



# 中國西部水泥有限公司

## WEST CHINA CEMENT LIMITED

### Corporate Presentation

October/ November 2011



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# Operational Highlights

▲ Jan 2011: Successfully issued US\$400m 5-Year Senior Notes at 7.5% p.a. interest rate, strengthening our balance sheet and providing capital for expansion.

## ▲ Our Growth and Consolidation in Shaanxi

- May 2011: Commissioned the 1.1mt Xixiang Plant in Hanzhong.
- June 2011: Acquired an 80% interest in the 2mt Hancheng Yangshanzhuang Plant. This plant has energy reducing technology, uses slag and fly ash as low cost inputs and extends our market reach to southern Yan'an and to neighbouring Shanxi Province. Purchase cost of RMB330 per ton.
- Danfeng Line 2 Plant of 1.5mt, targeted commissioning in Dec 2011.

## ▲ Our Move into Xinjiang

- April 2011: Commenced construction of the 2mt Yutian Plant in Keriya County, Southern Xinjiang. Targeted completion 3Q12 with estimated construction cost of RMB650 million, including residual heat recovery system.
- May 2011: Acquired the 650K ton Hetian Plant in Hotan, Southern Xinjiang. Purchase cost of RMB270 per ton.



**Capacity by mid-2012,  
Shaanxi – 17.1mt  
Xinjiang – 2.6mt**

# Financial Highlights

- ▲ For the six months ended 30 June 2011:
  - Revenue increased by 41.6% to RMB1,713.0 million, as a result of the Group's increase in sales volume following the Group's capacity expansion.
  - Profit attributable to the owners of the Company increased by RMB56.2 million or 15.5% to RMB419.0 million.

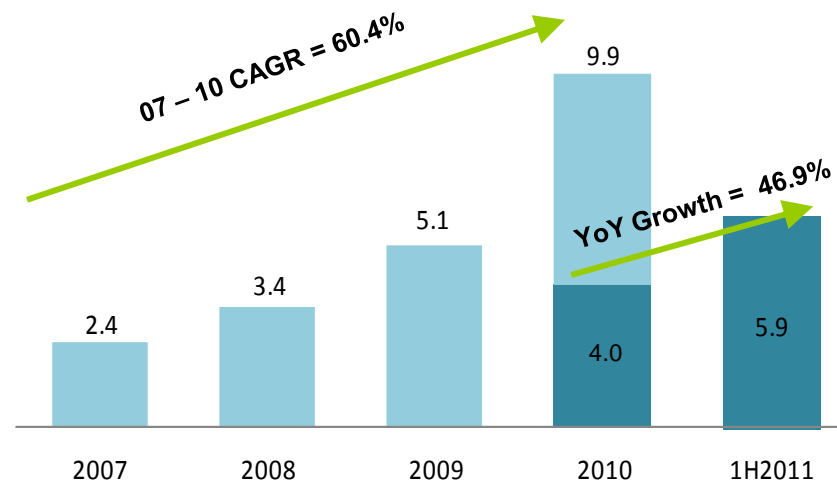
- ▲ Due to the increase in the number of shares following the Company's listing on the HKSE in August 2010, earnings per share ("EPS") amounted to RMB0.10 (six months ended 30 June 2010: RMB0.11) per share. The EPS for June 2010, taking into account of the above listing effect, would have been RMB0.085 per share.

- ▲ Gearing, measured as net borrowings to equity, increased from 23.0% as at 31 December 2010 to 57.0% as at 30 June 2011, mainly attributable to the increase in the total borrowings by RMB2,062.7 million to RMB3,274.1 million as a result of the Company's issue of senior notes.

- ▲ The board of directors of the Company proposed and approved an interim dividend of RMB0.02 per share, with total distributable dividends of approximately RMB85.3 million, representing approximately 20.3% of profit attributable to owners of the Company for the six months ended 30 June 2011.

## Sales Volume for Cement

Tonnage (Millions)



# West China Cement Limited

## Company Background





# Company Development

*We target up to 25-30 million tons capacity by 2015...*

**Dec 04:**  
1.4 mt

**2003:**  
Our first NSP production facility was constructed at Pucheng.

**2004:**  
The 2500t/d line was completed and commenced operation in Feb 2004.

**Dec 07:**  
3.6 mt

**2007:**  
Our 2<sup>nd</sup> production facility was built in Xi'an – the production lines commenced operation in May and Aug respectively.

**2006:**  
WCC was listed on the London Stock Exchange AIM market in Dec 2006, raising GBP22 million.

**Dec 09:**  
8.5 mt

**Jan 2009,**  
Ankang Xunyang production facility commenced operation.

**May 2008:**  
Successfully completed a US\$60m syndicated loan.

**Aug 2009,**  
acquired Zhen'an, with an annual cement production capacity of 700,000 tons.

**Dec 2009,**  
acquired Danfeng, with an annual cement production capacity of 1.1 million tons.

**Dec 10:**  
12.5 mt

**Jan and Jul 2010,**  
production facilities in Hanzhong (Yangxian and Mianxian) commenced operation

**Sept 2010,**  
Pucheng Line 2 commenced operation

**Aug 2010,**  
successfully listed on the HKSE and delisted from AIM

**Dec 2010:**  
Acquired Jianghua in Ankang

**Jun 11**  
16.2 mt

**May 2011,**  
acquired the 650K ton Hetian Plant in Hotan, Southern Xinjiang.

**May 2011,**  
production facility in Xixiang, Hanzhong commenced operation

**June 2011,**  
acquired the 2mt Hancheng Plant



**WEST CHINA CEMENT**  
中国西部水泥

# Shaanxi Province – Home Market

*WCC is Shaanxi's largest cement producer with a market leadership position in the south and east of the Province.*



- ▲ Serving the development and urbanisation needs of southern and eastern Shaanxi
- ▲ A mountainous region with natural barriers protecting our core market stronghold areas
- ▲ Production plants in proximity to our limestone resources and markets
- ▲ Focus on both infrastructure and rural development markets
- ▲ Our Core Market Strategy ensures margins superior to our competitors in the province.

