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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Results Announcement for the Six Months ended 30 June 2023

- During the Reporting Period, operating income was RMB 15.832 billion, representing an increase of 10.02% as compared with that of the corresponding period in 2022.
- As at the end of the Reporting Period, net profit attributable to the owners of the Company amounted to approximately RMB 1.193 billion, representing a decrease of 24.85% as compared with that of the corresponding period in 2022. Earnings per share were RMB 0.58.

The board of directors (the “**Board**”) of Huaxin Cement Co., Ltd.*(the “**Company**”) hereby presents the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standard for Business Enterprises. Unless otherwise stated, the currency unit in this announcement is Renminbi (“**RMB**”), the lawful currency of the People’s Republic of China (“**PRC**”).

1. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited consolidated income statement and unaudited consolidated balance sheet for the six months ended 30 June 2023 made pursuant to China Accounting Standards for Business Enterprises and the comparative figures for the six months ended 30 June 2022 and as at 31 December 2022 respectively are as follows:

Consolidated Income Statement

Six months ended 30 June 2023

		(Unit: RMB)	
	Note	January to June 2023 (unaudited)	January to June 2022 (unaudited)
Total operating income	2	15,831,572,500	14,389,448,963
Including: Operating income	2	15,831,572,500	14,389,448,963
Total operating costs		14,091,669,921	12,268,372,426
Including: Operating costs	2	11,971,182,161	10,357,040,560
Taxes and levies		323,177,792	267,917,078
Selling and distribution expenses		691,696,836	709,133,292
General and administrative expenses		802,033,113	723,755,898
Research and development expenses		58,342,983	45,693,691
Financial expenses	3	245,237,036	164,831,907
Including: Interest expenses		315,768,191	149,218,223
Interest income		58,883,536	44,998,331
Add: Other income		78,804,926	98,008,668
Investment income		34,284,849	21,291,835
Including: Income from investments in associates and a joint venture		348,987	(4,137,667)
Gains (Losses) from changes in fair value		(38,519,804)	16,465,744
Impairment losses on credit		(51,365,463)	(43,425,957)
Impairment losses on asset		(7,975,582)	(10,278,652)
(Loss) Gains on disposals of asset		5,309,799	(1,248,095)
Operating profit		1,760,441,304	2,201,890,080
Add: Non-operating income		6,448,493	2,892,447
Less: Non-operating expenses		28,622,956	38,731,861
Profit before tax		1,738,266,841	2,166,050,666
Less: Income tax expense	4	388,324,122	483,159,383
Net profit		1,349,942,719	1,682,891,283

Consolidated Income Statement (continued)
Six months ended 30 June 2023

	Note	January to June 2023 (unaudited)	(Unit: RMB) January to June 2022 (unaudited)
(1) Classified by continuity of operations			
1. Net profit from continuing operations		1,349,942,719	1,682,891,283
2. Net profit from discontinued operations			
(2) Classified by ownership of the equity			
1. Net profit attributable to shareholders of the Company		1,192,560,395	1,586,839,657
2. Profit or loss attributable to minority interests		157,382,324	96,051,626
Other comprehensive income, net of tax		106,086,375	198,854,792
(1) Other comprehensive income attributable to owners of the Company, net of tax			
1. Other comprehensive income that cannot be reclassified to profit or loss		(38,128,688)	(12,585,879)
Changes in fair value of other equity instrument investments		(38,128,688)	(12,585,879)
2. Other comprehensive income that will be reclassified to profit or loss		81,621,100	133,754,794
Exchange differences on translation of financial statements denominated in foreign currencies		81,621,100	133,754,794
(2) Other comprehensive income attributable to minority interests, net of tax			
Total comprehensive income		1,456,029,094	1,881,746,075
Total comprehensive income attributable to owners of the Company		1,236,052,807	1,708,008,572
Total comprehensive income attributable to minority interests		219,976,287	173,737,503
Earnings per share			
Basic earnings per share (RMB/ share)	5	0.58	0.77
Diluted earnings per share (RMB/ share)	5	0.57	0.77

