

Huaxin Cement Co., Ltd.

600801

Half Year Report 2021

Important Notice

I. 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.

II. All Directors of the Company attended the Board Meeting.

III. This Half Year Report has not been audited.

IV. Legal Representative and CEO Mr. Li Yeqing, person in charge of accounting Mr. Chen Qian, and Chief of Accounting Department Mr. Wu Xin declare and confirm that the Financial Statements contained in this Half Year Report is true, accurate and complete.

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

The Company would not conduct profits distribution during this reporting period and no capital reserve would be transferred to share capital.

VI. Risk statement of the forward-looking description

Future plan, development strategy and other forward-looking description in this Report are not essential commitments of the Company to its investors. Investors are kindly requested to note the investment risk.

VII. There was no frequent fund occupation by the controlling shareholders or their related parties.

VIII. All the external guarantees provided by the Company were in compliance with the decision-making procedures.

IX. No such circumstances where over half of directors can't guarantee the authenticity, accuracy and completeness of this report.

X. Significant Risk Warning

The company has described the possible risks in this report in detail, please refer to the content of the "possible risks" part of "Other Disclosures" in "Section III Management Discussion and Analysis" of this report.

XI. Others

Applicable Inapplicable

Chapter 1 Interpretation

In this Report, unless otherwise requires, the below terms have the following meanings:

Interpretation of the common words		
The Company, Company and Huaxin Cement	means	Huaxin Cement Co., Ltd.
Reporting period	means	1 January 2021 – 30 June 2021
Yuan, K Yuan, 10 K Yuan, mio Yuan, 100 mio Yuan	means	RMB, RMB thousand Yuan, RMB 10 thousand Yuan, RMB million Yuan, RMB 100 million Yuan, China's legal currency
ICC	means	International Chamber of Commerce
RDF	means	Refuse Derived Fuel
NO _x	means	Nitrogen oxide(s)
SNCR	means	Selective Non-Catalytic Reduction
SO ₂	means	Sulfur dioxide

Chapter 2 General and Key Financial Indicators

I. Company Information

Name of the Company in Chinese	华新水泥股份有限公司
Abbreviation in Chinese	华新水泥
Name of the Company in English	Huaxin Cement Co., Ltd.
Abbreviation in English	HUAXINCEM
Legal Representative	Mr. Li Yeqing

II. Liaison Information

	Secretary to the Board	Securities Affairs Representative
Name	Mr. Ye Jiaying	Ms. Wang Lu
Liaison Address	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Tel	02787773896	02787773898
Fax	02787773992	02787773992
E-mail	investor@huaxincem.com	investor@huaxincem.com

III. Basic Information

Registered location of the Company	No. 600 East Daqi Avenue, Huangshi City, Hubei Province
Change of the registered address	The original address when the company listed was No. 897 Huangshi Avenue, Huangshi City, Hubei Province. In June 2018, it was changed into No. 600 East Daqi Avenue, Huangshi City, Hubei Province
Administrative location of the Company	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Post code of the administrative location	430073
Website of the Company	www.huaxincem.com
E-mail	investor@huaxincem.com
Search index for changes during the reporting period	Basic information of the Company has not been changed during the reporting period.

IV. Information Disclosure and Place Available

Press for Information Disclosure	China Securities Journal, Shanghai Securities News
Annual Report available on the Internet website appointed by CSRC	www.sse.com.cn
Place available	Securities and Investors Relations Department of the Company
Search index for changes during the reporting period	Information disclosure and place has not been changed during the reporting period

V. Company Stock

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

VI. Other Information

Applicable Inapplicable

VII. Financial Statements Summary and Financial Indicators**(I) Financial Statements Summary**

Unit: Yuan

Item	Current reporting period (January-June)	Same period of last year	Change over last year (%)
Sales revenue	14,744,386,072	12,564,947,176	17.35
Net profit attributable to shareholders of the Company	2,438,324,279	2,251,974,011	8.27
Net profit attributable to shareholders of the Company after extraordinary items	2,395,910,618	2,242,786,717	6.83
Net cash flow from operating activities	2,292,084,640	3,500,974,684	-34.53
	Current period end	At the end of 2020	Change over last year (%)
Net assets attributable to shareholders of	23,772,817,794	23,571,375,317	0.85

the Company			
Total assets	44,532,620,087	43,928,509,151	1.38

(II) Financial Highlights

Item	Current reporting period (January-June)	Same period of last year	Change over last year (%)
Basic earnings per share (Yuan/share)	1.18	1.08	9.26
Diluted earnings per share (Yuan/share)	1.18	1.08	9.26
Basic earnings per share after extraordinary items (Yuan/share)	1.16	1.07	8.41
Return on net assets, weighted average (%)	9.83	10.08	-0.25
Return on net assets after extraordinary items, weighted average (%)	9.66	10.04	-0.38

VIII. Differences between Accounting Data under Overseas Accounting Standard and Accounting Data under Domestic Accounting Standard

Applicable Inapplicable

IX. Non-routine items and Amount

Unit: Yuan

Item	Amount
Profit or loss on disposal of non-current assets	-8,136,120
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)	65,280,067
In addition to the effective hedging business related to the normal business of the Company, gains and losses on changes in fair value arising from tradable financial assets, derived financial assets, tradable financial liabilities and derived financial liabilities, as well as investment income from disposal of tradable financial assets, derived financial assets, tradable financial liabilities, derived financial liabilities, or other credit investments	781,547
Reversal of provisions for assets impairment of accounts	3,663,891
Non-operating items other than aforesaid items	-9,355,358
Effect of minority interest (after tax)	1,763,037
Effect of income tax	-11,583,403
Total	42,413,661

X. Others

Applicable Inapplicable

Chapter 3 Management Discussion and Analysis

I. the Company's main businesses, operating model and industrial situation during the reporting period

(I) The Company's main businesses

At the beginning of the listing, the Company was engaging in manufacturing and sale of cement, cement technical services, research, manufacturing, installation and maintenance of cement equipment, as well as cement import and export trade. For the past 20 years, through integration development, Eco business transformation strategy, overseas development strategy and high-tech building material business expansion, the Company expanded its businesses to production and sales of RMX, aggregates, production and sale of cement based high-tech building materials, cement kiln co-processing of waste materials, EPC for both domestic and international cement projects, equipment business and project contracting regarding cement kiln co-processing technology, gradually developing into a global building material group in China with the whole industry chain and integrated development.

The Company ranks among Chinese Manufacturing Industry Top 500 and Fortune China Top 500. As of June 30, 2021, the Company owns around 250 subsidiaries and branches in 14 provinces and cities including Hubei, Hunan, Yunnan, Chongqing, Sichuan, Guizhou, Tibet, Henan, Guangdong, Shanghai, Jiangsu, Jiangxi, Shanxi and Hainan as well as 6 countries including Tajikistan, Kyrgyzstan, Uzbek, Cambodia, Nepal and Tanzania, with total cement capacity of 115 million tons/year, (grinding capacity, capacity in joint ventures are included), cement equipment manufacturing capacity of 50,000 tons/year, commercial concrete capacity of 33.1 million m³/year, aggregate capacity of 65.8 million tons/year, composite eco wall material of 420 million units/year, aerated block (board) 600,000 m³/year, mortar production capacity of 500,000 tons/year, UHPC 400,000 tons/year, civil building curtain wall slab of 800,000 m²/year, anticorrosion tile and slab for industrial use 3 million m²/year, lime of 300,000 tons/year, cement packaging bag capacity of 700 million bags/year and wastes disposal capacity of 6.16 million tons/year (including CIPs).

In the first half of 2021, revenue of cement business accounts for 81% of the Company's total revenue, taking the lead in all businesses of the Company. But non-cement business ratio gained place gradually.

(II) Operation model of the Company

1. Model of management

The company has established a matrix and flat organization structure of "regional management" + "business operation" + "functional management", and through establishing a technology institute, implements the company's business portfolio strategy through two different directions: "regional management" (horizontal) and "business operation" (vertical), to form an efficient operation model that promotes and supports

each other and achieves the company's established goals.

2. Model of production

Production of the Company is defined by sales volume. Subsidiaries formulate annual production and operation plan based on the demand in their respective regions.

3. Model of sale

Huaxin adopts unified governance from the headquarter, direct operation of some core regions; unit operation management of industrial parks and plant base, equal emphasis on direct sales and distribution sales. Huaxin takes the pursuit of quality as the core, promote the brand and maintain its value so as to improve competitiveness in the market.

4. Model of procurement

The Company launched the system in procurement and initiated the procurement strategy of “Unified Procurement” + “Online Procurement”. Important raw materials and fuels are procured by the Headquarter collectively. Develop and maintain direct supply of strategic resources. All the office supplies, IT consumables and some industry products are procured through the purchase platform of “internal framework agreement+ external e-commerce” and supplies can be procured one stop. Raw materials, fuels, auxiliary materials and spare parts that are yet to be included in the scope of Unified Procurement and Online Procurement are procured collectively on an open, transparent and standard digital purchasing platform.

(III) Industrial situation

Cement is an important and basic building material widely used in national infrastructure construction, municipal infrastructure and facility construction, real estate development, new rural infrastructure and civil construction. In the meantime, featuring with wide distribution of raw material and good performance in construction, cement will remain an irreplaceable construction material for quite a long time in the future.

In the first half of 2021, national economy showed a consolidated and positive momentum while stabilizing. GDP rose by 12.7% year on year. Driven by the growth of 7.8% in the national infrastructure investment (excluding electricity) and 15% rise in the real estate development year on year, the cement output during January and June hit a record high for half year. The accumulated output is 1.147 billion tons, up by 14.1% like for like, 8.6% over the same period of 2019. Average growth is 4.2% for these two years. (Data source: National Statistics Bureau). Seen from the month, from January to April, the measures for stabilizing growth continue to push the cement demand toward positive trend. Cement output for the single month and accumulated cement output presented an increase at a high level. In May and June, affected by continuous rainfalls and price rise of bulk commodities, construction progress slowed down and demand for cement showed a negative growth. Cumulative cement output growth rate gradually fell back.

In the second half of 2021, the work of national economy keeps to general principle of pursuing progress while ensuring stability. National economy will operate within a reasonable range. Central government is committed to deepen supply side structure reform, control the investment within budget and the issuance of local government bonds. Local government will continue to launch normalized off-peak production and capacity replacement. The fundamentals of cement industry has not changed dramatically, but supply in local regions blindly increased, low price competition started to spread, posing challenges to the healthy development of the industry.

II. Core Competitiveness

Core competitiveness of the Company has not changed and is reflected as followed:

1. Advantages in scale operation and integral industry chain

The Company lowers the cost by scale effect, channels the upstream and downstream of the industry chain and gives play to the whole industry chain so as to form relatively strong competitiveness. The Company has been equipped with almost 115 million tons of capacity across 14 provinces and cities in China and in Tajikistan, Cambodia, Kyrgyzstan, Uzbekistan and Tanzania. Depending on the Company's major business of cement, the Company steadily developed RMX, aggregate, eco wall material, cement equipment and engineering businesses, cement based new building materials and eco business relied on Cement Kiln Co-processing, realizing vertically integral development earlier than other companies and forming coordinated competitiveness of synergy in both upstream and downstream whole industry chain.