# Southern Xinjiang – A New Growth Market

## Replicating our Core Market Strategy in Hotan

- Hotan region is situated in the far south of Xinjiang Province, bordered to the north by the Taklamakan Desert and to the south by the Kunlun Mountains. The region comprises 7 counties and 1 city with a population exceeding 2 million.
- 2010 GDP of RMB10 billion, a 12% yoy increase. 2010 FAI of RMB10 billion, a 31% yoy increase. Cumulative FAI from 2006-2010 (the 11th Five-Year Plan) was RMB 31 billion. Planned FAI under the 12th Five-Year Plan (2011-2015) is over RMB 130 billion – a more than four fold increase.
- Abundant resources in the region: more than 60 different types of natural reserves (natural gas, oil, coal, limestone, jade, lead-zinc, Asian manganese magnets etc). Confirmed natural gas reserve of approx. 61.6 billion cubic meters. The Region is being developed as a key energy supply zone – rapid infrastructure development and urbanisation.
- Hotan County is undergoing an intense programme of infrastructure and social spending, including road and rail communications, an Airport, reservoirs and hydro electric projects, social housing and urban construction (Details on the next page). Total investment of RMB20 billion for 2009-2013, of which RMB13 billion from Central Government.
- 2010 cement output of approx. 1.2mt, of which only 50% are NSP technologies. Limestone and coal are plentiful and low cost. Cement profit margins are high.
- WCC: The Hetian (Hotan) and Yutian (Keriya) Plants will make Hotan area our first Core Market in Xinjiang.





# Our Production Facilities

*...targeted to reach approximately 20mt by mid-2012.*

## 1. Production Facilities at end 2010

	Production Facilities	Annual Capacity (mt)	Commencement/ Acquisition Date	Residual Heat Recycling System
1	Weinan Pucheng Line 1 & 2	2.5	Commissioned Line 1: Feb 2004 Line 2: Sept 2010	Target completion in 4Q11
2	Xi'an Lantian Line 1 & 2	2.2	Commissioned Line 1: May 2007 Line 2: Aug 2007	Installed in Sept 2008
3	Shangluo Danfeng	1.1	Acquired Dec 2009	N/A
4	Shangluo Zhen'an	0.7	Acquired Aug 2009	N/A
5	Ankang Xunyang	2.0	Commissioned Jan 2009	Installed in Nov 2009
6	Hanzhong Yangxian	1.1	Commissioned Jan 2010	Target completion in 4Q11
7	Xi'an Lantian Grinding Mill	0.7	Commissioned July 2010	N/A
8	Mianxian Yaobai	1.1	Commissioned July 2010	Target completion in 4Q11
9	Ankang Jianghua (80% interest)	1.1	Acquired Dec 2010	Target completion in 1Q12
	<b>Total</b>	<b>12.5</b>		

## 2. New Production Facilities Added in 1H2011

	Production Facilities	Annual Capacity (mt)	Commencement/ Acquisition Date	Residual Heat Recycling System
10	Hetian (or Luxin), Xinjiang	0.6	Acquired May 2011	N/A
11	Hancheng Yangshanzhuang (80% interest)	2.0	Acquired Jun 2011	N/A
12	Hanzhong Xixiang	1.1	Commissioned Apr 2011	Target completion in 4Q11
	<b>At 30 Jun 2011</b>	<b>16.2</b>		

## 3. Construction in Progress

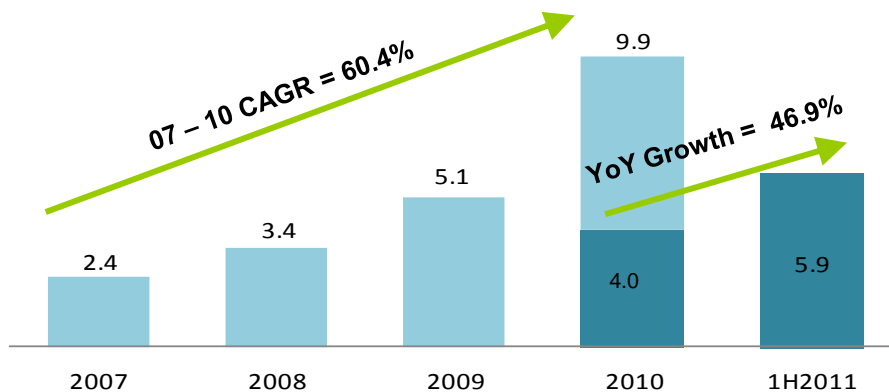
	Production Facilities	Annual Capacity (mt)	Expected Commencement Date	Residual Heat Recycling System
13	Shangluo Danfeng Line 2	1.5	Dec 2011	Target 1Q12
14	Yutian cement plant	2.0	Jun 2012	Target 3Q12
	<b>At 30 Jun 2012</b>	<b>19.7</b>		

## Financial Analysis

# Growth and Profitability

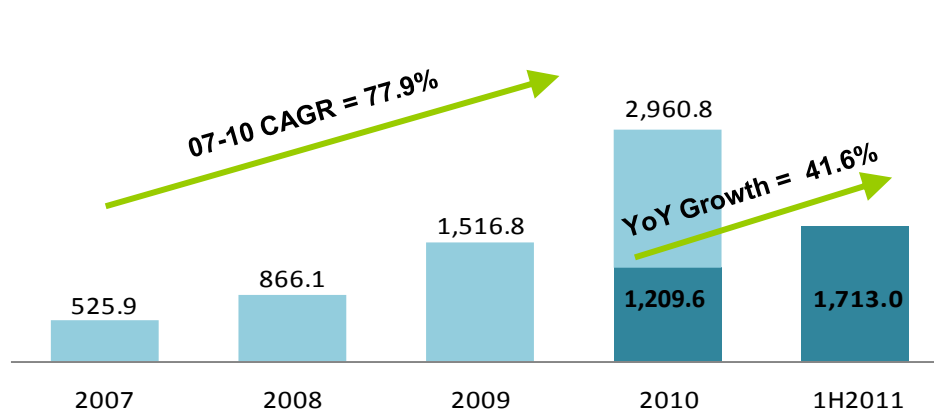
## Sales Volume for Cement

Tonnage (Millions)



