

HUAXIN CEMENT CO., LTD.

First Quarter Report 2019

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

IV. Attachments

4.1 Financial statements

Balance Sheet (Consolidated)

March 31, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Period end	Year beginning
Current assets		
Cash at bank and in hand	5,755,669,842	5,326,761,911
Financial assets at fair value through profit or loss	-	207,144,438
Notes receivable and accounts receivable	1,034,852,826	2,073,465,426
Including: Notes receivable	55,200,000	1,548,929,075
Accounts receivable	979,652,826	524,536,351
Advances to suppliers	442,812,605	323,717,031
Other receivables	339,410,968	375,429,575
Including: Interest receivable	502,405	-
Dividend receivable	-	-
Inventories	2,027,521,803	2,078,566,938
Current portion of non-current assets	-	-
Other current assets	1,047,267,839	165,387,334
Total current assets	10,647,535,883	10,550,472,653
Non-current assets		
Credit investments	19,055,500	-
Available-for-sale financial assets		60,487,319
Long-term receivables	29,180,500	29,279,695
Long-term equity investments	508,361,917	512,469,490
Other non-current financial assets	34,056,247	-
Other equity instrument investments	48,269,862	-
Fixed assets	15,817,932,825	16,118,856,112
Construction in progress	1,925,177,567	1,322,976,101
Intangible assets	3,371,226,936	3,403,613,645
Goodwill	447,472,492	447,472,492
Long-term prepaid expenses	363,222,078	376,208,038
Deferred income tax assets	275,865,329	283,272,115
Other non-current assets	62,146,620	56,397,942
Total non-current assets	22,901,967,873	22,611,032,949
TOTAL ASSETS	33,549,503,756	33,161,505,602
Current liabilities		
Short-term borrowings	541,000,000	621,000,000
Notes payable and accounts payable	3,606,424,650	3,789,324,069

Advances from customers	619,812,069	638,732,781
Employee benefits payable	295,313,282	392,173,556
Taxes and other levies payable	840,154,701	935,736,726
Other payables	901,149,160	897,653,363
Including: Interests payable	123,530,002	70,507,991
Dividends payable	167,786,152	160,590,225
Current portion of non-current liabilities	2,963,983,068	2,877,217,204
Total current liabilities	9,767,836,930	10,151,837,699
Non-current liabilities		
Long-term borrowings	1,980,968,967	2,444,189,091
Debentures payable	1,197,138,365	1,196,831,761
Long-term payables	415,439,521	261,696,441
Long-term employee benefits payable	115,604,466	124,171,344
Provisions	239,768,234	238,759,221
Deferred income	289,217,699	262,432,189
Deferred income tax liabilities	153,513,333	162,198,735
Total non-current liabilities	4,391,650,585	4,690,278,782
Total liabilities	14,159,487,515	14,842,116,481
OWNERS'S EQUITY		
Share capital	1,497,571,325	1,497,571,325
Capital surplus	2,510,252,020	2,510,252,020
Other comprehensive income	-6,193,114	-9,023,883
Surplus reserve	952,685,662	952,685,662
Retained earnings	12,754,533,492	11,721,477,654
Total equity attributable to shareholders of the Company	17,708,849,385	16,672,962,778
Minority interests	1,681,166,856	1,646,426,343
Total owners' equity	19,390,016,241	18,319,389,121
TOTAL LIABILITIES AND OWNERS' EQUITY	33,549,503,756	33,161,505,602

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)