2. Advantages in technology innovation and sustainable development

The Company has upheld the concept of "Development Driven by Innovation, Leading at the front of the industry". Starting from industry practical application and combining introduction and self-development, the Company has established a complete set of full-fledged technology innovation system and cultivated a strong and professional technology R&D team which maintains its leading place in technology innovation. The Company now has the overall contracting capacity in R&D, designing, manufacturing, installation, commissioning and "Turnkey Contracting" of cement production facilities. It also has the capacity of exploring technology in cement kiln co-processing of wastes, as well as the capacity of applying the relevant technologies into real industrial production practice. By the end of June 2021, the Company obtained 42 patents for invention derived from production practice and 64 patents of utility model.

3. Advantages in Trademark and Brand

"Huaxin Castle" is a Chinese well-known trademark owned by the Company, and it is one of the cement brands with longest history in China. The century old trademark and brand are well-known and highly recognized in the industry. In 2021, the Company ranked 80th in the "China's 500 Most Valuable Brands" with the brand value at 70.269

billion RMB, up by 2 places.

4. Advantages in the quality of the product

The Company was selected as one of the national “Quality Model” Enterprises. The Company is the first enterprise in cement industry that passed the GB/T19001—ISO9001 quality system authentication. All 15 types of cement products were in the roll of the first batch of National Quality Inspection-Free Products and the quality of its cement products has been among the best in the national cement quality competition. The cement products of the Company have been used as building material in construction of the national landmark buildings and key projects such as the Great Hall of the People, Wuhan Yangtze River Bridge, Jingzhu Expressway, Qinghai-Tibet Railway, Three Gorges Dam, Baihetan, Xiluodu, Wudongde Hydropower station and have won widespread acclaim.

5. Advantages in strategy layout

Huaxin has established the advantages in strategic layout with business and market centralization and synergy. Chinese plants of the Company are mostly located along Yangtze River economic belt, key areas or hot spots in the west where economy is vibrant and market demand can be guaranteed comparatively. For overseas plants of the Company, they are planned like filling the blanks, in countries along the Belt and Road Initiative that have good friendship with China. In the meantime, the choice of location abides by the principle of “guaranteed resources, convenient traffic and potential in market growth”. As for the layout of cement based new material business and eco business of cement kiln co-processing, the Company fully considers the relevance, the coupling and synergy with its main business cement.

6. Advantages in green development

Led by new growth concept, the Company implemented eco transformation as the first in the industry. Through the extensive use of alternative raw materials and fuels, the green mines, the improvement of the intelligent level of industrial systems, and the launch of integrated projects such as cement-aggregate-wall materials and other integrated projects for heat cogeneration and carbon reduction pilots, the company deployed carbon reduction practices in advance and formed a green, low-cost competitive advantages of carbon development. Huaxin is the first company in cement industry to publish the white book of 2025-2060 “Carbon Peak Carbon Neutral” Huaxin Carbon Emission Reduction Roadmap. As of June 30, 2021, the company’s “Cement Kiln High-Efficiency Ecological Co-processing Solid Waste Technology” with independent intellectual property rights has been applied in 20 cement plants in 7 provinces and cities in China. The eco business coverage rate reaches 50% in the entire group of cement kiln lines. The newly commissioned Huangshi million tons line has achieved a thermal substitution ratio of more than 40%, which is at the international leading level.

7. Advantages in digital innovation

Through the implementation of the development strategy of "traditional industry + digital

innovation", the company continuously promotes the use of digital means to reduce costs and increase efficiency in management, production, and operations, support business transformation and development, and enhance corporate competitiveness. The company has built a digital operation system that is coordinated from the inside out and upstream and downstream. At the same time, it has carried out unmanned industrial intelligent applications in mining, cement production and logistics delivery. As of June 30, 2021, the company has implemented 29 types of digital projects in all of its 33 industrial parks/bases/companies, built the first smart factory, and launched the industry's first digital control center to comprehensively improve operational monitoring and dispatch, and decision-making level.

8. Advantages in professional, stable and efficient management team

Top management's leadership is the key to the Company's strategy success. It's contributed by the entrepreneurship management team that is advanced in concept, good at learning, efficient in execution and stable. And most has over 20 years industry experience.

III. Discussion and Analysis on Business Operation

In the first half of 2021, Huaxin coordinated the epidemic control and safety production and vigorously promoted the integrated development, effectively overcame the impacts of raw material cost rise, price fall of cement and RMX. The production and sales scale and main economic index realized positive growth and quality growth.

During the reporting period, Huaxin transformed the organizational structure. Through a matrix and flat organization structure of "regional management" + "business operation" + "functional management", and implements the company's business portfolio strategy through two different directions: "regional management" (horizontal) and "business operation" (vertical), to form a flat and efficient management model that promotes and supports each other and achieves the company's established goals, contributing to the 2025 milestone goals.

During the reporting period, the Company continued to strengthen basic management, reduce costs and increase efficiency. The Company began to promote the "intelligent safety monitoring" project to conduct intelligent 24-hour monitoring of on-site safety violations; strengthen equipment inspection and maintenance to further improve equipment reliability. In the first half of the year, the total number of failures and shutdowns of the kiln fell by 15% year-on-year. The cumulative operation rate of the kiln increased by 1.2% compared with the previous year; the advantages of centralized procurement were used to achieve the increase in fuel procurement costs lower than the market average and the cost of other raw materials lower than the same period last year; guided by the principle of coordinating the company's resources and rationally allocating to create benefits, Huaxin gave full play to the role of the market for unified sales to improve efficiency and balance production and sales on the basis of effectively satisfying market supply.

During the reporting period, the Company continued to rapidly promote integrated development. Yunnan Zhaotong and Hubei Yangxin aggregate projects will increase 10.8 million tons/y capacity; Yunnan Honghe, Fumin, Hubei Nanzhang (expansion), overseas Cambodia and other 8 concrete projects were put into production, adding concrete production capacity of 6 million m³/year.

During the reporting period, the first smart factory independently controlled by the company was delivered and put into use at the Yunnan Luquan factory. The construction of a smart factory embodying the "Huaxin Manufacturing" model covers sales, procurement, production, logistics, finance and other business links. It covers a total of 25 subsystems in the three fields of industrial intelligence, business intelligence, and management intelligence. The whole business process of production, packaging and shipping of finished products is intelligent.

In the first half of 2021, the company sold 37.36 million tons of cement and commercial clinker, a year-on-year increase of 14%; sold 16.17 million tons of aggregates, a year-on-year increase of 93%; sold 3.36 million m³ concrete, a year-on-year increase of 110%; received various wastes 1.64 million tons, an increase of 23% year-on-year. The operating income is 14.744 billion yuan, a year-on-year increase of 17.35%; net profit attributable to shareholders of the parent company of 2.438 billion yuan, a year-on-year increase of 8.27%.

IV. Major operations during the period

(I) Major Operations

1. Changes of Items in Financial Statement

Unit: Yuan

Item	Current period	Same period of last year	Change (%)
Sales revenue	14,744,386,072	12,564,947,176	17.35
Cost of sales	9,307,552,289	7,667,011,135	21.4
Selling and distribution expenses	1,048,956,699	862,846,359	21.57
General and administrative expenses	677,883,399	725,182,057	-6.52
Financial costs	102,942,061	90,426,347	13.84
R&D expenditures	23,001,179	8,441,524	172.48
Net cash flows from operating activities	2,292,084,640	3,500,974,684	-34.53
Net cash flows from investing activities	-1,124,636,623	-2,462,368,757	54.33
Net cash flows from financing activities	-2,348,364,550	1,394,967,421	-268.35

Reasons of R&D expense change: investment increase in the R&D projects.

Reasons for net cash flows from operating activities change: payment for goods and tax surcharges increased.

Reasons for net cash flows from investing activities change: monetary fund redeemed, payment for equity investment declined.

Reasons for net cash flows from financing activities change: less new loans and dividend distribution finished in the first half year.

2. Others

(1) Significant change in profit structure or profit sources

Applicable Inapplicable

(2) Others

Applicable Inapplicable

(II) Significant profit change due to non-core business

Applicable Inapplicable

(III) Assets and Liabilities

1. Assets and Liabilities

Unit: Yuan

Item	June 30, 2021	% in the total assets	End of last period	% in the total assets	Change over the end of last period (%)	Remarks
Tradable financial assets	0	-	1,004,581,752	4.26	-100.00	Monetary fund redeemed
Notes receivable	124,033,871	0.52	79,939,117	0.34	55.16	Payment of acceptance bill from small and medium banks increased
Accounts receivable	1,066,639,655	4.49	653,219,779	2.77	63.29	Scale expansion of concrete, receivables increased.
Construction in progress	4,070,807,952	17.12	3,104,429,340	13.17	31.13	Investment in the vertical integration in the industry chain increased.
Assets with use right	189,547,925	0.80	0	-	Not applicable	Adjustment in new leasing standard.
R&D expenditure	6,991,441	0.03	2,050,090	0.01	241.03	R&D projects and investment increased.
Other fixed assets	470,749,883	1.98	341,608,498	1.45	37.80	Prepayment in the construction increased.
Tradable financial liabilities	3,587,852	0.02	0	-	Not applicable	Interest rate swap investment

Notes payable	222,804,276	0.94	472,696,537	2.01	-52.87	Notes stock are high and the issuance of new acceptance bill declined.
Employee benefits payable	320,633,241	1.35	529,877,921	2.25	-39.49	Payment of performance pay of employees for last year.
Lease liabilities	159,840,888	0.67	-	-	Not applicable	Adjustment in new leasing standard.
Long term payables	352,968,294	1.48	191,011,663	0.81	84.79	Transfer fee for mining right increased.
Long term employee benefits payable	57,260,817	0.24	127,205,104	0.54	-54.99	Long term performance pay transferred to current liabilities.

2. Overseas assets

(1) Assets scale

Overseas assets 59.56 (Unit: 100 million yuan, currency: RMB), 13.37% of total assets.

(2) Explanation on the overseas assets

3. Major restrictions on assets by the period end

Item	Book value at the end of the period
Cash at bank and in hand	203,341,224
Notes receivable	0
Financing from accounts receivable	98,631,671
Fixed assets	5,801,615
Intangible assets	6,168,325
Assets with use right	189,547,925
Total	503,490,760

Equities of some subsidiaries of the Group have been pledged to bank for long term borrowings. As of 2021 June 30, book value of net asset balance equivalent to those equities is around 4,821,381,052 RMB.

