

Huaxin Cement Co., Ltd.

Half Year Report 2019 Abstract

I Important Notice

1. This Half Year Report Abstract is extracted from the full text of the Half Year Report, should investors want to have a full understanding of the operating result, financial situation and future development plan of the Company, please carefully read the full text of the Half Year Report published on the website of Shanghai Stock Exchange or other designated media of China Securities Regulatory Commission.

2. The Board of Directors of the Company and its members, the Board of Supervisors of the Company and its members and Top Management members 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.

3. All Directors were present at the Board Meeting.

4. This Half Year Report has not been audited.

5. Profit distribution proposal for the reporting period reviewed by the Board of Directors

The Company would not conduct semi-annual profits distribution during the reporting period and no capital reserve would be transferred to share capital.

II Basic Information of the Company

2.1 Company Profile

Company Stock			
Type	Place of listing	Abbreviation	Stock code
A share	Shanghai Stock Exchange	Huaxin Cement	600801
B share	Shanghai Stock Exchange	Huaxin B share	900933

	Secretary to the Board	Securities Affairs Representative
Name	Mr. Wang Ximing	Ms. Wang Lu
Tel	027-87773896	027-87773898
Liaison Address	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province City, Hubei Province	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
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2.2. Financial Highlights

Unit: Yuan

	Reporting period end	2018 end	Reporting period end VS. Last year end (%)
Total assets	33,153,659,582	33,161,505,602	-0.02
Net assets attributable to shareholders of the Company	18,144,268,498	16,672,962,778	8.82
	Reporting period (Jan-June)	Same period of last year	Reporting period VS. Same period of last year (%)
Net cash flow from operating activities	4,181,029,108	2,689,800,888	55.44
Sales revenue	14,387,169,099	11,883,070,271	21.07
Net profit attributable to shareholders of the Company	3,162,523,557	2,067,917,873	52.93
Net profit attributable to shareholders of the Company after extraordinary items	3,130,652,271	2,050,758,784	52.66
Return on net assets, weighted average (%)	17.30	16.16	An increase of 1.14 percentage point
Basic earnings per share (Yuan/share)	1.51	0.99	52.53
Diluted earnings per share (Yuan/share)	1.51	0.99	52.53

2.3 Shareholding of the Top Ten Shareholders

Unit: Share

Total number of shareholders by the end of the reporting period		50,183			
Shareholding of the Top Ten Shareholders					
Names of Shareholders	Shareholder type	(%)	Total Shares hold	Shares subject to conditional sales	Mortgage or frozen
HOLCHIN B.V.	Foreign corporation	39.85	835,543,825	0	nil
Huaxin Group Co., Ltd.	State owned corporation	16.01	335,560,000	0	nil
Hong Kong Securities Clearing Company Ltd.	Unknown	4.14	86,767,776	0	nil
HOLPAC LIMITED	Foreign	1.99	41,691,843	0	nil

	corporation				
Central Huijin Investment Ltd	Unknown	1.45	30,476,180	0	nil
FTIF-TEMPLETON ASIAN SMALLER COMPANIES FUND	Unknown	0.73	15,320,673	0	nil
Dai Deming	Domestic natural person	0.64	13,496,240	0	nil
China Railway Wuhan Bureau Group Co., Ltd.	Unknown	0.54	11,289,600	0	nil
FTIF-TEMPLETON EMERGING MKT SMALLER COMPANIES FUND	Unknown	0.47	9,832,014	0	nil
TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	Unknown	0.45	9,416,474	0	nil
Remarks on relationship or concerted actions of the above shareholders	<p>1. Holpac Limited is the party act in concert with Holchin B.V. .</p> <p>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”.</p>				

2.4 Total Number of Preferred Stock Holders and the Top Ten Holders of Preferred Stock by the End of the reporting period

Applicable Not applicable

2.5 Change of the Largest Shareholder or the Actual Controller

Applicable Not applicable

2.6 Immature or Overdue Unpaid Corporate Bonds

Unit: 100 million Yuan

Name	Abbreviation	Code	Issuing date	Date of expiry	Bond balance	Coupon rate
Huaxin Cement Co., Ltd. 2012 Corporate Bonds (tranche 2) (7 years)	12 Huaxin 03	122188	Nov 9, 2012	Nov 9, 2019	11	5.9%
Huaxin Cement Co., Ltd. 2016 Corporate Bonds (tranche 1) (5 years)	16 Huaxin 01	136647	Aug. 19, 2016	Aug. 22, 2021	12	4.79%

Indicators that reflect the issuer's repayment ability:

Item	Reporting period end	Last year end
Asset-liability ratio	40	45
	Reporting period (Jan-Jun)	Same period of last year
EBITDA Interest Protection Multiples	30.28	16.11

Remarks on the overdue debts

Applicable Not applicable

III Discussion and Analysis on Business Operation

3.1 Discussion and Analysis on Business Operation

In the first half of 2019, the Company insisted on safe and complaint production. Through actively implementing off peak production, refined production to control cost and flexible sales to guarantee market share, the Company achieved expected goals of stable price, stable sales and stable operation. Sales volume and price of cement, aggregate, concrete and eco business grow in sync, operation performance achieved a new high again.

During the reporting period, sales volume of cement and commercial clinker amounted to 35,597.4 k tons with a growth rate of 10.69% over the same period of previous year; aggregate sales stood at 7,794 k tons, an increase of 27.74% year on year; sales of concrete was 1,767 km³, an increase of 18.72%; kiln processing of wastes amounted to 999 k tons, a year-on-year growth of 46%. Total revenue hit 14.387 billion RMB with a year-on-year growth of 21.07%. Total profit reached 4.307 billion RMB, an increase of 53.97%. Net profit attributable to shareholders of the Parent Company reached 3.163 billion RMB, a year-on-year growth of 52.93% during the reporting period.

During the reporting period, Yunnan Jianchaun, Jinghong, Kaiyuan and Lincang aggregate projects were put into operation, which increased 4.5 million tons/y capacity in aggregate; Yunnan Zhaotong, Hubei Shiyan, Wuhan Changshankou household wastes pre-disposal and Hubei Yichang sludge projects were operated, leading to increased capacity of 1.34 million tons/y in eco processing business. In addition, Yunnan Fumin 50,000 tons/y highly refined and automatic anti-seepage special mortar project has been put into operation.

3.2 Reasons and Impact on Changes in Account Policies, Account Estimation or Accounting Methods

The Ministry of Finance revised and issued "Accounting Standards for Enterprises No.22- Financial Instrument Recognition and Measurement", "Accounting Standards for Enterprises No.23-Transfer of Financial Assets", "Accounting Standards for Enterprises No.24-Hedge Accounting" and "Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments" in March 2017, and required domestic listed companies to implement them from January 1, 2019.

In April 2019, the Ministry of Finance issued the Notice on Revising 2019 General Enterprise Financial Report Format (No.6 2019 Financial Accounting). The regulations apply to 2019 half year report and annual report and following financial reports of non-financial enterprises implementing Enterprise Accounting Standards.

On August 22, 2019, the Eleventh Meeting of the Ninth Board of Directors approved the Proposal on Amending the Accounting Policies and Accounting Estimates of the Company According to the New Accounting Standard, agreed to implement the above new accounting standards according to the requirements of the Ministry of Finance and present financial reports based on No.6 2019 Financial Accounting.

For specific amendments and impacts on the Company, please refer to Chapter 10 Financial Report / V. Significant accounting policies and accounting estimates / 29. Changes in significant accounting policies and accounting estimates.

3.3 Reasons and Impact on Correction of Significant Accounting Errors

Applicable Not applicable

