,390,177	9,024,677,899
<b>Non-current liabilities</b>		
Long-term borrowings	3,598,284,501	2,039,543,196
Debentures payable	-	1,198,058,176
Long-term payables	55,813,740	81,962,612
Long-term employee benefits payable	87,610,206	124,555,420
Provisions	198,784,519	192,091,010
Deferred income	310,032,569	317,140,694
Deferred income tax liabilities	276,971,541	299,674,965
Total non-current liabilities	4,527,497,076	4,253,026,073
Total liabilities	14,969,887,253	13,277,703,972
<b>OWNERS'S EQUITY</b>		
Share capital	2,096,599,855	2,096,599,855
Capital reserve	1,916,862,033	1,913,438,767
Less: treasury stock	610,051,971	-
Other comprehensive income	-159,645,784	-17,416,212
Surplus reserve	1,111,880,257	1,111,880,257
Retained earnings	17,698,518,288	16,204,540,023
Total equity attributable to owners of the Company	22,054,162,678	21,309,042,690
Minority interests	2,232,849,426	2,058,640,055
Total owners' equity	24,287,012,104	23,367,682,745
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>39,256,899,357</b>	<b>36,645,386,717</b>

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

# Balance Sheet (Parent Company)

Sept 30, 2020

Huaxin Cement Co., Ltd.

Unit: Yuan

Type: not been audited

Item	30 Sept 2020	31 Dec 2019
<b>Current assets</b>		
Cash at bank and in hand	3,077,452,892	3,148,929,763
Financial assets held for trading	300,000,000	-
Notes receivable	-	-
Accounts receivable	655,317,891	555,399,137
Accounts receivable financing	88,855,049	245,181,208
Advances to suppliers	83,359,474	135,379,260
Other receivables	4,593,106,052	4,546,663,414
Including: Interest receivable	-	-
Dividend receivable	100,000,000	21,255,397
Inventories	402,458,060	268,911,570
Current portion of non-current assets	4,855,490	4,855,490
Other current assets	47,788,415	19,981,554
Total current assets	9,253,193,323	8,925,301,396
<b>Non-current assets</b>		
Long-term receivables	19,968,455	18,916,961
Long-term equity investments	11,067,884,368	10,486,027,137
Other equity instrument investments	36,061,585	38,230,101
Other non-current financial assets	28,644,334	35,003,608
Fixed assets	405,966,008	347,148,222
Construction in progress	216,543,546	292,601,071
Intangible assets	39,664,337	42,058,446
Long-term prepaid expenses	17,277,331	18,918,836
Deferred income tax assets	25,446,210	23,418,017
Total non-current assets	11,857,456,174	11,302,322,399
<b>TOTAL ASSETS</b>	<b>21,110,649,497</b>	<b>20,227,623,795</b>
<b>Current liabilities</b>		
Short-term borrowings	300,000,000	-
Notes payable	56,997,500	49,700,000
Accounts payable	370,448,857	386,736,905
Advances from customers	-	9,921,984
Contract liabilities	17,371,534	-
Employee benefits payable	41,389,128	76,980,665
Taxes and other levies payable	225,770,291	175,298,992
Other payables	6,385,727,984	4,830,428,433

Including: Interests payable	8,044,005	20,756,667
Dividends payable	23,821,382	576,326
Current portion of non-current liabilities	1,337,557,367	444,346,556
Total current liabilities	8,735,262,661	5,973,413,535
<b>Non-current liabilities</b>		
Long-term borrowings	1,213,710,000	702,340,753
Debentures payable	-	1,198,058,176
Long-term employee benefits payable	46,829,589	46,829,589
Provisions	7,962,425	7,962,425
Deferred income	14,077,583	15,929,667
Total non-current liabilities	1,282,579,597	1,971,120,610
Total liabilities	10,017,842,258	7,944,534,145
<b>OWNERS'S EQUITY</b>		
Share capital	2,096,599,855	2,096,599,855
Capital reserve	2,315,205,317	2,311,782,051
Less: treasury stock	610,051,971	-
Other comprehensive income	15,477,090	17,103,476
Surplus reserve	1,111,880,257	1,111,880,257
Retained earnings	6,163,696,691	6,745,724,011
Total owners' equity	11,092,807,239	12,283,089,650
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>21,110,649,497</b>	<b>20,227,623,795</b>