4. Other explanations

Applicable Inapplicable

(IV) Investments

1. External equity investment

Applicable Inapplicable

Unit: Yuan

Item	Current period	Last period	Change (%)
Credit investment	7,500,000	7,500,000	0
Other equity instrument investment	35,180,864	33,774,995	4.16
Other non-current financial assets	28,086,810	32,827,254	-14.44
Long term equity investment	593,779,530	512,281,201	15.91

(1) Major equity investment

Unit: Yuan

Invested party	Main business	Investment proportion (%)
Tibet Gaoxin Building Materials Group Co., Ltd.	Production and sales of cement	43%

(2) Major non-equity investment Applicable Inapplicable**(3) Financial Assets valued by fair value**

Unit: Yuan

Stock code	Stock abbreviation	Original investment (Yuan)	Equity proportion (%)	Book value at period end (Yuan)	Profits/ losses during the reporting period	Accounting title
601328	Bank of Communication	3,165,725	0.0029%	10,704,810	917,555	Other non-current financial assets
601601	China Pacific Insurance	696,000	0.0066%	17,382,000	-5,658,000	Other non-current financial assets
Total		3,861,725	/	28,086,810	-4,740,445	

(V) Major assets and equity sale Applicable Inapplicable

(VI) Major holding and joint stock companies

Unit: Yuan

Company name	Major product and service	Registered capital	Total assets	Net assets	Net profit	Sales revenue
Huaxin Cement (Yangxin) Co., Ltd	Production and sales of cement	500,000,000	1,418,990,930	936,622,857	184,998,352	783,793,254
Huaxin Cement (Wuxue) Co., Ltd	Production and sales of cement	300,000,000	1,170,331,077	733,093,092	203,069,127	747,470,115
Huaxin Cement (Tibet) Co., Ltd	Production and sales of cement	50,000,000	1,646,628,762	1,083,926,266	133,864,666	554,479,009

(VII) Structural main body changes controlled by the CompanyApplicable Inapplicable**III. Other Information Disclosure****(I) Warning and Explanation on Forecasting Loss or Major Change in Net Profit from the Period Beginning till the Next Period End Compared with the Same Period of Last Year**Applicable Inapplicable**(II) Potential risks**Applicable Inapplicable**1. Risk of performance decline led by the fall in cement price**

Cement demand is highly relevant with national economy and fixed asset investment and highly periodical. Currently, China is accelerating constructing a new development landscape, strengthening real estate control, guarding against and diffuse local debt risks and bulk commodities of raw material and fuel prices are surging, which poses risks to the slight fall in cement demand. Cement industry is faced with aggravated and sever overcapacity while local supply is surging, so cement price will be under pressure.

2. Risk of safety production and compliance operation

The production covers quarry exploitation, cement and cement product manufacturing, disposal of hazard wastes, household garbage, sludge. As national government steps up restrictions on safety production, eco emission, once there is safety accident, eco accident, it will bring about losses on the reputation and property of the Company and pose adverse impacts on the operation.

3. Risk of production cost rise

The cost of fuel ranks the first in the cement cost. Affected by demand, the coal price soared this year. With the goal of "carbon peak and carbon neutral", the government is bound to formulate more vigorous eco standard and the cost in eco and compliance is sure to rise. Additionally, the concept of "lucid waters and lush mountains are as valuable as mountains of gold and silver" is deepening. The cost of acquiring quarry right is gradually rising.

In order to cope with the above risks, on the one hand, the company has demonstrated the sense of responsibility as a large enterprise, and actively implemented policies and

measures such as national supply-side structural reforms and local government off-peak production to promote the healthy development of the industry. On the other hand, adhere to the "innovation, compliance operation, integrated development" to enhance the competitiveness of enterprises. By adhering to customer-centric marketing concepts, innovating products, focusing on differentiated competitive strategies, and building a digital marketing ecosystem, we will create differentiated advantages. Adhere to the concept of "safety and environmental protection as the lifeline of enterprise production", increase investment in safe production and environmental protection, and further eliminate/prevent potential environmental risks. Through technological transformation and digital technological innovation, we will build a highly intelligent "unmanned factory" to improve operating efficiency and reduce production costs.

(III) Other disclosure

Applicable Inapplicable

Chapter 4 Corporate Governance

I. Briefing on Shareholders' General Meetings

Meeting	Date	Appointed website for reference of the resolution	Disclosure date of the Resolution	Meeting Resolutions
Frist Extraordinary Shareholders' General Meeting 2021	January 28, 2021	www.sse.com.cn	January 29, 2021	Review and adopted: Proposal on Building Huangshi Huaxin Green Building Materials Industrial Park
Annual Shareholders' General Meeting 2020	April 27, 2021	www.sse.com.cn	April 28, 2021	Review and adopted: 1. Annual Work Report 2020 of the Board of Directors 2. Annual Work Report 2020 of the Board of Supervisors 3. Final Financial Report 2020 and Financial Budget Report 2021 4. Profit Distribution Plan 2020 of the Company 5. Proposal on Reappointing the Accounting Firm for 2021 Financial Audit and Internal Control Audit of the Company 6. Proposal in Respect of Amending Partial Articles in the Articles of Association of the Company 7. Proposal in Respect of Electing Mr. Xu Yongmo, Mr. Li Yeqing, Mr. Liu Fengshan, Ms. Geraldine Picaud, Mr. Chi Kong Lo and Ms. Tan Then Hwee as Directors of the Tenth Board of Directors of the Company 8. Proposal in Respect of Electing Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Edward Jiang as Independent Directors of the Tenth Board of Directors of the Company 9. Proposal in Respect of Electing Mr. Peng Qingyu, Mr. Zhang Lin and Mr. Yang Xiaobing as Supervisors of the Tenth Board of Supervisors of the Company
Second Extraordinary Shareholders' General Meeting 2021	May 27, 2021	www.sse.com.cn	May 28, 2021	Review and adopted: 1. Proposal on Public Issuance of Corporate Bonds in 2021 2. Proposal on Providing Guarantee for Huangshi Huaxin Green Building Materials Industry Co., Ltd

II. Changes of Directors, Supervisors and Senior Management

Name	Position	Changes
Zhang Jiping	Independent Director	By election
Edward Jiang	Independent Director	By election
Wong Kun Kau	Independent Director	By election
Zhu Yaping	Supervisor	By election
Liu Weisheng	Supervisor	By election
Ye Jiaying	VP, Secretary to Board	By appointment
Wang Jiajun	VP	By appointment
Chen Qian	VP, CFO	By appointment
Liu Yan	Independent Director	Leave the position
Simon MacKinnon	Independent Director	Leave the position
Wang Liyan	Independent Director	Leave the position
Fu Guohua	Supervisor	Leave the position
Yu Yousheng	Supervisor	Leave the position
Wang Ximing	Secretary to Board	Leave the position
Kong Lingling	CFO	Leave the position
Xiong Guangwei	VP	Leave the position

Explanation on changes of the Directors, Supervisors and Senior Management

On April 27, 2021, Annual Shareholders' General Meeting 2020 of the Company completed the election of the new Board of Directors and Board of supervisors; on April 28, the Tenth Board of Directors completed the appointment of the new Senior Management.

III. Dividends distribution or conversion of capital reserve into share capital

Proposal of dividend distribution, conversion of capital reserve into share capital in the first half of the year

Dividend distribution or conversion of capital reserve into share capital	Nil
Bonus share for 10 shares (share)	0
Dividends for 10 shares (Yuan) (incl. tax)	0
Stock split for 10 shares (share)	0
Relevant explanations on dividend distribution or conversion of capital reserve into share capital	Nil

IV. Briefing and impact of the Equity Incentive Plan, Employee Stock Ownership Plan or other employee incentive measures

(I) Relevant incentives that were disclosed in extraordinary announcements and that had no progress or changes during the further implementation

Item	Index Queries
Grant Date, Grant Price and Grant Quantity of A-1.1 and A-1.2 in 2021 of the “2020-2022 Core Employee Stock Ownership Plan”	www.sse.com.cn 2021-023 Announcement on Resolutions of the Second Meeting of the Tenth Board of Directors 2021-025 Announcement on the Completion of Share Transfer of 2020 A-1.1 and A-1.2 in the 2020-2022 Employee Stock Ownership Plan

(II) Incentives that were not disclosed in extraordinary announcements or that had progress during the further implementation

Other incentive measures

On 20 April 2017, the Annual Shareholders’ General Meeting 2016 reviewed and approved the Long-term Incentive Plan of Huaxin Cement for Top Management 2017-2019. On March 25, 2021, the Twenty Seventh Meeting of the Ninth Board of Directors reviewed and adopted the Proposal on Vesting and Cashing in “Phantom Performance Stock Incentives (PPS)” 2018 for the Top Management, clearly stating the vesting result of the PPS in 2018 and making it realized.

Chapter 5 Environment and Social Responsibilities

I. Environmental information

(I) Description of Environmental Protection of Listed Companies and Their Subsidiaries in Heavy Polluting Industries Provided by National Environmental Protection Department

1. Pollutant emission information

In the first half of 2021, pollutant emission status of the Company's key emission units is detailed in the following table:

No.	Name	Name of the major pollutants and characteristic pollutants	Emission manner	Quantity of the emission outlet	Distribution of the emission outlet	Emission concentration (mg/m ³)	Emission standard (mg/m ³)	Total emission amount (t)	Verified emission (t)	Excess emission
1	Huaxin Cement (Yangxin) Ltd.	SO ₂	Organized	2	Kiln inlet	<100	100	61.72	580.6	No
		NO _X	Organized	2	Kiln inlet	<320	320	990.91	3557.4	No
		Particulate matters	Organized	4	Kiln inlet Kiln outlet	<20	20	53.42	441.45	No
2	Huaxin Cement (Wuxue) Ltd.	SO ₂	Organized	2	Kiln inlet	<200	200	11.63	409.2	No
		NO _X	Organized	2	Kiln inlet	<400	400	1546.11	3682.8	No
		Particulate matters	Organized	4	Kiln inlet Kiln outlet	<30	30	59.89	457	No
3	Huaxin Cement (Daye) Ltd.	SO ₂	Organized	2	Kiln inlet	<100	100	53.05	1058.75	No
		NO _X	Organized	2	Kiln inlet	<320	320	251.98	2117.5	No
		Particulate matters	Organized	4	Kiln inlet Kiln outlet	<20	20	13.12	262.763	No
4	Huaxin Cement (Xiangyang) Ltd.	SO ₂	Organized	2	Kiln inlet	<100	100	37.30	120	No
		NO _X	Organized	2	Kiln inlet	<320	320	504.22	2424	No
		Particulate matters	Organized	4	Kiln inlet Kiln outlet	<20	20	26.18	338.52	No
5	Huaxin Cement (Xinyang) Ltd.	SO ₂	Organized	1	Kiln inlet	<35	35	3.40	120	No
		NO _X	Organized	1	Kiln inlet	<100	100	105.77	1100	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<10	10	15.40	154.7	No
6	Huaxin Jinlong Cement (Yunxian) Ltd.	SO ₂	Organized	1	Kiln inlet	<200	200	16.05	100	No
		NO _X	Organized	1	Kiln inlet	<400	400	293.26	1285	No
		Particulate matters	Organized	2	Kiln inlet Kiln outlet	<30	30	23.2	275.05	No
7	Huaxin Cement (Fangxian)	SO ₂	Organized	1	Kiln inlet	<200	200	10.11	120	No
		NO _X	Organized	1	Kiln inlet	<400	400	246.40	687.5	No

