H K E C L T S E H K L
T P R C T



Huaxin Cement Co., Ltd.*

華新水泥股份有限公司

(Stock code: 6655)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Revenue of the Company for the year 2021 amounted to approximately RMB32.464 billion, representing an increase of 10.59% over that of 2020;
- Net profit attributable to equity shareholders of the Company for the year 2021 amounted to approximately RMB5.364 billion, representing a decrease of 4.74% over that of 2020;
- Earnings per share for the year 2021 were RMB2.58, representing a decrease of 4.09% over that of 2020.

I. BASIC CORPORATE INFORMATION OF THE COMPANY

1. Basic information

Company Name	Huaxin Cement Co., Ltd. ("**the Company**", together with its subsidiaries, the "**Group**")
A Shares stock abbreviation	Huaxin Cement
A Shares stock code	600801
Exchange on which A shares are listed	The Shanghai Stock Exchange ("**SSE**")
H Shares stock abbreviation	Huaxin Cement
H Shares stock code	06655
Exchange on which H shares are listed	The Stock Exchange of Hong Kong Limited ("**Stock Exchange**")

2. Contact persons and means of contact

Title	Secretary to the board of directors	Securities Affairs Representative
Name	YE Jiaxing	WANG Lu
Contact address	Block B, Huaxin Building No. 426, Gaoxin Avenue Donghu New Technology Development Zone Wuhan, Hubei Province	Block B, Huaxin Building No. 426, Gaoxin Avenue Donghu New Technology Development Zone Wuhan, Hubei Province
Telephone number	0086-27-87773898	0086-27-87773898
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II. SUMMARY OF ACCOUNTING DATA AND OPERATIONAL INFORMATION

1. Accounting data prepared in accordance with the PRC Accounting Standards (major accounting data and financial indicators for the preceding three years)

Table I:

(t☒ RMB)

Item	**2021**	2020	Year-on-year change (%) between 2021 and 2020	2019
Revenue	**32,464,083,379**	29,356,515,691	10.59	31,439,214,600
Net profit attributable to equity shareholders of the Company	**5,363,525,692**	5,630,598,812	–4.74	6,342,304,317
Net profit after extraordinary items attributable to equity Shareholders of the Company	**5,304,878,118**	5,553,708,292	–4.48	6,179,988,412
Basic earnings per share *(RMB/)*	**2.58**	2.69	–4.09	3.03
Diluted earnings per share *(RMB/)*	**2.58**	2.69	–4.09	3.03
Basic earnings per share after extraordinary items *(RMB/)*	**2.55**	2.65	–3.77	2.95
Weighted average return on net assets *(%)*	**21.30**	25.03	Decreased by 3.73 percentage points	33.63
Diluted return on net assets after extraordinary items *(%)*	**21.07**	24.68	Decreased by 3.61 percentage points	32.77
Net cash flow generated from operating activities	**7,594,957,122**	8,405,472,760	–9.64	9,679,185,865

III. SHAREHOLDERS

1. Shareholders

(1) To the best knowledge of the Company, as at 31 December 2021, the total number of registered shareholders of the Company was 88,708; as at 28 February 2022, the total number of registered shareholders of the Company was 81,804.

(2) To the best knowledge of the Company, as at 31 December 2021, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Full name of shareholders	Number of shares held	Proportion (%)	Class of shares	Pledged, marked or locked-up Status	Pledged, marked or locked-up Quantity	Shareholder type
1	HOLCHIN B.V.	451,333,201 384,210,624	39.85	A share B share	None	0	Overseas legal person
2	Huaxin Group Co., Ltd.	338,060,739	16.12	A share	None	0	State-owned legal person
3	Hong Kong Securities Clearing Company Limited	59,787,210	2.85	A share	None	0	Overseas legal person
4	HOLPAC LIMITED	41,691,843	1.99	B share	None	0	Overseas legal person
5	Huaxin Cement Co., Ltd. – 2020-2022 Core Employee Stock Ownership Plan	21,039,361	1.00	A share	None	0	Others
6	China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	0.54	A share	None	0	Domestic legal person
7	Dai Deming	8,850,000	0.42	A share	None	0	Domestic natural person
8	National Social Security Fund 413 Portfolio	8,700,000	0.41	A share	None	0	Others
9	GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	7,998,584	0.38	B share	None	0	Overseas legal person
10	Bank of China Limited – ICBC Credit Suisse Core Hybrid Securities Investment Fund	7,505,734	0.36	A share	None	0	Others

N.1:

(1) During the period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**"), there was no change in the number of the shares of the Company held by Holchin B.V. and Holpac Limited. The shares held by Holchin B.V. and Holpac

IV. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the H Share Listing Date, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company has been in compliance with all the applicable principles and code provisions as set out in the CG Code from the H Share Listing Date and up to the date of this announcement.

V. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the code provisions regarding the purchase and sale of the Company's shares by the Directors and supervisors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**

VII. MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE GROUP

(1) Overview of operation development

2021 marks the beginning of Fourteenth Five Year Plan, also the first year of Carbon Neutrality and Carbon Peak Initiative. Under the circumstances of overcapacity, overweight on low carbon, energy supply crunch and drastic fluctuation of supply and demand, the Group still anchored the established target of Doubling Performance in Five Years, adhered to green and low carbon development. During the Reporting Period, the Group further implemented the strategy of "Integrated Transformation Development, Overseas Expansion, High-tech Building Materials Expansion and Traditional Industry + Digital Innovation", contributing to the significant expansion of the non-cement business capacity. The Group adjusted the organization structure, thus accelerating the integrated transformation development; intensified efforts in compliance of resources, safety and environment, and strictly controled the risks of asset, product quality, compliance and corruption to ensure the enterprise development; adhered to the business strategy of "stable price and quality, stable operation" to maintain the stability of business performance. In 2021, the Group has made breakthroughs in various aspects and achieved high quality, high speed and high efficiency development, revealing a good start for the Fourteenth Five Year Plan.

During the Reporting Period, the Company accelerated the layout of its non-cement business, aiming to transform to an intergrated industrial chain of aggregates, concrete, wall materials, environmental protection business, packaging and

Shuangqiao hazardous wastes, Shigatse hazardous wastes and other projects passed

Major business performance in different areas

(t⊠ RMB)

Operating costs in 2021 increased by RMB3.357 billion as compared with the same period of the preceding year. Fuel and power costs for cement and clinker increased significantly due to the increase in coal prices, of which the unit costs of cement and clinker products increased by RMB25.72 per ton and RMB61.44 per ton, respectively, as compared with the same period of the preceding year. The sales volume of concrete and aggregate increased year on year, resulting an increase in operating costs by RMB1.461 billion and RMB229 million, respectively.

The increase in the cement and clinker price can not fully offset the adverse impact of the increase of the cost and decline in the sales of cement. During the Reporting Period, the gross profit margin of cement decreased by 4.46 percentage points year-on-year.

Due to the decrease in the cement prices in Yunnan, Tibet, Chongqing and other western regions, the operating income dropped by more than 10% as compared with the same period of the preceding year. Due to the overseas

Due to the significant rise in the coal costs, the fuel and power cost of cement and clinker increased by 5.2 and 3.1 percentage points in terms of proportion of costs, respectively, as compared with the same period of the preceding year.

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(t[illegible] RMB)

Items	**2021**	2020	Change *(%)*
Selling and distribution expenses	**1,331,208,970**	1,427,678,136	–6.76
General and administrative expenses	**1,634,697,607**	1,604,700,517	1.87
Finance expenses	**170,259,608**	305,705,509	–44.31

Finance costs decreased by 44.31% year-on-year, mainly attributable to the decrease in foreign exchange loss, and increase in interest income from deposits.

3. Profitability

(t[illegible] RMB)

Items	**2021**	2020	Change *(%)*
Operating revenue	**7,444,360,170**	7,698,941,776	–3.31
Total profit	**7,372,995,844**	7,663,645,289	–3.79
Net profit attributable to shareholders of the Company	**5,363,525,692**	5,630,598,812	–4.74

As a result of the decrease in sales volume of cement and clinker, and increase in the fuel costs, the gross profit of cement and clinker decreased by RMB15 per ton. The Group recorded total profit of RMB7.373 billion, net profit attributable to shareholders of the Company of RMB5.364 billion, representing a year-on-year decrease of 3.79% and 4.74%, respectively.