CONSOLIDATED BALANCE SHEET
30 JUNE 2023

		(Unit: RMB)
	Note	As at 30 June 2023 (unaudited)
		As at 31 December 2022 (audited)
Current assets:		
Cash and bank balances		7,038,341,792
Held for trading financial assets		41,711,538
Notes receivable		545,960,470
Accounts receivable	6	1,382,631,200
Receivables financing	7	527,248,935
Prepayments		353,870,798
Other receivables		477,956,891
Inventories		3,405,122,012
Other current assets		677,454,529
Total current assets		14,450,298,165
Non-current assets:		
Debt investments		7,500,000
Long-term receivables		131,594,447
Long-term equity investments		438,886,647
Other equity instrument investments		1,012,850,323
Other non-current financial assets		25,067,265
Fixed assets		22,720,804,975
Construction in progress		6,575,465,631
Right-of-use assets		979,311,070
Intangible assets		15,182,751,513
Development expenditure		45,429,082
Goodwill		618,543,411
Long-term prepaid expense		817,417,303
Deferred tax assets		387,429,400
Other non-current assets		848,327,033
Total non-current assets		49,791,378,100
Total assets		64,241,676,265
Current liabilities:		
Short-term borrowings		593,415,661
Notes payable		729,227,787
Accounts payable	8	8,366,283,316
Contract liabilities		681,610,930
Employee benefits payable		131,081,719
Taxes payable		692,510,079

CONSOLIDATED BALANCE SHEET(*continued*)
30 JUNE 2023

	Note	As at 30 June 2023 (unaudited)	(Unit: RMB) As at 31 December 2022 (audited)
Other payables		1,443,195,375	915,096,046
Non-current liabilities due within one year		4,617,236,825	4,427,049,341
Other current liabilities		91,233,353	88,609,421
Total current liabilities		16,480,811,060	16,624,884,300
Non-current liabilities:			
Long-term borrowings		7,224,034,426	7,282,088,824
Bonds payable		4,511,667,894	4,426,286,852
Lease liabilities		1,323,512,847	759,905,754
Long-term payables		2,411,172,569	2,837,076,467
Long-term employee benefits payable		63,948,399	47,606,682
Provisions		425,487,269	442,260,626
Deferred income		282,301,933	291,877,454
Deferred tax liabilities		672,343,598	586,568,845
Other non-current liabilities		104,940,000	104,940,000
Total non-current liabilities		17,019,408,935	16,778,611,504
Total liabilities		33,500,219,995	33,403,495,804
Shareholders' Equity:			
Share capital		2,096,599,855	2,096,599,855
Capital reserve		2,080,731,537	1,975,889,177
Less: Treasury shares		610,051,971	610,051,971
Other comprehensive income		(131,765,072)	(175,257,484)
Specialized reserves		37,644,851	37,644,851
Surplus reserves		1,111,880,257	1,111,880,257
Retained profit		23,133,736,300	23,009,600,343
Total equity attributable to owners of the parent		27,718,775,757	27,446,305,028
Non-controlling interests		4,343,493,151	3,391,875,433
Total equity		32,062,268,908	30,838,180,461
Total liabilities and equity		65,562,488,903	64,241,676,265

Notes:

1 Basis for preparation

The Group implemented the Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance. Financial information are disclosed in accordance with Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting (revised in 2014). Additionally, the financial statements are disclosed as per the requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual consolidated financial statements for the year ended 31 December 2022. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

2 Operating income and operating costs

(1) Operating income and operating costs

	Amount for current period		Amount for the prior period	
	Income	Costs	Income	Costs
Principal operations	15,661,304,291	11,849,623,754	14,231,621,784	10,326,709,591
Other operations	170,268,209	121,558,407	157,827,179	30,330,969
Total	15,831,572,500	11,971,182,161	14,389,448,963	10,357,040,560

