

HUAXIN CEMENT CO., LTD.

# Third Quarter Report 2017

## 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

	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 liabilities
Long-term employee benefits payable	46,732,179	27,590,864	19,141,315	69%	Employees were increased due to the expanded scale of business
Other comprehensive income	-14,815,338	2,889,647	-17,704,985	-613%	Change in the exchange rate of the overseas standard money 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-Sep 2017)	Same period of last year (Jan-Sep 2016)	Change	%	Remarks
Sales revenue	14,349,891,455	9,163,409,994	5,186,481,461	57%	The merger made business scales expanded and cement sales volume increased; cement price

					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 scales expanded; cement prices improved, and profit increased
Net profit attributable to shareholders of the Company	1,049,728,320	160,807,376	888,920,944	553%	The merger made business scales expanded; cement prices improved, and profit increased

### 3.1.3 Changes of Major Financial Indicators in the Cash flow statement

Unit: Yuan

Items	From year beginning to reporting period end (Jan – Sep 2017)	Same period of last year (Jan – Sep 2016)	Change	%	Remarks
Net cash flows from investing activities	-905,098,045	-1,410,421,486	505,323,441	36%	The money fund was redeemed
Net cash flows from financing activities	-1,805,934,608	199,239,288	-2,005,173,896	-1006%	Repayment of the matured corporate bonds

### 3.2 Remarks on progress of major events, their impacts and solutions

Applicable      Not Applicable

On November 9, 2016, the First Extraordinary Shareholders' General Meeting 2016 reviewed and approved the Proposal on Affiliated Party Transaction of Signing the Assets Transfer Agreement between LAFARGE CHINA CEMENT LIMITED and Huaxin Cement Co., Ltd. The Company acquired shares of 6 companies (such as Yunnan Lafarge Construction Materials Investment Co., Ltd.) directly or indirectly held by LAFARGE CHINA CEMENT LIMITED at a price of RMB1.375 billion.

The 6 companies had completed the relevant share transfer procedures during the reporting period.

### 3.3 Implementation of commitments made by the Company and its shareholders holding over 5% shares

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  
October 25, 2017

## 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
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>7,898,546,715</b>	<b>7,424,806,197</b>
<b>Non-current assets</b>		
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 prepaid expenses	295,058,069	335,441,362
Deferred income tax assets	312,958,526	285,152,385
<b>Total non-current assets</b>	<b>21,453,457,641</b>	<b>20,001,943,213</b>
<b>TOTAL ASSETS</b>	<b>29,352,004,356</b>	<b>27,426,749,410</b>
<b>Current liabilities</b>		
Short-term borrowings	1,068,000,000	904,000,000
Notes payable	64,827,731	148,902,088
Accounts payable	3,662,087,758	3,132,394,785
Advances from customers	731,387,968	307,809,502
Employee benefits payable	241,773,413	155,094,320
Taxes and other levies payable	280,477,284	245,703,466



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
Total current liabilities	8,660,434,662	9,801,100,171
<b>Non-current liabilities</b>		
Long-term borrowings	4,617,202,997	3,634,947,631
Debentures payable	3,295,133,742	1,992,645,597
Long-term payables	121,921,980	140,265,753
Long-term employee benefits payable	46,732,179	27,590,864
Provisions	135,786,906	114,916,662
Deferred income	228,838,850	195,239,747
Deferred income tax liabilities	132,856,256	146,345,558
<b>Total non-current liabilities</b>	8,578,472,910	6,251,951,812
<b>Total liabilities</b>	17,238,907,572	16,053,051,983
<b>OWNERS' EQUITY</b>		
Share capital	1,497,571,325	1,497,571,325
Capital surplus	2,511,202,966	2,509,753,457
Other comprehensive income	-14,815,338	2,889,647
Surplus reserve	588,645,153	588,645,153
Undistributed profits	6,295,975,838	5,396,004,651
Equity attributable to the shareholders of the Company	10,878,579,944	9,994,864,233
Minority interests	1,234,516,840	1,378,833,194
<b>Total owners' equity</b>	12,113,096,784	11,373,697,427
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	29,352,004,356	27,426,749,410

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

## Balance Sheet (Parent Company)

September 30, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan      Type: not been audited