	Ltd.	Particulate matters	Organized	2	Kiln inlet	<30	30	26.99	88.69	No
					Kiln outlet					
8	Huaxin Cement (Yichang) Ltd.	SO2	Organized	2	Kiln inlet	<100	100	10.58	1138.5	No
		NOX	Organized	2	Kiln inlet	<320	320	423.40	2277	No
		Particulate matters	Organized	4	Kiln inlet	<20	20	23.66	282.6	No
Kiln outlet										
9	Huaxin Cement (Zigui) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	16.27	682	No
		NOX	Organized	1	Kiln inlet	<320	320	339.95	1327	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	37.37	169.3	No
Kiln outlet										
10	Huaxin Cement (Enshi) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	1.20	80	No
		NOX	Organized	1	Kiln inlet	<400	400	211.36	564.25	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	7.96	72.79	No
Kiln outlet										
11	Huaxin Cement (Changyang) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	5.30	756.26	No
		NOX	Organized	1	Kiln inlet	<320	320	237.00	1512.5	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	14.70	195.15	No
Kiln outlet										
12	Huaxin Cement (Huangshi) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	189.81	783.75	No
		NOX	Organized	1	Kiln inlet	<320	320	1010.22	2508.00	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	37.08	259.35	No
Kiln outlet										
13	Huaxin Cement (Hefeng) Minzu Building Materials Ltd.	SO2	Organized	1	Kiln inlet	<200	200	4.86	41	No
		NOX	Organized	1	Kiln inlet	<400	400	151.70	275	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	9.90	35.48	No
Kiln outlet										
14	Huaxin Cement (Zhuzhou) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	35.62	620.09	No
		NOX	Organized	1	Kiln inlet	<320	320	562.16	1996.5	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	20.65	165.17	No
Kiln outlet										
15	Huaxin Cement (Chenzhou) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	15.23	248.34	No
		NOX	Organized	1	Kiln inlet	<320	320	446.82	1200	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	7.78	191.57	No
Kiln outlet										
16	Huaxin Cement (Daoxian) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	28.20	167.4	No
		NOX	Organized	1	Kiln inlet	<320	320	240.20	992	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	10.57	159.96	No
Kiln outlet										
17	Huaxin Cement (Lengshuijiang) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	1.66	225	No
		NOX	Organized	1	Kiln inlet	<320	320	239.07	1296	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	9.34	247.75	No
Kiln outlet										

18	Huaxin Cement (Sangzhi) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	5.97	331.25	No
		NOX	Organized	1	Kiln inlet	<320	320	274.42	662.5	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	5.48	85.47	No
Kiln outlet										
19	Huaxin Cement (Chibi) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	31.77	130	No
		NOX	Organized	1	Kiln inlet	<400	400	428.39	1452	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	28.98	180.18	No
Kiln outlet										
20	Huaxin Cement (Enping) Ltd.	SO2	Organized	1	Kiln inlet	<100	100	26.34	211.1	No
		NOX	Organized	1	Kiln inlet	<320	320	197.82	992	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	25.39	112.84	No
Kiln outlet										
21	Huaxin Cement (Quxian) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	17.22	137.53	No
		NOX	Organized	1	Kiln inlet	<400	400	344.61	1280	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	23.87	165.12	No
Kiln outlet										
22	Huaxin Cement Chongqing Fuling Ltd.	SO2	Organized	1	Kiln inlet	<200	200	100.93	771.65	No
		NOX	Organized	1	Kiln inlet	<350	350	410.02	1350.39	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	5.05	191.51	No
Kiln outlet										
23	Huaxin Cement (Wanyuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	1.80	67.3	No
		NOX	Organized	1	Kiln inlet	<400	400	237.19	541.54	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	10.52	109.2	No
Kiln outlet										
24	Huaxin Cement (Tibet) Ltd.	SO2	Organized	3	Kiln inlet	<200	200	87.52	620.27	No
		NOX	Organized	3	Kiln inlet	<400	400	660.29	1732	No
		Particulate matters	Organized	6	Kiln inlet	<30	30	44.88	223.428	No
Kiln outlet										
25	Chongqing Huaxin Diwei Cement Ltd.	SO2	Organized	1	Kiln inlet	<100	100	43.49	426.25	No
		NOX	Organized	1	Kiln inlet	<320	320	162.62	560	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	11.39	105.79	No
Kiln outlet										
26	Chongqing Huaxin Yanjing Cement Ltd.	SO2	Organized	1	Kiln inlet	<100	100	7.89	545.6	No
		NOX	Organized	1	Kiln inlet	<320	320	75.86	716.8	No
		Particulate matters	Organized	2	Kiln inlet	<20	20	6.83	135.41	No
Kiln outlet										
27	Huaxin Guizhou Dingxiao Special Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	4.26	160	No
		NOX	Organized	1	Kiln inlet	<400	400	123.42	320	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	4.67	41.28	No
Kiln outlet										
28	Guizhou Shuicheng Shui On	SO2	Organized	1	Kiln inlet	<200	200	6.01	79.14	No
		NOX	Organized	1	Kiln inlet	<400	400	224.93	825	No

	Cement Ltd.	Particulate matters	Organized	2	Kiln inlet	<30	30	8.14	106.43	No
					Kiln outlet					
29	Yunnan Huaxin Dongjun Cement Ltd.	SO2	Organized	1	Kiln inlet	<200	200	1.99	140	No
		NOX	Organized	1	Kiln inlet	<400	400	271.89	1240	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	15.82	159.96	No
Kiln outlet										
30	Huaxin Cement (Fumin) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.64	81.84	No
		NOX	Organized	1	Kiln inlet	<400	400	217.80	682	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	10.56	84.63	No
Kiln outlet										
31	Huaxin Cement (Honghe) Ltd.	SO2	Organized	2	Kiln inlet	<200	200	7.43	59.67	No
		NOX	Organized	2	Kiln inlet	<400	400	379.31	1220	No
		Particulate matters	Organized	4	Kiln inlet	<30	30	22.69	82.52	No
Kiln outlet										
32	Huaxin Cement (Zhaotong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.76	120	No
		NOX	Organized	1	Kiln inlet	<400	400	281.29	1200	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	23.11	119.86	No
Kiln outlet										
33	Huaxin Cement (Kunming Dongchuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	4.26	72.06	No
		NOX	Organized	1	Kiln inlet	<400	400	222.23	600	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	12.29	77.4	No
Kiln outlet										
34	Huaxin Cement (Diqing) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	10.33	22	No
		NOX	Organized	1	Kiln inlet	<400	400	227.00	655	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	14.20	90.23	No
Kiln outlet										
35	Huaxin Hongta Cement (Jinghong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	10.08	130.69	No
		NOX	Organized	1	Kiln inlet	<400	400	203.50	620	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	23.25	79.98	No
Kiln outlet										
36	Huaxin Cement (Yunlong) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	3.41	63.24	No
		NOX	Organized	1	Kiln inlet	<400	400	252.26	720.94	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	6.72	96.75	No
Kiln outlet										
37	Huaxin Cement (Jianchuan) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	6.62	45.31	No
		SO2	Organized	1	Kiln inlet	<400	400	184.35	740.35	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	13.84	96.75	No
Kiln outlet										
38	Huaxin	SO2	Organized	1	Kiln inlet	<200	200	1.75	63.54	No

	Cement (Lijiang) Ltd.	NOX	Organized	1	Kiln inlet	<400	400	204.42	620	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	16.05	79.98	No
Kiln outlet										
39	Huaxin Cement (Lincang) Ltd.	SO2	Organized	1	Kiln inlet	<200	200	4.74	82.63	No
		NOX	Organized	1	Kiln inlet	<400	400	265.07	620	No
		Particulate matters	Organized	2	Kiln inlet	<30	30	11.47	79.98	No
Kiln outlet										
40	Tibet Shigatse High-tech Snow Lotus Cement Ltd.	SO2	Organized	2	Kiln inlet	<200	200	7.04	676.94	No
		NOX	Organized	2	Kiln inlet	<400	400	244.25	1360.49	No
		Particulate matters	Organized	4	Kiln inlet	<30	30	12.76	193.83	No
Kiln outlet										
41	Chongqing Huaxin Cantian Cement Co., Ltd.	SO2	Organized	1	Kiln inlet	<200	200	53.84	790	No
		NOX	Organized	1	Kiln inlet	<350	350	263.21	1030.4	No
		Particulate matters	Organized	1	Kiln inlet	<30	30	7.23	205.76	No
42	Kunming Chongde Cement Co.Ltd	SO2	Organized	1	Kiln inlet	<200	200	16.74	140.08	No
		NOX	Organized	1	Kiln inlet	<400	400	291.29	1168.49	No
		Particulate matters	Organized	2	Kiln outlet , Kiln inlet	<30	30	10.11	157.06	No
43	Yunwei Baoshan Organic Chemical Co., Ltd.	SO2	Organized	1	Kiln inlet	<200	200	0.80	292.09	No
		NOX	Organized	1	Kiln inlet	<400	400	355.02	1240	No
		Particulate matters	Organized	2	Kiln outlet , Kiln inlet	<30	30	19.84	294.44	No
44	Huaxin Environmental Ezhou Co., Ltd.	NH3	Organized	1	Biological filter	<35kg/h	35 kg/h	-	Implement emission rate control without performing total accounting	No
		H2S	Organized	1	Biological filter	<2.3kg/h	2.3 kg/h	-		No
45	Wuhan Wugang Huaxin Cement Limited Liability	SO2	Organized	2	Hot-blast furnace	<400	400	0	341	No
		NOX	Organized	2	Hot-blast furnace	<300	300	59	255.75	No
		Particulate matters	Organized	2	Hot-blast furnace	<20	20	6.03	22.55	No
46	Huaxin Cement (Ezhou) Ltd.	Particulate matters	Organized	3	Cement grinding mill	<10	10	3.13	Implement concentration control without quotas	No
47	Huaxin Cement (Xiantao) Ltd.	Particulate matters	Organized	2	Cement grinding mill	<20	20	2	Implement concentration control without quotas	No
48	Huaxin Cement Suizhou Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	0.18	Implement concentration control without	No

									quotas	
49	Huaxin Cement (Jingzhou) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<10	10	0.19	Implement concentration control without quotas	No
50	Panzhuhua Huaxin Cement Ltd.	SO2	Organized	1	Furnace in fluid bed	<600	600	0.1	Implement concentration control without quotas	No
		NOX	Organized	1	Furnace in fluid bed	<400	400	2.1		No
		Particulate matters	Organized	1	Cement grinding mill	<20	20	0.23		No
51	Huaxin Cement (Chuxiong) Ltd.	SO2	Organized	1	Furnace in fluid bed	<600	600	0.09	67	No
		NOX	Organized	1	Furnace in fluid bed	<400	400	0.46	56.12	No
		Particulate matters	Organized	3	Furnace in fluid bed	<30	30	1.75	46.98	No
52	Huaxin Cement (Honghe) Ltd. Kunming Branch	Particulate matters	Organized	2	Cement grinding mill	<20	20	1.92	Implement concentration control without quotas	No
53	Huaxin Cement (Yueyang) Ltd.	Particulate matters	Organized	2	Cement grinding mill	<10	10	11.9	Implement concentration control without quotas	No
54	Huaxin Cement (Honghe) Ltd. Gejiu Branch	Particulate matters	Organized	1	Cement grinding mill	<20	20	1.71	Implement concentration control without quotas	No
55	Huaxin Cement (Macheng) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	2.13	Implement concentration control without quotas	No
56	Huaxin Cement Xiangyang Xiangcheng Ltd.	Particulate matters	Organized	1	Cement grinding mill	<10	10	1.54	Implement concentration control without quotas	No
57	Huaxin Cement (Danjiangkou) Ltd.	Particulate matters	Organized	1	Cement grinding mill	<20	20	0.21	Implement concentration control without quotas	No

2. Construction and operation of pollution prevention facilities

During the reporting period, the Company strictly abided by the requirements of national and local environmental protection laws and regulations, continuously strengthened management on environmental protection related work. While achieving continuous and stable emission of pollutants such as NO_x, SO₂ and particulate matters, the Company actively explored and stored the cement kiln NO_x ultra-low emission upgrading technologies. It continuously promoted management of hazard wastes, solid wastes, standardized environment monitoring, optimized water treatment facility, strengthened control of unorganized particles emission, actively implemented noise control, thus performance in environment protection was continuously improved.

