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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)

**THIRD QUARTERLY RESULTS OF 2017 OF
YAObAI AND ITS SUBSIDIARIES**

Reference is made to the announcements of West China Cement Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 1 March 2017 and 3 March 2017 in relation to the issuance of the Short-term Notes by Yaobai (collectively, the “**Announcements**”). This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

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 issue approval of the Short-term Notes with an aggregate principal amount of RMB1,200,000,000. On 3 March 2017, Yaobai completed the issuance of the second tranche of the Short-term Notes. The second tranche of the Short-term Notes was issued in the principal amount of RMB400 million, at the interest rate of 6.98% per annum, and with a term of one year. Relevant documents containing the details of the issue of the Short-term Notes are available on the websites of China Money (<http://www.chinamoney.com.cn>) and Shanghai Clearing (www.shclearing.com).

According to the relevant PRC regulations and the terms of the Short-term Notes, Yaobai and its subsidiaries (“**Yaobai Group**”) is required to publish its quarterly results for the nine months ended 30 September 2017 (the “**Quarterly Results**”) on the website of China Money and Shanghai Clearing during the one-year term of the Short-term Notes.

Shareholders of the Company (“**Shareholders**”) and potential investors are advised that the Quarterly Results are unaudited and prepared in accordance with the PRC GAAP. There are thus a number of accounting treatments and other differences between the quarterly results of Yaobai Group (“**Yaobai Group Results**”), and the interim and final results of the Company which are prepared in accordance with IFRS. These differences include, amongst others:

- (i) the exclusion of the results of the Shaanxi Fuping Cement Company Ltd (“Fuping Cement Ltd”) from the Yaobai Group Results, as Fuping Cement Ltd is an indirect subsidiary of the Company;
- (ii) only part of the interests payable under the Senior Notes are included in the Yaobai Group Results, with the balance being accounted for under the Company’s accounts, and there is no foreign exchange translation differences of these Senior Notes in the Yaobai Group Results; and
- (iii) none of the expenses of the Company’s offshore entities are included in the Yaobai Group Results.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to the Company, set forth below are the Quarterly Results prepared in accordance with the PRC GAAP, which is also published simultaneously on the websites of China Money and Shanghai Clearing.

1. Balance Sheet

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

| Items | As at | As at | As at | As at |
|---------------------------------|--------------------------------------|-------------------------------------|--------------------------------|-------------------------------|
| | 30 September 2017 Consolidated | 31 December 2016 Consolidated | 30 September 2017 Yaobai | 31 December 2016 Yaobai |
| Current Assets: | | | | |
| Monetary capital | 1,287,300,907 | 1,315,250,654 | 981,299,698 | 1,268,936,492 |
| Notes receivable | 184,239,460 | 174,107,539 | 12,038,189 | 1,243,051 |
| Accounts receivable | 186,594,349 | 241,045,782 | 12,295,503 | 17,545,072 |
| Advance payments | 104,926,457 | 45,917,598 | 14,051,263 | 1,506,779 |
| Interests receivable | 1,271,507 | 1,918,767 | 1,271,507 | 1,918,767 |
| Other receivables | 245,822,333 | 201,706,205 | 3,891,811,385 | 4,113,585,319 |
| Inventories | 479,687,137 | 465,187,156 | 37,496,812 | 38,779,736 |
| Other current assets | 267,255,449 | 24,724,200 | 480,699 | 475,599 |
| Total current assets | 2,757,097,599 | 2,469,857,901 | 4,950,745,056 | 5,443,990,815 |
| Non-current assets: | | | | |
| Long-term receivables | 115,958,346 | – | – | – |
| Long-term equity investments | 52,670,247 | 40,925,265 | 3,639,156,263 | 3,318,411,280 |
| Investment properties | – | – | – | – |
| Fixed assets | 6,300,498,621 | 6,821,526,449 | 585,799,470 | 634,442,728 |
| Construction in progress | 219,715,753 | 71,842,203 | 90,285 | 363,483 |
| Intangible assets | 689,171,485 | 708,317,178 | 31,199,166 | 31,759,932 |
| Goodwill | 177,057,252 | 177,057,252 | – | – |
| Deferred tax assets | 38,630,684 | 41,879,647 | 5,303,098 | 5,303,098 |
| Other non-current assets | 200,000,000 | – | – | – |
| Total non-current assets | 7,793,702,388 | 7,861,547,994 | 4,261,548,282 | 3,990,280,521 |
| Total assets | 10,550,799,987 | 10,331,405,895 | 9,212,293,338 | 9,434,271,336 |