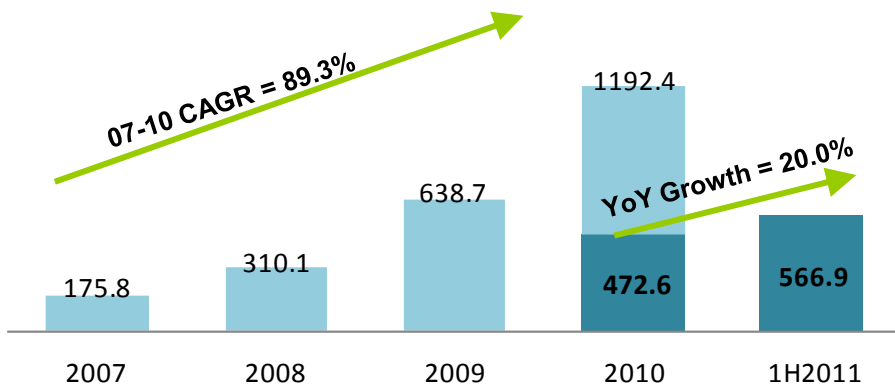
## Revenue

RMB Millions



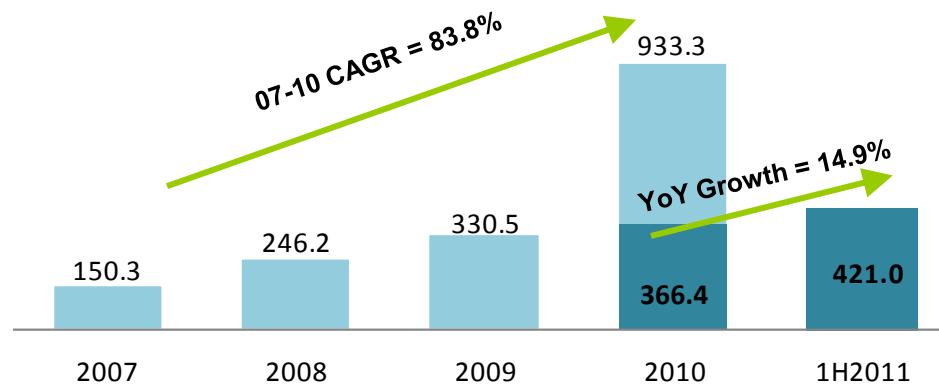
## Gross Profit

RMB Millions



## Net Profit

RMB Millions



# Financial Analysis and KPIs

(RMB Million)	June 2011	June 2010
Revenue	1,713.0	1,209.6
Gross Profit	566.9	472.6
EBITDA	733.5	570.3
Profit attributable to equity holders	419.0	362.8
Gross Profit Margin	33.1%	39.1%
EBITDA Margin	42.8%	47.2%
Net Profit Margin	24.6%	30.3%
Basic EPS	10 cents	11 cents
Gearing (Net debt/equity)	57.0%	23.0%
ROE <sup>(1)</sup>	11%	25%
ROA <sup>(2)</sup>	6%	9%

	June 2011	June 2010
Revenue Growth	42%	111%
Gross Profit Growth	20%	162%
ASP/t (RMB)	280	302
GP/t (RMB)	96	118
NP/t (RMB)	71	91
Trade receivable Turnover Days <sup>(3)</sup>	32	18
Inventory Turnover Days <sup>(4)</sup>	42	68
Trade payable Turnover Days <sup>(5)</sup>	52	68

Notes :

(1) = Profit/ Average Owner's Equity

(2) = Net Profit/ Average Total Assets

(3) = 365 day / ( Turnover/ Average trade receivable )

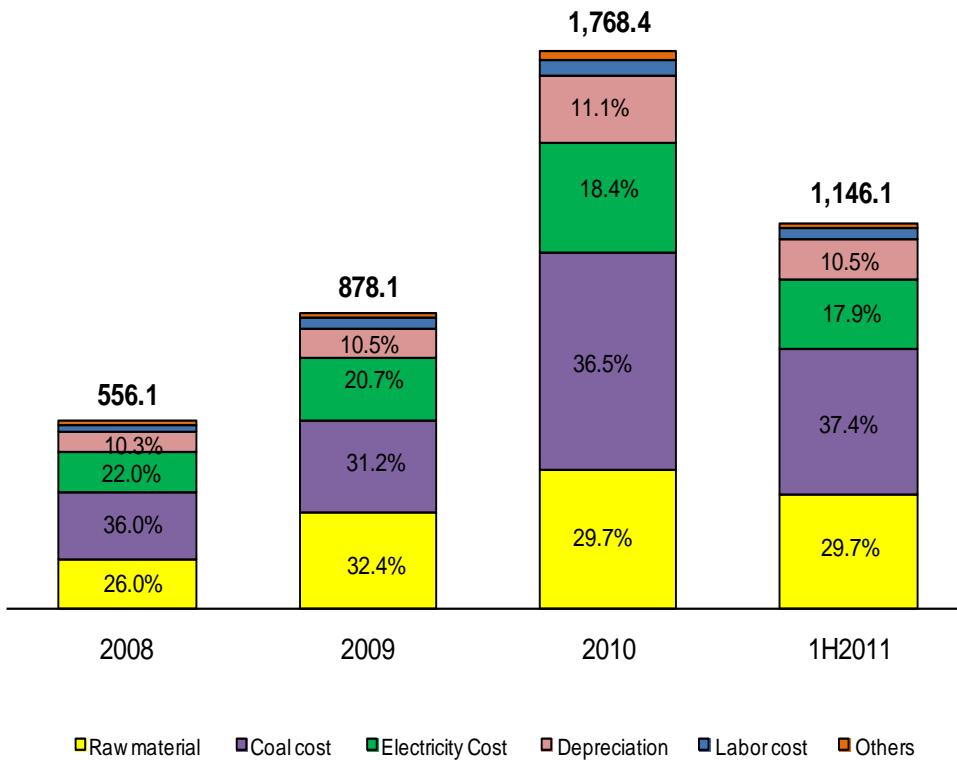
(4) = 365 day / ( Production cost /Average inventory )

(5) = 365 day / ( Production cost / Average trade payable )