(2) Disaggregated operating revenue from contracts with customers is as follows:

Analysis by product is set out as below:

	Amount for current period	Amount for the prior period
Sales of cement	9,191,200,494	9,423,012,454
Sales of concrete	3,174,092,206	2,002,177,396
Sales of clinker	572,905,535	859,114,934
Sales of aggregate	2,162,353,807	1,278,877,805
Others	731,020,458	826,266,374
Total	15,831,572,500	14,389,448,963

2 Operating income and operating costs (continued)

(2) Disaggregated operating revenue from contracts with customers is as follows

(continued):

Analysis by region is set out as below:

	Amount for current period	Amount for the prior period
China	13,453,836,567	12,576,171,564
Asia(China exclusive)	1,374,733,380	1,138,710,663
Africa	709,473,910	674,566,736
Middle East	293,528,643	-
Total	15,831,572,500	14,389,448,963

(3) Significant performance obligation

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

For the revenue generated 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 generated 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.

(4) Transaction price allocated to the remaining performance obligation

As at 30 June 2023, the aggregate amount of the transaction price allocated to performance obligation that are unsatisfied or partially unsatisfied was RMB 748,180,890, which will be recognized in its entirety as revenue in 2023.

3 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expense	315,768,191	149,218,223
Less: Interest income	(58,883,536)	(44,998,331)
Exchange gains or losses	(22,690,761)	54,476,345
Others	11,043,142	6,135,671
Total	245,237,036	164,831,907

4 Income tax expenses

(1) Table of income tax expenses

Item	Amount for the current period	Amount for the prior period
Current tax expenses	428,804,368	456,781,273
Deferred tax expenses	(40,480,246)	26,378,110
Total	388,324,122	483,159,383

(2) Reconciliations of profits before tax and income tax expense

	Amount for the current period	Amount for the prior period
Profit before tax	1,738,266,841	2,166,050,666
Income tax expenses calculated at 25% of tax rate	434,566,711	541,512,667
Effect of preferential tax rates applicable to subsidiaries	(97,546,282)	(79,649,396)
Non-taxable income	(2,036,985)	(2,867,989)
Effect of non-deductible costs, expenses and losses	12,796,767	16,808,703
Effect of utilizing deductible losses and deductible temporary differences not recognized for deferred tax assets for prior period	(8,273,740)	(35,176,169)
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized for the current period	61,101,473	31,822,203
Others	(12,283,822)	10,709,364
Income tax expenses	388,324,122	483,159,383

5 Return on net assets and earnings per share ("EPS")

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	4.24	0.58	0.57
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	4.16	0.56	0.56

6 Accounts receivable

(1) Disclosure by aging

	30 June 2023	31 December 2022
Within 6 months	1,781,603,416	1,130,096,842
6 - 12 months	325,091,044	164,377,772
Subtotal within 1 year	2,106,694,460	1,294,474,614
1 - 2 years	136,515,523	129,150,787
2 - 3 years	57,912,324	34,853,374
Over 3 years	96,052,534	102,009,512
Less: Bad debt provision for accounts receivable	228,631,721	177,857,087
Total	2,168,543,120	1,382,631,200

(2) Disclosure by bad debt provision methods

	30 June 2023					31 December 2022				
	Account balance		Bad debt provision		Carrying amount	Account balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables for which bad debt provision is assessed on an individual basis	99,947,502	4	96,975,649	97	2,971,853	98,103,130	6	95,999,329	98	2,103,801
Receivables for which bad debt provision is assessed on a portfolio basis	2,297,227,339	96	131,656,072	6	2,165,571,267	1,462,385,157	94	81,857,758	6	1,380,527,399
Including:										
Category of cement receivable	469,497,456	/	60,760,105	/	408,737,351	183,447,115		24,530,689	/	158,916,426
Category of concrete receivable	1,346,572,826	/	65,557,923	/	1,281,014,903	903,041,479		46,640,148	/	856,401,331
Category: other business receivables	481,157,057	/	5,338,044	/	475,819,013	375,896,563		10,686,921	/	365,209,642
Total	2,397,174,841	/	228,631,721	/	2,168,543,120	1,560,488,287	/	177,857,087	/	1,382,631,200