| Items | As at 30 September 2017 Consolidated | As at 31 December 2016 Consolidated | As at 30 September 2017 Yaobai | As at 31 December 2016 Yaobai |
|--|---|--|---|--|
| Current liabilities: | | | | |
| Short-term borrowings | 573,855,387 | 463,600,000 | 570,000,000 | 463,600,000 |
| Notes payable | – | 100,000,000 | – | 100,000,000 |
| Accounts payable | 389,995,989 | 433,312,050 | 22,218,128 | 35,377,857 |
| Receipts in advance | 187,265,060 | 99,005,528 | 13,086,871 | 5,420,268 |
| Employee benefits payable | 42,433,048 | 24,291,311 | 5,027,166 | 3,132,379 |
| Taxes payable | 124,910,232 | 99,500,830 | 4,876,528 | 1,361,897 |
| Interests payable | 163,578,185 | 427,935,114 | 162,734,623 | 427,935,114 |
| Dividends payable | 74,695,592 | 74,695,592 | 74,695,592 | 74,695,592 |
| Other payables | 107,317,656 | 132,848,944 | 341,319,146 | 196,393,814 |
| Non-current assets due within one year | 399,076,417 | 799,213,731 | 399,076,417 | 799,213,731 |
| Other current liabilities | 9,220,239 | – | 408,512 | – |
| Total current liabilities | <u>2,072,347,805</u> | <u>2,654,403,100</u> | <u>1,593,442,983</u> | <u>2,107,130,652</u> |

| Items | As at 30 September 2017 Consolidated | As at 31 December 2016 Consolidated | As at 30 September 2017 Yaobai | As at 31 December 2016 Yaobai |
|---|---|--|---|--|
| Non-current liabilities: | | | | |
| Long-term borrowings | 2,231,257,777 | 2,031,257,777 | 2,231,257,777 | 2,031,257,777 |
| Debentures payable | – | – | – | – |
| Long-term payables | 15,420,000 | 15,420,000 | | |
| Estimated liabilities | 20,591,310 | 22,383,621 | 3,641,165 | 4,051,084 |
| Deferred income | 59,872,520 | 54,807,266 | 10,839,864 | 12,339,864 |
| Deferred tax liabilities | 9,190,609 | 9,190,609 | – | – |
| Other non-current liabilities | – | – | – | – |
| | <u>2,336,332,216</u> | <u>2,133,059,273</u> | <u>2,245,738,806</u> | <u>2,047,648,725</u> |
| Total non-current liabilities | | | | |
| | <u>2,336,332,216</u> | <u>2,133,059,273</u> | <u>2,245,738,806</u> | <u>2,047,648,725</u> |
| Total liabilities | <u>4,408,680,021</u> | <u>4,787,462,373</u> | <u>3,839,181,789</u> | <u>4,154,779,377</u> |
| Owners' equity: | | | | |
| Paid-in capital (Share capital) | 1,890,000,000 | 1,890,000,000 | 1,890,000,000 | 1,890,000,000 |
| Capital reserve | 52,662,775 | 52,662,775 | 12,715,940 | 12,715,940 |
| Surplus reserve | 243,935,459 | 243,935,459 | 243,935,459 | 243,935,459 |
| Undistributed profit | 3,724,600,115 | 3,260,103,533 | 3,226,460,150 | 3,132,840,560 |
| Total equity attributable to owners of the Company | 5,911,198,349 | 5,446,701,767 | – | – |
| Minority interests | 230,921,617 | 97,241,755 | – | – |
| | <u>6,142,119,966</u> | <u>5,543,943,522</u> | <u>5,373,111,549</u> | <u>5,279,491,959</u> |
| Total owners' equity | | | | |
| | <u>6,142,119,966</u> | <u>5,543,943,522</u> | <u>5,373,111,549</u> | <u>5,279,491,959</u> |
| Total liabilities and owners' equity | <u>10,550,799,987</u> | <u>10,331,405,895</u> | <u>9,212,293,338</u> | <u>9,434,271,336</u> |