4. Financial positions

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Changes in assets and liabilities prepared in accordance with the PRC Accounting Standards

(t⊠ RMB)

Items	**Amount at the end of current period**	**Percentage of amount at the end of current period to the total assets** *(%)*	Amount at the end of last period	Percentage of amount at the end of last period to the total assets *(%)*	Change of the amount at the end of current period compared with that of last period *(%)*	Description
Notes receivable	**145,430,152**	**0.28**	79,939,117	0.18	81.93	Increase in the collection of notes receivable
Accounts receivable	**956,580,152**	**1.82**	653,219,779	1.49	46.44	Increase in amounts due from customers for contract work because of the rapid increase of concrete business
Inventory	**3,541,954,674**	**6.74**	2,349,156,189	5.35	50.78	Combined effect of the expansion of the Company's operation scale and increase in coal price and finished products costs
Other equity instrument investment	**55,867,066**	**0.11**	33,774,995	0.08	65.41	Increase in the valuation of the unlisted equity investment
Construction in progress	**4,199,141,042**	**7.99**	3,104,429,340	7.07	35.26	Increase in the number of new items such as aggregate and concrete projects and continuous investment in the ongoing projects
Intangible assets	**7,377,964,445**	**14.04**	4,267,008,181	9.71	72.91	Combined effect of the acquisition of additional mining rights and the increase in mergers and acquisition projects
Goodwill	**643,192,969**	**1.22**	476,084,798	1.08	35.10	M&A increase in Hainan and Zambia
Long-term prepaid expenses	**582,072,668**	**1.11**	363,760,774	0.83	60.02	Increase in the expense of mining development
Other non-current assets	**951,124,092**	**1.81**	341,608,498	0.78	178.43	Increase in Prepayment of construction projects and the investment in M&A
Notes payable	**670,993,082**	**1.28**	472,696,537	1.08	41.95	Increase in note payments for fuel
Accounts payable	**7,112,302,355**	**13.53**	5,297,633,770	12.06	34.25	Increase in procurement amount due to the expansion of the Company's operation scale

Items	**Amount at the end of current period**	**Percentage of amount at the end of current period to the total assets** *(%)*	Amount at the end of last period	Percentage of amount at the end of last period to the total assets *(%)*	Change of the amount at the end of current period compared with that of last period *(%)*	Description
Current portion of non-current liabilities	**1,213,650,184**	**2.31**	1,874,484,159	4.27	–35.25	Corporate bonds due for repayment
Long-term borrowings	**5,081,924,506**	**9.67**	3,504,279,973	7.98	45.02	Increase in project loans
Debentures payable	**3,327,860,620**	**6.33**	1,943,763,447	4.42	71.21	New issuance of corporate bonds of RMB1.3 billion
Long-term payables	**463,257,160**	**0.88**	191,011,663	0.43	142.53	Increase in installment payments for mining rights
Long-term employee benefits payable	**54,458,394**	**0.10**	127,205,104	0.29	–57.19	Due to the upcoming grant of the long-term incentives, the amount of the incentive was transferred to current liabilities
Provisions	**347,473,462**	**0.66**	23-12.b97 upcomo.5tt0[(463,25	7.160)53	Increase mainly	

The net cash flows generated from investing activities decreased by 35.66% as compared with the same period of the preceding year, primarily due to the increase in investment in aggregate and concrete projects.

The net cash flows generated from financing activities decreased by 436.87% as compared with the same period of the preceding year, primarily due to settlement of maturing corporate bonds.

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(t⊠ RMB)

Items	**As at 31 December 2021**	As at 31 December 2020	Changes (%)
Interest-bearing liability	9,926,870,636	7,880,750,123	25.96%
Current ratio	1.27	1.3	–2.31%
Asset-liability ratio	44.10%	41.40%	Up by 2.69 percentage points

As at the end of the Reporting Period, the amount of interest-bearing liabilities increased by 25.96% as compared with the beginning of 2021, mainly due to the increase in long term borrowings of projects. The overall asset-liability ratio increased by 2.69 percentage points, and the current ratio decreased by 2.31% as compared with last year. As the total cash and bank balances of the Company is able to cover the existing current interest-bearing liabilities, the liquidity risk is relatively low.

(3) Material Acquisitions and Disposals of Subsidiaries and Associated Companies

From the H Share Listing Date and up to the date of this announcement, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

(4) Connected Transactions

From the H Share Listing Date and up to the date of this announcement, the Group did not enter into any connected transactions required to be disclosed under the Listing Rules.

(5) Outlook for 2022

1. Industrial pattern and trend of development

The year 2022 is a critical year connecting the first year and initiating the second year of "Fourteenth Five Year Plan". Current economy will keep operating within a reasonable range, social fundamentals will be stable. The government fully implements "3060" carbon peak, carbon neutrality. 2022 presents both opportunities and challenges for China's cement industry. The industry outlooks are as followed:

Differentiated demand of cement in different regions, overall the demand is stable. As Chinese economy faces mounting pressure, it's stated in the central economic conference that the economy work in 2022 should be stable first, progress amid stability and policy stimulus ahead of schedule at an appropriate time. As for infrastructure, central government put forward that properly invest in infrastructure ahead, accelerate to issue special bonds, coordinate regional development. For real estate, central government stay on the track of "houses are for living, not for speculation" and "stabilize land price, housing price and expectation", boosted the basic-need housing construction, driving virtuous circle and healthy development of real estate industry under policies aligning with local conditions. Cement demand in 2022 is expected to differentiate in regions, while demand for cement in regions with economic dynamism and continuous urbanization will remain steady.