Receivables for which bad debt provision is individually assessed:

Name	30 June 2023			
	Account balance	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Client A	11,551,093	11,551,093	100	Low Recoverability
Client B	9,028,779	9,028,779	100	Low Recoverability
Client C	6,047,509	6,047,509	100	Low Recoverability
Client D	5,254,652	5,254,652	100	Low Recoverability
Client E	5,052,525	5,052,525	100	Low Recoverability
Others	63,012,944	60,041,091	95	Low Recoverability
Total	99,947,502	96,975,649	97	

6 Accounts receivable(continued)

Receivables for which bad debt provision is assessed on a portfolio basis:

Category of cement receivable:

Name	Accounts receivable	30 June 2023		Expected average loss rate (%)
		Bad debt	provision	
Within 6 months	402,808,913		40,280,891	10
6 - 12 months	45,103,842		9,922,845	22
1 - 2 years	17,125,403		6,678,907	39
2 - 3 years	5,911		3,015	51
Over 3 years	4,453,387		3,874,447	87
TOTAL	469,497,456		60,760,105	

Category of concrete receivable:

Name	Accounts receivable	30 June 2023		Expected average loss rate (%)
		Bad debt	provision	
Within 6 months	998,821,366		29,964,641	3
6 - 12 months	232,808,853		9,312,354	4
1 - 2 years	87,497,425		12,249,640	14
2 - 3 years	17,863,239		7,323,928	41
Over 3 years	9,581,943		6,707,360	70
TOTAL	1,346,572,826		65,557,923	

Category: other business receivables

Name	Accounts receivable	30 June 2023		Expected average loss rate (%)
		Bad debt	provision	
Within 6 months	379,973,136		-	-
6 - 12 months	47,178,350		471,784	1
1 - 2 years	30,012,099		900,363	3
2 - 3 years	22,035,284		2,203,528	10
Over 3 years	1,958,188		1,762,369	90
TOTAL	481,157,057		5,338,044	

6 Accounts receivable(continued)

(3) Bad debt provision

Category	31 December 2022	Changes for the period			30 June 2023
		Provision	Recovery or reversal	Write-off or elimination	
Bad debt provision accounts receivable	177,857,087	82,724,568	30,913,790	1,036,144	228,631,721
Total	177,857,087	82,724,568	30,913,790	1,036,144	228,631,721

(4) Accounts receivable written off in the current period

Item	Write-off amount
Accounts receivable written off	1,036,144

(5) Amounts due from top five clients are summarized as below

Name	30 June 2023			
	Closing balance of accounts receivable	% of total balance	Closing balance of bad debt provision	Net accounts receivable
Client F	43,608,036	2	4,730,935	38,877,101
Client G	33,785,722	1	6,406,719	27,379,003
Client H	26,655,712	1	2,665,571	23,990,141
Client I	24,667,450	1	4,598,003	20,069,447
Client J	24,268,577	1	875,008	23,393,569
Total	152,985,497	6	19,276,236	133,709,261

7 Receivables financing

(1) Classification of receivables financing

Item	30 June 2023	31 December 2022
Bank acceptances	440,987,622	527,248,935
Total	440,987,622	527,248,935

(2) Receivables financing of the Group pledged at the end of the period

Item	Pledged amount
Bank acceptances	400,499

7 Receivables financing (continued)

(3) Receivables financing of the Company that has been endorsed but has not yet expired as at the balance sheet date at the end of the period

Item	Derecognized amount	Non-derecognized amount
Bank acceptances - Endorsed but not yet expired as at the balance sheet date	1,928,574,873	-

8 Accounts payable

(1) Significant accounts payable aged over one year

Aging	30 June 2023	31 December 2022
Within 1 year	6,024,607,163	7,234,349,975
1 - 2 years	590,850,965	631,936,804
2 - 3 years	452,836,760	238,643,172
Over 3 years	341,610,656	261,353,365
Total	7,409,905,544	8,366,283,316

Accounts payable do not bear interest and are normally settled within 30-360 days.

