

華新水泥股份有限公司 2021 年半年度報告摘要



華新水泥股份有限公司
HUAXIN CEMENT CO., LTD.*

(華新水泥股份有限公司 2021 年半年度報告摘要)
(證券代碼 : 6655)

華新水泥股份有限公司
31 年 2021

- 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.

Unless otherwise stated, the currency unit in this announcement is Renminbi (“ R ”), the lawful currency of the People’s Republic of China (“ C ”). Unless otherwise stated, the financial information in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises (“ C A S ”).

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1. Ba f a

Company Name	Huaxin Cement Co., Ltd. (“ C a ”, together with its subsidiaries, the “ ”)
A Shares stock abbreviation	Huaxin Cement
A Shares stock code	600801
Exchange on which A shares are listed	The Shanghai Stock Exchange (“ ”)
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 (“ a ”)

2. C a a a f a

Title	Secretary to the board of directors	Securities Affairs Representative
Name	YE Jiaying	WANG Lu
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Telephone number	0086-27-87773898	0086-27-87773898
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1. a

(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

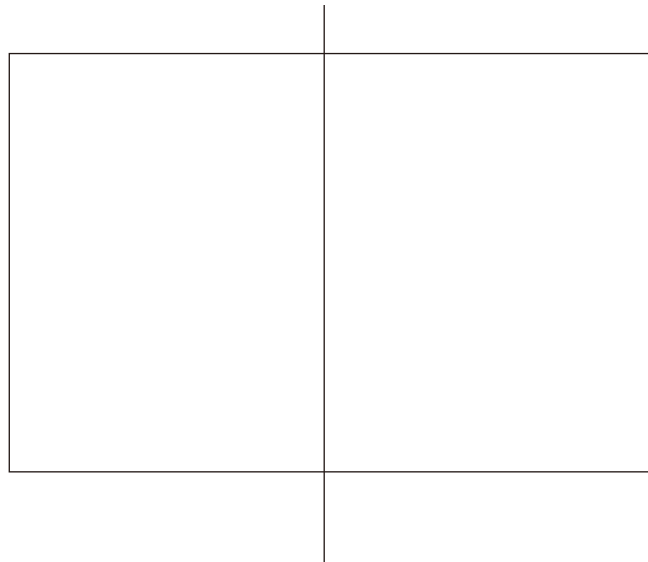
- (1) During the period from 1 January 2021 to 31 December 2021 (the “Reporting Period”), there was no change in the number of the shares of the Company held by Holchin B.V. and Holpac Limited. The shares held by Holchin B.V. and Holpac Limited were not subject to any pledge, freezing order or trust.
- (2) The shares mentioned above are not subject to any trading moratorium.
- (3) Saved that Holchin B.V. and Holpac Limited are wholly-owned subsidiaries of Holcim Limited, the board (the “Board”) of directors (the “Directors”) of the Company is not aware of any other connected relationship among the top ten shareholders.

2. De Facto Controlling Shareholder and De Facto Controller

During the Reporting Period, there was no change in the controlling shareholder and de facto controller of the Company.

As at 31 December 2021, Holcim Limited was the controlling shareholder as well as the de facto controller of the Company. The following chart sets out the shareholding relationship structure between the Company and Holcim Limited:

Holcim Limited



(1)

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 controlled 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 equipment engineering, on the basis of its core business – cement. In relation to the cement business, the acquired cement assets in Zambia and Malawi were successfully delivered during the year, increasing the capacity of cement by 1.75 million tons. The Company also completed the renovation of the cement grinding line in Maveni plant in Tanzania during the Reporting Period. Moreover, a cement and clinker line with the capacity of 2,800 ton per day was officially put into operation in Narayani, Nepal on 8 January 2022, against all the odds. As to aggregate business, 12 aggregate production lines including Zhaotong, Chibi Phase II and Hefeng were put into operation; 10 aggregate projects are under construction, including the Yangxin 100 million tons machine-made sand project, proceeding steadily. After all the projects are put into operation, the aggregate production capacity is expected to reach 270 million tons per year, which will significantly enhance the Group’s competitiveness. In addition, the concrete integration business has been rapidly expanded, where 20 concrete integration sites such as Chibi, Chenzhou, Shuicheng, and Zhaotong were completed and put into operation, and Yueyang and Jingzhou grinding stations were upgraded to concrete integration stations. The Company firmly implemented the integration strategy along the Yangtze River and added two new sites based on the launch of Changzhou project, increasing the capacity of concrete production by 16.7 million cubic meters per year. Regarding the eco business, Shiyan domestic wastes disposal (phase II) was successfully expanded; Shannan household wastes (phase II), Chongqing

Shuangqiao hazardous wastes, Shigatse hazardous wastes and other projects passed the environmental impact assessment and obtained approval. The Company also launched the alternative fuel project and completed standardized design in a short period, where 16 relevant projects passed the environmental impact assessment and obtained approval. More than 10 projects including Sangzhi, Diqing, Dongchuan, and Fangxian are under civil engineering construction. In terms of the emerging business, the production lines of Zhuzhou eco bricks and Jianchuan eco bricks were put into operation, increasing the capacity of eco bricks by 180 million. The

Major business performance in different areas

A	a	Operating revenue over last year (%)	
		a	b
Hubei	10,937,873,007		23.43
Hunan	2,608,969,488		-7.27
Sichuan	2,098,820,692		3.38
Yunnan	4,982,708,654		-13.16
Tibet	950,722,504		-38.45
Chongqing	1,937,854,607		-19.48
Henan	773,585,456		31.34
Jiangsu	2,111,605,491		149.05
Jiangxi	303,685,930		1.41
Anhui	715,944,446		46.79
Shanghai	533,505,245		78.90
Guangxi	157,822,179		-19.42
Others		125 TD	

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

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.

