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**HUAXIN CEMENT CO., LTD.\***

**華新水泥股份有限公司**

*(a joint stock limited company incorporated in the Republic of China)*

**(Stock Code: 6655)**

## **2022 THIRD QUARTERLY REPORT**

This announcement is issued pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In accordance with the applicable rules of the Shanghai Stock Exchange of the People's Republic of China (the "PRC"), the Third Quarterly Report (the "**Quarterly Report**") of Huaxin Cement Co., Ltd. (the "**Company**") and its subsidiaries (together with the Company, the "**Group**") for the period from 1 July 2022 to 30 September 2022 (the "**Reporting Period**") will be published in newspapers circulating in the PRC on 27 October 2022. The financial report contained in this Quarterly Report has been prepared in accordance with China Accounting Standards for Business Enterprises and has not been audited.

This Quarterly Report is prepared in Chinese and translated into English. If there is any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

## IMPORTANT NOTICE

The board of directors, the board of supervisors, the directors, the supervisors and the senior management of the Company confirm that the information contained in this Quarterly Report, for which they jointly and severally accept legal liability, is true, accurate and complete, and does not contain any misrepresentation, misleading statements or material omission.

The officer-in-charge of the Company, the officer-in-charge of the accounting functions and the officer-in-charge of the accounting department (the head of the accounting department) confirm that the financial statements contained in this Quarterly Report is true, accurate and complete.

The financial statements contained in this Quarterly Report have not been audited.

## I. MAJOR FINANCIAL INFORMATION

(I) Major accounting information and financial indicators

*Unit: Yuan Currency: RMB*

Items	The Reporting Period	Changes as compared with that of the corresponding period of last year (%)	From the beginning of the year to the end of the reporting period	Changes as compared with that of the corresponding period of last year (%)
Operating income	7,421,469,057	-3.74	21,810,918,020	-2.86
Net profit attributable to shareholders of the Company	637,814,396	-43.31	2,224,654,053	-37.57
Net profit attributable to shareholders of the Company after extraordinary items	595,220,189	-47.25	2,131,239,376	-39.53
Net cash flow from operating activities	N/A	N/A	2,510,671,236	-29.61
Basic earnings per share (RMB/share)	0.30	-44.44	1.07	-37.79
Diluted earnings per share (RMB/share)	0.30	-44.44	1.07	-37.79
Weighted average return on net assets (%)	2.38	Decreased by 2.56 percentage points	8.13	Decreased by 6.64 percentage points
	As at the end of the Reporting Period	As at the end of last year		Changes as at the end of the Reporting Period as compared with that at the end of last year (%)

Total assets	60,008,703,156	52,549,618,050	14.19
Total equity attributable to shareholders of the Company	27,283,303,828	26,729,911,468	2.07

Note: The “Reporting Period” refers to three-month period from the beginning of this quarter to the end of this quarter, the same hereinafter.

(II) Extraordinary items and amount

*Unit: Yuan      Currency: RMB*

Items	The Reporting Period	1 January 2022 to 30 September 2022
Profit or loss on disposal of non-current assets	792,454	-4,168,192

Government grants recognized in profit or loss (other than grants which are closely related to the Company’s business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)

46,995,745

Item	Proportion of changes (%)	Main reason
Held-for-trading financial assets	-85.22	Redemption of money fund
Notes receivable	75.07	Decrease in bills payment
Accounts receivable	83.00	Expansion of RMX business
Financing with receivables	-40.21	Decrease in operating income led to the decrease in bills payment
Prepayments	65.20	Increase in prepayments of coal
Other receivables	49.27	Deposit of M&A and transaction accounts increased
Long-term receivables	270.66	Increase in working capital need from local governments
Other equity instrument investments	1,043.94	Increase in investments in strategic cooperation with local state-owned enterprise
Construction in progress	77.80	Increase in investments in aggregate and RMX projects
Right-of-use assets	172.73	Increase in RMX business leasing
Development expenditure	47.74	Increase in investments in R&D staff and projects
Other non-current assets	108.22	Increase in investments in aggregate and RMX projects
Employee benefits payable	-60.29	Payment of bonus for last year
Taxes payable	-35.53	Decrease in taxes payable due to decrease in profit
Non-current liabilities due within one year	102.35	Increase in maturing working capital liabilities
Long-term borrowings	34.02	Increase in borrowings for projects
Bonds payable	33.98	Issuance of RMB900 million corporate bonds
Lease liabilities	136.18	Increase in RMX business leasing
Long-term payables	171.90	Increase in instalment payment for mining rights
Other comprehensive income	129.11	Foreign currency appreciation against RMB of overseas subsidiaries
Minority interests	31.06	Increase in capital investment from minority shareholders of subsidiaries
R&D expenses	102.78	Increase in investments in R&D staff and projects
Financial expenses	166.68	Foreign exchange losses and increase in interest expenses
Gains from changes in fair value	194.08	Changes in the fair value of derivative financial instruments
Impairment losses on credit	-101.38	Expansion of RMX business, increase in impairment losses on credit
Impairment losses on assets	38.32	Decrease in assets impairment loss
Income tax expenses	-35.79	Decrease in taxes expenses due to decrease in profit
Net cash flow from operating activities	-29.61	Sluggish cement market, decrease in sales volume and receivables; sharp increase in fuel price lead to the increase in procurement costs
Net cash flow from investing activities	-93.84	Increase in investment in aggregate and concrete engineering projects
Net cash flow from financing activities	184.47	Increase in project loans, decrease in corporate bonds repayment