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

# Income Statements (Consolidated)

Jan-Sept 2020

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Q3 2020(Jul-Sept)	Q3 2019(Jul-Sept)	2020 (Jan-Sept)	2019 (Jan-Sept)
<b>1. Total sales revenue</b>	7,846,727,754	8,084,836,982	20,411,674,930	22,472,006,081
Including: sales revenue	7,846,727,754	8,084,836,982	20,411,674,930	22,472,006,081
<b>2. Total cost of sales</b>	5,579,604,156	5,855,791,741	15,137,213,865	16,118,633,891
Including: Cost of sales	4,513,062,277	4,823,282,101	12,180,073,412	13,203,139,416
Taxes and surcharges	130,105,750	124,515,058	333,808,037	365,170,773
Selling and distribution expenses	521,116,904	522,250,342	1,383,963,263	1,389,358,860
General and administrative expenses	351,843,471	342,729,193	1,077,025,528	951,194,967
Research and development expenses	7,972,821	4,082,133	16,414,345	15,043,240
Financial expenses-net	55,502,933	38,932,914	145,929,280	194,726,635
Including: Interest expenses	48,219,155	61,031,407	139,794,935	233,302,976
Interest income	20,003,745	16,270,956	46,426,172	50,701,409
Add: Other incomes	65,459,248	66,998,963	171,544,839	180,896,044
Investment income	79,632,523	65,750,901	113,457,395	116,046,879
Including: Investment income from associates and joint ventures	40,163,713	64,968,838	71,155,551	103,238,065
Gains from changes in fair values	1,087,054	-2,447,719	-6,359,274	-3,979,528
Losses on credit impairment	945,071	1,859,091	-26,214,188	20,464,153
Losses on assets impairment	-7,894,888	-9,416,822	-12,464,424	-12,825,435
Gains on disposal of assets	1,101,444	-940,801	10,114,587	2,988,265
<b>3. Operating profit</b>	2,407,454,050	2,350,848,854	5,524,540,000	6,656,962,568
Add: Non-operating income	13,519,244	8,099,930	20,242,108	24,688,634
Less: Non-operating expenses	18,268,047	13,125,254	59,184,925	29,122,907
<b>4. Total Profit</b>	2,402,705,247	2,345,823,530	5,485,597,183	6,652,528,295
Less: Income tax expenses	427,813,800	468,216,580	1,055,043,129	1,281,948,196
<b>5. Net profit</b>	1,974,891,447	1,877,606,950	4,430,554,054	5,370,580,099
(1) Classified by going concern basis				

Net profit of continuing operation	1,974,891,447	1,877,606,950	4,430,554,054	5,370,580,099
Net profit of discontinuing operation				
(2) Classified by ownership				
Attributable to shareholders of the Company	1,772,441,202	1,681,369,087	4,024,415,213	4,843,892,644
Minority interests	202,450,245	196,237,863	406,138,841	526,687,455
<b>6. Other comprehensive income - net of tax</b>	-115,718,726	28,317,969	-180,334,689	32,872,458
Attributable to shareholders of the Company, net of tax	-86,062,272	19,417,499	-142,229,572	22,997,790
(1) Other comprehensive income that will not be reclassified to gain or loss	1,714,943	-	-1,626,386	-
Changes in fair value of other equity instrument investments	1,714,943	-	-1,626,386	-
(2) Other comprehensive income that will be subsequently reclassified as gain or loss	-87,777,215	19,417,499	-140,603,186	22,997,790
Differences on translation of foreign currency financial statements	-87,777,215	19,417,499	-140,603,186	22,997,790
Attributable to minority interest, net of tax	-29,656,454	8,900,470	-38,105,117	9,874,668
<b>7. Total comprehensive income</b>	1,859,172,721	1,905,924,919	4,250,219,365	5,403,452,557
Attributable to shareholders of the Company	1,686,378,930	1,700,786,586	3,882,185,641	4,866,890,434
Attributable to minority interest	172,793,791	205,138,333	368,033,724	536,562,123
<b>8. Earnings per share</b>				
(1) Basic earnings per share (Yuan/share)	0.85	0.80	1.93	2.31
(2) Diluted earnings per share (Yuan/share)	0.85	0.80	1.93	2.31