# Production Cost Analysis

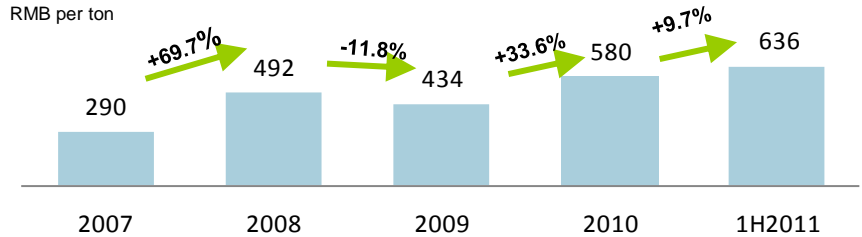
## Production Cost

RMB Millions



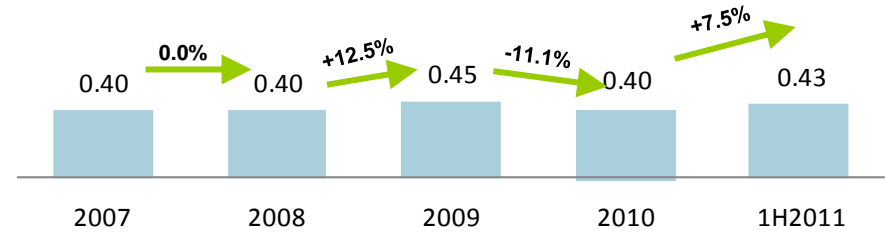
## Average Coal Price

RMB per ton



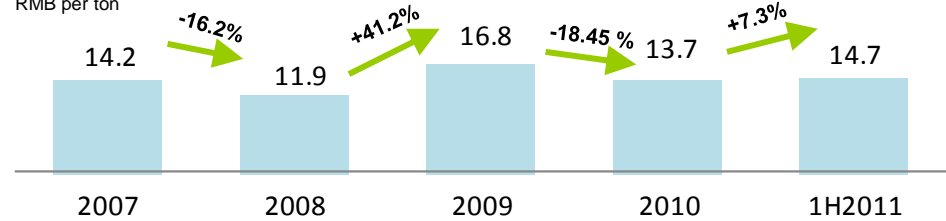
## Average Electricity Price

RMB per kWh



## Average Limestone Price

RMB per ton





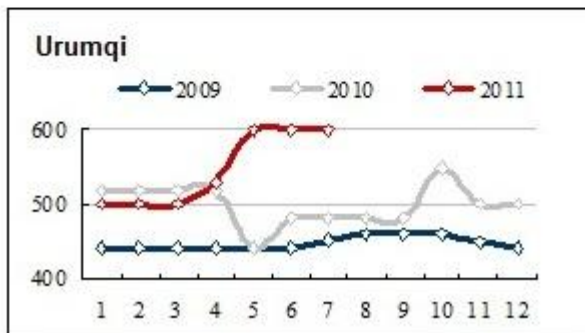
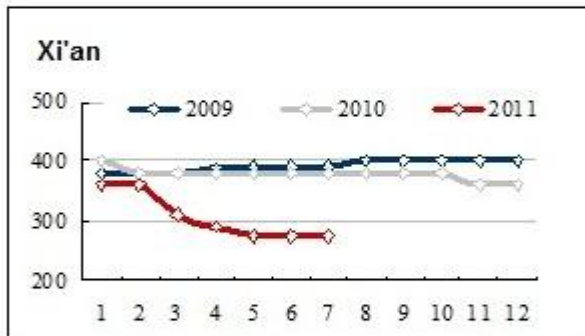
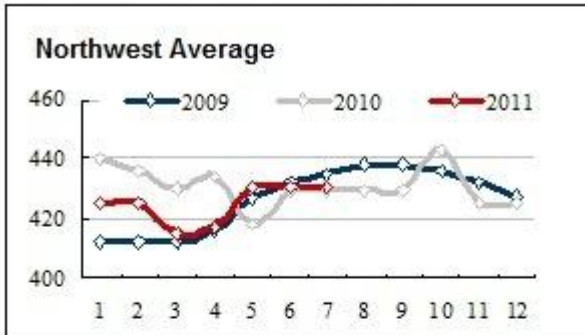
## Market and Outlook

# Shaanxi Cement Market – Near Term Outlook

- ▲ **September Rain:** Highest rainfall in 50 years in Shaanxi has led to inventory buildup at all producers. October will be spent clearing this inventory at current prices, with possible price pick ups in November.
- ▲ **Current Demand:** Although some national infrastructure projects (e.g. High Speed Railway construction) are on hold, we are seeing obvious demand pick up in the South of Shaanxi. The Southern Shaanxi Resettlement Project (approx. annual demand 1.2-1.4m tons); the Hanjiang to Weihe River Water Transport Project (approx annual demand 400,000 tons) and the Ankang to Pingli Road (approx. total demand 4-500,000 tons) all started construction in October after the rains.
- ▲ **Current Supply:** There are signs that the rain affected 3Q has accelerated the industry rationalisation process. 2 out of 3 small plants next to our Weinan Hancheng Plant have closed. Small plants in Hanzhong are closing. Producers in Baoji District are making little or no cash profits and signs of rational behavior amongst the industry players are becoming apparent.
- ▲ **Future Supply:** We see net capacity additions of less than 5m tons in 2011-12 in Shaanxi. WCC is completing its Danfeng Line 2 plant (1.5m tons) by year end. Conch and Jidong are both building 2m ton plants with licences acquired as part of recent M&A, but these recent acquisitions do include some backward or borderline capacity slated for closure.
- ▲ **WCC's margins in the south have remained defensible. WCC is making Rmb70-80 gross margin per ton whilst our peers in the Baoji are making Rmb0-25 gross per ton.**

# Cement Prices

PO42.5 Cement Market Price (RMB/t)



(source: Digital Cement)

- ▲ The 1H11 national average cement market price was approx. RMB420/t, an approx. RMB50/t increase compared with 1H10.
- ▲ The Eastern China region recorded the highest price rises of approx. 45%, following industry consolidation. Prices in the Northwest and Southwest have declined mainly due to price falls in Guizhou and Shaanxi.
- ▲ Prices in Urumqi continued rising in 2011. Urumqi and Lhasa have the highest current cement prices, around RMB600/t, due to lack of supply. In Xinjiang, new facilities are under-construction and the demand-supply dynamic is expected to change after 2012.
- ▲ Price falls in Shaanxi have been caused by aggressive pricing by new entrants in Central Shaanxi (mainly Baoji), now forcing consolidation. The current market price in Central Shaanxi is approx. RMB260/t.
- ▲ Southern and Northern Shaanxi pricing has been insulated from the Central Shaanxi market due to distance and transportation costs.