3. Environmental impact assessment on construction projects and other environmental protection administrative licenses

During the reporting period, strictly followed the requirements of the EIA Law, the new reconstruction and expansion projects of the Company implemented the environmental impact assessment system; strictly followed the requirements of the national pollutant emission permit management, applied for pollutant emission permits, and implemented pollutant emission strictly in accordance with the requirements of the pollutant emission permits. Relevant units strictly followed the Clean Production Law and the requirements of the local clean production authorities to implement clean production audits.

4. Emergency plan for emergent environmental incidents

During the reporting period, all subsidiaries of the Company strictly implemented and improved the emergency plans and drills according to the requirements of the Law of PRC on Response to Emergencies and the Interim Administrative Measures for Emergency Management of Environmental Emergencies. On the basis of the requirements of the emergency plan for environmental emergencies, the Company implemented emergency drills to ensure that the Company can respond quickly and in a timely manner after the environmental incident, and to prevent environmental events from affecting the environment and the public.

5. Environment self-monitoring Plan

During the reporting period, branches and subsidiaries carried out self-monitoring in strict accordance with the Requirements of National Environmental Monitoring Technical Specifications-Cement Industry (HJ848-2017) and Pollution Emission Monitoring Guidance General Principles (HJ 819-2017). Self-monitoring projects included smoke, sulfur dioxide, nitrogen oxides, etc. Self-monitoring method combined automatic monitoring and manual monitoring. Automatic monitoring equipment used has passed the acceptance test of the environmental protection department, and the smoke and gas comparison monitoring was carried out regularly to ensure the normal operation of the equipment and the normal transmission of data. Manual monitoring was entrusted with a qualified third-party monitoring company to truly reflect the level of pollutant emissions.

6. Administrative penalties due to environmental issues during the reporting period

During the reporting period, there were no environmental incidents that had a significant impact on the Group. During the reporting period, the following key pollutant emission units received administrative penalties due to environmental issues:

(1) Huaxin Hongta Cement (Jinghong) Co., Ltd. was fined 150 K RMB by Xishuangbanna Ecological Environment Bureau (Xi Huan Fine [2021] No. 15) on May 6, 2021. During its kiln heating up period, average volume of NOx exceeded the limit for 18 consecutive hours.

(2) Huaxin Cement (Jianchuan) Co., Ltd. was fined 250 K RMB by Dali Prefecture Ecological Environment Bureau (Da Huan Fine [2021] No. 93) on May 12, 2021 as hydrogen chloride emission concentration at the kiln inlet exceeded the limit.

(3) Huaxin Cement (Honghe) Co., Ltd. was fined 100 K RMB by Kaiyuan Ecological Environment Bureau on May 7, 2021 (Hong Kai Huan Fine [2021] No. 06) due to the dust from loading and unloading and the open-air stacking of materials at its aggregate station.

(4) Huaxin Cement (Yangxin) Co., Ltd. was fined 290 K RMB by Huangshi Ecological Environment Bureau (Huang Huan Fine [2021] No. 10) on March 9, 2021, due to excessive NOx during supervisory monitoring.

(5) Huaxin Cement (Honghe) Co., Ltd. was fined 350 K RMB by Honghe Prefecture Ecological Environment Bureau (Hong Huan Fine [2021] No. 12) on April 19, 2021, due to no implementation of environmental assessment, no project check and acceptance of mobile aggregate station and unorganized emission.

(6) Huaxin Cement (Daoxian) Co., Ltd. was fined 100 K RMB by Yongzhou Ecological Environment Bureau (Yong Huan Fine [2021] No. 3) on April 30, 2021 for it did not declare hazardous waste management plan.

(7) Huaxin Cement (Daoxian) Co., Ltd. was fined 400 K RMB by Yongzhou Ecological Environment Bureau on (Yong Huan Fine [2021] No. 4) on April 30, 2021 for construction of hazardous waste storage did not meet the standards, and the hazardous waste and non-hazardous waste were mixed stored.

(8) Huaxin Cement (Honghe) Co., Ltd. Gejiu Branch was fined 200 K RMB by Honghe Prefecture Ecological Environment Bureau (Hong Huan Fine [2021] No. 19) on May 7, 2021 for technical upgrading of the production line was not checked and accepted on time.

7. Other environmental information that should be disclosed

During the reporting period, the Company's subsidiaries, in accordance with the requirements of the national and local governments on off-peak production and heavy pollution weather emergency suspended production or restricted production to minimize the impacts on the environment.

In accordance with the requirements of the environmental protection department, each branch and subsidiary regularly published emission data on the environmental monitoring information release platforms of provinces and cities and external website of the Company, and accepted public supervision.

(II) Description on environmental protection of other subsidiaries besides the key pollutant emission units

1. Administrative penalties due to environmental issues

During the reporting period, there were no environmental incidents that had a significant impact on the Group.

During the reporting period, the following non-key pollutant emission units received administrative penalties due to environmental issues:

(1) Chongqing Huaxin Tiancheng Concrete Co., Ltd. was fined 10 K RMB by Chongqing Nan'an District Ecological Environment Bureau (Yu Nan'an Huan Zhi Fine [2021] No. 10) on April 2, 2021 due to a large amount of dust accumulation in the plant area and piles of concrete waste slag muck.

(2) Huaxin Concrete (Yueyang) Co., Ltd. was fined 69 K RMB by Yueyang Ecological Environment Bureau (Yue Huan Fine [2021] No. 29) on April 13, 2021 due to expiration of environmental impact assessment of the concrete construction project.

(III) Relevant information on protecting ecology, preventing pollution, and fulfilling environmental responsibilities

During the reporting period, the Company continued to carry out internal environmental audits, urged its subsidiaries to strictly abide by environmental protection laws and regulations, strictly implemented environmental protection system of the Company, improved pollution prevention and environmental protection management levels, and earnestly fulfilled corporate environmental responsibilities.

The Company organized its subordinate units to actively carry out the "Environmental Protection and Low-Carbon Month" activities, closely combining with the requirements of the "World Environment Day" activities of the ecological and environmental protection authorities at all levels, actively carried out low-carbon environmental protection knowledge publicity and training, to improve the environmental protection and low carbon consciousness of all employees.

(IV) Measures and effects taken to reduce carbon emissions during the reporting period

During the reporting period, in conjunction with the national strategic goal of "carbon peak and carbon neutrality", the Company continued to increase utilization amount of alternative raw materials and fuels, used industrial waste residues such as phosphoric acid sludge and slag to replace natural limestone and reduce carbon emission during the manufacturing process. Based on cement kiln co-processing technology platform, continuously increased utilization amount of combustible municipal solid waste (CMSW), improved the replacement rate of fossil fuels to reduce the use of fossil fuels such as coal and carbon emission during the fossil fuel combustion. Power optimization was achieved through energy consumption optimization of fans, improvement of waste heat power generation efficiency and power consumption optimization of grinding mills.

Through the exploration of carbon reduction capabilities in various links of production, the Company's CO₂ emission per unit of clinker during the reporting period decreased by about 0.95% compared with the same period last year.

Chapter 6 Major Events

I. Performance of commitments

(I) Commitments by the actual controller, shareholder, related party, purchaser and company and other stakeholders during the reporting period or until the reporting period

Applicable Not applicable

II. Capital occupation for non-operation purpose by controlling shareholders and other related parties during the reporting period

Applicable Not applicable

III. Illegal guarantee

Applicable Not applicable

IV. Audit of Half Year Report

(I) Appointment and dismissal of accounting firms

V. Changes and handling of matters involved in non-standard audit opinions in the previous year's annual report

Applicable Not applicable

VI. Related items of bankruptcy

Applicable Not applicable

VII. Material Lawsuit or Arbitration

(I) Lawsuits and arbitrations that had been disclosed in extraordinary announcements and had no further progress

(II) Lawsuits and arbitrations that were not disclosed in extraordinary announcements or that had further progress**Unit: 10,000 yuan RMB**

Plaintiff	Appellee	Party bearing joint liability	Type	Basic Information	Amount	Is there any estimated debt and the amount	Progress	Result and effect	Execution of the judgment
Huaxin Concrete (Xiangyang)Co., Ltd	Xiangyang Jianshan Technology Co., Ltd, Xiangyang Xingshida Plastics Company, Liu Jianshan		Civil Action	For detailed information, please refer to the Annual Report 2015, 2017, 2018 ,2020 of the Company at www.sse.com.cn	2,477.39	No	On May 31, 2021, the Xiangyang Intermediate People's Court made a final ruling, and the ruling of the first instance will take effect from the date of service of the ruling.	The appellee paid 24,773,900 yuan to the plaintiff party.	In July 2021, the company has applied to the People's Court of Xiangyang High-tech Zone for compulsory execution.
Moncement Building Materials LLC	Huaxin Cement Co., Ltd		Arbitration	For detailed information, please refer to the Annual Report 2020 of the Company at www.sse.com.cn	3572.46 USD	No	ICC will hear the case on June 6, 2022.		
Fengjie County Government	Huaxin Cement Co., Ltd, Huaxin Environment (Fengjie) Company		Civil Action	See the note 1 for details.	5945.58	No	The case is governed by Huangshi Municipal Intermediary Government, yet to be reviewed.		
Huaxin Cement Co., Ltd	Fengjie County Government		Civil Action	See the note 1 for details.	1227.34	No	On July, 27, 2020, the Company filed		

							lawsuit in Huangshi Municipal Tieshan District People's Court and the case has been reviewed.		
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Note 1: In August 2012, Huaxin and Fengjie signed the Agreement on the Disposal of Fengjie Household Wastes. Two parties decided to invest an eco plant for the purpose of harmless disposal of household wastes in Fengjie county. Fengjie should pay for the disposal according to the fee in the Agreement. The term of the contract is 30 years. In March 2014, the plant built by Huaxin started operation. Due to policy reasons, Huaxin's transportation of RDF produced by harmless disposal of household wastes were hindered for many times. Since September 2018, Fengjie transported the RDF to surrounding counties for final disposal and refused to pay for the household wastes disposal.

Huaxin filed the lawsuit against Fengjie in Huangshi Municipal Tieshan District People's Court and required them to pay 12,273,372.75 yuan and interest loss and bear the cost of the case.

In February 9, 2021, Fengjie required Huaxin to pay 59,455,841.66 yuan on the ground that Fengjie household wastes were transported to surrounding counties for disposal.

VIII. Listed companies and their directors, supervisors, senior managers, controlling shareholders, and actual controllers suspected of violations of laws and regulations, punishments and rectifications

IV. Explanation of the integrity status of the company and its controlling shareholders and actual controllers during the reporting period

X. Important Related Transactions

(I) Related Transactions in Connection with Daily Operation

1. Events that have been disclosed in extraordinary announcements and that had no progress or changes during the further implementation

Applicable Not applicable

2. Events that were disclosed in extraordinary announcements but had progress or changes during the further implementation

Applicable Not applicable

3. Events that have not been disclosed in extraordinary announcements

Applicable Not applicable

(II) Related Transactions involve Purchasing or Selling Assets or Share Equity

1. Events that were disclosed in extraordinary announcements and that had no progress or changes during the further implementation

Item summary	Search index
On June 10, 2021, the Third Meeting of the Tenth Board of Directors approved Proposal of the Related Party Acquisition of Cement and Related Business of LH Zambia and Malawi	For details, please refer to the Announcement on the Related Party Acquisition of Cement and Related Business of LH Zambia and Malawi on China Securities Journal, Shanghai Securities Journal and Shanghai Stock Exchange website www.sse.com.cn .