## **II. SHAREHOLDER INFORMATION**

(I) Total number of ordinary shareholders, the number of preference shareholders with voting rights restored and the shareholding of the top ten shareholders.

National Social Security Fund 413 Portfolio	Others	9,510,000	0.45	0	Nil	0
National Social Security Fund 503 Portfolio	Others	7,999,920	0.38	0	Nil	0
Basic pension fund 1206 portfolio	Others	7,967,400	0.38	0	Nil	0
Shareholding of the top 10 shareholders without restrictions on trading						
Name of shareholder	Total number of shares held not subject to trading restrictions	Class and number of shares				
		Class of shares	Number of shares			
HKSCC Nominees Limited <sup>(Note)</sup>	734,719,989	Overseas listed foreign shares	734,719,989			
HOLCHIN B.V.	451,333,201	RMB-denominated ordinary shares	451,333,201			
Huaxin Group Co., Ltd.	338,060,739	RMB-denominated ordinary shares	338,060,739			
Hong Kong Securities Clearing Company Limited	50,172,565	RMB-denominated ordinary shares	50,172,565			
Huaxin Cement Co., Ltd. – 2020-2022 Core Employee Stock Ownership Plan	21,039,361	RMB-denominated ordinary shares	21,039,361			
China Merchants Bank Co., Ltd. - SSE Dividend Trading Open-ended Index Securities Investment Fund	14,385,170	RMB-denominated ordinary shares	14,385,170			
China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	RMB-denominated ordinary shares	11,289,600			
National Social Security Fund 413 Portfolio	9,510,000	RMB-denominated ordinary shares	9,510,000			
National Social Security Fund 503 Portfolio	7,999,920	RMB-denominated ordinary shares	7,999,920			
Basic pension fund 1206 portfolio	7,967,400	RMB-denominated ordinary shares	7,967,400			
Explanation of the connected relationship or acting in concert relationship among the abovementioned shareholders	It is unknown to the Company whether there was any connected relationship or acting in concert relationship among the abovementioned shareholders.					

Explanation on the top 10 shareholders and the top 10 shareholders not subject to trading restrictions participating in margin trading and refinancing business (if any)	N/A
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Note: Investors deposit their H shares of the Company in the Central Clearing and Settlement System of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in the name of HKSCC Nominees Limited, a wholly-owned subsidiary of the Stock Exchange. It is the total number of shares registered.

### III. OTHER POINTS TO NOTE

Other important information regarding the Company’s operation during the Reporting Period which shall draw investors’ attention

Applicable Not applicable

### IV. QUARTERLY FINANCIAL STATEMENTS

(I) Type of auditor opinions

Applicable Not applicable

(II) Financial statements

**CONSOLIDATED BALANCE SHEET**

30 September 2022

Prepared by: Huaxin Cement Co., Ltd.