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

# Income Statement (Parent Company)

Jan-Sept 2020

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Q3 2020 (Jul-Sept)	Q3 2019 (Jul-Sept)	2020 (Jan-Sept)	2019 (Jan-Sept)
<b>1. Sales revenue</b>	990,619,078	1,077,529,977	2,587,901,954	2,873,574,935
Less: Cost of sales	855,701,222	892,450,756	2,254,081,211	2,347,962,415
Taxes and surcharges	5,141,785	5,170,035	13,020,893	14,224,364
Selling and distribution expenses	18,577,855	17,205,136	53,848,811	47,762,845
General and administrative expenses	76,049,611	68,588,550	247,192,555	196,535,181
Research and development expenses	2,564,095	-	5,269,309	-
Financial expenses-net	77,438,787	-13,241,674	88,447,050	22,964,056
Including: Interest expenses	52,498,062	64,187,696	157,441,161	219,036,794
Interest income	30,438,043	61,624,752	108,857,058	197,014,015
Add: Other incomes	2,783,905	185,417	4,913,877	2,231,250
Investment income	297,495,738	329,750,901	2,035,575,927	1,827,400,199
Including: Investment income from associates and joint ventures	40,348,102	64,968,838	65,588,851	102,352,999
Gains from changes in fair values	1,087,054	-2,447,719	-6,359,274	-3,979,528
Losses on credit impairment	1,727,842	-	350,454	49,703
Losses on assets impairment	-59,465	-	-97,231	180,646
Gains on disposal of assets	1,544,159	-	1,602,454	2,251,321
<b>2. Operating profit</b>	259,724,956	434,845,773	1,962,028,332	2,072,259,665
Add: Non-operating income	7,937,819	40,784	7,947,532	169,176
Less: Non-operating expenses	567,556	550,946	7,623,974	668,863
<b>3. Total Profit</b>	267,095,219	434,335,611	1,962,351,890	2,071,759,978
Less: Income tax expenses	25,354,643	32,410,780	13,942,262	58,199,395
<b>4. Net profit</b>	241,740,576	401,924,831	1,948,409,628	2,013,560,583
Net profit of continuing operation	241,740,576	401,924,831	1,948,409,628	2,013,560,583
Net profit of discontinuing operation				
<b>5. Other comprehensive income - net of tax</b>	1,714,943	-	-1,626,386	-
(1) Other comprehensive income that will not be	1,714,943	-	-1,626,386	-

reclassified to gain or loss				
Changes in fair value of other equity instrument investments	1,714,943	-	-1,626,386	-
<b>6. Total comprehensive income</b>	243,455,519	401,924,831	1,946,783,242	2,013,560,583
<b>7. Earnings per share</b>				
(1) Basic earnings per share (Yuan/share)				
(2) Diluted earnings per share (Yuan/share)				

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

## Cash Flow Statements (Consolidated)

Jan-Sept 2020

Huaxin Cement Co., Ltd.