2. Events that were disclosed in extraordinary announcements but had progress or changes during the further implementation

Applicable Not applicable

3. Items that were not disclosed in extraordinary announcements

Applicable Not applicable

4. If the Company has performance commitment, it should disclose the performance fulfilment in the reporting period

Applicable Not applicable

(III) Significant related transactions of joint investment

1. Items that were disclosed in extraordinary announcements and had no progress or changes during the implementation

Applicable Not applicable

2. Items that were disclosed in extraordinary announcements but had progress or changes during the implementation

Applicable Not applicable

3. Items that were not disclosed in extraordinary announcements

Applicable Not applicable

(IV) Related Claims and Debts

1. Items that were disclosed in extraordinary announcements and had no progress or changes during the implementation

Applicable Not applicable

2. Items that were disclosed in extraordinary announcements but had progress or changes during the implementation

Applicable Not applicable

3. Items that were not disclosed in extraordinary announcements

Applicable Not applicable

(V) Other significant related transactions

Applicable Not applicable

(VI) Others

Applicable Not applicable

XI. Major Contracts and Implementation

1. Entrustment, Contract and Leasing

Applicable Not applicable

2. Guarantee

Unit: CNY

Guarantee provided by the Company (excluding guarantee for its subsidiaries)													
Guarantor	Relationship with the Listed Company	Be guaranteed	Guarantee amount	Guarantee date (signing date)	Starting date	Maturity date	Guarantee type	Has the guarantee been completed	Is the guarantee overdue	Amount overdue	Is there a counter-guarantee	Is the guarantee provided for related party	Relation
Total guarantee amount during the reporting period (excluding guarantee for subsidiaries)													
Guarantee amount left at the reporting period end (A) (excluding guarantee for subsidiaries)													
Guarantee provided by the Company for its controlling subsidiaries													
Guarantee amount for subsidiaries occurred during the reporting period							-10,208,539						
Guarantee amount for subsidiaries left at the reporting period end (B)							5,036,716,954						
Total guarantee amount (including guarantee for its subsidiaries)													
Total guarantee amount (A+B)							5,036,716,954						
% in net assets of the Company							21.19						
Including:													
Guarantee amount provided to the shareholders, actual controller and its related parties (C)							0						
Debt guarantee amount provided directly or indirectly to subjects whose debt ratio is over 70% (D)							2,901,510,645						
Guarantee amount exceeded 50% of the net assets (E)							0						
Total guarantee amount of the above three (C+D+E)							2,901,510,645						
Explanation on the guarantee							According to the resolution of 2019 Annual Shareholders General Meeting, when the company provides specific guarantee and sign related guarantee contracts, there is no need to convene board meeting or shareholders meeting.						

3. Other major contracts

XII. Explanation on other major issues

1. Matters on Changing the Listing Venue of the Company's Domestically Listed Foreign Shares & Listing by way of Introduction on the Main Board of the Stock Exchange of Hong Kong Ltd.

On August 20, 2020, the Nineteenth Meeting of the Ninth Board of Directors approved the Plan on Changing the Listing Venue of the Company's Domestically Listed Foreign Shares & Listing by way of Introduction on the Main Board of the Stock Exchange of Hong Kong Ltd. On August 26, 2021, the Seventh Meeting of the Tenth Board of Directors modified the proposal. The Company plans to change its 734,720,000 domestically listed foreign shares (B share) to be listed in the main board of the Stock Exchange of Hongkong by way of introduction and convert those shares into overseas listed foreign shares in Hongkong Stock Exchange (H share).

Currently, agencies employed by the Company are conducting due diligence to the Company. The conversion plan is yet to be approved by Shareholder's General Meeting and application profiles are to be reviewed by China Securities Regulatory Commission, Hongkong Stock Exchange afterwards.

2. Issuance of corporate bonds in 2021

On May 27, 2021, the Second Extraordinary Shareholders' General Meeting 2021 approved the Proposal on Public Issuance of Corporate Bonds in 2021. The Company decided to publicly issue corporate bonds to professional investors with no more than 7 years and 2.2 billion yuan(issuance in installments depending on the market).

The issuance of the bonds have been approved by China Securities Regulatory Commission (Zheng Jian Permission [2021] No. 2628). The first tranche of the bonds have completed on August 25, 2021. The scale is 1.3 billion yuan with coupon rate at 3.26%.

Chapter 7 Changes in Shares and Shareholders

I. Changes in Share Capital

(I) Changes in Shares

1. Changes in Shares

There was no change of total shares or share capital structure during the reporting period.

2. Notes on changes in shares

Applicable Not applicable

3. Impact of changes in share capital on financial indicators such as earnings per share and net assets per share during July 1 to the disclosure date of this Half Year Report (if any)

Applicable Not applicable

4. Additional Information that the Company believed it necessary to disclose or that securities regulatory authorities required to disclose

Applicable Not applicable

(II) Changes of Shares Subject to Conditional Sales

Applicable Not applicable

II. Shareholders

(I) Total number of shareholders

Total number of shareholders at the end of reporting period	92,942
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(II) Shareholding by top Ten Shareholders and Top Ten Holders of Listed Shares (not subject to conditional sales)

Unit: share

Top ten shareholders							
Full Names of Shareholders	Change during the reporting period	Shares amount at the end of the period	%	Amount of shares subject to conditional sales	Mortgage or frozen		Shareholder type
					Status	Amount	
HOLCHIN B.V.		835,543,825	39.85	0	nil	0	Foreign corporation
Huaxin Group Co., Ltd.		338,060,739	16.12	0	nil	0	State owned corporation
Hong Kong Securities Clearing Company Ltd.	-11,475,101	83,660,207	3.99	0	nil	0	Unknown

HOLPAC LIMITED	0	41,691,843	1.99	0	nil	0	Foreign corporation
Central Huijin Investment Ltd	-2,781,974	27,694,206	1.32	0	nil	0	Unknown
Huaxin Cement Co., Ltd.-2020-2022 ESOP	1,075,506	21,039,361	1.00	0	nil	0	Other
China Railway Wuhan Bureau Group Co., Ltd.	0	11,289,600	0.54	0	nil	0	Unknown
Dai Deming	-1,699,053	8,855,000	0.42	0	nil	0	Domestic natural person
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	2,325,186	8,278,885	0.39	0	nil	0	Unknown
Huang Jianjun	46,967	6,603,453	0.31	0	nil	0	Domestic natural person
Top ten holders of shares not subject to conditional sales							
Names of Shareholders	Amount of shares	Shares type and amount					
		Type	Amount				
HOLCHIN B.V.	835,543,825	RMB ordinary shares	451,333,201				
		Domestic listed foreign investment shares	384,210,624				
Huaxin Group Co., Ltd.	338,060,739	RMB ordinary shares	338,060,739				
Hong Kong Securities Clearing Company Ltd.	83,660,207	RMB ordinary shares	83,660,207				
HOLPAC LIMITED	41,691,843	Domestic listed foreign investment shares	41,691,843				
Central Huijin Investment Ltd	27,694,206	RMB ordinary shares	27,694,206				
Huaxin Cement Co., Ltd.-2020-2022 ESOP	21,039,361	RMB ordinary shares	21,039,361				
China Railway Wuhan Bureau Group Co., Ltd	11,289,600	RMB ordinary shares	11,289,600				
Dai Deming	8,855,000	RMB ordinary shares	8,855,000				
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	8,278,885	Domestic listed foreign investment shares	8,278,885				
Huang Jianjun	6,603,453	RMB ordinary shares	6,603,453				
Remarks on relationship or concerted actions of the above shareholders	1. Holpac Limited is the party act 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".						

III. Directors, Supervisors and Senior Management

(I) Shareholding changes of Directors, Supervisors and Senior Management

Unit: share

Name	Position	Shares held at the period beginning	Shares held at the period end	Change during the period	Reason for the change
Li Yeqing	Director/CEO	649,630	739,030	89,400	Secondary market trading
Peng Qingyu	Supervisor	381,932	435,932	54,000	Secondary market trading
Zhang Lin	Supervisor	45,300	82,900	37,600	Secondary market trading
Ke Youliang	VP	289,072	399,061	109,989	Secondary market trading
Liu Yunxia	VP	133,440	171,960	38,520	Secondary market trading
Yuan Dezu	VP	76,720	107,220	30,500	Secondary market trading
Yang Hongbing	VP	74,864	122,164	47,300	Secondary market trading
Ye Jiaxing	VP	11,520	30,920	19,400	Secondary market trading
Wang Jiajun	VP	14,600	33,900	19,300	Secondary market trading
Chen Qian	VP	8,000	29,500	21,500	Secondary market trading
Wang Ximing	VP	377,344	441,444	64,100	Secondary market trading
Kong Lingling	VP	375,853	412,853	37,000	Secondary market trading
Xiong Guangwei	VP	35,300	58,700	23,400	Secondary market trading

Other explanations

Due to the re-election of the new Board of Directors, Mr. Wang Ximing, Ms. Kong Lingling and Mr. Xiong Guangwei no longer served as Senior Management of the Company from April 28, 2021.

(II) Stock Option Incentive Granted to Director, Supervisor and Senior Management

Applicable Not applicable

(III) Other explanations

On May 18, 2021, the Second Meeting of the Tenth Board of Directors reviewed and adopted the Proposal on the Grant Date, Grant Price and Grant Quantity of A-1.1 and A-1.2 in 2021 of the 2020-2022 Core Employee Stock Ownership Plan (ESOP) of the Company. According to the authorization of the Shareholders' General Meeting to the Board on the matters related to the ESOP, the Board defined the grant date, grant price and grant quantity of A-1.1 and A-1.2 in 2021. The quantity of shares of A-1.1 (i.e. the supplementary grant for excess performance of A-0 target grantees in 2020) granted to the Directors, Supervisors and Senior Management (23 persons, including Supervisors and Senior Management who left the positions during the reporting period) was 321,581 shares.