*Unit: Yuan Currency: RMB Type of Audit: Unaudited*

<b>Items</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Current Assets:</b>		
Cash and bank balances	7,409,583,423	8,836,439,385
Held-for-trading financial assets	105,200,393	711,964,323
Notes receivable	254,607,676	145,430,152
Accounts receivable	1,750,529,195	956,580,152
Financing with receivables	455,027,208	761,050,910
Prepayments	560,561,263	339,315,919
Other receivables	531,407,008	356,013,351
Including: Interests receivable	623,760	89,797
Inventories	3,525,026,690	3,541,954,674
Other current assets	536,249,078	477,967,711
<b>Total Current Assets</b>	<b>15,128,191,934</b>	<b>16,126,716,577</b>
<b>Non-current Assets:</b>		
Debt investments	7,500,000	7,500,000
Long-term receivables	133,195,496	35,934,266
Long-term equity investments	454,576,359	523,612,871
Other equity instrument investments	639,085,894	55,867,066
Other non-current financial assets	22,291,106	26,343,260
Fixed assets	22,650,785,452	21,326,030,410
Construction in progress	7,466,255,867	4,199,141,042
Right-of-use assets	745,086,801	273,191,262
Intangible assets	9,191,659,758	7,377,964,445
Development expenditure	15,354,692	10,392,804
Goodwill	643,192,969	643,192,969
Long-term prepaid expenses	512,968,990	582,072,668
Deferred tax assets	418,168,280	410,534,318
Other non-current Assets	1,980,389,558	951,124,092
<b>Total Non-current Assets</b>	<b>44,880,511,222</b>	<b>36,422,901,473</b>
<b>TOTAL ASSETS</b>	<b>60,008,703,156</b>	<b>52,549,618,050</b>
<b>Current Liabilities:</b>		
Short-term borrowings	655,485,309	642,946,608
Notes payable	683,342,118	670,993,082



Accounts payable	8,055,677,241	7,112,302,355
Contract liabilities	1,049,011,290	847,443,693
Employee benefits payable	162,449,387	409,092,005
Taxes payable	683,958,053	1,060,916,467
Other payables	974,209,601	756,194,670
Including: Interests payable	39,896,100	34,819,098
Dividend payable	38,498,098	58,154,514
Non-current liabilities due within one year	2,455,796,271	1,213,650,184
<b>Total Current Liabilities</b>	<b>14,719,929,270</b>	<b>12,713,539,064</b>
<b>Non-current Liabilities:</b>		
Long-term borrowings	6,810,996,647	5,081,924,506
Bonds payable	4,458,655,732	3,327,860,620
Lease liabilities	528,045,142	223,580,118
Long-term payables	1,259,615,319	463,257,160
Long-term employee benefits payable	56,075,546	54,458,394
Provisions	408,276,802	347,473,462
Deferred income	296,786,046	292,376,076
Deferred tax liabilities	622,241,197	572,865,342
Other Non-current Liabilities	94,446,000	94,446,000
<b>Total Non-current Liabilities</b>	<b>14,535,138,431</b>	<b>10,458,241,678</b>
<b>TOTAL LIABILITIES</b>	<b>29,255,067,701</b>	<b>23,171,780,742</b>
<b>Shareholders' Equity:</b>		
Share capital	2,096,599,855	2,096,599,855
Capital reserve	2,060,612,939	2,031,151,748
Less: Treasury shares	610,051,971	610,051,971
Other comprehensive income	88,876,862	-305,350,132
Surplus reserve	1,111,880,257	1,111,880,257
Retained profits	22,535,385,886	22,405,681,711
<b>Total equity attributable to shareholders of the Company</b>	<b>27,283,303,828</b>	<b>26,729,911,468</b>
Minority interests	3,470,331,627	2,647,925,840
<b>Total Shareholders' Equity</b>	<b>30,753,635,455</b>	<b>29,377,837,308</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>60,008,703,156</b>	<b>52,549,618,050</b>

Legal Representative: Li Yeqing  
Chief Financial Officer: Chen Qian  
Head of Accounting Department: Wu Xin

## CONSOLIDATED INCOME STATEMENT

January to September 2022

Prepared by: Huaxin Cement Co., Ltd.

Unit: Yuan Currency: RMB Type of Audit: Unaudited

<b>Items</b>	<b>The first three quarters of 2022 (January to September)</b>	<b>The first three quarters of 2021 (January to September)</b>
I. Total operating income	21,810,918,020	22,453,863,016
Including: Operating income	21,810,918,020	22,453,863,016
II. Total operating costs	18,858,589,543	17,593,878,631
Including: Operating costs	15,825,106,319	14,788,829,302
Taxes and levies	413,902,439	438,790,589
Selling and distribution expenses	1,098,808,304	1,074,444,316
General and administrative expenses	1,143,985,008	1,143,546,310
Research and development expenses		