The aging of accounts payable is calculated from the date of receipt of goods or services from suppliers.

As at June 30 2023, the Group had no significant accounts payable aged over one year. (31 December 2022: nil)

II. Dividend

The Board did not recommend the payment of interim dividend nor capital reserve converted to equity capital for the Reporting Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on the operation of the first half of 2023

In the first half of 2023, the Company anchored the established goals, adhered to green, low carbon and circular development of building materials, coordinated the epidemic prevention control and safety production, adhered to green and low carbon development, vigorously promote integrated development, steadily promote overseas business and digital development, insisted on the strategy of “stabilize price and volume and stable operation”. While maintaining production and operational stability, the Company continued to consolidate and strengthen its foundation.

In the first half of 2023, due to the increase in the sales volume of cement overseas, the Company recorded sales volume of cement and clinker of 29.9514 million tons, representing an increase of 2.13% as compared with the same period of last year (among which: the sales volume of cement and clinker in domestic plants decreased by 0.76% against the same period of last year). As a result of business integration, the sales volume of aggregate was 50.5124 million tons, representing an increase of 103.30% as compared against the same period of last year; and that of RMX was 10.9497 m³, representing a period-to-period increase of 82.31%. In the meantime, the Company continued to promote eco-friendly business development, controlled energy consumption and reduced costs. Therefore, wastes received amounted to 1.94 million tons, representing a period-to-period increase of 11%. During the Reporting Period, the operating income was RMB 15.832 billion, representing an increase of 10.02% as compared with that of the corresponding period in 2022. Due to the period-to-period decrease in the selling price and sales volume of domestic cement and clinker, as at the end of the Reporting Period, net profit attributable to the owners of the Company was RMB 1.193 billion, representing a decrease of 24.85% as compared with that of the corresponding period in 2022.

During the Reporting Period, operating revenue generated from the cement business amounted to RMB 9.76 billion, representing a decrease of 5.04% compared with the same period of last year, in which the operating revenue from domestic cement business was RMB 7.462 billion, representing a decrease of 12.41% against the same period of last year; the operating revenue of overseas cement business was RMB 2.302 billion, representing an increase of 30.57%. Operating revenue from non-cement business was RMB 5.836 billion, representing a period-to-period increase of 49.19%. In terms of profit, the selling price of cement products decreased from 24.60 RMB/ton to 326 RMB/ton period-to-period, and the cost decreased by 10.47 RMB/ton to 251.62 RMB/ton, resulting in the decrease of gross margin per ton by 14.13 RMB/ton to 74.37 RMB/ton; as for aggregate, the average selling price decreased by 8.65 RMB/ton to 42.81 RMB/ton while the cost increased by 3.03 RMB/ton to 23.49 RMB/ton, leading to the decrease of gross margin by 11.68 RMB/ton to 19.32 RMB/ton; the selling price of RMX decreased by 43.48 RMB/m³ to 289.88 RMB/m³, and the cost decreased by 22.67 RMB/m³ to 252.14 RMB/m³, resulting in the decrease of gross margin by 20.81 RMB/m³ to 37.74 RMB/m³. As the sales volume of aggregate and RMX

increased, EBITDA contribution of the non-cement business for the Reporting Period exceeded 50%, becoming a major pillar of stable performance.

During the Reporting Period, the Company adhered to green and low carbon development, putting continuous efforts in saving energy, reducing emission, reducing consumption and cost. Through increasing the alternative fuels, upgrading the technology of reducing pollution and saving energy, the comprehensive consumption per unit clinker has improved while fuel cost has decreased. In the first half of 2023, the TSR of domestic kiln lines with AFR reached 22.16%, representing an increase by 10.12 percentage points as compared with the corresponding period in 2022, and traditional thermal consumption of clinker products decreased by 57.58 kcal/kg; in the first half of 2023, the comprehensive consumption per unit clinker of 33 out of the 52 kiln lines of the Company are lower than the national standard of 100 kgcet/t.

