

HUAXIN CEMENT CO., LTD.

Third Quarter Report 2017
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 Third Quarter Report 2017.

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	29,352,004,356	27,426,749,410	7.02
Net assets attributable to shareholders of the Company	10,878,579,944	9,994,864,233	8.84
	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)	2,001,015,721	1,711,880,475	16.89
	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	14,349,891,455	9,163,409,994	56.6
Net profit attributable to shareholders of the Company (Yuan)	1,049,728,320	160,807,376	552.79
Net profit attributable to shareholders of the Company after extraordinary items (Yuan)	1,000,904,944	120,528,425	730.43
Return on net assets, weighted average (%)	10.05	1.66	Increased by 8.39 percentage points
Basic earnings per share (Yuan/share)	0.70	0.11	536.36
Diluted earnings per share (Yuan/share)	0.70	0.11	536.36

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	-2,833,982	-11,786,209	
Government subsidies, excluding regular fixed amount government subsidies	12,563,418	46,733,674	
Reversal of the provision on receivables assessed for impairment on an individual basis	4,549,484	20,929,483	
Other non-operating income and expenditures	-7,732,661	2,627,410	
Impacts from minority shareholders' interests (after tax)	-602,338	-854,319	
Impacts from income tax	-321,134	-8,826,663	
Total	5,622,787	48,823,376	

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				65,841		
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
State-owned Shares (held by Huaxin Group Co., Ltd.)	211,761,772	14.14	0	nil		State
HOLPAC LIMITED	29,779,888	1.99	0	nil		Foreign corporation
Huaxin Group Co., Ltd	27,923,942	1.86	0	nil		State 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
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	8,542,367	0.57	0	nil		unknown
Wuhan Railway Bureau	8,064,000	0.54	0	nil		unknown
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	7,505,769	0.50	0	nil		unknown

China Construction Bank Corporation- Rongtong Leading Growth Hybrid Securities Investment Fund (LOF)	6,352,514	0.42	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
		Domestic listed foreign investment shares	274,436,160
State-owned Shares (held by Huaxin Group Co., Ltd.)	211,761,772	RMB ordinary shares	211,761,772
HOLPAC LIMITED	29,779,888	Domestic listed foreign investment shares	29,779,888
Huaxin Group Co., Ltd.	27,923,942	RMB ordinary shares	27,923,942
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
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	8,542,367	Domestic listed foreign investment shares	8,542,367
Wuhan Railway Bureau	8,064,000	RMB ordinary shares	8,064,000
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	7,505,769	Domestic listed foreign investment shares	7,505,769
China Construction Bank Corporation- Rongtong Leading Growth Hybrid Securities Investment Fund	6,352,514	RMB ordinary shares	6,352,514
Remarks on relationship or concerted actions of the above shareholders	1. The actual controller of Holchin B.V.and Holpac Limited is LafargeHolcim Ltd. 2. Huaxin Group Co., Ltd. held state shares on behalf of the State. 3. 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	September 30, 2017	Dec 31, 2016	Change	%	Remarks
Notes receivable	1,116,935,254	828,792,121	288,143,133	35%	Scale of business was expanded due to the merger
Accounts receivable	1,196,605,454	502,371,725	694,233,729	138%	Scale of business was expanded due to the merger
Advances to suppliers	375,024,943	66,412,138	308,612,805	465%	Advances to fuel suppliers increased
Other receivables	458,764,730	211,761,982	247,002,748	117%	Scale of business was expanded due to the merger
Inventories	1,581,300,871	1,174,261,964	407,038,907	35%	Scale of business was expanded due to the merger
Construction in progress	1,175,306,441	771,069,947	404,236,494	52%	Investment on constructions in progress of Eco business increased
Fixed assets pending for disposal	5,324,192	127,920	5,196,272	4062%	Phosphogypsum facilities disposal
Notes payable	64,827,731	148,902,088	-84,074,357	-56%	Cash flows improvement, and reduced issuance of notes
Advances from customers	731,387,968	307,809,502	423,578,466	138%	Scale of business was expanded due to the merger
Employee benefits payable	241,773,413	155,094,320	86,679,093	56%	Scale of business was expanded due to the merger
Dividends payable	185,741,537	66,112,234	119,629,303	181%	Dividends payable to minority shareholders by subsidiaries are not yet paid
Other payables	718,863,098	453,881,372	264,981,726	58%	Scale of business was expanded due to the merger
Current portion of non-current liabilities	1,574,280,197	4,242,439,250	-2,668,159,053	-63%	Repayment of the matured corporate bonds
Debentures payable	3,295,133,742	1,992,645,597	1,302,488,145	65%	Redemption of the bonds was 0, and it was turned into long-term liabil

					increased significantly compared to the same period of last year
Cost of sales	10,568,305,419	6,921,133,973	3,647,171,446	53%	The merger expanded production and sales scale, and cement production cost increased affected by the rising coal price
Tax and surcharges	205,811,249	120,113,198	85,698,051	71%	The merger made business scales expanded
Asset impairment losses	-14,164,367	7,361,750	-21,526,117	-292%	Bad debts reserve for some of the accounts receivable were collected and reversed
Investment income	61,387,688	18,758,779	42,628,909	227%	Profit growth of the joint ventures
Non-operating revenue	72,183,034	109,522,110	-37,339,076	-34%	Change of the report column
Non-operating expenses	34,608,158	13,789,276	20,818,882	151%	The merger made business scales expanded
Income tax expenses	262,178,126	28,248,671	233,929,455	828%	The merger made business

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 25, 2017