ASSETS	Period end	Period beginning
<b>Current assets</b>		
Cash at bank and in hand	1,118,410,480	2,479,003,755
Financial assets at fair value through profit or loss	290,480	801,555,568
Derivative financial assets	321,347,696	282,425,594
Notes receivable	411,642,026	341,025,176
Accounts receivable	159,822,728	10,367,685
Dividends receivable	1,069,793,358	800,000
Other receivables	6,232,988,290	4,938,613,040
Inventories	42,326,898	56,312,850
Current portion of non-current assets	4,855,490	4,855,490
Other current assets	20,311,731	8,191,865
<b>Total current assets</b>	<b>9,381,789,177</b>	<b>8,923,151,023</b>
<b>Non-current asset</b>		
Available-for-sale financial assets	47,689,686	40,992,125
Long-term receivables	20,477,108	22,564,378
Long-term equity investments	8,835,365,553	7,324,702,303
Fixed assets	349,112,641	381,600,329
Construction in progress	6,231,172	5,648,262
Construction materials	75,004	96,228
Fixed assets pending for disposal	-	-
Intangible assets	50,825,706	54,342,068
Long-term prepaid expenses	1,824,908	3,917,385
Deferred tax assets	88,067,750	83,433,463
<b>Total non-current assets</b>	<b>9,399,669,528</b>	<b>7,917,296,541</b>
<b>TOTAL ASSETS</b>	<b>18,781,458,705</b>	<b>16,840,447,564</b>
<b>Current liabilities</b>		
Short-term borrowings	220,000,000	-
Notes payable	-	-
Accounts payable	183,185,942	337,763,690
Advances from customer	20,119,735	17,862,536
Employee benefits payable	26,305,665	44,506,553
Taxes and other levies payable	21,532,498	38,847,912
Interest payable	118,760,794	140,261,325
Dividends payable	33,735,530	576,326
Other payables	1,075,179,642	715,053,105
Current proportion of non-current liabilities	945,620,452	3,516,269,036

<b>Total current liabilities</b>	2,644,440,258	4,811,140,483
<b>Non-current liabilities</b>		
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	-	-
<b>Total non-current liabilities</b>	6,631,672,625	4,005,705,241
<b>Total liabilities</b>	9,276,112,883	8,816,845,724
<b>OWNERS' EQUITY</b>		
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
<b>Total owners' equity</b>	9,505,345,822	8,023,601,840
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	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)
<b>1. Total sales revenue</b>	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
<b>2. Total cost of sales</b>	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	-164,945	824,073	4,194,850	824,073
Investment income	1,341,468	-4,023,422	61,387,688	18,758,779
Including: Share of results of associates	-	-	58,231,676	18,811,163
Other earnings	28,554,740	-	70,661,690	-
<b>3. Operating profit</b>	491,792,931	249,033,801	1,374,648,162	225,801,194
Add: Non-operating income	17,260,491	28,236,739	72,183,034	109,522,110
Including: gain on disposal of non-current assets	533,192	312,250	1,287,348	1,259,713
Less: Non-operating expenses	15,263,715	4,249,165	34,608,158	13,789,276
Including: Loss on disposal of non-current assets	3,274,220	2,537,351	12,980,603	8,025,404
<b>4. Profit before tax</b>	493,789,707	273,021,375	1,412,223,038	321,534,028
Less: Income tax expenses	89,084,413	38,904,808	262,178,126	28,248,671
<b>5. Net profit</b>	404,705,294	234,116,567	1,150,044,912	293,285,357
Attributable to shareholders of the Company	321,763,483	152,767,126	1,049,728,320	160,807,376
Minority interests	82,941,811	81,349,441	100,316,592	132,477,981
<b>6. Net of other comprehensive income after tax</b>	-8,851,878	4,525,699	-41,272,789	-18,017,781
Net of other comprehensive income after tax attributable to owners of the parent company	-4,913,892	2,857,679	-17,704,985	-4,713,815
(1) Other comprehensive income that will not be reclassified as gain or	-	-	-	-

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
<b>7. Total comprehensive income</b>	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
Total comprehensive income attributable to Minority Shareholders	79,003,825	83,017,458	76,748,788	119,174,012
<b>8. Earnings per share</b>				
(1) Basic earnings per share (Yuan RMB/share)	0.21	0.10	0.70	0.11
(2) Diluted earnings per share (Yuan RMB/share)	0.21	0.10	0.70	0.11

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

## 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)
<b>1. Sales revenue</b>	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
<b>2. Operating profit</b>	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
<b>3. Profit before tax</b>	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
<b>4. Net profit</b>	1,067,536,060	-23,491,056	1,626,477,945	331,620,301
<b>5. Other comprehensive income after tax</b>	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
<b>6. Comprehensive income in total</b>	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

## Cash Flow Statements (Consolidated)

Jan – Sep, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan    Type: not been audited

