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西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

ANNOUNCEMENT

**PROPOSED ISSUE OF MEDIUM-TERM NOTES IN THE PRC
BY YAOBAI SPECIAL CEMENT GROUP CO., LTD.,
AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

PROPOSED ISSUE OF MEDIUM-TERM NOTES BY YAOBAI

The Board is pleased to announce that, Yaobai, an indirectly wholly-owned subsidiary of the Company incorporated in the PRC, has successfully registered with the National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會) the proposed issue of the Medium-term Notes with an aggregate principal amount of RMB1,500,000,000 and proposes to issue first tranche of the Medium-term Notes with a principal amount of RMB500,000,000 to investors in the national inter-bank market in the PRC on or about 7 May 2019.

In connection with the proposed issue of the first tranche of the Medium-term Notes, Yaobai has published, among other things, an offering circular in the PRC to provide investors with certain information concerning the terms and conditions of the Medium-term Notes including the financial information of Yaobai and its subsidiaries for the four years ended 31 December 2015, 2016, 2017 and 2018, and the nine months ended 30 September 2018, credit rating reports and additional financial information of Yaobai and its subsidiaries for the three months ended 31 March 2019 (which are set out in this announcement) on the websites of China Money (www.chinamoney.com.cn), Beijing Financial Assets Exchange (www.cfae.cn) and Shanghai Clearing House (www.shclearing.com) on 30 April 2019.

Shareholders and prospective investors are cautioned not to unduly rely on such information and are reminded to exercise caution when dealing in the Shares.

As the proposed issue of the Medium-term Notes may or may not materialize. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that, Yaobai, an indirectly wholly-owned subsidiary of the Company incorporated in the PRC, has successfully registered with the National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會) the proposed issue of the Medium-term Notes with an aggregate principal amount of RMB1,500,000,000 and proposes to issue first tranche of the Medium-term Notes with a principal amount of RMB500,000,000 to investors in the national inter-bank market in the PRC on or about 7 May 2019.

First tranche of the Medium-term Notes are of a term of three years and form part of the Medium-term Notes of Yaobai. Depending on market conditions, Yaobai may determine the time and size of each issue. After the issuance of the first tranche of the Medium-term Notes, Yaobai may within the validity of the registration, determine whether or not to issue, and the terms of, further notes.

Particulars of the Medium-term Notes are as follows:

Issuer:	Yaobai
Aggregate maximum amount of the Medium-term Notes:	RMB1,500,000,000
Principal amount of the first tranche of the Medium-term Notes:	RMB500,000,000
Date of issue of the first tranche of the Medium-term Notes:	On or about 7 May 2019
Maturity:	Term of three years
Interest rate:	To be determined according to the prevailing market conditions at the time of issue based on the results of book building and investors' interest. Interest will be payable annually
Target:	Investors in the national inter-bank market in the PRC and will not be extended to the general public
Underwriter/Bookrunner:	Agricultural Bank of China Limited
Credit rating:	As assessed by China Lianhe Credit Rating Co., Ltd. (聯合資信評估有限公司), the Medium-term Notes have been given A-1 rating and the issuer of the Medium-term Notes have also been given AA rating
Use of proceeds:	The proceeds from the issue of the Medium-term Notes will be fully used for the general working capital of the Group

The Board is of the view that the issue of the Medium-term Notes will enhance the Group's recognition in the PRC financial market and will provide the Group with an additional source of funding for its business development. Given that the issue of the Medium-term Notes will provide the Company with more financial flexibility, the Directors (including the independent non-executive Directors) consider that the issue of the first tranche of the Medium-term Notes is in the interest of the Company and its Shareholders as a whole.

Shareholders and prospective investors are cautioned not to unduly rely on such information and are reminded to exercise caution when dealing in the Shares.

As the proposed issue of the Medium-term Notes may or may not materialize. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

GENERAL

The Group is principally engaged in the production and sale of cement in the PRC.