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2. Development strategy of the Company

2022 is the turning point for the double performance plan of the Group. The Group will promote the corporate culture of "trust, sacrifice, realistic, innovative," and adhere to the values of "safety first, customer centric, result orientated, act with integrity, ensure sustainable growth and people oriented" to pursue the vision of "Beautiful world starts with us". Shouldering the mission of "Clean our living environment, supply reliable building material", the Company will unify the thinking, define the goals, locating the path to implement and deepen four strategies of "integrated transformation, overseas development, expansion to high tech building material, traditional industry + digitization". On the basis of stable operation of domestic cement business, the Company will accelerate the layout of aggregate, wall material, concrete to integrate them as one, increase the disposal of hazardous wastes, speed up overseas business, gain new breakthroughs in new business to ensure capacity increase, profit increase and high quality to embrace the test.

3. Business Plan

In 2022, the Company plans to sell 74.46 million tons cement and clinker, 18.07 million cubic meters of concrete, 78.22 million tons of aggregate and eco disposal of 3.94 million tons. Total operating revenue of the Company is expected to be RMB37 billion.

In 2022, the Company plans to invest RMB12.2 billion, mainly goes to aggregate business, overseas cement and integration business, among which RMB6 billion for mining licenses and RMB4 billion for fixed assets.

In 2022, total assets of the Company are predicted to be about RMB58.6 billion and the asset-liability ratio is predicted to be around 42%.

To achieve the above business objectives, the Company will advance four strategies across the board:

(1) Adhere to the lifeline of "safety and environmental protection", and establish a benchmark for clean and civilized production in the industry. Implement health and safety improvement plans, carry out on-site safety audits, and build dual prevention mechanisms in all plants to meet the requirements of the new requirements of the Safety Production Law; carry out environmental audits in a targeted manner, establish a model for ultra-low emissions based on proprietary technologies, and is used for internal promotion.

(2) Continue to strengthen compliance supervision to guard against and eliminate potential business risks. Organize production in strict accordance with national product quality standards to ensure 100% qualified products; promote plants to obtain mining resources at a reasonable price; introduce digitalization to speed up the intelligent management of legal affairs and prevent legal risks in operation; further promote the creation of "clean and honest Huaxin" activities, to create a clean and upright corporate culture.

(3) Constantly launch marketing innovation to promote integration development. Expand market along Yangtze River, increase clients layout; optimize the brand system to ensure unified and standard brand; fully utilize digital advantages to extend intelligent marketing to aggregate, concrete and logistics.

(4) Optimize energy consumption indicators through AFR collaborative utilization, and continue to reduce procurement costs by means of centralized procurement and unified procurement. Increase the proportion of alternative fuel synergy utilization, and the company's overall TSR will reach more than 10% in 2022. Continue to implement cost benchmarking, formulate targeted cost improvement plans with the help of the best practice share; gradually expand the scope of centralized procurement in the central and western regions, continue to source and carry out cooperation, and purchase high-quality coal resources for overseas plants.

(5) Unswervingly launch the integrated development of the industry chain. Promote the integrated development of the industrial chain of aggregate, concrete, wall materials, eco disposal, packaging, and equipment engineering with cement as the core.

(6) Promote the implementation of industrial intelligent products, continue to improve and enhance the industrial intelligence level of plants; realize the upgrade of business intelligence systems such as marketing, procurement, and logistics; further refine monitoring indicators and monitor and analyze early warning conditions.

4. Potential risks

Risks of safe production and compliant operation of low carbon. The Company's production operations cover quarry exploitation, cement and cement product production, hazardous waste, household garbage, sludge disposal and other businesses. With ever more strict requirements for enterprise safety production and environmental protection discharge, once there are any safety and eco accidents, they will bring losses to the Company's reputation and property, and adversely affect the Company's operations. Additionally, against the backdrop of "carbon reduction", the quota for energy consumption will be elevated and more stringent. As the key industry of dual control, cement plants that fail to reach the bar will be deemed as inefficient capacity and phased out.