Item	Jan-Sep, 2017	Jan-Sep, 2016
<b>1. Cash flows from operating activities:</b>		
Cash received from sales of goods or rendering of services	16,037,322,482	10,693,071,721
Refund of taxes and levies	77,046,499	94,287,069
Cash received relating to other operating activities	237,305,991	198,584,037
Sub-total of cash inflows	16,351,674,972	10,985,942,827
Cash paid for goods and services	11,078,970,655	6,908,116,496
Cash paid to and on behalf of employees	1,434,281,046	1,107,511,024
Payments of taxes and levies	1,379,538,158	900,116,118
Cash paid relating to other operating activities	457,869,392	358,318,714
Sub-total of cash outflows	14,350,659,251	9,274,062,352
Net cash flows from operating activities	2,001,015,721	1,711,880,475
<b>2. Cash flows from investing activities:</b>		
Cash received from investments	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	668,317,326	825,898,350
Cash paid relating to investing activities	201,961	530,595,234
Net cash paid for acquisition of subsidiaries	1,058,046,422	93,845,766
Cash paid relating to other investing activities	2,309,057	150,000
Sub-total of cash outflows	1,728,874,766	1,450,489,350
Net cash flows from investing activities	-905,098,045	-1,410,421,486
<b>3. Cash flows from financing activities</b>		
Cash received from capital contributions	-	2,000,000
Cash received from borrowings	2,967,249,956	2,172,500,000
Cash from bonds issuance	-	1,200,000,000
Cash received from other financing activities	21,276,418	80,584,372
Sub-total of cash inflows	2,988,526,374	3,455,084,372
Cash repayments of borrowings	3,715,043,819	2,776,243,627
Cash payments for interest expenses and distribution of dividends or profits	625,490,110	433,906,596
Cash payments relating to other financing activities	453,927,053	45,694,861
Sub-total of cash outflows	4,794,460,982	3,255,845,084

Net cash flows from financing activities	-1,805,934,608	199,239,288
<b>4. Effect of foreign exchange rate changes on cash</b>	-15,585,139	-7,783,923
<b>5. Net increase in cash and cash equivalents</b>	-725,602,071	492,914,354
Add: Cash and cash equivalents at the period beginning	3,642,286,117	1,862,478,103
<b>6. Cash and cash equivalents at the period end</b>	2,916,684,046	2,355,392,457

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

## Cash Flow Statements (Parent Company)

Jan – Sep, 2017

Huaxin Cement Co., Ltd.

Unit: Yuan Type: not been audited

Item	Jan-Sep, 2017	Jan-Sep, 2016
<b>1. Cash flows from operating activities:</b>		
Cash received from sales of goods or rendering of services	698,504,326	2,038,502,233
Refund of taxes and levies	-	38,137,700
Cash received relating to other operating activities	1,026,726,360	712,871,518
Sub-total of cash inflows	1,725,230,686	2,789,511,451
Cash paid for goods and services	941,638,885	640,559,324
Cash paid to and on behalf of employees	306,891,913	344,619,199
Payments of taxes and levies	65,216,373	55,320,999
Cash paid relating to other operating activities	1,070,567,033	2,359,869,259
Sub-total of cash outflows	2,384,314,204	3,400,368,781
Net cash flows from operating activities	-659,083,518	-610,857,330
<b>2. Cash flows from investing activities:</b>		
Cash returns from investments	800,317,736	-
Cash received from returns on investments	381,150,063	330,761,801
Net cash received from disposal of fixed assets and intangible assets and other long-term assets	594,841	74,584
Cash received from disposal of subsidiary companies and other operating units	-	4,290,000
Sub-total of cash inflows	1,182,062,640	335,126,385
Cash paid to acquire fixed assets, intangible assets and other long-term assets	11,712,416	8,813,715
Cash paid relating to investing activities	202,803	530,595,234
Net cash paid for acquisition of subsidiaries	1,427,640,000	92,345,766
Cash paid relating to other investing activities	981,000,000	
Sub-total of cash outflows	2,420,555,219	631,754,715
Net cash flows from investing activities	-1,238,492,579	-296,628,330
<b>3. Cash flows from financing activities</b>		
Cash received from capital contributions	-	-
Cash received from borrowings	1,757,249,956	1,097,500,000
Cash received from bond issuing	-	1,200,000,000
Cash received from other financing activities	3,845,062,932	2,091,667,037



Sub-total of cash inflows	5,602,312,888	4,389,167,037
Cash repayments of borrowings	1,481,033,196	955,559,400
Cash payments for interest expenses and distribution of dividends or profits	249,819,188	153,753,299
Cash payments relating to other financing activities	3,353,517,560	2,126,621,204
Sub-total of cash outflows	5,084,369,944	3,235,933,903
Net cash flows from financing activities	517,942,944	1,153,233,134
<b>4. Effect of foreign exchange rate changes on cash</b>	-2,522,306	3,334,185
<b>5. Net increase/(loss) in cash and cash equivalents</b>	-1,382,155,459	249,081,659
Add: Cash and cash equivalents at the period beginning	2,450,928,764	969,962,927
<b>6. Cash and cash equivalents at the period end</b>	1,068,773,305	1,219,044,586

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

#### 4.2 Audit Report

Applicable  Not Applicable