1. Net profit attributable to shareholders of the Company	2,224,654,053	3,563,345,363
2. Profit or loss attributable to minority shareholders	171,767,437	331,067,981
VI. Other comprehensive income, net of tax	609,695,435	-32,620,268
(i) Other comprehensive income attributable to owners of the Company, net of tax	394,226,994	-27,440,931
1. Other comprehensive income that cannot be reclassified to profit or loss	-12,585,879	11,522,499
(1) Changes in fair value of other equity instrument investments	-12,585,879	11,522,499
2. Other comprehensive income that will be reclassified to profit or loss	406,812,873	-38,963,430
(1) Exchange differences on translation of financial statements denominated in foreign currencies	406,812,873	-38,963,430
(ii) Other comprehensive income attributable to minority shareholders, net of tax	215,468,441	-5,179,337
VII. Total comprehensive income	3,006,116,925	3,861,793,076
(i) Total comprehensive income attributable to owners of the Company	2,618,881,047	3,535,904,432
(ii) Total comprehensive income attributable to minority shareholders	387,235,878	325,888,644
VIII. Earnings per share		
(i) Basic earnings per share (RMB/share)	1.07	1.72
(ii) Diluted earnings per share (RMB/share)	1.07	1.72

The net profit of the acquiree of business combination under common control during the Reporting Period before the acquisition is RMB0. The net profit of the acquiree for the previous period is RMB0.

Legal Representative: Li Yeqing

Chief Financial Officer: Chen Qian

Head of Accounting Department: Wu Xin

## CONSOLIDATED CASH FLOW STATEMENT

January to September 2022

Prepared by: Huaxin Cement Co., Ltd.

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2022 (January to September)	The first three quarters of 2021 (January to September)
<b>I. Cash Flows from Operating Activities:</b>		
Cash receipts from the sale of goods and the rendering of services	20,658,257,803	21,240,586,758
Receipts of tax refunds	68,145,567	70,856,132
Other cash receipts relating to operating activities	441,658,903	261,721,451
Sub-total of cash inflows from operating activities	21,168,062,273	21,573,164,341
Cash payments for goods purchased and services received	13,490,603,900	12,960,985,301
Cash payments to and on behalf of employees	2,193,663,941	2,192,637,644
Payments of various types of taxes	2,178,462,811	2,394,254,553
Other cash payments relating to operating activities	794,660,385	458,236,527
Sub-total of cash outflows from operating activities	18,657,391,037	18,006,114,025
Net Cash Flow from Operating Activities	2,510,671,236	3,567,050,316
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposal and recovery of investments	3,837,853,050	1,700,000,000
Cash receipts from investment income	22,737,684	16,145,820
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	25,305,945	23,872,602
Net cash receipts from disposal of subsidiaries and other business units	-	22,000
Other cash receipts relating to investing activities	164,718,387	5,602,256
Sub-total of cash inflows from investing activities	4,050,615,066	1,745,642,678
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	5,217,068,945	3,343,434,372
Cash payments to acquire investments	3,809,575,331	1,000,000,000
Net cash payments for acquisition of subsidiaries and other business units	44,029,581	328,542,886
Other cash payments relating to investing activities	652,237,125	-
Sub-total of cash outflows from investing activities	9,722,910,982	4,671,977,258
Net Cash Flow from Investing Activities	-5,672,295,916	-2,926,334,580
<b>III. Cash Flows from Financing Activities:</b>		

Cash receipts from capital contributions	462,250,000	153,333,766
Cash receipts from borrowings	4,575,088,613	2,911,018,638
Other cash receipts relating to financing activities	4,410,181	124,507,075
Sub-total of cash inflows from financing activities	5,041,748,794	3,188,859,479
Cash repayments of borrowings	1,076,296,585	2,100,386,913
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,548,094,627	2,507,330,094
Other cash payments relating to financing activities	174,670,628	52,358,440
Sub-total of cash outflows from financing activities	3,799,061,840	4,660,075,447
Net Cash Flow from Financing Activities	1,242,686,954	-1,471,215,968
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	154,830,707	-2,447,481
<b>V. Net Increase in Cash and Cash Equivalents</b>	-1,764,107,019	-832,947,713
Add: Opening balance of cash and cash equivalents	8,550,475,141	8,420,246,369
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	6,786,368,122	7,587,298,656

Legal Representative: Li Yeqing  
Chief Financial Officer: Chen Qian  
Head of Accounting Department: Wu Xin

Relevant information about the financial statements at the beginning of the year for the initial application of new Accounting Standard adjustments since 2022

Applicable Not applicable

By Order of the Board  
**Huaxin Cement Co., Ltd.**  
**Xu Yongmo**  
Chairman

Wuhan City, Hubei Province, the PRC

26 October 2022

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Ms. Geraldine Picaud, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.*

\* For identification purpose only