March 31, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan

Type: not been audited

Item	Period end	Year beginning
Current assets		
Cash at bank and in hand	3,809,085,808	3,451,321,002
Financial assets at fair value through profit or loss	-	207,144,438
Notes receivable and Accounts receivable	563,370,449	794,371,353
Including: Notes receivable	-	211,818,382
Accounts receivable	563,370,449	582,552,971
Advances to suppliers	233,467,751	183,137,324
Other receivables	4,591,311,038	4,639,099,436
Including: Interests receivable	-	-
Dividend receivable	26,129,700	71,129,700
Inventories	354,865,050	332,152,305
Current portion of non-current assets	4,855,490	3,609,824
Other current assets	214,621,144	34,471,735
Total current assets	9,771,576,730	9,645,307,417
Non-current assets		
Available-for-sale financial assets	-	41,431,819
Long-term receivables	19,436,920	19,083,573
Long-term equity investments	10,185,906,980	10,190,014,554
Other non-current financial assets	34,056,247	-
Other equity instrument investments	48,269,862	-
Fixed assets	290,708,176	300,150,484
Construction in progress	105,252,766	100,636,765
Intangible assets	44,990,500	46,034,664
Long-term prepaid expenses	33,948,172	34,521,671
Deferred income tax assets	38,162,985	39,250,259
Total non-current assets	10,800,732,608	10,771,123,789
TOTAL ASSETS	20,572,309,338	20,416,431,206
Current liabilities		
Short-term borrowings	-	-
Notes payable and accounts payable	156,829,773	211,409,370
Advances from customers	21,081,312	13,992,917
Employee benefits payable	72,499,352	84,435,340
Taxes and other levies payable	111,869,831	119,097,062
Other payables	3,966,076,939	3,888,709,040
Including: Interests payable	111,319,512	67,118,203

Dividends payable	10,737,337	10,737,337
Current portion of non-current liabilities	2,601,496,223	2,213,236,104
Total current liabilities	6,929,853,430	6,530,879,833
Non-current liabilities		
Long-term borrowings	1,144,620,979	1,537,212,836
Debentures payable	1,197,138,365	1,196,831,761
Long-term employee benefits payable	31,594,796	35,594,796
Provisions	7,920,053	7,920,053
Deferred income	12,596,917	12,732,333
Total non-current liabilities	2,393,871,110	2,790,291,779
Total liabilities	9,323,724,540	9,321,171,612
OWNERS'S EQUITY		
Share capital	1,497,571,325	1,497,571,325
Capital surplus	2,908,595,304	2,908,595,304
Other comprehensive income	33,769,595	19,384,071
Surplus reserve	952,685,662	952,685,662
Retained earnings	5,855,962,912	5,717,023,232
Total owners' equity	11,248,584,798	11,095,259,594
TOTAL LIABILITIES AND OWNERS' EQUITY	20,572,309,338	20,416,431,206

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-Mar, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period	Last period
1. Total sales revenue	5,975,730,102	4,508,950,906
Including: sales revenue	5,975,730,102	4,508,950,906
2. Total cost of sales	4,677,966,174	3,845,936,626
Including: Cost of sales	3,791,831,838	3,014,233,018
Taxes and surcharges	105,976,381	83,892,120
Selling and distribution expenses	403,844,705	339,781,240
General and administrative expenses	282,819,308	268,075,127
Research and development expenses	3,052,742	1,689,384
Financial expenses-net	91,164,139	138,306,799
Including: Interest expenses	91,028,475	131,319,901
Interest income	10,993,931	5,888,359
Credit impairment losses	-722,939	-41,062
Add: Other incomes	46,535,012	53,654,923
Investment income	7,519,178	13,738,134

