

HUAXIN CEMENT CO., LTD.

First Quarter Report 2018
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 2018.

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	29,698,967,787	30,499,323,197	-2.62
Net assets attributable to shareholders of the Company	12,411,329,107	11,899,804,274	4.3
	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)	596,907,873	322,734,716	84.95
	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	4,508,950,906	3,876,399,209	16.32
Net profit attributable to shareholders of the Company	530,364,403	94,922,593	458.73
Net profit attributable to shareholders of the Company after extraordinary items	511,995,185	84,059,760	509.08
Return on net assets, weighted average (%)	4.36	0.95	Increased by 3.41 percentage points
Basic earnings per share (Yuan/share)	0.35	0.06	483.33
Diluted earnings per share (Yuan/share)	0.35	0.06	483.33

Extra-ordinary items and amount:

Applicable Not Applicable

Unit: Yuan

Item	Current period (Jan-Mar)	Remarks
Gains from disposal of non-current assets	-402,665	
Government subsidies, excluding regular fixed amount government subsidies	16,633,295	
Other non-operating income and expenditures	-1,748,427	
Impacts from minority shareholders' interests (after tax)	138,412	
Impacts from income tax	3,748,603	
Total	18,369,218	

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				61,455		
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
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	13,235,738	0.88	0	nil		unknown
Shi Zheng	10,936,257	0.73	0	nil		unknown
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,955,953	0.66	0	nil		unknown
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	9,084,567	0.61	0	nil		unknown
China Railway Wuhan Bureau Group Co., Ltd.	8,064,000	0.54	0	nil		unknown
Huang Jianjun	7,990,288	0.53	0	nil		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.	596,817,018	RMB ordinary shares	322,380,858
		Domestic listed foreign investment shares	274,436,160
Huaxin Group Co., Ltd	239,685,714	RMB ordinary shares	239,685,714
HOLPAC LIMITED	29,779,888	Domestic 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	13,235,738	Domestic listed foreign investment shares	13,235,738
Shi Zheng	10,936,257	RMB ordinary shares	10,936,257
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	9,955,953	Domestic listed foreign investment shares	9,955,953
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	9,084,567	Domestic listed foreign investment shares	9,084,567
China Railway Wuhan Bureau Group Co., Ltd.	8,064,000	RMB ordinary shares	8,064,000
Huang Jianjun	7,990,288	RMB ordinary shares	7,990,288
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	445,673	453,990,407	-453,544,734	-100%	Decreased because the money fund was redeemed
Accounts receivable	897,287,097	642,210,893	255,076,204	40%	Increased income scale
Advances to suppliers	311,206,526	225,637,668	85,568,858	38%	Increased advance payment in fuel and maintenance
Construction materials	11,028,747	54,877,711	-43,848,964	-80%	Construction in progress, equipment was installed
Advances from customers	805,124,593	562,705,382	242,419,211	43%	Market supply and demand changed and product price rose
Other comprehensive income	-38,893,317	-20,053,747	-18,839,570	94%	Change in the exchange rate of standard money of the overseas subsidiary to RMB

3.1.2 Changes of Major Financial Indicators in the Income statement

Unit: Yuan

Item	From year beginning to reporting period end (Jan-Mar 2018)	Same period of last year (Jan-Mar 2017)	Change	%	Remarks
Taxes and surcharges	83,892,120	30,992,799	52,899,321	171%	Revenues increased
Investment income	13,738,134	271,476	13,466,658	4961%	Sales of money fund and investment income of JV was confirmed
Operating profit	728,009,064	82,969,007	645,040,057	777%	Product price rose, profit increased
Non-operating income	2,686,710	39,177,715	-36,491,005	-93%	Re-classified government subsidiaries based on rules
Total profit	725,727,054	112,900,651	612,826,403	543%	Product price rose, profit increased
Income tax expenses	143,698,047	35,914,732	107,783,315	300%	Product price rose, profit increased
Net profit	582,029,007	76,985,919	505,043,088	656%	Product price rose, profit increased

Minority interests	51,664,604	-17,936,674	69,601,278	388%	Product price rose, profit increased
Net profit attributable to shareholders of the Company	530,364,403	94,922,593	435,441,810	459%	Product 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 2018)	Same period of last year (Jan – Mar 2017)	Change	%	Remarks
Net cash flows from operating activities	596,907,873	322,734,716	274,173,157	85%	Performance improved, operating cash flow increased
Net cash flows from investing activities	32,248,998	271,388,091	-239,139,093	-88%	Investment in construction projects and money fund net redemption declined

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

Beneficial from the supply and demand change caused by strengthened environmental protection and national supply-side structural reform, prices of the Company's leading products - cement and clinker rose significantly year-on-year. Unit product profitability improved. It is estimated that the net profit attributable to shareholders of the Company for January-June 2018 would increase by more than 50% over the same period of last year.

Huaxin Cement Co., Ltd.
Legal Representative: Mr. Li Yeqing
April 25, 2018