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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)

PROFIT WARNING

This announcement is made by West China Cement Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2023 and assessment of the latest information currently available to the Board, it is expected that the Group’s net profit will decrease by approximately 50% to 60% for the year ended 31 December 2023 as compared to the year ended 31 December 2022 due to the following reasons:

1. The Group recorded provision for an administrative penalty order made by Shaanxi Administration for Market Regulation for violation of relevant anti-trust law provisions in the Central Shaanxi market in the PRC for the year ended 31 December 2023 in the amount of approximately RMB119.6 million, compared with the provision for such administrative penalty order of approximately RMB29.8 million for the year ended 31 December 2022; and
2. The Group recorded impairment losses in respect of goodwill and inter-group receivables for the year ended 31 December 2023 in the amount of approximately RMB319.3 million mainly composed of (a) impairment loss in respect of inter-group receivables in the amount of approximately RMB265.9 million due from Kangding Paomashan Cement Co., Ltd. (康定跑馬山水泥有限責任公司) (“**Paomashan**”), Paomashan is in bankruptcy liquidation proceedings, it is estimated that the Group will not be able to recover all receivables due from Paomashan. Accordingly, the Group recorded impairment loss of inter-group receivables of approximately RMB265.9

million due from Paomashan; and (b) impairment loss in respect of goodwill in the amount of approximately RMB53.4 million as the operating result of the two subsidiaries of the Group did not meet expectations. The Group did not record impairment loss in respect of goodwill for the year ended 31 December 2022.

3. During the year ended 31 December 2021, owing to the need of better urban reservation, a subsidiary of the Group had been approached by the government to close its existing manufacturing plant. The subsidiary received approximately RMB502.0 million from the local government in return for the demolition work as well as the compensation for its loss incurred. During the year ended 31 December 2022, the demolition work was completed and the Group recorded government grants in relation to demolition work in an amount of RMB308.5 million accordingly. The Group did not record such government grants for the year ended 31 December 2023.

As at the date of this announcement, the Company is in the process of finalising the unaudited consolidated annual results of the Group for the year ended 31 December 2023. The information contained in this announcement is only based on a preliminary review by the management of the Company with reference to the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2023, which is expected to be released by the end of March 2024.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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

Hong Kong, 8 March 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Cao Jianshun, Mr. Wang Fayin and Mr. Chu Yufeng, the non-executive Directors are Mr. Ma Zhaoyang, Mr. Fan Zhan and Mr. Wang Zhixin, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Zhu Dong, Mr. Tam King Ching, Kenny and Mr. Feng Tao.