Overcapacity domestically and price pressure lead to downward performance. Cement demand is highly relevant to national economic development and fixed asset investment and is cyclical. China is accelerating to construct a new landscape, intensifying control on the real estate, coupled

marketing ecosystem, Huaxin tries to create differentiated advantages. Huaxin also optimizes energy consumption indicators through AFR collaborative utilization, and continue to reduce procurement costs by means of centralized procurement and unified procurement. Through technological transformation and digital technology innovation, we will build a highly intelligent

X. FINANCIAL INFORMATION

Financial information extracted from the audited consolidated income statement and consolidated cash flow statement of the Group for the year ended 31 December 2021 and the audited consolidated balance sheet as at 31 December 2021, together with the 2020 comparative figures, which were prepared under the PRC Accounting Standards for Business Enterprises, are presented are as follows:

1. CONSOLIDATED BALANCE SHEET

RMB

Items	*Note*	**31 December 2021**	31 December 2020
Current Assets:			
Cash and bank balances		**8,836,439,385**	8,641,612,847
Held-for-trading financial assets		**711,964,323**	1,004,581,752
Notes receivable		**145,430,152**	79,939,117
Accounts receivable	*4(1)*	**956,580,152**	653,219,779
Financing with receivables	*4(2)*	**761,050,910**	1,020,306,419
Prepayments		**339,315,919**	378,619,350
Other receivables		**356,013,351**	375,253,958
Inventories		**3,541,954,674**	2,349,156,189
Other current assets		**477,967,711**	631,922,798
Total Current Assets		**16,126,716,577**	15,134,612,209
Non-current Assets:			
Debt investments		**7,500,000**	7,500,000
Long-term receivables		**35,934,266**	29,141,216
Long-term equity investments		**523,612,871**	512,281,201
Other equity instrument investments		**55,867,066**	33,774,995
Other non-current financial assets		**26,343,260**	32,827,254
Fixed assets		**21,326,030,410**	19,185,630,257
Construction in progress		**4,199,141,042**	3,104,429,340
Right-of-use assets		**273,191,262**	–
Intangible assets		**7,377,964,445**	4,267,008,181
Development expenditure		**10,392,804**	2,050,090
Goodwill		**643,192,969**	476,084,798
Long-term prepaid expenses		**582,072,668**	363,760,774
Deferred tax assets		**410,534,318**	437,800,338
Other non-current Assets		**951,124,092**	341,608,498
Total Non-current Assets		**36,422,901,473**	28,793,896,942
TOTAL ASSETS		**52,549,618,050**	43,928,509,151

RMB

Items	*N.t*	**31 December 2021**	31 December 2020
Current Liabilities:			
Short-term borrowings		**642,946,608**	625,000,000
Notes payable		**670,993,082**	472,696,537
Accounts payable	*4(3)*	**7,112,302,355**	5,297,633,770
Contract liabilities		**847,443,693**	830,492,042
Employee benefits payable		**409,092,005**	529,877,921
Taxes payable		**1,060,916,467**	1,186,166,143
Other payables		**756,194,670**	786,246,239
Non-current liabilities due within one year		**1,213,650,184**	1,874,484,159
Total Current Liabilities		**12,713,539,064**	11,602,596,811
Non-current Liabilities:			
Long-term borrowings		**5,081,924,506**	3,504,279,973
Bonds payable		**3,327,860,620**	1,943,763,447
Lease liabilities		**223,580,118**	–
Long-term payables		**463,257,160**	

2. CONSOLIDATED INCOME STATEMENT

RMB

Items	*Note*	**2021**	2020
I. Total operating income	*4(4)*	**32,464,083,379**	29,356,515,691
Including: Operating income		**32,464,083,379**	29,356,515,691
Less: Total operating costs		**25,204,672,403**	21,939,755,338
Including: Operating costs	*4(4)*	**21,392,494,465**	18,035,261,466
Taxes and levies		**604,610,294**	510,430,272
Selling and distribution expenses		**1,331,208,970**	1,427,678,136
General and administrative expenses		**1,634,697,607**	1,604,700,517
Research and development expenses		**71,401,459**	55,979,438
Financial expenses	*4(5)*	**170,259,608**	305,705,509
Including: Interest expenses		**278,751,019**	200,578,230
Interest income		**155,781,766**	63,827,091
Add: Other income		**207,513,824**	239,383,949
Investment income		**27,449,280**	118,572,236
Including: Income from investments in associates and joint ventures		**10,506,995**	77,037,487
(Losses) gains from changes in fair value		**(4,495,795)**	2,405,398
Impairment losses on credit		**(27,661,442)**	(13,997,491)
Impairment losses on assets		**(35,100,858)**	(78,195,751)
Gains on disposal of assets		**17,244,185**	14,013,082
II. Operating profit		**7,444,360,170**	7,698,941,776
Add: Non-operating income		**23,182,968**	65,267,816
Less: Non-operating expenses		**94,547,294**	100,564,303
III. Profit before tax		**7,372,995,844**	7,663,645,289
Less: Income tax expenses	*4(6)*	**1,568,058,827**	1,490,052,106