SELECTED FINANCIAL INFORMATION OF YAObAI AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

1. Balance Sheet

	Unit: RMB			
Items	As at 31 March 2019 Consolidated	As at 31 December 2018 Consolidated	As at 31 March 2019 Yaobai	As at 31 December 2018 Yaobai
Current Assets:				
Monetary capital	834,343,978	1,014,934,242	732,664,292	867,524,565
Notes receivable and accounts receivable	417,310,602	405,657,966	15,081,500	12,312,123
Advance payments	165,635,325	118,537,831	6,989,179	6,560,061
Other receivables	1,289,856,655	1,144,277,288	3,643,169,334	3,669,453,542
Inventories	494,924,477	475,949,101	422,812	422,613
Non-current assets due within one year	368,201,627	350,819,071	—	—
Other current assets	<u>120,074,801</u>	<u>54,695,958</u>	<u>—</u>	<u>566,709</u>
Total current assets	<u>3,690,347,465</u>	<u>3,564,871,457</u>	<u>4,398,327,117</u>	<u>4,556,839,613</u>
Non-current assets:				
Available-for-sale financial assets	20,000,000	20,000,000	—	—
Long-term receivables	192,543,486	191,495,645	—	—
Long-term equity investments	83,899,198	80,327,363	4,426,083,881	4,341,230,447
Fixed assets	5,965,882,072	6,028,911,018	147,919,167	150,879,153
Construction in progress	518,319,844	449,307,968	384,871	384,871
Intangible assets	647,365,742	653,996,800	19,139,787	19,325,097
Goodwill	183,263,879	183,263,879	—	—
Long-term prepaid expenses	46,389,791	50,168,269	—	—
Deferred income tax assets	51,718,503	51,718,503	1,568,070	1,568,070
Other non-current assets	<u>179,166,700</u>	<u>166,426,700</u>	<u>—</u>	<u>—</u>
Total non-current assets	<u>7,888,549,215</u>	<u>7,875,616,145</u>	<u>4,595,095,776</u>	<u>4,513,387,638</u>
Total assets	<u>11,578,896,680</u>	<u>11,440,487,602</u>	<u>8,993,422,893</u>	<u>9,070,227,251</u>

Items	As at 31 March 2019 Consolidated	As at 31 December 2018 Consolidated	As at 31 March 2019 Yaobai	As at 31 December 2018 Yaobai
Current liabilities:				
Short-term borrowings	803,570,760	703,570,760	793,570,760	693,570,760
Notes payable and accounts payable	686,082,107	645,411,866	71,510,055	41,614,699
Receipts in advance	266,374,029	232,766,853	24,000	1,200
Employee benefits payable	39,653,996	64,226,735	2,127,944	7,971,340
Taxes payable	135,197,983	190,699,762	1,710,485	431,784
Other payables	636,884,575	656,509,703	394,852,793	425,940,932
Non-current liabilities due within one year	—	160,000,000	—	160,000,000
Other current liabilities	3,055,620	—	—	—
Total current liabilities	2,570,819,070	2,653,185,679	1,263,796,037	1,329,530,715
Non-current liabilities:				
Long-term borrowings	1,572,461,777	1,572,461,777	1,572,461,777	1,572,461,777
Long-term payables	70,633,351	76,612,345	—	—
Estimated liabilities	35,952,843	36,432,433	—	—
Deferred income	47,859,988	49,754,902	6,396,573	6,896,574
Deferred income tax liabilities	3,703,735	3,703,735	—	—
Total non-current liabilities	1,730,611,694	1,738,965,192	1,578,858,350	1,579,358,351
Total liabilities	4,301,430,764	4,392,150,871	2,842,654,387	2,908,889,066
Owners' (Or Shareholders') equity:				
Paid-in capital (Or Share capital)	1,890,000,000	1,890,000,000	1,890,000,000	1,890,000,000
Capital reserve	53,487,937	53,487,937	12,715,940	12,715,940
Special reserve	26,944,876	20,466,566	—	—
Surplus reserve	379,579,029	379,579,029	379,579,029	379,579,029
Undistributed profit	4,633,239,491	4,444,820,114	3,868,473,537	3,879,043,216
Total equity attributable to owners (or shareholders) of the Company	6,983,251,333	6,788,353,646	—	—
Minority interests	294,214,583	259,983,085	—	—
Total owners' (or shareholders') equity	7,277,465,916	7,048,336,731	6,150,768,506	6,161,338,185
Total liabilities and owners' (or shareholders') equity	11,578,896,680	11,440,487,602	8,993,422,893	9,070,227,251

