

HUAXIN CEMENT CO., LTD.

First Quarter Report 2021
Abstract

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 First Quarter Report 2021.

1.3 Corporate responsible person Mr. Li Yeqing, Chief in charge of Corporate Finance Mr Chen Qian and Manager of Accounting Department Mr. Wu Xin confirm that the financial statements in this First Quarter Report are true, accurate and complete.

1.4 The First 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	44,321,132,362	43,928,509,151	0.89
Net assets attributable to shareholders of the Company	24,336,756,031	23,571,375,317	3.25
	Year beginning to reporting period end (Jan-Mar)	Same period of last year (Jan-Mar)	Change (%) of the reporting period / same period of last year
Net cash flow from operating activities (Yuan)	287,961,671	434,960,772	-33.8
	Year beginning to reporting period end (Jan-Mar)	Same period of last year (Jan-Mar)	Change (%) of the reporting period / same period of last year
Sales revenue	6,189,376,312	3,849,201,089	60.8
Net profit attributable to shareholders of the Company	734,258,721	354,137,040	107.34
Net profit attributable to shareholders of the Company after extraordinary items	727,212,130	361,768,654	101.02
Return on net assets, weighted average (%)	3.07	1.65	Up by 1.42 percentage points
Basic earnings per share (Yuan/share)	0.35	0.17	105.88
Diluted earnings per share (Yuan/share)	0.35	0.17	105.88

Extra-ordinary items and amount:

Applicable Not Applicable

Unit: Yuan

Item	Current period (Jan-Mar)	Remarks
Gains from disposal of non-current assets	-4,267,258	
Government subsidies, excluding regular fixed amount government subsidies	17,658,363	
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	2,849,961	
Receivables for single impairment test, impaired contract assets ready to be reversed	999,100	
Other non-operating income and expenditures	-7,594,353	
Impacts from minority shareholders' interests (after tax)	-492,984	
Impacts from income tax	-2,106,238	
Total	7,046,591	

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				87,254		
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	338,060,739	16.12	0	nil	0	State corporation
Hong Kong Securities Clearing Company Ltd.	92,141,042	4.39	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
Huaxin Cement Co. Ltd-2020-2022 ESOP	19,963,855	0.95	0	nil	0	other
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	0.54	0	nil	0	unknown
Dai Deming	10,554,053	0.50	0	nil	0	Domestic natural person
Huang Jianjun	6,603,653	0.32	0	nil	0	Domestic natural person

GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	6,471,079	0.31	0	nil	0	unknown
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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	338,060,739	RMB ordinary shares	338,060,739
Hong Kong Securities Clearing Company Ltd.	92,141,042	RMB ordinary shares	92,141,042
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
Huaxin Cement Co. Ltd-2020-2022 ESOP	19,963,855	RMB ordinary shares	19,963,855
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	RMB ordinary shares	11,289,600
Dai Deming	10,554,053	RMB ordinary shares	10,554,053
Huang Jianjun	6,603,653	RMB ordinary shares	6,603,653
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	6,471,079	Domestically listed foreign investment shares	6,471,079
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	405,145,031	1,004,581,752	-599,436,721	-60%	Redeemed monetary fund based on capital demand
Notes receivable	10,981,335	79,939,117	-68,957,782	-86%	Increase note payment
Accounts	1,147,905,424	653,219,779	494,685,645	76%	Impact of sales scale

receivable					expansion
Accounts receivable financing	661,208,431	1,020,306,419	-359,097,988	-35%	Increase note payment
Notes payable	315,279,868	472,696,537	-157,416,669	-33%	Acceptance bill to pay for the electric charge is due, the bill issuance was reduced.

3.1.2 Changes of Major Financial Indicators in the Income statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan-Mar 2021)	Same period of last year (Jan-Mar 2020)	Change	%	Remarks
Sales revenue	6,189,376,312	3,849,201,089	2,340,175,223	61%	COVID-19 epidemic impact is basically eliminated, sales of main products increased
Cost of sales	4,165,952,263	2,557,652,049	1,608,300,214	63%	COVID-19 epidemic impact is basically eliminated, sales of main products increased
Tax and surcharge	126,441,834	86,206,896	40,234,938	47%	COVID-19 epidemic impact is basically eliminated, sales of main products increased
Selling expenses	469,193,782	304,535,914	164,657,868	54%	COVID-19 epidemic impact is basically eliminated, sales of main products increased
R&D expenses	3,988,037	2,430,064	1,557,973	64%	R&D project and R&D investment increased
Investment income	6,021,649	-3,673,432	9,695,081	264%	Income from associated companies and monetary fund increased
Gains from changes in fair value	3,540,749	-6,798,788	10,339,537	152%	Appreciation of stock and fund
Loss of credit impairment	1,467,834	-484,350	1,952,184	403%	Receivables reversed to be provision of bad debts
Gains of asset disposal	-3,080,051	-234,470	-2,845,581	-1214%	Loss increase of disposal of idle assets
Non-operating income	3,118,762	805,612	2,313,150	287%	Long-term debt write-off increased
Non-operating expenses	11,900,322	18,305,364	-6,405,042	-35%	Donations decreased
Income tax expenses	234,876,292	112,710,873	122,165,419	108%	Sales of main products increased, profit increased
Net profit attributable to shareholders of the Company	734,258,721	354,137,040	380,121,681	107%	Sales of main products increased, profit increased
Minority interests	70,280,345	25,937,083	44,343,262	171%	Sales of main products increased, profit increased
Net of other comprehensive income after tax	5,139,478	-74,167,794	79,307,272	107%	Stable foreign exchange rate, difference of foreign currency conversion decreased

3.1.3 Changes of Major Financial Indicators in the Cash flow statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan – Mar 2021)	Same period of last year (Jan – Mar 2020)	Change	%	Remarks
Net cash flows from operating activities	287,961,671	434,960,772	-146,999,101	-34%	Tax and procurement payment increased
Net cash flows from investing activities	-629,478,468	-956,152,836	326,674,368	34%	Net redemption of monetary funds increased

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

1. 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 of the Company reviewed and approved the "Huaxin Cement Co., Ltd. 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 intends to convert the place of listing of a total of 734,720,000 domestically-listed foreign shares (B shares), to be listed and traded on the Main Board of the Hong Kong Stock Exchange by way of introduction, and to change into overseas listed foreign shares (H share).

The intermediary agency hired by the Company is currently conducting due diligence on the company. This share conversion plan has yet to be reviewed and approved by the company's Shareholders' General Meeting, and relevant application documents need to be submitted to and approved by the China Securities Regulatory Commission and the Hong Kong Stock Exchange after review and approval by the Shareholders' General Meeting.

2. Major external investment

On January 28, 2021, and the First Extraordinary Shareholders General Meeting in 2021, reviewed and approved the "Proposal on the Construction of the Huangshi Huaxin Green Building Materials Industrial Park". On April 28, 2021, the First Meeting of the Tenth Board of Directors approved the Proposal on Adjusting the Construction Plan of Huangshi Huaxin Green Building Materials Industry Park. Huangshi Huaxin Green Building Materials Industry Co., Ltd., is the main investment body to invest approximately 9.957 billion yuan to build the Huangshi Huaxin Green Building Materials Industrial Park(including 2 million tons/year active calcium and deep-processed production lines, 100 million tons/year machine-made sand and stone production lines and a dock line).

As of now, the first phase of the 100 million tons/year machine-made sand production line project is under construction.

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
April 28, 2021