Including: Investment income from associates and joint ventures	-4,107,574	5,816,841
Gains on fair value change	-2,795,343	-3,537,476
Gains on disposal of assets	2,136,330	1,139,203
3. Operating profit	1,351,159,105	728,009,064
Add: Non-operating income	8,381,130	2,686,710
Less: Non-operating expenses	5,201,128	4,968,720
4. Total Profit	1,354,339,107	725,727,054
Less: Income tax expenses	256,435,733	143,698,047
5. Net profit	1,097,903,374	582,029,007
(1) Classified by going concern basis	1,097,903,374	582,029,007
Net profit of continuing operation	1,097,903,374	582,029,007
Net profit of discontinuing operation	-	-
(2) Classified by ownership	1,097,903,374	582,029,007
Attributable to shareholders of the Company	1,010,896,167	530,364,403
Minority interests	87,007,207	51,664,604
6. Other comprehensive income - net of tax	-19,688,504	-26,987,646
Attributable to shareholders of the Company, net of tax	-11,554,755	-18,839,570
(1) Other comprehensive income that will not be reclassified to gain or loss	-	-
(2) Other comprehensive income that will be subsequently reclassified as gain or loss	-11,554,755	-18,839,570
Changes in fair value of available-for-sale financial assets		-3,419,655
Differences on translation of foreign currency financial statements	-11,554,755	-15,419,915
Attributable to minority interest, net of tax	-8,133,749	-8,148,076
7. Total comprehensive income	1,078,214,870	555,041,361
Attributable to shareholders of the Company	999,341,412	511,524,833
Attributable to minority interest	78,873,458	43,516,528
8. Earnings per share		
(1) Basic earnings per share (Yuan/share)	0.68	0.35
(2) Diluted earnings per share (Yuan/share)	0.68	0.35

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-Mar, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan

Type: not been audited

Item	This period	Last period
1. Total sales revenue	902,610,254	311,078,900
Less: Cost of sales	759,958,952	221,511,282
Taxes and surcharges	3,396,222	4,024,625
Selling and distribution expenses	13,259,405	11,681,150
General and administrative expenses	55,830,658	49,988,501
Research and development expenses	-	-
Financial expenses - net	27,992,466	53,854,313
Including: Interest expenses	24,383,310	38,338,446
Interest income	8,864,125	2,798,557
Credit impairment losses	-	-
Add: other income	735,417	4,770,417
Investment income	85,019,178	82,578,134
Including: Investment income from associates and joint ventures	85,019,178	5,816,841
Gains on fair value change	-2,795,343	-3,537,476
Gains on disposal of assets	2,251,321	40,003
2. Operating profit	127,383,124	53,870,107
Add: Non-operating income	3,828	110,787
Less: Non-operating expenses	20,000	169,840
3. Total Profit	127,366,952	53,811,054
Less: Income tax expenses	10,586,943	-
4. Net profit	116,780,009	53,811,054
Net profit of continuing operation	116,780,009	53,811,054
5. Other comprehensive income - net of tax	-	-3,419,655
(1) Other comprehensive income that will not be reclassified to gain or loss	-	-
(2) Other comprehensive income that will be subsequently reclassified as gain or loss	-	-3,419,655
Changes in fair value of available-for-sale financial assets	-	-3,419,655
6. Total comprehensive income	116,780,009	50,391,399

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-Mar, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period	Last period
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	6,812,644,946	5,378,712,405
Refund of taxes and surcharges	26,990,424	34,424,693
Cash received relating to other operating activities	114,172,549	117,337,974
Sub-total of cash inflows	6,953,807,919	5,530,475,072
Cash paid for goods and services	3,909,850,603	3,606,444,579
Cash paid to and on behalf of employees	655,522,021	581,983,614
Payments of taxes and surcharges	835,011,530	554,110,848
Cash paid relating to other operating activities	248,494,403	191,028,158
Sub-total of cash outflows	5,648,878,557	4,933,567,199
Net cash flows from operating activities	1,304,929,362	596,907,873
2. Cash flows from investing activities		
Cash received from disposal of investments	800,000,000	750,000,000
Cash received from returns on investments	11,126,751	7,928,532
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	22,013,333	490,101
Net cash received from disposal of subsidiaries and other operating units	1,500,000	-
Cash received relating to other investing activities	34,285,800	359,977
Sub-total of cash inflows	868,925,884	758,778,610
Cash paid to acquire fixed assets, intangible assets and other long-term assets	731,246,680	426,222,082
Cash paid relating to investing activities	600,000,000	300,000,000
Net cash paid for acquisition of subsidiaries and other operating units	8,633,345	307,530
Sub-total of cash outflows	1,339,880,025	726,529,612
Net cash flows from investing activities	-470,954,141	32,248,998
3. Cash flows from financing activities		
Cash received from capital contributions		500,000
Cash received from borrowings	40,000,000	120,000,000
Cash received from other financing activities	137,900,000	15,000,000
Sub-total of cash inflows	177,900,000	135,500,000
Cash repayments of borrowings	483,312,489	1,132,237,000
Cash payments for interest expenses and distribution of dividends or profits	82,028,034	136,454,218
Cash payments relating to other financing activities	33,823,193	65,770,133
Sub-total of cash outflows	599,163,716	1,334,461,351
Net cash flows from financing activities	-421,263,716	-1,198,961,351