During the Reporting Period, the Company continued to advance the integration business and overseas development to enhance competitiveness. In terms of cement business, the acquisition of 59.58% equities of Oman Cement Company SAOG was completed, and Dar grinding station of Tanzania was put into operation after upgrading, which added cement grinding capacity of 4.4 million tons/year. With respect to aggregate business, Wuxue, Changyang projects were put into operation, Chibi, Chenzhou and Xinyang aggregate projects were upgraded to increase production capacity, increasing net capacity by 31.50 million tons/year. In terms of RMX business, the Company further promoted light asset operation, with 28 new RMX projects in Jiangsu, Hainan, Hubei, Hunan and Yunnan, increasing the capacity by 21.15 million m³/year.

During the Reporting Period, the Company actively promoted digital development to support the development of overseas businesses and strategic integration. By utilizing the Digital Management Control Center and optimizing the functions of the Control Center, the Company established its core competitiveness along Yangtze River with the focus on efficiency, cost and service, hence realizing new model of industry chain synergy; the Company continued to promote the digitalization of overseas infrastructure, ERP system to dock with domestic system, and coordinate the Finance and Audit Departments to enhance the risk prevention capability of overseas business.

During the Reporting Period, there was no change to the competitive strengths and risk factors of the Company. Please refer to the 2022 Annual Report for details.

Outlook for the Second Half of 2023

In the second half of 2023 when there is insufficient domestic demand under complex and severe situation, the national government will stay true to the general principle of pursuing progress while ensuring stability and prioritizing high-quality development. It will scientifically implement macro policies, expand domestic demand and channel economy circle. The fundamentals of recovery of the Chinese economy remain unchanged.

In the second half of 2023, it's predicted that the investment on the infrastructure will still be the major focus for stable economic growth. The real estate market is expected to stabilize as policies promoting the healthy development of the industry will take effect, such as increasing the supply of the construction and supply of guaranteed housing, and actively promoting the reconstruction of urban villages. The demand of cement may witness seasonal rebound, however, severe

overcapacity and intensified competition will not change dramatically. The profit of the whole industry urgently requires exploring the new mindset of cutting capacity and enhanced awareness of rational competition appropriate for the high-quality development of the industry.

In the second half of 2023, the Company will stand firm on the operational mindset, taking stronger measures to implement the four strategies and key tasks. Specifically, stabilizing the price of domestic cement business, ensuring quantity and increasing efficiency. In terms of aggregate business, enhancing production, stabilizing price and increasing profit. For concrete business, reducing costs and controlling risks to increase revenue, while for the overseas business, stabilizing production and prices to improve performance.

IV. SIGNIFICANT MATTERS

On 23 May 2023, the Company received the Approval on Huaxin Cement's Public Issuance of Corporate Bonds to Professional Investors issued by the China Securities Regulatory Commission (CSRC). According to the Approval, CSRC agreed to register the application of the Company's public issuance of corporate bonds with a face value of not more than RMB 3 billion to professional investors (it can be issued in installments). The issuance is now in progress as planned.

On 9 June 2023 and 20 July 2023, the 25th Meeting of the Tenth Board of Directors of the company and the Third Extraordinary Shareholders General Meeting in 2023 respectively considered and approved the Proposal on the Repurchase and Cancellation of Partial Shares in the 2020-2022 Core Employees Stock Ownership Plan (the ESOP). According to the performance result, the Company will repurchase at the price of 0/share and cancel 17,604,206 A shares under the ESOP that cannot be vested due to failure in achieving the performance target. The work is now in progress as planned.