2. Income Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	2019 Q1 Consolidated	2018 Q1 Consolidated	2019 Q1 Yaobai	2018 Q1 Yaobai
I. Total operating revenue	1,068,090,821	784,431,460	8,515,368	48,617,902
Including: Revenue	<u>1,068,090,821</u>	<u>784,431,460</u>	<u>8,515,368</u>	<u>48,617,902</u>
Total operating costs	862,179,088	611,282,165	23,156,880	47,433,374
Including: Operating costs	719,979,256	497,435,508	—	25,903,150
Taxes and surcharges	13,786,349	11,367,376	380,178	903,870
Selling and distribution expenses	10,636,500	10,668,149	3,760,730	4,154,079
General and administrative expenses	89,671,119	55,307,545	20,205,936	17,402,603
Financial expenses	28,407,288	34,041,628	-1,189,964	-930,328
Including: Interest expenses	29,508,615	40,311,379	—	5,386,458
Interest income	-1,340,892	-6,495,299	-1,196,920	-6,362,312
Asset impairment losses	-301,424	2,461,959	—	—
Add: Other income	40,687,995	—	500,000	—
Investment income (loss is represented by “-”)	3,571,834	6,006,625	3,571,834	6,006,625
Gain in disposal of asset (loss is represented by “-”)	<u>-707,628</u>	<u>—</u>	<u>—</u>	<u>—</u>
II. Operating profit (loss is represented by “-”)	249,463,934	179,155,920	-10,569,678	7,191,153
Add: non-operating income	1,395,891	56,249,345	—	3,826,950
Less: non-operating expenses	<u>492,951</u>	<u>1,249,057</u>	<u>—</u>	<u>734,750</u>
III. Total profit (total loss is represented by “-”)	250,366,874	234,156,208	-10,569,678	10,283,353
Less: income tax expenses	<u>61,517,130</u>	<u>52,637,213</u>	<u>—</u>	<u>—</u>
IV. Net profit (net loss is represented by “-”)	188,849,744	181,518,995	-10,569,678	10,283,353
(I) Classified by continuity of operations				
1. Net profit from continuous operation (net loss is represented by “-”)	188,849,744	181,518,995	-10,569,678	10,283,353
(II) Classified by ownership				
1. Net profit attributable to shareholders of the Company (net loss is represented by “-”)	185,118,246	178,994,342	—	—
2. Minority interests (net loss is represented by “-”)	<u>3,731,498</u>	<u>2,524,653</u>	<u>—</u>	<u>—</u>

Items	2019 Q1 Consolidated	2018 Q1 Consolidated	2019 Q1 Yaobai	2018 Q1 Yaobai
V. Net other comprehensive income after tax	—	—	—	—
VI. Total comprehensive income	188,849,744	181,518,995	-10,569,678	10,283,353
(I) Attributable to owners of the Company	185,118,246	178,994,342	—	—
(II) Attributable to minority interest	3,731,498	2,524,653	—	—
VII. Earnings per share	—	—	—	—

