

HUAXIN CEMENT CO., LTD.

First Quarter Report 2019
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 attended the Board Meeting and reviewed the First Quarter Report 2019.

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 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	33,549,503,756	33,161,505,602	1.17
Net assets attributable to shareholders of the Company	17,708,849,385	16,672,962,778	6.21
	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)	1,304,929,362	596,907,873	118.61
	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	5,975,730,102	4,508,950,906	32.53
Net profit attributable to shareholders of the Company	1,010,896,167	530,364,403	90.6
Net profit attributable to shareholders of the Company after extraordinary items	970,798,976	511,995,185	89.61
Return on net assets, weighted average (%)	5.87	4.36	Increased by 1.51 percentage points
Basic earnings per share (Yuan/share)	0.68	0.35	94.29
Diluted earnings per share (Yuan/share)	0.68	0.35	94.29

Extra-ordinary items and amount:

Applicable Not Applicable

Unit: Yuan

Item	Current period (Jan-Mar)	Remarks
Gains from disposal of non-current assets	1,348,579	
Government subsidies, excluding regular fixed amount government subsidies	20,510,664	
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	8,831,408	
Other non-operating income and expenditures	3,865,705	
Impacts from minority shareholders' interests (after tax)	-50,969	
Impacts from income tax	5,591,804	
Total	40,097,191	

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				50,376		
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.	596,817,018	39.85	0	nil		Foreign corporation
Huaxin Group Co., Ltd	239,685,714	16.01	0	nil		State corporation
Hong Kong Securities Clearing Company Ltd.	45,900,460	3.06	0	nil		unknown
HOLPAC LIMITED	29,779,888	1.99	0	nil		Foreign corporation
Central Huijin Asset Management Ltd.	21,768,700	1.45	0	nil		unknown
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	11,772,338	0.79	0	nil		unknown
China Life Insurance Company-Dividend-Individual Dividend-005L-FH002 Hu	10,043,783	0.67	0	nil		unknown
UBS AG	8,846,938	0.59	0	nil		unknown
China Railway Wuhan Bureau Group Co., Ltd.	8,064,000	0.54	0	nil		unknown

Industrial and Commercial Bank of China Limited- Hua'an Media Internet Mixed Securities Investment Fund	7,824,298	0.52	0	nil	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.	596,817,018	RMB ordinary shares	322,380,858
		Domestically 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.	45,900,460	RMB ordinary shares	45,900,460
HOLPAC LIMITED	29,779,888	Domestically listed foreign investment shares	29,779,888
Central Huijin Asset Management Ltd.	21,768,700	RMB ordinary shares	21,768,700
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	11,772,338	Domestically listed foreign investment shares	11,772,338
China Life Insurance Company- Dividend-Individual Dividend-005L-FH002 Hu	10,043,783	RMB ordinary shares	10,043,783
UBS AG	8,846,938	RMB ordinary shares	8,846,938
China Railway Wuhan Bureau Group Co., Ltd.	8,064,000	RMB ordinary shares	8,064,000
Industrial and Commercial Bank of China Limited- Hua'an Media Internet Mixed Securities Investment Fund	7,824,298	RMB ordinary shares	7,824,298
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
Financial assets at fair value through profit or loss	-	207,144,438	-207,144,438	Not applicable	Monetary fund redeemed
Notes receivable and accounts receivable	1,034,852,826	2,073,465,426	-1,038,612,600	-50%	Reclassify notes receivable based on financial instrument rule
Notes receivable	55,200,000	1,548,929,075	-1,493,729,075	-96%	Reclassify notes receivable based on financial instrument rule
Accounts receivable	979,652,826	524,536,351	455,116,475	87%	Seasonal sales impact
Advances to suppliers	442,812,605	323,717,031	119,095,574	37%	Increased advance payment in fuel and maintenance
Other current assets	1,047,267,839	165,387,334	881,880,505	533%	Reclassify notes receivable based on financial instrument rule
Available for sale financial assets	-	60,487,319	-60,487,319	Not applicable	Reclassify based on financial instrument rule
Credit investments	19,055,500	-	19,055,500	Not applicable	Reclassify based on financial instrument rule
Other non-current financial assets	34,056,247	-	34,056,247	Not applicable	Reclassify based on financial instrument rule
Other equity instruments investment	48,269,862	-	48,269,862	Not applicable	Reclassify based on financial instrument rule
Construction in progress	1,925,177,567	1,322,976,101	602,201,466	46%	Investment increase in new cement and aggregate production lines
Interest payable	123,530,002	70,507,991	53,022,011	75%	Interest provisions for the corporate bonds have not been paid yet
Long term payables	415,439,521	261,696,441	153,743,080	59%	Newly added financing lease business
Other comprehensive income	-6,193,114	-9,023,883	2,830,769	-31%	Reclassify based on financial instrument rule

3.1.2 Changes of Major Financial Indicators in the Income statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan-Mar 2019)	Same period of last year (Jan-Mar 2018)	Change	%	Remarks
Sales revenue	5,975,730,102	4,508,950,906	1,466,779,196	33%	Sales volume and price increased
Research and development expenses	3,052,742	1,689,384	1,363,358	81%	Research projects increased
Financial expenses	91,164,139	138,306,799	-47,142,660	-34%	Liability with interests scale reduced
Credit impairment loss	-722,939	-41,062	-681,877	-1661%	Increase in reversal of accounts receivable provision for bad debts
Investment income	7,519,178	13,738,134	-6,218,956	-45%	Profit of associates reduced
Gains on disposal of assets	2,136,330	1,139,203	997,127	88%	Earnings on disposal of real estate increased
Non-operating income	8,381,130	2,686,710	5,694,420	212%	Long term liability -was written-off
Income tax expenses	256,435,733	143,698,047	112,737,686	78%	Sales volume and price rose, profit increased
Minority interests	87,007,207	51,664,604	35,342,603	68%	Sales volume and price rose, profit increased
Net profit attributable to shareholders of the Company	1,010,896,167	530,364,403	480,531,764	91%	Sales volume and price rose, profit 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 – Mar 2019)	Same period of last year (Jan – Mar 2018)	Change	%	Remarks
Net cash flows from operating activities	1,304,929,362	596,907,873	708,021,489	119%	Performance improved, operating cash flow increased
Net cash flows from investing activities	-470,954,141	32,248,998	-503,203,139	-1560%	Investment in construction projects and monetary fund net redemption declined
Net cash flows from financing activities	-421,263,716	-1,198,961,351	777,697,635	65%	Liability with interest reduced, loan pay-off decreased

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

Applicable Not Applicable

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 25, 2019