HUAXIN CEMENT

Third Quarter

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

China Construction Bank Corporation- Rongtong Leading Growth Hybrid Securities Investment Fund (LOF)	6,352,514	0.42	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
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 stat		

Applicable Not Applicable

					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

3.4 Reason, warning and remarks in respect of that accumulative net profit is predicted to be loss

IV. Attachments

4.1 Financial statements

Balance Sheet (Consolidated)

September 30, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Period end	Period beginning
Current assets		
Cash at bank and in hand	3,027,896,714	3,719,378,221
Financial assets at fair value through profit or loss	290,480	801,555,568
Notes receivable	1,116,935,254	828,792,121
Accounts receivable	1,196,605,454	502,371,725
Advances to suppliers	375,024,943	66,412,138
Interest receivable	670,901	-
Dividends receivable	-	-
Other receivables	458,764,730	211,761,982
Inventories	1,581,300,871	1,174,261,964
Non-current assets due within one year	3,600,000	3,600,000
Other current assets	137,457,368	116,672,478
Total current assets	7,898,546,715	7,424,806,197
Non-current assets		
Available-for-sale financial assets	69,945,186	69,247,625
Long-term receivables	35,216,901	30,010,131
Long-term equity investments	445,745,188	387,513,512
Fixed assets	15,914,513,926	15,343,820,403
Construction in progress	1,175,306,441	771,069,947
Construction materials	39,082,763	36,837,335
Fixed assets pending for disposal	5,324,192	127,920
Intangible assets	2,712,833,957	2,295,250,101
Goodwill	447,472,492	447,472,492

Long-term preprial242.0603 Tm.0003 Tc-.0m3 Tm.e686.465.281 Tf3(e3568.9(445,74)5.2(5,188)335.7(TJE08 635.8.28

Interests payable	132,995,676	144,763,154
Dividends payable	185,741,537	66,112,234
Other payables	718,863,098	453,881,372
Current portion of non-current liabilities	1,574,280,197	4,242,439,250

Balance Sheet (Parent Company)

Total current liabilities	2,644,440,258	4,811,140,483
Non-current liabilities		
Long-term loans	3,303,490,326	1,975,979,112
Debentures payable	3,295,133,742	1,992,645,597
Long-term employee benefits payable	8,132,046	10,582,771
Provisions	7,160,094	7,160,094
Deferred income	17,756,417	19,337,667
Deferred income tax liabilities	-	-
Total non-current liabilities	6,631,672,625	4,005,705,241
Total liabilities	9,276,112,883	8,816,845,724
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	24,077,471	19,054,301
Surplus reserve	588,645,153	588,645,153
Undistributed profits	4,486,456,569	3,009,735,757
Total owners' equity	9,505,345,822	8,023,601,840
TOTAL LIABILITIES AND OWNERS' EQUITY	18,781,458,705	16,840,447,564

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

Income Statements (Consolidated)

Jan – Sep, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period (Jul-Sep)	Last period (Jul-Sep)	Year beginning to reporting period end (Jan-Sep)	Same period of last year (Jan-Sep)
1. Total sales revenue	4,975,542,292	3,425,393,924	14,349,891,455	9,163,409,994
Including: sales revenue	4,975,542,292	3,425,393,924	14,349,891,455	9,163,409,994
2. Total cost of sales	4,513,480,624	3,173,160,774	13,111,487,521	8,957,191,652
Including: Cost of sales	3,643,471,458	2,484,176,054	10,568,305,419	6,921,133,973
Taxes and surcharges	75,350,371	36,525,974	205,811,249	120,113,198
Selling and distribution expenses	380,740,436	301,003,928	1,014,518,082	800,352,506
General and administrative expenses	283,124,149	220,003,845	802,495,798	652,677,568
Finance costs	134,966,980	131,745,187	534,521,340	455,552,657
Asset impairment losses	-4,172,770	-294,214	-14,164,367	7,361,750
Add: gains on fair value change				