RMB

Items	*Note*	**2021**	2020
IV. Net profit		**5,804,937,017**	6,173,593,183
(i) Classified by the continuity of operation			
1. Net profit from continuing operations		**5,804,937,017**	6,173,593,183
(ii) Classified by the ownership			
1. Net profit attributable to shareholders of the Company		**5,363,525,692**	5,630,598,812
2. Profit or loss attributable to minority interests		**441,411,325**	542,994,371
V. Other comprehensive income, net of tax		**(37,150,809)**	(359,155,714)
Other comprehensive income attributable to owners of the Company, net of tax		**(30,057,369)**	(257,876,551)
(i) Other comprehensive income that cannot be reclassified to profit or loss		**16,569,053**	(3,341,330)
1. Changes in fair value of other equity instrument investments		**16,569,053**	(3,341,330)
(ii) Other comprehensive income that will be reclassified to profit or loss		**(46,626,422)**	(254,535,221)
1. Exchange differences on translation of financial statements denominated in foreign currencies		**(46,626,422)**	(254,535,221)
Other comprehensive income attributable to minority interests, net of tax		**(7,093,440)**	(101,279,163)
VI. Total comprehensive income		**5,767,786,208**	5,814,437,469
Total comprehensive income attributable to owners of the Company		**5,333,468,323**	5,372,722,261
Total comprehensive income attributable to minority interests		**434,317,885**	441,715,208
VII. Earnings per share:	*4(7)*		
(i) Basic earnings per share (RMB)		**2.58**	2.69
(ii) Diluted earnings per share (RMB)		**2.58**	2.69

3. CONSOLIDATED CASH FLOW STATEMENT

RMB

Items	*N.t*	**2021**	2020
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**31,749,395,997**	30,838,524,919
Receipts of tax refunds		**116,148,374**	166,453,900
Other cash receipts relating to operating activities		**364,745,201**	219,373,958
Sub-total of cash inflows from operating activities		**32,230,289,572**	31,224,352,777
Cash payments for goods purchased and services received		**17,548,873,242**	16,116,106,584
Cash payments to and on behalf of employees		**2,786,085,026**	2,480,442,469
Payments of various types of taxes		**3,323,615,276**	3,372,065,119
Other cash payments relating to operating activities		**976,758,906**	850,265,845
Sub-total of cash outflows from operating activities		**24,635,332,450**	22,818,880,017
Net Cash Flow from Operating Activities		**7,594,957,122**	8,405,472,760

RMB

Items	*N.t*	**2021**	2020
II. Cash Flows from Investing Activities:			
Cash receipts from disposal and recovery of investments		**2,300,000,000**	650,070,000
Cash receipts from investment income		**14,994,618**	5,450,137
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		**43,148,111**	52,523,503
Net cash receipts from disposal of subsidiaries and other business units		**22,000**	171,932,839
Other cash receipts relating to investing activities		**5,602,256**	36,369,014
Sub-total of cash inflows from investing activities		**2,363,766,985**	916,345,493
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**6,229,454,258**	3,589,696,674
Cash payments to acquire investments		**2,000,000,000**	1,650,000,000
Net cash payments for acquisition of subsidiaries and other business units		**928,376,352**	684,690,731
Sub-total of cash outflows from investing activities		**9,157,830,610**	5,924,387,405
Net Cash Flow from Investing Activities		**(6,794,063,625)**	(5,008,041,912)

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Items	*N.t*	**2021**

4. FINANCIAL NOTES

(1). Accounts receivable

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Aging	**31 December 2021**	31 December 2020
Within 1 year		
Within 6 months	**778,062,044**	563,211,099
6–12 months	**115,293,052**	44,891,100
Subtotal, within 1 year	**893,355,096**	608,102,199
1–2 years	**87,456,302**	55,070,681
2–3 years	**29,814,904**	43,490,378
Over 3 years	**110,183,790**	94,919,838
Less: Provision for credit loss	**164,229,940**	148,363,317
Total	**956,580,152**	653,219,779