(Prices referred to are PO42.5 cement market prices)

# Shaanxi Cement – Capacity and Pricing

Cement Price (including VAT)			
	Sept-Oct 2011	4Q 2010	% change
Xi'an	255-310	320-350	-20%, -11%
Weinan	230-300	300-380	-23%, -21%
Shangluo	310-355	290-370	+7%, -4%
Ankang	270-375	270-370	0%, +1%
Hanzhong	290-340	325-355	-11%, -4%
Hetian	380-500	-	-
Central Shaanxi	210-310	300-360	-30%, -14%

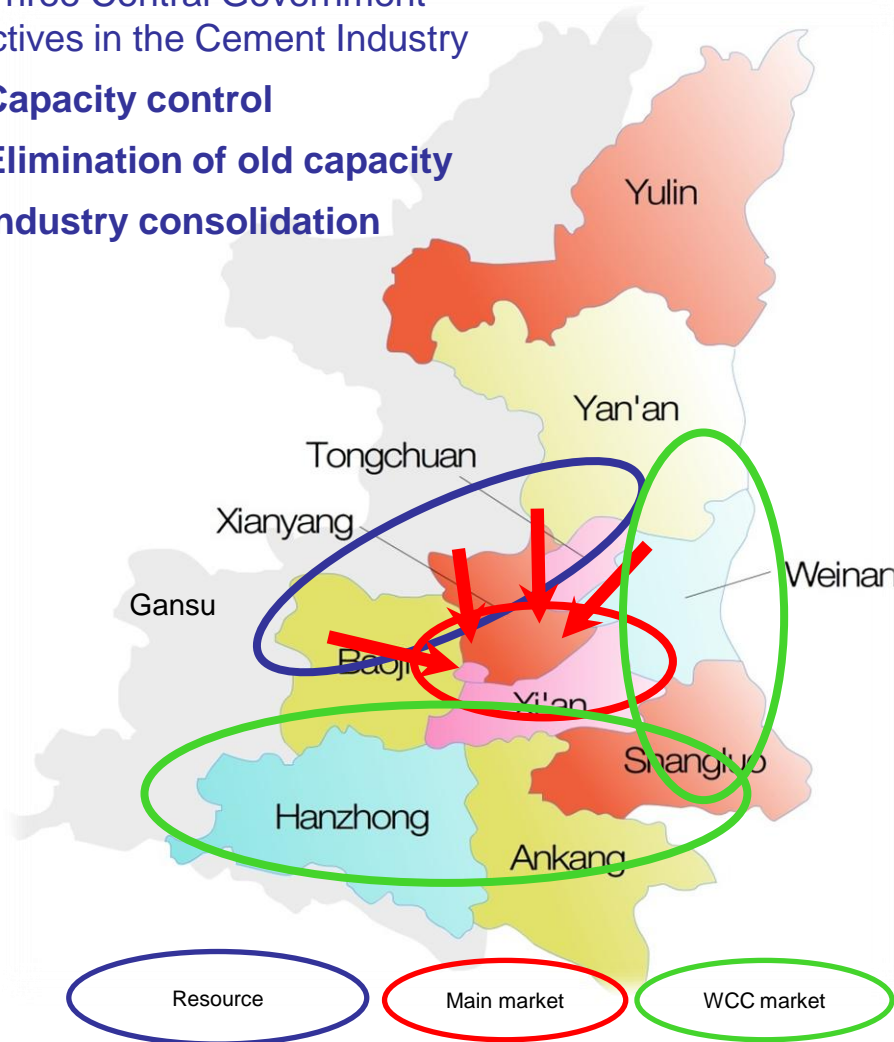
Company	Region	Approx. Cement Capacity	
		(mt)	%
West China Cement	Weinan, Shangluo, Ankang, Hanzhong	16 – 17	25%
Jidong Cement	Baoji, Xianyang, Tongchuan	14 – 15	22%
Anhui Conch (post Zongxi acquisition)	Baoji, Xianyang	13 – 14	20%
Shengwei Cement	Baoji, Xianyang, Tongchuan	7 – 8	12%
<b>Total</b>		<b>50 – 54</b>	<b>79%</b>

- Whilst we have experienced some effect on our pricing, we are in strong defensible position in our Core Markets in the south and east where our transportation advantage allows us to continue to be a price setter.

# Shaanxi Cement – Resource, Output and Market

The Three Central Government Objectives in the Cement Industry

- **Capacity control**
- **Elimination of old capacity**
- **Industry consolidation**



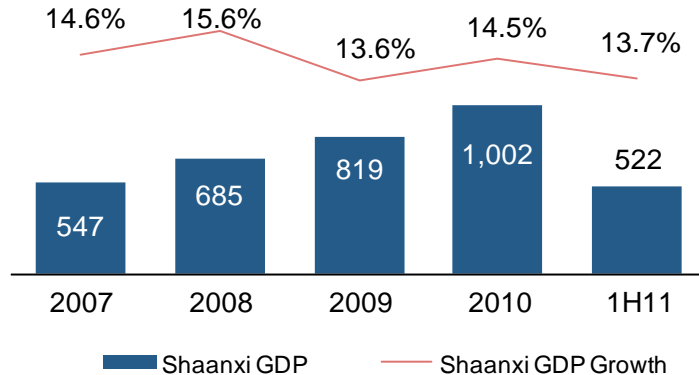
- Xi'an is the largest cement market in the province, accounting for 30-40% of total demand.
- Baoji, Tongchuan and Xianyang are the major areas of supply, accounting for over 50% of provincial output.
- New entrants have established facilities in central Shaanxi – putting pressure on prices to gain market share.
- WCC Core Markets are Weinan, Shangluo, Ankang and Hanzhong – areas where we command market shares above 60%.
- WCC is able to maintain margins higher than our peers situated in the “Killing Fields”.