loss				
(2) Other comprehensive income that will be reclassified as gain or loss	-4,913,892	2,857,679	-17,704,985	-4,713,815
a. Share of other comprehensive income of invested companies that will be reclassified as gain or loss under the equity method	-	-	-	-
b. Gain or loss on fair value changes of financial assets available for sale	1,639,158	605,651	5,023,170	-1,540,527
c. Currency translation differences	-6,553,050	2,252,028	-22,728,155	-3,173,288
d. Other	-	-	-	-
Net of other comprehensive income after tax attributable to Minority Shareholders	-3,937,986	1,668,020	-23,567,804	-13,303,966
7. Total comprehensive income	395,853,416	238,642,262	1,108,772,121	275,267,573
Total comprehensive income attributable to owners of the parent company	316,849,591	155,624,804	1,032,023,333 .	156,093,561 Kong
Total comprehensive income attributable to Minority Shareholders	79,003,825	83,017,458	76,748,788	119,174,012
8. Earnings per share				
(1) Basic earnings per share (Yuan RMB/share)	0.21	0.10	0.2700(p(1)]TJET69.9	0.10

share (Yuan RMB/share)

Income Statement (Parent Company)

Jan – Sep, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	This period (Jul-Sep)	Last period (Jul-Sep)	Year beginning to reporting period end (Jan-Sep)	Same period of last year (Jan-Sep)
1. Sales revenue	372,732,108	178,852,454	870,507,871	650,631,307
Less: Cost of sales	272,191,420	128,696,293	623,138,873	473,518,568
Taxes and surcharges	3,801,995	1,287,046	9,483,561	8,821,328
Selling and distribution expenses	12,019,086	10,014,725	34,189,496	33,216,388
General and administrative expenses	39,945,476	40,120,017	113,743,754	117,345,655
Finance costs	50,776,766	38,993,712	133,128,756	115,448,780
Asset impairment losses	373,802	-109,823	-457,582	627,265
Add: Gain on fair value changes	-164,945	824,073	4,194,850	824,073
Investment income	1,072,971,848	4,397,284	1,651,976,394	399,061,633
Including: Share of results of associates	-	-	58,039,561	18,668,343
2. Operating profit	1,066,430,466	-34,928,159	1,613,452,257	301,539,029
Add: Non-operating income	1,928,578	1,985,512	7,892,974	7,645,736
Including: Gains on non-current assets disposal	26,511	10,606	53,770	36,594
Less: Non-operating expenses	444,107	155,347	1,175,963	355,733
Including: Loss on disposal of non-current assets	109,079	151,208	232,107	225,389
3. Profit before tax	1,067,914,937	-33,097,994	1,620,169,268	308,829,032
Less: Income tax expenses	378,877	-9,606,938	-6,308,677	-22,791,269
4. Net profit	1,067,536,060	-23,491,056	1,626,477,945	331,620,301
5. Other comprehensive income after tax	1,639,158	605,651	5,023,170	-1,540,527
(1) Other comprehensive income that will be reclassified as gain or loss	1,639,158	605,651	5,023,170	-1,540,527
a. Gain (loss) on value of available-for-sale financial assets	1,639,158	605,651	5,023,170	-1,540,527
6. Comprehensive income in total	1,069,175,218	-22,885,405	1,631,501,115	330,079,774

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

tements (Consolidated)

Jan – Sep, 2017

Unit: Yuan Type: not been audited

	Jan-Sep, 2017	Jan-Sep, 2016
g of services	16,037,322,482	10,693,071,721
	77,046,499	94,287,069
ities	237,305,991	198,584,037
	16,351,674,972	10,985,942,827
	11,078,970,655	6,908,116,496
	1,434,281,046	1,107,511,024
	1,379,538,158	900,116,118
	457,869,392	358,318,714
	14,350,659,251	9,274,062,352
	2,001,015,721	1,711,880,475
	806,317,736	5,000,000
Cash received from returns on investments	9,386,836	11,754,320
Net cash received from disposal of fixed assets and intangible assets and other long-term assets	6,365,149	556,236
Net cash received from disposal of subsidiaries and other operating units	-	4,287,302
Cash received relating to other investing activities	1,707,000	18,470,006
Sub-total of cash inflows	823,776,721	40,067,864
Cash paid to acquire fixed assets, intangible assets and other long-term assets		

Net cash flows from financing activities	-1,805,934,608	199,239,288
4. Effect of foreign exchange rate changes on cash	-15,585,139	-7,783,923
5. Net increase in cash and cash equivalents		