4. Effect of foreign exchange rate changes on cash	-1,566,276	-7,040,720
5. Net increase in cash and cash equivalents	411,145,229	-576,845,200
Add: Cash and cash equivalents at the period beginning	5,237,665,031	3,532,308,895
6. Cash and cash equivalents at the period end	5,648,810,260	2,955,463,695

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-Mar, 2019

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period	Last period
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	498,947,635	313,343,880
Refund of taxes and surcharges	-	-
Cash received relating to other operating activities	474,052,906	250,973,017
Sub-total of cash inflows	973,000,541	564,316,897
Cash paid for goods and services	741,753,227	353,716,851
Cash paid to and on behalf of employees	88,367,038	116,068,431
Payments of taxes and surcharges	38,385,313	35,343,706
Cash paid relating to other operating activities	276,130,302	197,593,154
Sub-total of cash outflows	1,144,635,880	702,722,142
Net cash flows from operating activities	-171,635,339	-138,405,245
2. Cash flows from investing activities		
Cash received from disposal of investments	800,000,000	750,000,000
Cash received from returns on investments	124,044,631	115,983,673
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,473,416	48,752
Cash received relating to other investing activities	-	-
Sub-total of cash inflows	926,518,047	866,032,425
Cash paid to acquire fixed assets, intangible assets and other long-term assets	26,574,088	25,904,087
Cash paid relating to investing activities	600,000,000	300,000,000
Net cash paid for acquisition of subsidiaries and other operating units	-	-
Cash paid relating to other investing activities	-	-
Sub-total of cash outflows	626,574,088	325,904,087
Net cash flows from investing activities	299,943,959	540,128,338
3. Cash flows from financing activities		
Cash received from borrowings	-	120,000,000
Cash received from other financing activities	1,974,387,147	1,482,706,992
Sub-total of cash inflows	1,974,387,147	1,602,706,992

Cash repayments of borrowings	4,183,333	904,737,000
Cash payments for interest expenses and distribution of dividends or profits	-27,392,340	29,723,686
Cash payments relating to other financing activities	1,767,848,473	1,821,110,783
Sub-total of cash outflows	1,744,639,466	2,755,571,469
Net cash flows from financing activities	229,747,681	-1,152,864,477
4. Effect of foreign exchange rate changes on cash	-291,495	633,137
5. Net increase in cash and cash equivalents	357,764,806	-750,508,247
Add: Cash and cash equivalents at the period beginning	3,444,018,042	2,435,487,407
6. Cash and cash equivalents at the period end	3,801,782,848	1,684,979,160

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

4.2 Adjustment of financial reports for the beginning of the year after implementing the New Financial Instrument Standards, New Revenue Standards, New Leasing Standards for the first time

Balance Sheet (Consolidated)