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

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

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

Items	Amount at the end of last period	Change of the amount at the end of current period compared with that 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 last period	Percentage of amount at the end of last 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	233,393,286	0.53	48.88	Increase in environmental restoration and management fees for mines
Deferred income tax liabilities	572,865,342	1.09	284,920,603	0.65	101.06	Increase in deferred income tax liabilities due to the increase in the valuation on M&A in Africa

Comparison of net cash flow prepared in accordance with the PRC Accounting Standards

	Amount for same period of last year	Changes (%)
Net cash flow from operating activities	7,594,957,122	8,405,472,760 -9.64
Net cash flow from investing activities	6,794,063,625	-5,008,041,912 -35.66
Net cash flow from financing activities	632,252,873	187,685,399 -436.87

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.

Items	As at 31 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) a a A 44 -2.25 C a 3 *44 -2 C 51 -2

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

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 “unmanned plant” to improve operational efficiency and reduce production costs. Strengthen the cultivation and introduction of compound talents to provide a strong guarantee for “going global”.

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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

2. C A C A

		2021	2020
I.	Total operating income	() 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	() 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	() 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	() 1,568,058,827	1,490,052,106

	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	<u>441,411,325</u>	542,994,371

3. C A CA A

	2021	2020
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	<u>364,745,201</u>	<u>219,373,958</u>
Sub-total of cash inflows from operating activities		

	2021	2020
Cash Flow 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	<u>5,602,256</u>	<u>36,369,014</u>
Sub-total of cash inflows from investing activities	<u>2,363,766,985</u>	<u>916,345,493</u>
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	<u>928,376,352</u>	<u>684,690,731</u>
Sub-total of cash outflows from investing activities	<u>9,157,830,610</u>	<u>5,924,387,405</u>
Net Cash Flow from Investing Activities	<u>(6,794,063,625)</u>	<u>(5,008,041,912)</u>

	2021	2020
Cash receipts from capital contributions	153,333,766	112,310,000
Cash receipts from borrowings	3,220,124,455	2,914,266,422
Cash receipts from issue of bonds	1,297,504,000	1,959,330,026
Other cash receipts relating to financing activities	124,507,075	-
Sub-total of cash inflows from financing activities	4,795,469,296	4,985,906,448
Cash repayments of borrowings	2,499,908,822	1,115,347,517
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,828,550,460	2,975,872,170
Other cash payments relating to financing activities	99,262,887	707,001,362
Sub-total of cash outflows from financing activities	5,427,722,169	4,798,221,049
Net Cash Flow from Financing Activities	(632,252,873)	187,685,399
Change in cash and cash equivalents	(38,411,852)	(83,166,330)
Add: Opening balance of cash and cash equivalents	130,228,772	3,501,949,917

Receivables for which bad debt provision is individually assessed:

a	31		2021	
	A	Ba	f	a f
a a				(%)
Client A	10,192,131	10,192,131	100	Recoverability
Client B	9,028,779	9,028,779	100	Recoverability
Client C	6,047,509	6,047,509	100	Recoverability
Client D	5,254,652	5,254,652	100	Recoverability
Client E	4,756,441	4,756,441	100	Recoverability
Others	46,346,832	35,270,377	76	Recoverability
Total	81,626,344	70,549,889	86	/

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

Category of cement receivable:

A	31		2021	
	A	Ba	a	a
a				(%)
Within 6 months	189,453,476	9,935,675		5
6-12 months	7,867,491	982,483		12
1-2 years	3,710,932	1,254,295		34
2-3 years	5,119,910	2,687,953		53
Over 3 years	3,044,556	2,827,237		93
Total	209,196,365	17,687,643		

Category of concrete receivable:

	31		2021	
A	A	Ba	a	a
	a	a	a	a
				(%)
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	<u>517,513,177</u>	<u>64,130,409</u>		

Portfolio provision: types of other receivables

	31		2021	
A	A	Ba	a	a
	a	a	a	a
				(%)
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	<u>312,474,206</u>	<u>11,861,999</u>		

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.

(2). *Financing with receivables*

() *to be seen in the*

	31	2021	31 December 2020
Bank acceptances	<u>761,050,910</u>		<u>1,020,306,419</u>
Total	<u>761,050,910</u>		<u>1,020,306,419</u>

() *to be seen in the*

	a	f
Bank acceptances		<u>236,214,382</u>

() *to be seen in the*

	a	f
Bank acceptances – Endorsed but not yet expired as at the balance sheet date	<u>1,956,535,855</u>	<u>-</u>

(3). *Accounts payable*

(1) *Accounts payable*

	31 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	<u>7,112,302,355</u>	<u>5,297,633,770</u>

(2) *Accounts payable*

	31 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	<u>545,868,622</u>	/

(3) *Accounts payable*

A ..	31 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	<u>7,112,302,355</u>	<u>5,297,633,770</u>

(4). *Operating income and operating costs*

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	2021		2020	
		C. 44	Income	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

(6) 截至2021年12月31日，尚未履行或部分履行的交易价格

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.

(7) 按地区划分的应收账款

	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	<u>32,464,083,379</u>	<u>29,356,515,691</u>

(5). *Financial expenses*

	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	

(6). *Income tax expenses*

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

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	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 2018-2020 1.1g		

(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:

	2021	2020
current net profit attributable to ordinary shareholders	<u>5,363,525,692</u>	<u>5,630,598,812</u>

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

	2021	2020
expected future cash dividends to unlockable restricted stock holders	<u>16,587,352</u>	<u>17,901,026</u>

When calculating basic earnings per share, the denominator is the weighted