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	31 December 2021				31 December 2020				
	Account balance		**Bad debt provision**		Account balance		Bad debt provision		
Category	**Amount**	**Proportion (%)**	**Amount**	**Proportion of provision (%)**	Carrying amount	Amount	Proportion (%)	Amount	Proportion of provision (%)	Carrying amount
Receivables for which bad debt provision is assessed on an individual basis	**81,626,344**	**7**	**70,549,889**	**86**	11,076,455	113,760,104	14	91,331,013	80	22,429,091
Receivables for which bad debt provision is assessed on a portfolio basis	**1,039,183,748**	**93**	**93,680,051**	**9**	945,503,697	687,822,992	86	57,032,304	8	630,790,688
Total	**1,120,810,092**	**100**	**164,229,940**	**15**	956,580,152	801,583,096	100	148,363,317	19	653,219,779

Receivables for which bad debt provision is individually assessed:

RMB

	31 December 2021			
Name	**Account balance**	**Bad debt provision**	**Proportion of provision** *(%)*	**Reasons for the provision**

Category of concrete receivable:

RMB

	31 December 2021		
Aging	**Accounts receivable**	**Bad debt provision**	**Expected average loss rate** *(%)*
Within 6 months	342,087,880	20,607,166	6
6–12 months	73,909,837	5,910,241	8
1–2 years	69,110,442	17,352,610	25
2–3 years	12,716,789	5,513,756	43
Over 3 years	19,688,229	14,746,636	75
Total	517,513,177	64,130,409	

Portfolio provision: types of other receivables

RMB

	31 December 2021		
Aging	**Accounts receivable**	**Bad debt provision**	**Expected average loss rate** *(%)*
Within 6 months	246,600,903	246,601	–
6–12 months	33,071,724	66,143	–
1–2 years	14,720,105	839,046	6
2–3 years	7,376,174	1,995,805	27
Over 3 years	10,705,300	8,714,404	81
Total	312,474,206	11,861,999	

As part of the Group's credit risk management, the Group assesses the ECL of accounts receivable from various businesses based on aging of accounts receivable. These businesses involve a large number of clients and share identical risk characteristics; therefore, the aging information can reflect the solvency of such clients when the receivables are due.

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(2). Financing with receivables

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Item	31 December 2021	31 December 2020
Bank acceptances	**761,050,910**	1,020,306,419
Total	**761,050,910**	1,020,306,419

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Item	Pledged amount at the end of the period
Bank acceptances	236,214,382

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Item	Derecognized amount at the end of the period	Non-derecognized amount at the end of the period
Bank acceptances – Endorsed but not yet expired as at the balance sheet date	1,956,535,855	–

(3). Accounts payable

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RMB

Item	31 December 2021	31 December 2020
Payables for construction	**2,340,144,973**	1,653,357,986
Payables for production	**4,772,157,382**	3,644,275,784
Total	**7,112,302,355**	5,297,633,770

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Item	31 December 2021	Reasons for being outstanding or carried forward
Payables for construction	**491,878,632**	The main project etc. has not performed acceptance procedures settled
Payables for production	**53,989,990**	The bill has not been cleared yet
Total	**545,868,622**	/

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Aging	31 December 2021	31 December 2020
Within 1 year	**6,238,836,617**	4,696,332,236
1–2 years	**503,909,807**	415,045,035
2–3 years	**214,470,142**	38,622,777
Over 3 years	**155,085,789**	147,633,722
Total	**7,112,302,355**	5,297,633,770

(4). Operating income and operating costs

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Item	2021 Income	2021 Costs	2020 Income	2020 Costs
Principal operations	**32,237,328,449**	**21,297,150,550**	29,151,495,160	17,953,496,637
Other operations	**226,754,930**	**95,343,915**	205,020,531	81,764,829
Total	**32,464,083,379**	**21,392,494,465**	29,356,515,691	18,035,261,466

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Analysis of principal operations by product is set out as below:

RMB

Item	2021 Income	2021 Costs	2020 Income	2020 Costs
Sales of cement	**24,067,650,740**	**15,924,573,208**	23,632,070,676	14,382,604,579
Sales of concrete	**3,175,398,379**	**2,578,492,840**	1,879,572,334	1,513,996,311
Sales of aggregate	**2,053,535,770**	**706,001,928**	1,183,140,339	442,572,944
Sales of clinker	**1,606,353,621**	**1,314,106,783**	1,312,805,606	902,627,538
Others	**1,334,389,939**	**773,975,791**	1,143,906,205	711,695,265
Total	**32,237,328,449**	**21,297,150,550**	29,151,495,160	17,953,496,637

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The Group is mainly engaged in sales of building materials and products.