# Shaanxi – Economic Development

## Shaanxi GDP

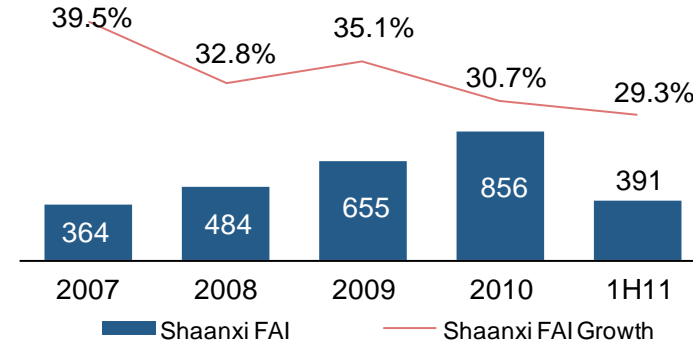
RMB billion



Source: National Bureau of Statistics of China

## Shaanxi FAI

RMB billion



Source: National Bureau of Statistics of China

- 1H11 Shaanxi GDP growth was 13.7%, higher than the national average of 9.6%.
- Shaanxi 1H11 FAI was RMB391 billion, 29.3% growth compared with the national average of 25.6%.
- Shaanxi FAI growth has been driven by substantial infrastructure investments, benefiting from the “Western Development Policy”.
- Government’s intention to close the gap between eastern and western China.
- Rural development, including water conservation and resettlement projects, is now a crucial growth driver in southern Shaanxi.

# Shaanxi – Demand

Project Name	Planned Construction Period	Project Name	Planned Construction Period
<b>Expressway</b>			
Baoji (Shaanxi) – Hanzhong (Shaanxi)	2010-2012	Xi'an (Shaanxi) – Shangzhou (Shaanxi)	2008-2011
Shiyan (Hubei) – Tianshui (Gansu) Expressway Hanzhong west Section	2008-2011	No. 210 National Highway (Shaanxi) Reconstruction	2011-2012
Shiyan (Hubei) – Tianshui (Gansu) Expressway Ankang east Section	2009-2011	Chengxian (Gansu) – Wudu (Gansu)	2011-2013
Luonan (Shaanxi) – Shangzhou (Shaanxi)	2010-2011	Wudu (Gansu) – Guanzigou (Gansu)	2010-2012
<b>Railway</b>			
Huangling (Shaanxi) – Hancheng (Shaanxi) – Houma (Shanxi)	2010-2013	Xi'an (Shaanxi) – Ankang (Shaanxi)	2010-2012
Lanzhou (Gansu) – Chongqing (Sichuan)	2008-2013	Datong (Shanxi) – Xi'an (Shaanxi) Passenger Line	2010-2015
<b>Hydropower Station</b>			
Xunhe Cascade Hydropower Station (Shaanxi)	2011-2013	Zhaowan Hydropower Station (Shaanxi)	2010-2011
Hanjiang Xunyang Hydroelectric Station (Shaanxi)	2011-2016	Hanjiang-Weihe River Water Transfer Project (Shaanxi)	2011-2020
Baihe Jiahe Hydropower Station (Shaanxi)	2010-2014		
<b>Projects Estimated to Commence Construction</b>			
Xi'an (Shaanxi) – Chengdu (Sichuan) Passenger Line	2011-2015	Nangoumen Water Conservancy Project (Shaanxi)	2011-2014
Xi'an (Shaanxi) – Hanzhong (Shaanxi) Expressway – Foping Leadway Project	2011-2012	Xi'an (Shaanxi) Metro Line 3	2011-2014
Ankang (Shaanxi) – Pingli (Shaanxi) Expressway	2011-2013	Xi'an – Zhouzhi Secondary Road Project (Shaanxi)	2011-2012
Xi'an Railway Station Expansion Project	2011-2013	Weinan (Shaanxi) – Yushan (Shaanxi) Expressway	2011-2013
Xi'an North Railway Station – Xianyang Airport Intercity Railroad (Shaanxi)	2011-2015	Xi'an (Shaanxi) – Hefei (Anhui) (via Shangluo) Railway	2011-2014
Xi'an – Lintong Intercity Railroad (Shaanxi)	2011-2014	Baoji (Shaanxi) – Hanzhong (Shaanxi) – Bazhong (Sichuan) Expressway	2011-2015
Yangpingguan (Shaanxi) – Ankang (Shaanxi) Double Tracking Railway	2011-2015	Zhashui (Shaanxi) – Shanyang (Shaanxi) Expressway	2011-2014

# Shaanxi – Demand

- ▲ In our Core Market in the south, we have recently been named the primary cement supplier for the **Southern Shaanxi Resettlement Project (陝南移民搬遷工程)**.
  - This project aims to resettle approximately 2.4 million people in Hanzhong, Ankang and Shangluo regions, (approximately a quarter of the total population in these regions), over the next 10 years, from 2011 to 2020.
  - Total investment is over RMB110 billion and the expected cement consumption will be about 12-14 million tons.
- ▲ Another key project in southern Shaanxi Province is the **“Hanjiang-To-Weihe River Water Transfer Project” (引漢濟渭工程)**.

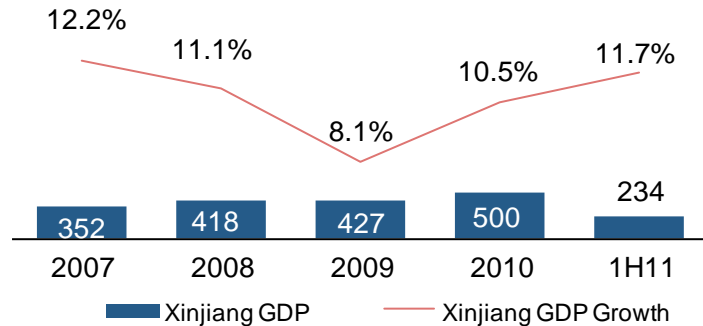
- Transfer water from the south of the Qinling mountain range to the Weihe River in the north in order to resolve water shortage and irrigation problems in central and northern Shaanxi Province by 2020.
- The project comprises five main sections: the Huangjinxia Gorge Hydro-Junction (黃金峽水利樞紐), the Huangjinxia Gorge Pump Station (黃金峽水源泵站), the Huangjinxia-to-Sanhekou Water Transfer Project (黃金峽至三河口輸水工程), the Sanhekou Dam (三河口水庫) and the Qinling Tunnel, which is 98km long (秦嶺隧洞).
- These projects will drive development and urbanization in southern Shaanxi Province and also boost demand for cement in the region.