Chapter 8 Preferred Stock

Applicable Not applicable

Chapter 9 Corporate Bonds

I. Basic information of the corporate bonds

Unit: 100 million Yuan

Name	Abbreviation	Code	Issuing date	Date of expiry	Bond balance	Coupon rate	Principal and interest payment	Trading place
Huaxin Cement Co., Ltd. 2016 Corporate Bonds (tranche 1) (5 years)	16 Huaxin 01	136647	Aug. 19, 2016	Aug. 22, 2021	12.00	4.79	Adopt annually counted simple interest rather than compound interest. The interest shall be paid once per year, and the principal of the bonds shall be repaid in one time when matured. The last tranche of interests shall be paid together with the principal as the principal matured.	Shanghai Stock Exchange
Overseas bonds	HXCEME	XS2256737722	Nov. 19, 2020	Nov. 18, 2025	19.26	2.25	Simple interest calculation on a monthly basis, payment on a half year basis	Singapore Stock Exchange

II. Financial highlights and indexes

Unit: Yuan

Item	Reporting period end	Last year end	Change over last year end (%)	Reason for the change
Liquid ratio	1.17	1.30	-10	
Quick ratio	0.93	1.07	-13.08	
Asset-liability ratio (%)	41.55	41.40	0.15	
	Reporting period (Jan-Jun)	Same period of last year	Change over same period of last year (%)	Reason for the change
Net profit after extraordinary items	2,395,910,618	2,242,786,717	6.83	
EBITDA / total liabilities	0.25	0.22	11.42	
Interest Protection Multiples	25.16	29.11	-13.57	
Cash Interest Protection Multiples	20.06	30.30	-33.80	Cashflow from operating activities declined
EBITDA Interest Protection Multiples	32.80	44.43	-26.18	
Loan repayment rate (%)	100	100	-	

Interest repayment rate (%)	100	100	-	
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Chapter 10 Financial Report

I. Audit Report

Applicable Inapplicable

II. Financial Statements

HUAXIN CEMENT CO., LTD. CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2021	December 31 2020
Current assets		
Cash at bank and in hand	7,429,933,411	8,641,612,847
Held-for-trading financial assets		1,004,581,752
Notes receivable	124,033,871	79,939,117
Accounts receivable	1,066,639,655	653,219,779
Financing from receivables	937,354,912	1,020,306,419
Advances to suppliers	321,890,888	378,619,350
Other receivables	371,520,100	375,253,958
Including: Interest receivable	79,399	641,915
Inventories	2,898,132,495	2,349,156,189
Other current assets	582,942,575	631,922,798
Total current assets	13,732,447,907	15,134,612,209
Non-current assets		
Credit investment	7,500,000	7,500,000
Long-term receivables	34,638,462	29,141,216
Long-term equity investments	593,779,530	512,281,201
Other equity instrument Investment	35,180,864	33,774,995
Other non-current financial assets	28,086,810	32,827,254
Fixed assets	19,481,730,637	19,185,630,257
Construction in progress	4,070,807,952	3,104,429,340
Right-of-use assets	189,547,925	
Intangible assets	4,505,047,843	4,267,008,181
Development expenditure	6,991,441	2,050,090
Goodwill	611,050,112	476,084,798
Long-term prepaid expenses	333,510,201	363,760,774
Deferred tax assets	431,550,520	437,800,338
Other non-current assets	470,749,883	341,608,498
Total non-current assets	30,800,172,180	28,793,896,942
TOTAL ASSETS	44,532,620,087	43,928,509,151
Current liabilities		
Short-term borrowings	500,500,000	625,000,000
Held-for-trading financial liabilities	3,587,852	-
Notes payable	222,804,276	472,696,537
Accounts payable	5,911,035,705	5,297,633,770
Contract liability	669,790,684	830,492,042
Employee benefits payable	320,633,241	529,877,921

Taxes payable	978,007,767	1,186,166,143
Other payables	938,759,531	786,246,239
Including: Interests payable	58,646,797	30,026,120
Dividends payable	142,391,012	63,842,709
Current portion of non-current liabilities	2,147,153,103	1,874,484,159
Total current liabilities	11,692,272,159	11,602,596,811
Non-current liabilities		
Long-term borrowings	3,511,168,528	3,504,279,973
Debentures Payable	1,925,779,933	1,943,763,447
Lease liabilities	159,840,888	-
Long-term payables	352,968,294	191,011,663
Long-term employee benefits payable	57,260,817	127,205,104
Provisions	225,803,850	233,393,286
Deferred income	287,902,969	301,399,766
Deferred tax liabilities	290,097,580	284,920,603
Total non-current liabilities	6,810,822,859	6,585,973,842
Total liabilities	18,503,095,018	18,188,570,653
SHAREHOLDERS' EQUITY		
Paid-in capital	2,096,599,855	2,096,599,855
Capital surplus	2,004,254,965	1,943,538,052
Less: treasury stock	610,051,971	610,051,971
Other comprehensive income	-310,345,610	-275,292,763
Surplus reserves	1,111,880,257	1,111,880,257
Undistributed profits	19,480,480,298	19,304,701,887
Total equity attributable to shareholders of the Company	23,772,817,794	23,571,375,317
Minority interests	2,256,707,275	2,168,563,181
Total shareholders' equity	26,029,525,069	25,739,938,498
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	44,532,620,087	43,928,509,151

Legal representative: Mr. Li Yeqing

Principal in charge of accounting:
Mr. Chen QianHead of accounting
department: Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
COMPANY BALANCE SHEET
AS AT 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2021 Company	December 31 2020 Company
Current assets		
Cash at bank and on hand	3,798,083,283	4,650,418,319
Held-for-trading financial assets		1,004,581,752
Notes receivable	500,000	100,000
Accounts receivable	859,343,209	545,749,566
Financing from receivables	142,591,980	151,473,769
Advances to suppliers	190,920,146	226,396,232
Other receivables	4,998,140,893	4,396,614,326
Including: Interest receivable	-	-
Dividends receivable	449,563,031	-
Inventories	500,267,408	320,998,776
Current portion of non-current assets	1,580,000	1,580,000
Other current assets	22,170,189	18,886,995
Total current assets	10,513,597,108	11,316,799,735
Non-current assets		
Long-term receivables	68,579,132	18,738,952
Long-term equity investments	11,613,708,765	11,119,516,523
Other equity instrument Investment	35,180,864	33,774,995
Other non-current financial assets	28,086,810	32,827,254
Fixed assets	424,590,637	437,139,833
Construction in progress	275,355,289	209,773,010
Right-of-use assets	64,602,155	
Intangible assets	39,424,810	40,397,874
Long-term prepaid expenses	14,223,466	15,339,306
Deferred tax assets	35,206,310	17,350,047
Total non-current assets	12,598,958,238	11,924,857,794
TOTAL ASSETS	23,112,555,346	23,241,657,529
Current liabilities		
Short-term borrowings	-	300,000,000
Held-for-trading financial liabilities	3,587,852	
Notes payable	-	24,246,455
Accounts payable	401,350,111	410,565,470
Contract liability	22,004,605	14,795,403
Employee benefits payable	13,847,228	63,346,794
Taxes payable	228,569,452	234,439,071
Other payables	6,969,422,147	7,224,579,499
Including: Interests payable	51,000,144	22,543,588
Dividends payable	44,488,081	23,821,382
Current portion of non-current liabilities	1,374,413,010	1,321,867,253
Total current liabilities	9,013,194,405	9,593,839,945
Non-current liabilities		
Long-term borrowings	1,458,850,000	1,202,780,000
Debentures Payable	-	-

Lease liabilities	48,686,086	
Long-term employee benefits payable	90,846,929	99,997,218
Provisions	7,472,518	8,282,611
Deferred income	10,639,500	12,085,332
Total non-current liabilities	1,616,495,033	1,323,145,161
Total liabilities	10,629,689,438	10,916,985,106
Shareholders' equity		
Paid-in capital	2,096,599,855	2,096,599,855
Capital surplus	2,402,598,249	2,341,881,336
Less: treasury stock	610,051,971	610,051,971
Other comprehensive income	14,816,548	13,762,146
Surplus reserves	1,111,880,257	1,111,880,257
Undistributed profits	7,467,022,970	7,370,600,800
Total shareholders' equity	12,482,865,908	12,324,672,423
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	23,112,555,346	23,241,657,529

Legal representative: Mr. Li Yeqing Principal in charge of accounting: Head of accounting department: Mr. Wu Xin
Mr. Chen Qian

**HUAXIN CEMENT CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR JANUARY-JUNE 2021**

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Half Year 2021	Half Year 2020
I. Operating income	14,744,386,072	12,564,947,176
II. Total Operating costs	11,438,418,665	9,557,609,709
Incl: Operating costs	9,307,552,289	7,667,011,135
Taxes and levies	278,083,038	203,702,287
Selling and distribution expenses	1,048,956,699	862,846,359
General and administrative expenses	677,883,399	725,182,057
Research and development expenses	23,001,179	8,441,524
Financial expenses	102,942,061	90,426,347
Including: Interest expenses	134,691,908	91,575,780
Interest income	54,748,194	26,422,427
Add: Other income	112,778,854	106,085,591
Investment income	28,068,456	33,824,872
Including: Income from investment in associates	11,240,371	30,991,838
Gains from changes in fair values	-12,910,048	-7,446,328
Losses on credit impairment	-15,190,828	-27,159,259
Losses on assets impairment	-21,803,772	-4,569,536
Gains/(Losses) on disposal of assets	-3,377,758	9,013,143
III. Operating profit	3,393,532,311	3,117,085,950
Add: Non-operating income	19,409,089	6,722,864
Less: Non-operating expenses	36,022,596	40,916,878
IV. Profit before tax	3,376,918,804	3,082,891,936
Less: Income tax expenses	711,280,078	627,229,329
V. Net profit	2,665,638,726	2,455,662,607
(I) Classified by the continuity of operation		
1. Net profit for the year from continuing operations	2,665,638,726	2,455,662,607

(II) Classified by the ownership		
1. Net profit attributable to owners of the Company	2,438,324,279	2,251,974,011
2. Profit or loss attributable to minority interests	227,314,447	203,688,596
VI. Other comprehensive income, net of tax	-42,086,008	-64,615,963
(i) Other comprehensive income attributable to shareholders of the parent company, net of tax	-35,052,847	-56,167,300
1. Other comprehensive income that cannot be reclassified to profit or loss	1,054,402	-3,341,329
Changes in fair value of other equity instrument investments	1,054,402	-3,341,329
2. Items that will be reclassified subsequently to profit or loss	-36,107,249	-52,825,971
Exchange differences on translation of financial statements denominated in foreign currencies	-36,107,249	-52,825,971
(ii) Other comprehensive income attributable to minority interests, net of tax	-7,033,161	-8,448,663
VII. Total comprehensive income	2,623,552,718	2,391,046,644
Total comprehensive income attributable to shareholders of the parent company	2,403,271,432	2,195,806,711
Total comprehensive income attributable to minority interests	220,281,286	195,239,933
VIII. Earnings per share		
Basic earnings per share (RMB)	1.18	1.08

Legal representative: Mr. Li Yeqing

Principal in charge of accounting:
Mr. Chen QianHead of accounting
department: Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
COMPANY INCOME STATEMENT
FOR JANUARY-JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Half Year 2021	Half Year 2020
I. Operating income	2,092,362,300	1,597,282,876
Less: Operating costs	1,898,769,539	1,398,379,989
Taxes and levies	4,585,329	7,879,108
Selling and distribution expenses	27,223,758	35,270,956
General and administrative expenses	131,017,453	171,142,944
Research and development expense	10,179,493	2,705,214
Financial expenses	45,804,582	11,008,263
Including: Interest expenses	115,741,796	104,943,099
Interest income	90,294,263	78,419,015
Add: Other income	3,728,301	2,129,972
Investment income	2,376,125,614	1,738,080,189
Including: Income from investment in associates	6,934,284	25,240,749
Gains from changes in fair values	-12,910,050	-7,446,328
Losses on credit impairment	30,391	-1,377,388
Losses on assets impairment	-316,939	-37,766
Gains on disposal of assets	348,827	58,295
II. Operating profit	2,341,788,290	1,702,303,376
Add: Non-operating income	10,805,174	9,713
Less: Non-operating expenses	1,142,300	7,056,418
III. Profit before tax	2,351,451,164	1,695,256,671
Less: Income tax expenses	-7,516,874	-11,412,381
IV. Net profit	2,358,968,038	1,706,669,052
Net profit for the year from continuing operations	2,358,968,038	1,706,669,052
V. Other comprehensive income, net of tax	1,054,402	-3,341,329
(i) Other comprehensive income that cannot be reclassified to profit or loss	1,054,402	-3,341,329
Changes in fair value of other equity instrument investments	1,054,402	-3,341,329
VI. Total comprehensive income	2,360,022,440	1,703,327,723