For the revenue arising from the business model which the customers pick up the goods by themselves from the Group, the Group recognizes revenue when control of the goods is transferred to the customer, which is the time of deliver the goods; for the revenue arising from the business model which the Group is responsible for delivering the goods to the customers, the Group recognizes revenue when control of the goods is transferred to the customer, which is the time of distributing goods to the place designated by the customer. Since the delivery of goods to the customer represents the right to receive the contract consideration unconditionally and the payment is due only depending on the passage of time, the Group acknowledges a receivable when the goods are delivered to the customer.

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As at 31 December 2021, the aggregate amount of the transaction price allocated to performance obligation that are unsatisfied or partially unsatisfied was RMB847,443,693, which will be recognized as revenue during the next year.

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	2021	2020
China	**29,881,187,845**	27,555,709,343
Central Asia	**1,622,706,576**	1,215,963,422
Cambodia	**570,279,926**	513,508,171
Tanzania	**321,121,441**	71,334,755
Zambia	**68,787,591**	–
Total	**32,464,083,379**	29,356,515,691

(5). Financial expenses

RMB

Item	**2021**	2020
Interest expenditure on loans	**302,139,663**	236,075,150
Interest expenses on lease liabilities	**6,115,643**	–
Less: Capitalized interest	**29,504,287**	35,496,920
Subtotal of interest expense	**278,751,019**	200,578,230
Less: Interest income	**155,781,766**	63,827,091
Exchange gains or losses	**8,633,862**	143,400,502
Others	**38,656,493**	25,553,868
Total	**170,259,608**	305,705,509

(6). Income tax expenses

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RMB

Item	**2021**	2020
Current tax expenses	**1,522,117,310**	1,407,809,653
Deferred tax expenses	**45,941,517**	82,242,453
Total	**1,568,058,827**	1,490,052,106

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RMB

Item	**2021**	2020
Profit before tax	**7,372,995,844**	7,663,645,289
Income tax expenses calculated at 25% of tax rate	**1,843,248,961**	1,915,911,322
Effect of preferential tax rates applicable to subsidiaries	**(247,703,732)**	(343,053,455)
Effect of non-taxable income	**(8,610,524)**	(20,012,710)
Effect of non-deductible costs, expenses and losses	**38,868,707**	25,925,521
Effect of weighted deduction of research and development expenses	**(14,574,946)**	(8,264,337)
Effect of utilizing deductible losses of deferred tax assets not recognized for prior period	**(104,760,492)**	(130,836,559)
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized for the current period	**76,065,156**	70,159,199
Others	**(14,474,303)**	(19,776,875)
Income tax expenses	**1,568,058,827**	1,490,052,106

*(7). **Calculation process of basic earnings per share and diluted earnings per share***

When calculating basic earnings per share, the current net profit attributable to ordinary shareholders was:

RMB

	2021	2020
current net profit attributable to ordinary shareholders	**5,363,525,692**	5,630,598,812

When calculating basic earnings per share, the expected future cash dividends to unlockable restricted stock holders were:

RMB

	2021	2020
expected future cash dividends to unlockable restricted stock holders	**16,587,352**	17,901,026

When calculating basic earnings per share, the denominator is the weighted average number of the outstanding ordinary shares, and the calculation process is as follows:

	2021	2020
Number of ordinary shares outstanding at the beginning of the year	**2,073,910,517**	2,096,599,855
Less: weighted number of ordinary shares repurchased during the year	**–**	9,953,384
Number of ordinary shares outstanding at the end of the year	**2,073,910,517**	2,086,646,471

Earnings per share:

RMB

	2021	2020
Net profit attributable to shareholders of the Company		
Basic earnings per share	**2.58**	2.69
Diluted earnings per share	**2.58**	2.69

XI. PUBLICATION OF ANNUAL RESUem/ ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.huaxincem.com).

The annual report of the Company for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By order of the Board
Huaxin Cement Co., Ltd.
XU Yongmo
C

Wuhan, Hubei, the PRC
29 March 2022

A *B* *D* *C* *M . LI* *(P* *M . LI F* *(P* *D* *; M .* *(C* *), M . G* *PICA D, M . LO C K* *M . TAN T H* *-* *D* *; M . ONG K K , M . HANG J* *M . JIANG H* *-* *D* .

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