# Xinjiang – Economic Development

## Xinjiang GDP

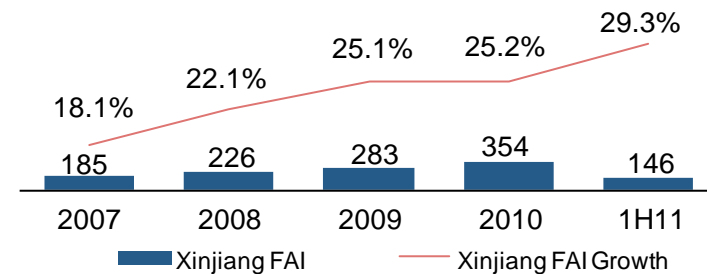
RMB billion



Source: National Bureau of Statistics of China

## Xinjiang FAI

RMB billion



Source: National Bureau of Statistics of China

- 1 Xinjiang 1H11 GDP growth was 11.7%, higher than the national average of 9.6%.
- 2 Xinjiang 1H11 FAI was RMB146 billion, 29.3% growth compared with the national average of 25.6%.
- 3 The “Western Development Policy” and infrastructure development drives FAI in Xinjiang. Plentiful natural resources are an important factor.
- 4 The 12<sup>th</sup> Five-Year Plan (2011-2015) targets annual GDP growth of over 10% and cumulative FAI of RMB3.6 trillion.
- 5 This FAI includes RMB1.5 trillion of resource and industry investment and significant road, rail and airport construction.

# Hotan – Future Cement Demand

Location	Projects	Construction Period	Total Investment (RMB million)
<b>Transport Infrastructure</b>			
Hetian (Hotan) Region 和田地区	Hetian—Ruoqiang Railway (961km) 和田--若羌铁路	2011-2015	13,500
Minfeng (Niya) County 民丰县	315 National Rd - 219 National Rd (280km) 315国道—219国道 红土达坂国防公路	2011-2015	1,680
Moyu (Karakax) – Hetian (Hotan) – Luopu (Lop) 墨玉-和田-洛浦	Moyu (Karakax) – Hetian (Hotan) – Luopu (Lop) Highway , plus 2 bridges (72km)	2011-2016	2,200
Hetian (Hotan) City 和田市	Airport terminal and runway expansion	2011-2012	560
7 counties and 1 city in Hetian Region	Key rural roads and passing roads	2010-2011	240
7 counties and 1 city in Hetian Region	Rural highway construction projects	2011-2012	670
<b>Hydraulic Engineering</b>			
Pishan County 皮山县	A-ke-shao Reservoir 阿克肖水库	2012-2015	610
Hetian (Hotan) County 和田县	Kaxgar River Hydraulic Engineering 喀什河水利枢纽工程	2009-2015	3,240
Cele (Qira) County 策勒县	Nu'er Reservoir 奴儿水库	2010-2013	885
Minfeng (Niya) County 民丰县	Dawantu Reservoir 达完图水库	2010-2015	640
Minfeng (Niya) County 民丰县	Ni'ya Reservoir 尼雅水库	2010-2013	880
Yutian (Keriya) County 于田县	Jiyin Reservoir 吉音水库	2009-2015	1,113
Hetian (Hotan) County 和田县	Dagequke Hydro-electric Station 水利枢纽达格曲克水电站	2009-2015	760



# Hotan – Future Cement Demand

Location	Projects	Construction Period	Total Investment (RMB million)
Moyu (Karakax) 墨玉县	Shanty Area transformation 棚户区改造	2010-2014	740
Moyu (Karakax) 墨玉县	Infrastructure construction in different towns	2010-2020	1,380
7 counties and 1 city in Hetian Region	2010 low cost housing 廉租房建设	2010-2011	487
7 counties and 1 city in Hetian Region	2011 low cost housing 廉租房建设	2010-2012	643
<b>Settlement and Enriching People Projects</b>			
7 counties and 1 city in Hetian Region	Nomad settlement project	2011	410
7 counties and 1 city in Hetian Region	Settlement and enriching people projects	2011	1,217
<b>Government Aid Construction</b>			
7 counties and 1 city in Hetian Region	Reconstruction projects aided by Beijing, Tianjin and Anhui Government	2011	1,946

# Development Strategy

## Western Development, Core Market Strategy and New Growth Areas

### Regional Development

- ▲ Expansion out of our base area of Weinan into southern Shaanxi.
- ▲ Core Market Strategy – secure resources and construct smaller plants, closer to each other in less developed areas
- ▲ Gain a dominant market position in our core markets and avoid areas of intense competition.

### Regional Consolidation

- ▲ Focus on both infrastructure and rural development – intensification of sales in our core markets.
- ▲ Largest Shaanxi producer through selective acquisitions - in step with industry consolidation trends.
- ▲ Core Markets ensure margins superior to our regional peers.

### Regional Replication

- ▲ Scale and cash flows establish financial footing to diversify into new growth areas – Southern Xinjiang.
- ▲ Replication of successful strategy and experience in high growth, less developed areas.
- ▲ Benefit from “Western Development” to become a regional player. Medium term target 25-30m.t. capacity.