2. Income Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

| Items | 2017 Q3 Consolidated | 2016 Q3 Consolidated | 2017 Q3 Yaobai | 2016 Q3 Yaobai |
|---|-------------------------|-------------------------|-------------------|-------------------|
| I. Total operating revenue | 3,300,010,581 | 2,530,629,886 | 272,689,011 | 180,745,040 |
| Including: Revenue | 3,300,010,581 | 2,530,629,886 | 272,689,011 | 180,745,040 |
| II. Total operating costs | 2,838,994,594 | 2,427,466,954 | 264,640,379 | 204,590,730 |
| Including: Operating costs | 2,427,435,551 | 2,083,236,516 | 193,012,166 | 155,431,854 |
| Business taxes and surcharges | 46,793,296 | 32,207,654 | 4,639,870 | 2,721,769 |
| Selling and distribution expenses | 32,220,566 | 34,978,849 | 10,067,739 | 8,307,944 |
| General and administrative expenses | 169,380,443 | 156,764,793 | 42,704,332 | 44,337,605 |
| Financial expenses | 122,761,614 | 120,279,142 | 8,272,236 | -6,208,442 |
| Asset impairment losses | 40,403,124 | - | 5,944,036 | - |
| Add: Gains from changes in fair value (loss is represented by “-”) | - | - | - | - |
| Investment income (loss is represented by “-”) | 11,995,292 | -534,771 | 66,346,745 | 12,293,823 |
| III. Operating profit (loss is represented by “-”) | 473,011,279 | 102,628,161 | 74,395,377 | -11,551,867 |
| Add: non-operating income | 160,871,919 | 84,713,936 | 19,738,055 | 8,480,773 |
| Less: non-operating expenses | 13,887,431 | 2,711,536 | 513,842 | 82,600 |
| IV. Total profit (total loss is represented by “-”) | 619,995,767 | 184,630,561 | 93,619,590 | -3,153,694 |
| Less: income tax expenses | 130,770,942 | 58,856,048 | - | - |
| V. Net profit (net loss is represented by “-”) | 489,224,825 | 125,774,513 | 93,619,590 | -3,153,694 |
| Including: Net profit attributable to owners of the Company | 464,496,582 | 128,085,815 | - | - |
| Minority interests | 24,728,243 | -2,311,302 | - | - |
| VI. Net other comprehensive income after tax | - | - | - | - |
| Net other comprehensive income after tax attributable to owners of the Company | - | - | - | - |
| Net other comprehensive income after tax attributable to minority interests | - | - | - | - |
| VII. Total comprehensive income | 489,224,825 | 125,774,513 | 93,619,590 | -3,153,694 |
| Attributable to owners of the Company | 464,496,582 | 128,085,815 | - | - |
| Attributable to minority interests | 24,728,243 | -2,311,302 | - | - |

3. Cash Flow Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

| Items | 2017 Q3 Consolidated | 2016 Q3 Consolidated | 2017 Q3 Yaobai | 2016 Q3 Yaobai |
|---|-------------------------|-------------------------|--------------------|--------------------|
| I. Cash flow generated from operating activities: | | | | |
| Cash received from sales of goods or rendering of services | 2,973,527,262 | 2,425,788,063 | 835,883,085 | 891,202,599 |
| Tax refund received | 124,207,437 | 53,954,611 | 15,799,492 | 6,281,883 |
| Cash received relating to other operating activities | 31,770,930 | 42,470,081 | 1,934,811 | 1,994,049 |
| Sub-total of cash inflow from operating activities | 3,129,505,629 | 2,522,212,755 | 853,617,388 | 899,478,531 |
| Cash paid for goods and service | 1,243,888,556 | 1,155,699,680 | 57,266,093 | 69,666,204 |
| Cash paid to and for employees | 209,540,172 | 213,697,635 | 33,531,895 | 38,761,229 |
| Payments of taxes and surcharges | 442,527,793 | 257,229,415 | 35,795,257 | 23,041,063 |
| Cash payments relating to other operating activities | 658,297,993 | 122,174,493 | 49,359,957 | 43,286,951 |
| Sub-total of cash outflows from operating activities | 2,554,254,514 | 1,748,801,223 | 175,953,202 | 174,755,447 |
| Net cash flow from operating activities | 575,251,115 | 773,411,532 | 677,664,186 | 724,723,084 |