Unit: Yuan

Item	12.31.2018	1.1.2019	Adjustment
Current assets			
Cash at bank and in hand	5,326,761,911	5,326,761,911	
Tradable financial assets		207,144,438	207,144,438
Financial assets at fair value through profit or loss	207,144,438	-	-207,144,438
Notes receivable and accounts receivable	2,073,465,426	636,538,838	-1,436,926,588
Including: Notes receivable	1,548,929,075	112,002,487	-1,436,926,588
Accounts receivable	524,536,351	524,536,351	
Advances to suppliers	323,717,031	323,717,031	
Other receivables	375,429,575	375,429,575	
Including: Interest receivable	-	-	
Dividend receivable	-	-	
Inventories	2,078,566,938	2,078,566,938	
Other current assets	165,387,334	1,602,313,922	1,436,926,588
Total current assets	10,550,472,653	10,550,472,653	
Non-current assets			
Credit investments	-	19,055,500	19,055,500
Available-for-sale financial assets	60,487,319	-	-60,487,319
Long-term receivables	29,279,695	29,279,695	
Long-term equity investments	512,469,490	512,469,490	
Other non-current financial assets	-	29,707,152	29,707,152
Other equity instruments investment	-	48,269,862	48,269,862
Fixed assets	16,118,856,112	16,118,856,112	
Construction in progress	1,322,976,101	1,322,976,101	
Intangible assets	3,403,613,645	3,403,613,645	

Goodwill	447,472,492	447,472,492	
Long-term prepaid expenses	376,208,038	376,208,038	
Deferred income tax assets	283,272,115	283,272,115	
Other non-current assets	56,397,942	56,397,942	
Total non-current assets	22,611,032,949	22,647,578,144	36,545,195
TOTAL ASSETS	33,161,505,602	33,198,050,797	36,545,195
Current liabilities			
Short-term borrowings	621,000,000	621,000,000	
Notes payable and accounts payable	3,789,324,069	3,789,324,069	
Advances from customers	638,732,781	638,732,781	
Employee benefits payable	392,173,556	392,173,556	
Taxes and other levies payable	935,736,726	935,736,726	
Other payables	897,653,363	897,653,363	
Including: Interests payable	70,507,991	70,507,991	
Dividends payable	160,590,225	160,590,225	
Current portion of non-current liabilities	2,877,217,204	2,877,217,204	
Total current liabilities	10,151,837,699	10,151,837,699	
Non-current liabilities			
Long-term borrowings	2,444,189,091	2,444,189,091	
Debentures payable	1,196,831,761	1,196,831,761	
Long-term payables	261,696,441	261,696,441	
Long-term employee benefits payable	124,171,344	124,171,344	
Provisions	238,759,221	238,759,221	
Deferred income	262,432,189	262,432,189	
Deferred income tax liabilities	162,198,735	162,198,735	
Total non-current liabilities	4,690,278,782	4,690,278,782	
Total liabilities	14,842,116,481	14,842,116,481	
OWNERS'S EQUITY			
Share capital	1,497,571,325	1,497,571,325	
Capital surplus	2,510,252,020	2,510,252,020	
Other comprehensive income	-9,023,883	5,361,641	14,385,524
Surplus reserve	952,685,662	952,685,662	
Retained earnings	11,721,477,654	11,743,637,325	22,159,671
Total equity attributable to shareholders of the Company	16,672,962,778	16,709,507,973	36,545,195
Minority interests	1,646,426,343	1,646,426,343	
Total owners' equity	18,319,389,121	18,355,934,316	36,545,195
TOTAL LIABILITIES AND OWNERS' EQUITY	33,161,505,602	33,198,050,797	36,545,195

Remarks on the adjustments to the items:

According to the Accounting Standards of Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards of Enterprises No.23-Transfer of Financial Assets and Accounting Standards of Enterprises No.24-Hedge Accounting issued on March 31st, 2017

by the Ministry of Finance and Accounting Standards of Enterprises No.37-Presentation of Financial Instruments issued on May 2, 2017 by the Ministry of Finance(the above four standards are collectively regarded as New Financial Instruments Standards),enterprises are listed both domestically and overseas and enterprises listed overseas and apply international financial report standards or accounting standards of enterprise to formulate financial reports are required to apply the New Financial Instruments Standards from January 1st, 2018; other domestically listed enterprises are required to apply the New Financial Instruments Standards from January 1st,2019. According to the revision requirements in the above accounting standards, Huaxin implements the new standards from January 1st, 2019.