Unit: Yuan      Type: not been audited

Item	Q3 2020 (Jan-Sept)	Q3 2019 (Jan-Sept)
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	22,923,621,377	25,853,553,418
Refund of taxes and surcharges	149,568,773	164,191,540
Cash received relating to other operating activities	230,931,760	280,218,174
Sub-total of cash inflows	23,304,121,910	26,297,963,132
Cash paid for goods and services	12,617,304,114	13,469,730,979
Cash paid to and on behalf of employees	1,938,152,403	2,039,217,136
Payments of taxes and surcharges	2,523,193,035	3,172,218,574
Cash paid relating to other operating activities	573,406,942	566,214,373
Sub-total of cash outflows	17,652,056,494	19,247,381,062
Net cash flows from operating activities	5,652,065,416	7,050,582,070
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	650,070,000	1,030,000,000
Cash received from returns on investments	4,737,700	12,328,814
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	19,372,382	37,955,729
Net cash received from disposal of subsidiaries and other operating units	171,932,839	1,500,000
Cash received relating to other investing activities	46,634,283	76,765,566
Sub-total of cash inflows	892,747,204	1,158,550,109
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,648,711,564	2,680,279,235
Cash paid relating to investing activities	978,304,258	848,989,980
Net cash paid for acquisition of subsidiaries and other operating units	7,100,000	10,933,233
Cash paid relating to other investing activities	655,069,453	214,023,618
Sub-total of cash outflows	4,289,185,275	3,754,226,066
Net cash flows from investing activities	-3,396,438,071	-2,595,675,957
<b>3. Cash flows from financing activities</b>		
Cash received from capital contributions	112,310,000	33,000,000
Cash received from borrowings	2,724,644,872	676,615,384
Cash received from other financing activities	-	137,900,000
Sub-total of cash inflows	2,836,954,872	847,515,384
Cash repayments of borrowings	964,694,532	2,644,253,546
Cash payments for interest expenses and distribution of dividends or profits	2,819,598,192	2,116,682,945
Cash payments relating to other financing activities	710,952,073	114,216,257



Sub-total of cash outflows	4,495,244,797	4,875,152,748
Net cash flows from financing activities	-1,658,289,925	-4,027,637,364
<b>4. Effect of foreign exchange rate changes on cash</b>	-32,863,775	1,402,450
<b>5. Net increase in cash and cash equivalents</b>	564,473,645	428,671,199
Add: Cash and cash equivalents at the period beginning	4,918,296,452	5,236,222,134
<b>6. Cash and cash equivalents at the period end</b>	5,482,770,097	5,664,893,333

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

## Cash Flow Statements (Parent Company)

Jan-Sept 2020

Huaxin Cement Co., Ltd.

Unit: Yuan      Type: not been audited

Item	Q3 2020 (Jan-Sept)	Q1 2019 (Jan-Sept)
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	3,038,772,597	1,835,410,336
Receipts of tax refunds	-	2,534,499
Cash received relating to other operating activities	1,107,914,411	1,198,373,999
Sub-total of cash inflows	4,146,687,008	3,036,318,834
Cash paid for goods and services	2,663,509,769	2,519,029,806
Cash paid to and on behalf of employees	473,637,848	333,059,886
Payments of taxes and surcharges	59,876,433	127,501,887
Cash paid relating to other operating activities	818,724,627	1,016,679,078
Sub-total of cash outflows	4,015,748,677	3,996,270,657
Net cash flows from operating activities	130,938,331	-959,951,823
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	650,000,000	1,030,000,000
Cash received from returns on investments	1,766,742,473	1,502,580,957
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,714,737	7,178,810
Net cash receipts from disposals of subsidiaries and other business units	210,000,000	-
Other cash receipts relating to investing activities	79,297,793	-
Sub-total of cash inflows	2,720,755,003	2,539,759,767
Cash paid to acquire fixed assets, intangible assets and other long-term assets	91,272,571	91,151,453
Cash paid relating to investing activities	950,000,000	1,340,000,000
Net cash paid for acquisitions of subsidiaries	600,000,000	-
Other cash payments relating to investing activities	-	158,509
Sub-total of cash outflows	1,641,272,571	1,431,309,962