| Items | 2017 Q3 Consolidated | 2016 Q3 Consolidated | 2017 Q3 Yaobai | 2016 Q3 Yaobai |
|---|-------------------------|-------------------------|---------------------|---------------------|
| II. Cash flow generated from investing activities: | | | | |
| Cash from disposal of investments | – | – | – | – |
| Cash received from returns on investments | 6,671,747 | – | – | – |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 144,450 | –40,096,944 | 60,000 | – |
| Cash received relating to other investing activities | – | – | – | – |
| Sub-total of cash inflows from investing activities | <u>6,816,197</u> | <u>–40,096,944</u> | <u>60,000</u> | <u>–</u> |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 246,603,895 | 115,289,397 | 173,710,092 | 58,164,098 |
| Cash paid to acquire investments | – | –250,000,000 | 309,000,000 | –250,000,000 |
| Cash paid relating to other investing activities | – | – | – | – |
| Sub-total of cash outflows from investing activities | <u>246,603,895</u> | <u>–134,710,603</u> | <u>482,710,092</u> | <u>–191,835,902</u> |
| Net cash flow from investing activities | <u>–239,787,698</u> | <u>94,613,659</u> | <u>–482,650,092</u> | <u>191,835,902</u> |

| Items | 2017 Q3 Consolidated | 2016 Q3 Consolidated | 2017 Q3 Yaobai | 2016 Q3 Yaobai |
|--|-------------------------|-------------------------|----------------------|----------------------|
| III. Cash flow generated from financing activities: | | | | |
| Cash received from capital contributions | 125,000,000 | – | – | – |
| Including: cash received from capital contributions by minority shareholders of subsidiaries | 125,000,000 | – | – | – |
| Cash received from borrowings | 1,189,000,000 | 1,242,400,000 | 1,189,000,000 | 1,242,400,000 |
| Cash received from issuance of debentures | – | – | – | – |
| Cash received relating to other financing activities | 10,000,000 | – | – | – |
| Sub-total of cash inflows from financing activities | <u>1,324,000,000</u> | <u>1,242,400,000</u> | <u>1,189,000,000</u> | <u>1,242,400,000</u> |
| Cash repayments of borrowings | 1,282,600,000 | 1,284,000,000 | 1,282,600,000 | 1,284,000,000 |
| Cash payments for distribution of dividends profits and interest | 404,813,164 | 162,651,992 | 389,050,888 | 160,927,472 |
| Including: dividend and profits distributed by subsidiaries to minority shareholders | – | – | – | – |
| Cash payments relating to other financing activities | – | – | – | – |
| Sub-total of cash outflows from financing activities | <u>1,687,413,164</u> | <u>1,446,651,992</u> | <u>1,671,650,888</u> | <u>1,444,927,472</u> |
| Net cash flow from financing activities | <u>–363,413,164</u> | <u>–204,251,992</u> | <u>–482,650,888</u> | <u>–202,527,472</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 | –27,949,747 | 663,773,199 | –287,636,794 | 714,031,514 |
| Add: Opening balance of cash and cash equivalents | 1,315,250,654 | 420,627,028 | 1,268,936,492 | 312,818,278 |
| VI. Closing balance of cash and cash equivalents | <u>1,287,300,907</u> | <u>1,084,400,227</u> | <u>981,299,698</u> | <u>1,026,849,792</u> |

The information contained in this announcement is prepared based solely on a preliminary assessment by the management of the Company with reference to the information currently available, which have not been reviewed or audited by the Company's auditors. The Quarterly Results in this announcement, which are unaudited, have been prepared in accordance with PRC GAAP. Accordingly, the information contained in this announcement and in the Quarterly Results may differ from those in the audited consolidated financial statements to be published by the Company for the year ending 31 December 2017. Further, the financial information in this announcement is provided for reference only and Shareholders and potential investors of the Company are advised to exercise caution and not to place undue reliance on these information when dealing in the shares of the Company. When in doubt, the shareholders and potential investors of the Company are advised to consult their own professional or financial advisers.

DEFINITIONS

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

| | |
|-----------------|---|
| “IFRS” | International Financial Reporting Standards, which collective term includes standards and interpretations approved by the International Accounting Standards Board (IASB), and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee (IASC) |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” | the People's Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan |
| “PRC GAAP” | the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and other relevant accounting principles and financial regulations as promulgated in the PRC |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “Senior Notes” | the 6.50% senior notes due 2019 in the aggregate principal amount of US\$400 million issued by the Company on 4 September 2014 |

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

Hong Kong, 30 October 2017

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.