Balance Sheet (Parent Company)

Unit: Yuan

Item	12.31.2018	1.1.2019	Adjustment
Current assets			
Cash at bank and in hand	3,451,321,002	3,451,321,002	
Tradable financial assets	-	207,144,438	207,144,438
Financial assets at fair value through profit or loss	207,144,438	-	-207,144,438
Notes receivable and Accounts receivable	794,371,353	590,352,971	-204,018,382
Including: Notes receivable	211,818,382	7,800,000	-204,018,382
Accounts receivable	582,552,971	582,552,971	
Advances to suppliers	183,137,324	183,137,324	
Other receivables	4,639,099,436	4,639,099,436	
Including: Interests receivable	-	-	
Dividend receivable	71,129,700	71,129,700	
Inventories	332,152,305	332,152,305	
Current portion of non-current assets	3,609,824	3,609,824	
Other current assets	34,471,735	238,490,117	204,018,382
Total current assets	9,645,307,417	9,645,307,417	
Non-current assets			
Available-for-sale financial assets	41,431,819	-	-41,431,819
Long-term receivables	19,083,573	19,083,573	
Long-term equity investments	10,190,014,554	10,190,014,554	
Other non-current financial assets	-	29,707,152	29,707,152
Other equity instruments investment	-	48,269,862	48,269,862
Fixed assets	300,150,484	300,150,484	
Construction in progress	100,636,765	100,636,765	
Intangible assets	46,034,664	46,034,664	
Long-term prepaid expenses	34,521,671	34,521,671	
Deferred income tax assets	39,250,259	39,250,259	
Total non-current assets	10,771,123,789	10,807,668,984	36,545,195
TOTAL ASSETS	20,416,431,206	20,452,976,401	36,545,195
Current liabilities			
Notes payable and accounts payable	211,409,370	211,409,370	
Advances from customers	13,992,917	13,992,917	
Employee benefits payable	84,435,340	84,435,340	

Taxes and other levies payable	119,097,062	119,097,062	
Other payables	3,888,709,040	3,888,709,040	
Including: Interests payable	67,118,203	67,118,203	
Dividends payable	10,737,337	10,737,337	
Current portion of non-current liabilities	2,213,236,104	2,213,236,104	
Total current liabilities	6,530,879,833	6,530,879,833	
Non-current liabilities			
Long-term borrowings	1,537,212,836	1,537,212,836	
Debentures payable	1,196,831,761	1,196,831,761	
Long-term employee benefits payable	35,594,796	35,594,796	
Provisions	7,920,053	7,920,053	
Deferred income	12,732,333	12,732,333	
Total non-current liabilities	2,790,291,779	2,790,291,779	
Total liabilities	9,321,171,612	9,321,171,612	
OWNERS' EQUITY			
Share capital	1,497,571,325	1,497,571,325	
Capital surplus	2,908,595,304	2,908,595,304	
Other comprehensive income	19,384,071	33,769,595	14,385,524
Surplus reserve	952,685,662	952,685,662	
Retained earnings	5,717,023,232	5,739,182,903	22,159,671
Total owners' equity	11,095,259,594	11,131,804,789	36,545,195
TOTAL LIABILITIES AND OWNERS' EQUITY	20,416,431,206	20,452,976,401	36,545,195

Remarks on the adjustments to the items:

According to the Accounting Standards of Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards of Enterprises No.23-Transfer of Financial Assets and Accounting Standards of Enterprises No.24-Hedge Accounting issued on March 31st, 2017 by the Ministry of Finance and Accounting Standards of Enterprises No.37-Presentation of Financial Instruments issued on May 2, 2017 by the Ministry of Finance(the above four standards are collectively regarded as New Financial Instruments Standards),enterprises are listed both domestically and overseas and enterprises listed overseas and apply international financial report standards or accounting standards of enterprise to formulate financial reports are required to apply the New Financial Instruments Standards from January 1st, 2018; other domestically listed enterprises are required to apply the New Financial Instruments Standards from January 1st,2019. According to the revision requirements in the above accounting standards, Huaxin implements the new standards from January 1st, 2019.

4.3 Audit Report

Applicable Not Applicable