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing Principal in charge of accounting: Mr. Chen Qian

Head of accounting department: Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
CONSOLIDATED CASH FLOW STATEMENT
FOR JANUARY-JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Half Year 2021	Half Year 2020
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	14,241,433,968	14,212,636,697
Receipts of tax refunds	50,431,431	88,156,749
Other cash receipts relating to operating activities	251,549,612	147,919,775
Sub-total of cash inflows from operating activities	14,543,415,011	14,448,713,221
Cash payments for goods purchased and services received	8,438,918,378	7,835,803,386
Cash payments to and on behalf of employees	1,598,886,397	1,331,025,807
Payments of various types of taxes	1,874,457,133	1,449,767,278
Other cash payments relating to operating activities	339,068,463	331,142,066
Sub-total of cash outflows from operating activities	12,251,330,371	10,947,738,537
Net Cash Flow from Operating Activities	2,292,084,640	3,500,974,684
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,000,000,000	500,070,000
Cash receipts from investment income	14,890,816	2,518,544
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	19,214,294	4,383,289
Net cash receipts from disposals of subsidiaries and other business units	22,000	-
Other cash receipts relating to investing activities	5,602,256	40,918,268
Sub-total of cash inflows from investing activities	1,039,729,366	547,890,101
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,863,103,382	1,819,958,508
Cash payments to acquire investments	70,000,000	528,304,258
Net cash paid for acquisitions of subsidiaries	231,262,607	7,100,000
Other cash payments relating to investing activities	-	654,896,092
Sub-total of cash outflows from investing activities	2,164,365,989	3,010,258,858
Net Cash Flow from Investing Activities	-1,124,636,623	-2,462,368,757
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	2,000,000	106,160,000
Cash receipts from borrowings	757,500,000	2,238,224,814
Other cash receipts relating to financing activities	-	-
Sub-total of cash inflows from financing activities	759,500,000	2,344,384,814
Cash repayments of borrowings	692,294,746	640,007,835
Cash payments for interest expenses and distribution of dividends	2,365,422,870	128,544,252
Other cash payments relating to financing activities	50,146,934	180,865,306
Sub-total of cash outflows from financing activities	3,107,864,550	949,417,393
Net Cash Flow from Financing Activities	-2,348,364,550	1,394,967,421
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-12,737,649	-3,338,154
V. Net Increase in Cash and Cash Equivalents	-1,193,654,182	2,430,235,194
Add: Opening balance of Cash and Cash Equivalents	8,420,246,369	4,918,296,452
VI. Closing Balance of Cash and Cash Equivalents	7,226,592,187	7,348,531,646

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

Mr. Li Yeqing

Mr. Chen Qian

Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
COMPANY CASH FLOW STATEMENT
FOR JANUARY-JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Half Year 2021	Half Year 2020
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	1,642,363,399	1,775,804,019
Receipts of tax refunds	2,844,644	-
Other cash receipts relating to operating activities	639,550,893	900,405,421
Sub-total of cash inflows from operating activities	2,284,758,936	2,676,209,440
Cash payments for goods purchased and services received	1,820,506,301	1,654,513,295
Cash payments to and on behalf of employees	176,051,844	368,233,167
Payments of various types of taxes	75,687,605	26,785,929
Other cash payments relating to operating activities	273,355,468	489,199,630
Sub-total of cash outflows from operating activities	2,345,601,218	2,538,732,021
Net Cash Flow from Operating Activities	-60,842,282	137,477,419
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,000,000,000	500,000,000
Cash receipts from investment income	1,919,628,299	1,404,208,431
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,019,269	2,042,758
Other cash receipts relating to investing activities	1,563,347,992	84,297,793
Sub-total of cash inflows from investing activities	4,498,995,560	1,990,548,982
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	24,761,597	60,147,680
Cash payments to acquire investments	-	500,000,000
Net cash paid for acquisitions of subsidiaries	487,000,000	600,000,000
Other cash payments relating to investing activities	1,613,252,566	-
Sub-total of cash outflows from investing activities	2,125,014,163	1,160,147,680
Net Cash Flow from Investing Activities	2,373,981,397	830,401,302
III. Cash Flows from Financing Activities:		
Cash receipts from borrowings	400,000,000	900,000,000
Other cash receipts relating to financing activities	-	5,657,201,026
Sub-total of cash inflows from financing activities	400,000,000	6,557,201,026
Cash repayments of borrowings	403,652,662	534,705,887
Cash payments for interest expenses and distribution of dividends	2,259,013,377	25,573,619
Other cash payments relating to financing activities	894,143,889	5,767,658,206
Sub-total of cash outflows from financing activities	3,556,809,928	6,327,937,712
Net Cash Flow from Financing Activities	-3,156,809,928	229,263,314
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-2,362,015	-779,349
V. Net Increase in Cash and Cash Equivalents	-846,032,828	1,196,362,686
Add: Opening balance of Cash and Cash Equivalents	4,624,314,323	3,141,838,852
VI. Closing Balance of Cash and Cash Equivalents	3,778,281,495	4,338,201,538

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting:

Mr. Li Yeqing

Mr. Chen Qian

Head of accounting department:

Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR JANUARY-JUNE 2021
(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2021								
	Attributable to shareholders of the company							Minority interests	Total shareholders' equity
	Paid-in capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total		
1. As at 31 December 2019	2,096,599,855	1,943,538,052	610,051,971	-275,292,763	1,111,880,257	19,304,701,887	23,571,375,317	2,168,563,181	25,739,938,498
2. As at 1 January 2020	2,096,599,855	1,943,538,052	610,051,971	-275,292,763	1,111,880,257	19,304,701,887	23,571,375,317	2,168,563,181	25,739,938,498
3. Changes for the period	-	60,716,913		-35,052,847	-	175,778,411	201,442,477	88,144,094	289,586,571
(1) Total comprehensive income				-35,052,847		2,438,324,279	2,403,271,432	220,281,286	2,623,552,718
(2) Capital contribution and withdrawal by shareholders	-	60,716,913		-	-	-	60,716,913	2,000,000	62,716,913
Capital contribution by shareholders								2,000,000	2,000,000
Share-based payment recognized in owners' equity		60,458,955					60,458,955		60,458,955
Others		257,958					257,958		257,958
(3) Profit distribution	-	-	-	-	-	-2,262,545,868	-2,262,545,868	-134,137,192	-2,396,683,060
Profit distribution to shareholders	-	-	-	-	-	-2,262,545,868	-2,262,545,868	--134,137,192	-2,396,683,060
(4) Transfer within shareholders' equity									
(5) Others	-								
4. As at 30 June 2020	2,096,599,855	2,004,254,965	610,051,971	-310,345,610	1,111,880,257	19,480,480,298	23,772,817,794	2,256,707,275	26,029,525,069

HUAXIN CEMENT CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR JANUARY-JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2020								
	Attributable to shareholders of the company							Minority interests	Total shareholders' equity
	Paid-in capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total		
1. As at 31 December 2019	2,096,599,855	1,913,438,767	-	-17,416,212	1,111,880,257	16,204,540,023	21,309,042,690	2,058,640,055	23,367,682,745
2. As at 1 January 2020	2,096,599,855	1,913,438,767	-	-17,416,212	1,111,880,257	16,204,540,023	21,309,042,690	2,058,640,055	23,367,682,745
3. Changes for the period	-	1,403,795	122,533,983	-56,167,300	-	-284,911,814	-462,209,302	169,326,327	-292,882,975
(1) Total comprehensive income				-56,167,300		2,251,974,011	2,195,806,711	195,239,933	2,391,046,644
(2) Capital contribution and withdrawal by shareholders	-	1,403,795	122,533,983	-	-	-	-121,130,188	106,160,000	-14,970,188
Capital contribution by shareholders			122,533,983				-122,533,983	106,160,000	-16,373,983
Others		1,403,795					1,403,795		1,403,795
(3) Profit distribution	-	-	-	-	-	-2,536,885,825	-2,536,885,825	-132,073,606	-2,668,959,431
Profit distribution to shareholders	-	-	-	-	-	-2,536,885,825	-2,536,885,825	-132,073,606	-2,668,959,431
(4) Transfer within shareholders' equity									
(5) Others	-								
4. As at 30 June 2020	2,096,599,855	1,914,842,562	122,533,983	-73,583,512	1,111,880,257	15,919,628,209	20,846,833,388	2,227,966,382	23,074,799,770

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing
Principal in charge of accounting: Mr. Chen Qian

Head of accounting department: Mr. Wu Xin

HUAXIN CEMENT CO., LTD.
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR JANUARY-JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2021						
	Paid-in capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. As at 31 December 2019	2,096,599,855	2,341,881,336	610,051,971	13,762,146	1,111,880,257	7,370,600,800	12,324,672,423
Add: Changes in Accounting policy							
2. As at 1 January 2020	2,096,599,855	2,341,881,336	610,051,971	13,762,146	1,111,880,257	7,370,600,800	12,324,672,423
3. Changes for the period	-	60,716,913		1,054,402	-	96,422,170	158,193,485
(1) Total comprehensive income				1,054,402		2,358,968,038	2,360,022,440
(2) Capital contribution and withdrawal by shareholders	-	60,716,913		-	-	-	60,716,913
Capital contribution by shareholders							
Share-based payment recognized in owners' equity		60,458,955					60,458,955
Others		257,958					257,958
(3) Profit distribution	-	-	-	-	-	-2,262,545,868	-2,262,545,868
Appropriation to surplus reserves							
Profit distribution to shareholders						-2,262,545,868	-2,262,545,868
Others							
(4) Transfer within shareholders' equity							
(5) Others							
4. As at 30 June 2020	2,096,599,855	2,402,598,249	610,051,971	14,816,548	1,111,880,257	7,467,022,970	12,482,865,908

HUAXIN CEMENT CO., LTD.
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR JANUARY-JUNE 2020
 (All amounts in RMB Yuan unless otherwise stated)

Item	JAN TO JUN 2020						
	Paid-in capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. As at 31 December 2019	2,096,599,855	2,311,782,051	-	17,103,476	1,111,880,257	6,745,724,011	12,283,089,650
Add: Changes in Accounting policy							
2. As at 1 January 2020	2,096,599,855	2,311,782,051		17,103,476	1,111,880,257	6,745,724,011	12,283,089,650
3. Changes for the period	-	1,403,795	122,533,983	-3,341,329	-	-830,216,773	-954,688,290
(1) Total comprehensive income				-3,341,329		1,706,669,052	1,703,327,723
(2) Capital contribution and withdrawal by shareholders	-	1,403,795	122,533,983	-	-	-	-121,130,188
Capital contribution by shareholders			122,533,983				-122,533,983
Others		1,403,795					1,403,795
(3) Profit distribution	-	-	-	-	-	-2,536,885,825	-2,536,885,825
Appropriation to surplus reserves							
Profit distribution to shareholders						-2,536,885,825	-2,536,885,825
Others							
(4) Transfer within shareholders' equity							
(5) Others							
4. As at 30 June 2020	2,096,599,855	2,313,185,846	122,533,983	13,762,147	1,111,880,257	5,915,507,238	11,328,401,360

The accompanying notes form an integral part of these financial statements.

Legal representative: Mr. Li Yeqing
 Principal in charge of accounting: Mr. Chen Qian

Head of accounting department: Mr. Wu Xin