Net cash flows from investing activities	1,079,482,432	1,108,449,805
<b>3. Cash flows from financing activities</b>		-
Cash receipts from capital contributions	1,100,000,000	-
Cash received from other financing activities	8,742,157,094	8,450,225,906
Sub-total of cash inflows	9,842,157,094	8,450,225,906
Cash repayments of borrowings	594,441,547	1,480,049,643
Cash payments for interest expenses and distribution of dividends or profits	2,535,251,078	1,723,020,943
Cash payments relating to other financing activities	8,009,633,691	5,491,588,447
Sub-total of cash outflows	11,139,326,316	8,694,659,033
Net cash flows from financing activities	-1,297,169,222	-244,433,127
<b>4. Effect of foreign exchange rate changes on cash</b>	-5,528,974	-3,163,087
<b>5. Net increase in cash and cash equivalents</b>	-92,277,433	-99,098,232
Add: Cash and cash equivalents at the period beginning	3,141,838,852	3,444,018,042
<b>6. Cash and cash equivalents at the period end</b>	3,049,561,419	3,344,919,810

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

4.2 Adjustment to the financial statements for the beginning of the year after implementing the New Revenue Standards, New Leasing Standards for the first time since 2020

### Balance Sheet (Consolidated)

Unit: Yuan Type: not been audited

Item	31 Decem 2019	1 Jan 2020	Adjustment
<b>Current assets</b>			
Cash at bank and in hand	5,107,514,423	5,107,514,423	
Notes receivable	97,734,290	97,734,290	
Accounts receivable	561,894,121	561,894,121	
Accounts receivable financing	1,308,788,934	1,308,788,934	
Advances to suppliers	258,828,106	258,828,106	
Other receivables	485,987,186	485,987,186	
Including: Interest receivable	55,985	55,985	
Dividend receivable	1,255,397	1,255,397	
Inventories	1,996,995,776	1,996,995,776	
Other current assets	330,744,967	330,744,967	
Total current assets	10,148,487,803	10,148,487,803	
<b>Non-current assets</b>			
Credit investments	7,500,000	7,500,000	
Long-term receivables	29,148,833	29,148,833	
Long-term equity investments	414,090,759	414,090,759	
Other equity instrument investments	38,230,101	38,230,101	
Other non-current financial assets	35,003,608	35,003,608	
Fixed assets	16,718,113,646	16,718,113,646	

Construction in progress	4,113,162,732	4,113,162,732	
Intangible assets	3,869,622,351	3,869,622,351	
Development expenditure	440,897	440,897	
Goodwill	476,084,798	476,084,798	
Long-term prepaid expenses	328,639,529	328,639,529	
Deferred income tax assets	338,810,643	338,810,643	
Other non-current assets	128,051,017	128,051,017	
Total non-current assets	26,496,898,914	26,496,898,914	
<b>TOTAL ASSETS</b>	<b>36,645,386,717</b>	<b>36,645,386,717</b>	
<b>Current liabilities</b>			
Short-term borrowings	197,000,000	197,000,000	
Notes payable	191,505,647	191,505,647	
Accounts payable	5,120,908,908	5,120,908,908	
Advances from customers	616,086,758	-	-616,086,758
Contract liabilities	-	616,086,758	616,086,758
Employee benefits payable	484,465,267	484,465,267	
Taxes and other levies payable	965,576,744	965,576,744	
Other payables	679,448,864	679,448,864	
Including: Interests payable	21,770,866	21,770,866	
Dividends payable	34,268,915	34,268,915	
Current portion of non-current liabilities	769,685,711	769,685,711	
Total current liabilities	9,024,677,899	9,024,677,899	
<b>Non-current liabilities</b>			
Long-term borrowings	2,039,543,196	2,039,543,196	
Debentures payable	1,198,058,176	1,198,058,176	
Long-term payables	81,962,612	81,962,612	
Long-term employee benefits payable	124,555,420	124,555,420	
Provisions	192,091,010	192,091,010	
Deferred income	317,140,694	317,140,694	
Deferred income tax liabilities	299,674,965	299,674,965	
Total non-current liabilities	4,253,026,073	4,253,026,073	
Total liabilities	13,277,703,972	13,277,703,972	
<b>OWNERS'S EQUITY</b>			
Share capital	2,096,599,855	2,096,599,855	
Capital reserve	1,913,438,767	1,913,438,767	
Less: treasury stock	-	-	
Other comprehensive income	-17,416,212	-17,416,212	
Surplus reserve	1,111,880,257	1,111,880,257	
Retained earnings	16,204,540,023	16,204,540,023	
Total equity attributable to owners of the Company	21,309,042,690	21,309,042,690	