3. Cash Flow Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	2019 Q1 Consolidated	2018 Q1 Consolidated	2019 Q1 Yaobai	2018 Q1 Yaobai
I. Cash flow generated from operating activities:				
Cash received from sales of goods or rendering of services	953,338,252	897,048,742	104,522,029	135,203,679
Tax refund received	44,811,075	32,952,173	—	238,282
Cash received relating to other operating activities	70,595,380	46,963,779	18,809,774	5,023,506
Sub-total of cash inflow from operating activities	<u>1,068,744,707</u>	<u>976,964,694</u>	<u>123,331,803</u>	<u>140,465,467</u>
Cash paid for goods and service	334,515,423	429,722,429	—	-4,583,170
Cash paid to and for employees	151,355,031	93,471,849	15,270,446	16,672,210
Payments of taxes and surcharges	201,682,799	126,494,466	7,363,915	8,122,266
Cash payments relating to other operating activities	308,013,650	281,860,789	8,512,381	3,375,921
Sub-total of cash outflows from operating activities	<u>995,566,903</u>	<u>931,549,533</u>	<u>31,146,742</u>	<u>23,587,227</u>
Net cash flow from operating activities	<u>73,177,804</u>	<u>45,415,161</u>	<u>92,185,061</u>	<u>116,878,240</u>

Items	2019 Q1 Consolidated	2018 Q1 Consolidated	2019 Q1 Yaobai	2018 Q1 Yaobai
II. Cash flow generated from investing activities:				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	156,500	—	—	—
Cash received relating to other investing activities	<u>20,050,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Sub-total of cash inflows from investing activities	<u>20,206,500</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	116,051,221	66,613,098	1,170,027	30,510,069
Cash paid to acquire investments	—	23,458,883	66,840,000	14,380,000
Cash paid relating to other investing activities	<u>776,257</u>	<u>—</u>	<u>—</u>	<u>—</u>
Sub-total of cash outflows from investing activities	<u>116,827,478</u>	<u>90,071,981</u>	<u>68,010,027</u>	<u>44,890,069</u>
Net cash flow from investing activities	<u>-96,620,978</u>	<u>-90,071,981</u>	<u>-68,010,027</u>	<u>-44,890,069</u>

Items	2019 Q1 Consolidated	2018 Q1 Consolidated	2019 Q1 Yaobai	2018 Q1 Yaobai
III. Cash flow generated from financing activities:				
Cash received from borrowings	101,847,500	100,600,000	100,000,000	100,600,000
Cash received relating to other financing activities	<u>2,956,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Sub-total of cash inflows from financing activities	<u>104,803,500</u>	<u>100,600,000</u>	<u>100,000,000</u>	<u>100,600,000</u>
Cash repayments of borrowings	161,671,425	500,600,000	160,000,000	500,600,000
Cash payments for distribution of dividends, profits and interest	99,779,165	144,556,011	99,035,307	134,556,011
Cash payments relating to other financing activities	<u>500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Sub-total of cash outflows from financing activities	<u>261,950,590</u>	<u>645,156,011</u>	<u>259,035,307</u>	<u>635,156,011</u>
Net cash flow from financing activities	<u>-157,147,090</u>	<u>-544,556,011</u>	<u>-159,035,307</u>	<u>-534,556,011</u>
IV. Effect of change of foreign currency rates on cash and cash equivalents	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
V. Net increase in cash and cash equivalents	-180,590,264	-589,212,831	-134,860,273	-462,567,840
Add: Opening balance of cash and cash equivalents	<u>1,014,934,242</u>	<u>1,338,555,212</u>	<u>867,524,565</u>	<u>1,121,311,574</u>
VI. Closing balance of cash and cash equivalents	<u><u>834,343,978</u></u>	<u><u>749,342,381</u></u>	<u><u>732,664,292</u></u>	<u><u>658,743,734</u></u>

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of directors of the Company;
“Company”	West China Cement Limited, a company incorporated in Jersey with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Medium-term Notes”	three years medium-term notes of RMB1,500,000,000 in principal amount proposed to be issued by Yaobai;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Yaobai”	堯柏特種水泥集團有限公司 (Yaobai Special Cement Group Co, Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company.

By Order of the Board
West China Cement Limited
Zhang Jimin
Chairman

Hong Kong, 30 April 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin and Dr. Ma Weiping, the non-executive Directors are Mr. Ma Zhaoyang, Ms. Liu Yan and Mr. Qin Hongji and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Wong Kun Kau and Mr. Tam King Ching, Kenny.

* For identification purpose only.