On 13 March 2023, Huaxin (Hong Kong) International Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Investment Authority SPC to purchase 59.98% equity interest of the Oman Cement Company SAOG at the consideration of USD 193.1 million (adjustable, based on the audited closing financial statements net cash and working capital). On 5 April 2023, the acquisition of the 59.58% equity was completed. On 2 July 2023, the tender offer to the remaining shareholders of Oman Cement Company SAOG was completed. The transaction has been completed. At a total consideration of USD 210.8 million, through Abra Holdings Ltd, its indirectly wholly-owned subsidiary, the Company holds 64.66% equity interests in Oman Cement Company SAOG.

On 27 June 2023, Huaxin (Hong Kong) International Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with INTERCEMENT TRADING INVERSIONES, S.A.U. to purchase 100% equity interest in Natal Portland Cement Company (Pty) Ltd. at a consideration of USD 231.6 million (adjustable, based on the audited closing financial statements net cash and working capital). The transaction is now in progress as planned.

During the Reporting Period, the Company was not involved in any significant litigation or arbitration.

During the Reporting Period, the Company nor its subsidiaries had purchased, sold and redeemed listed securities of the Company.

V. DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT

During the Reporting Period, Mr. Martin Kriegner was elected as a non-executive director of the Tenth Board of Directors of the Company at the Company's First Extraordinary Shareholders' General Meeting of 2023 held on 9 January 2023. There were no changes in other directors, supervisors and senior management of the Company.

As at 30 June 2023, the following directors, supervisors and chief executives of the Company held interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests kept by the Company in accordance with Section 336 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Name	Nature of interest	Class of shares	Number of shares	Approximate% of shares held in the relevant share class	Approximate% of shares held in the total amount of share capital
Mr. Li Yeqing	Beneficial owner	A shares	364,334	0.0268	0.0174
		H shares	565,696	0.0770	0.0270
Mr. Liu Fengshan	Beneficial owner	A shares	161,500	0.0119	0.0077
		H shares	120,600	0.0164	0.0058
Mr. Ming Jinhua	Beneficial owner	H shares	36,500	0.0050	0.0017
Mr. Zhang Lin	Beneficial owner	A shares	11,600	0.0009	0.0006
		H shares	148,400	0.0202	0.0071
Mr. Liu Weisheng	Beneficial owner	H shares	13,700	0.0019	0.0007

Note: the percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2023.

During the Reporting Period, the directors and supervisors of the Company had no material interests in any contract entered into by the Company or its subsidiaries.

VI. REVIEW OF UNAUDITED INTERIM RESULTS

The Company has set up the audit committee of the Company (the “**Audit Committee**”). The terms of reference adopted by the Audit Committee complied with all the applicable code provisions set out in Appendix 14 to the Listing Rules. The Audit Committee is responsible for the review and supervision of financial reporting procedures, risk management and the internal control systems of the Group as well as the giving of advice and recommendations to the Board. The interim results for the six months ended 30 June 2023 as disclosed in this announcement have been reviewed by the Audit Committee.

VII. CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules of the Stock Exchange during the Reporting Period.

VIII. MODEL CODE FOR SECURITIES TRANSACTIONS

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**") in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors and supervisors of the Company and each of them confirmed that they have complied with the requirements contained in the Model Code during the Reporting Period.

IX. MATERIAL IMPACT EVENT AFTERWARDS

After the Reporting Period and up to the date of this announcement, save for the events disclosed in this announcement, the Group did not have any material subsequent events.

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

Wuhan, Hubei, the PRC
24 August 2023

As at the date of this announcement, the Board comprises Mr. LI Yeqing (President) and Mr. LIU Fengshan (Vice President), as executive directors; Mr. XU Yongmo (Chairman), Mr. Martin Kriegner, Mr. Chi Kong LO and Ms. TAN Then Hwee, as non-executive directors; Mr. WONG Kun Kau, Mr. ZHANG Jiping and Mr. JIANG Hong, as independent non-executive directors.

** For identification purpose only*