Minority interests	2,058,640,055	2,058,640,055	
Total owners' equity	23,367,682,745	23,367,682,745	
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>36,645,386,717</b>	<b>36,645,386,717</b>	

The Company implemented New Corporate Accounting Standard since January 1, 2020.

### Balance Sheet (Parent Company)

Unit: Yuan Type: not been audited

Item	31 Dec 2019	1 Jan 2020	Adjustment
<b>Current assets</b>			
Cash at bank and in hand	3,148,929,763	3,148,929,763	
Accounts receivable	555,399,137	555,399,137	
Accounts receivable financing	245,181,208	245,181,208	
Advances to suppliers	135,379,260	135,379,260	
Other receivables	4,546,663,414	4,546,663,414	
Including: Interest receivable			
Dividend receivable	21,255,397	21,255,397	
Inventories	268,911,570	268,911,570	
Current portion of non-current assets	4,855,490	4,855,490	
Other current assets	19,981,554	19,981,554	
Total current assets	8,925,301,396	8,925,301,396	
<b>Non-current assets</b>			
Long-term receivables	18,916,961	18,916,961	
Long-term equity investments	10,486,027,137	10,486,027,137	
Other equity instrument investments	38,230,101	38,230,101	
Other non-current financial assets	35,003,608	35,003,608	
Fixed assets	347,148,222	347,148,222	
Construction in progress	292,601,071	292,601,071	
Intangible assets	42,058,446	42,058,446	
Long-term prepaid expenses	18,918,836	18,918,836	
Deferred income tax assets	23,418,017	23,418,017	
Total non-current assets	11,302,322,399	11,302,322,399	
<b>TOTAL ASSETS</b>	<b>20,227,623,795</b>	<b>20,227,623,795</b>	
<b>Current liabilities</b>			
Notes payable	49,700,000	49,700,000	
Accounts payable	386,736,905	386,736,905	
Advances from customers	9,921,984	-	-9,921,984
Contract liabilities	-	9,921,984	9,921,984
Employee benefits payable	76,980,665	76,980,665	
Taxes and other levies payable	175,298,992	175,298,992	
Other payables	4,830,428,433	4,830,428,433	
Including: Interests payable	20,756,667	20,756,667	

Dividends payable	576,326	576,326	
Current portion of non-current liabilities	444,346,556	444,346,556	
Total current liabilities	5,973,413,535	5,973,413,535	
<b>Non-current liabilities</b>			
Long-term borrowings	702,340,753	702,340,753	
Debentures payable	1,198,058,176	1,198,058,176	
Long-term employee benefits payable	46,829,589	46,829,589	
Provisions	7,962,425	7,962,425	
Deferred income	15,929,667	15,929,667	
Total non-current liabilities	1,971,120,610	1,971,120,610	
Total liabilities	7,944,534,145	7,944,534,145	
<b>OWNERS'S EQUITY</b>			
Share capital	2,096,599,855	2,096,599,855	
Capital reserve	2,311,782,051	2,311,782,051	
Other comprehensive income	17,103,476	17,103,476	
Surplus reserve	1,111,880,257	1,111,880,257	
Retained earnings	6,745,724,011	6,745,724,011	
Total equity attributable to owners of the Company	12,283,089,650	12,283,089,650	
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>20,227,623,795</b>	<b>20,227,623,795</b>	

The Company implemented New Corporate Accounting Standard since January 1, 2020.

4.3 Explanation on tracing previous statistics due to application of New Leasing Guideline for the first time since 2020

☐ Applicable    ✓ Inapplicable

4.4 Audit Report

☐ Applicable    ✓ Not Applicable