# West China Cement Limited

## Appendices



# Appendix I: Financial Information

## Summary of Consolidated Income Statement

RMB '000	For the year ended December 31			For the period ended June 30	
	2008	2009	2010	2010	2011
Revenue	866,126	1,516,766	2,960,781	1,209,622	1,712,973
Cost of Sales	(556,073)	(878,087)	(1,768,358)	(737,045)	(1,146,069)
<b>Gross Profit</b>	<b>310,053</b>	<b>638,679</b>	<b>1,192,423</b>	<b>472,577</b>	<b>566,904</b>
Selling and marketing expenses	(12,018)	(15,064)	(27,860)	(9,244)	(16,854)
Administrative expenses	(55,224)	(77,846)	(179,028)	(39,948)	(91,561)
Other income	40,617	71,526	171,611	56,243	82,417
Other gains/(losses) - net	(184)	(1,057)	(215)	(79)	5,254
Finance income	2,600	1,190	1,678	3,236	47,647
Finance costs	(28,115)	(242,281)	101,005	(63,934)	(107,840)
Finance costs - net	(25,515)	(241,091)	(99,327)	(60,698)	60,193
<b>Profit before income tax</b>	<b>257,729</b>	<b>375,147</b>	<b>1,057,604</b>	<b>418,851</b>	<b>485,877</b>
Income tax expense	(11,566)	(44,687)	(124,337)	(52,436)	(64,874)
<b>Profit for the year / period</b>	<b>246,163</b>	<b>330,460</b>	<b>933,267</b>	<b>366,415</b>	<b>421,003</b>

Note: (1) Includes one-off pre-tax charge of RMB 168.5 million related to the redemption of warrants

# Appendix I: Financial Information

## Summary of Consolidated Balance Sheet

### Assets

RMB '000	As at December 31			As at June 30
	2008	2009	2010	2011
<b>Non-current assets</b>				
Property, plant and equipment	1,540,533	2,611,502	3,819,616	5,588,988
Land use rights – non-current portion	76,521	124,571	176,246	308,478
Mining rights	27,907	46,373	64,867	129,437
Other intangible assets	-	65,104	63,077	115,025
Advances for business combination	-	-	300,000	-
Deferred income tax assets	798	13,540	17,124	24,393
	<u>1,645,759</u>	<u>2,861,090</u>	<u>4,440,930</u>	<u>6,166,321</u>
<b>Current assets</b>				
Inventories	81,507	128,979	166,898	358,471
Trade and other receivables and prepayments	125,770	317,670	545,457	784,465
Land use rights – current portion	-	-	1,808	6,048
Restricted cash	35,999	19,582	16,122	23,964
Cash and cash equivalents	37,038	346,258	374,459	959,709
	<u>280,314</u>	<u>812,489</u>	<u>1,104,744</u>	<u>2,132,657</u>
<b>Total assets</b>	<b>1,926,073</b>	<b>3,673,579</b>	<b>5,545,674</b>	<b>8,298,978</b>

### Liabilities and Equity

RMB '000	As at December 31			As at June 30
	2008	2009	2010	2011
<b>Non-current liabilities</b>				
Borrowings	407,069	360,058	131,255	206,000
Senior Notes	-	-	-	2,518,064
Warrants classified as liabilities	32,908	-	-	-
Provisions for other liabilities and charges	-	6,265	8,444	9,207
Deferred income tax liabilities	-	8,079	8,959	15,125
Other liabilities	17,317	117,049	39,215	42,376
	<u>457,294</u>	<u>491,451</u>	<u>187,873</u>	<u>2,790,772</u>
<b>Current liabilities</b>				
Trade and other payables	269,511	559,395	644,056	886,910
Current income tax liabilities	-	38,639	59,548	50,357
Borrowings	269,184	1,288,868	1,080,181	550,000
	<u>538,695</u>	<u>1,886,902</u>	<u>1,783,785</u>	<u>1,487,267</u>
<b>Total liabilities</b>	<b>995,989</b>	<b>2,378,353</b>	<b>1,971,658</b>	<b>4,278,039</b>
Total assets less current liabilities	1,387,378	1,786,677	3,761,889	6,811,711
<b>Equity</b>				
Total Equity attributable to shareholders	930,084	1,270,226	3,540,892	3,908,123
Minority interest	-	25,000	33,124	112,816
<b>Total equity</b>	<b>930,084</b>	<b>1,295,226</b>	<b>3,574,016</b>	<b>4,020,939</b>
<b>Total equity and liabilities</b>	<b>1,926,073</b>	<b>3,673,579</b>	<b>5,545,674</b>	<b>8,298,978</b>

# Appendix I: Financial Information

## Summary Consolidated Cash Flow Statements

RMB '000	For the year ended December 31			For the period ended June 30	
	2008	2009	2010	2010	2011
Net cash generated from operating activities	323,092	619,676	870,111	511,347	275,430
Net cash used in investing activities	(667,923)	(847,503)	(1,597,016)	(627,746)	(1,743,656)
Net cash generated from / (used in) financing activities	351,872	537,047	755,106	(132,069)	2,053,476
Net (decrease) / increase in cash and cash equivalents	7,041	309,220	28,201	(248,468)	585,250
<b>Cash and cash equivalent at end of year / period</b>	37,038	346,258	374,459	97,790	959,709



# Appendix II: Board of Directors

## Executive Directors



▲ **Mr. Zhang Jimin – Chairman, aged 56**

Mr. Zhang is a founder of the Group. He began his career in the cement industry in Hanjing Cement and has more than 30 years of industry experience. From 1992-1994, he led the development of low-heat slag cement, moderate heat Portland cement and highway cement, which won the Second Grade Science and Technology Progress Prize issued by the Province Government.

▲ **Mr. Tian Zhenjun – Chief Executive Officer, aged 50**

Mr. Tian has received an undergraduate degree in accountancy from Shaanxi Finance & Economy College. From August 1988 to August 1998, Mr. Tian served as the accounting manager of Pucheng County Coal Mine, a local state-owned enterprise. He joined Yaobai Cement (now West China Cement) in September 1998 and has held several positions in our Group, including general accountant, director of the finance department, assistant general manager and sales manager. Mr. Tian became a certified accountant in the PRC in October 1994.



# Appendix II: Board of Directors

## Executive Directors

### ▲ **Mr. Wang Jianli – Chief Engineer, aged 47**

Mr. Wang graduated from Luoyang Building Material Industry College with a degree in Cement Technology. He worked at the Shaanxi Design & Research Institute of Building Materials from December 1982 to February 2002 where he became director of the Institute. He has held his current position with Yaobai Cement (now West China Cement) since March 2002.



### ▲ **Ms. Low Po Ling – Investment Strategy, aged 36**

Ms Low, a Malaysian national, is an ACCA qualified accountant with over ten years experience in audit practice and corporate finance. She has worked in Malaysia, Singapore and the UK with PricewaterhouseCoopers, BDO, and PKF. She was associate director of an investment company in Beijing before joining West China Cement. She is fluent in Mandarin and English. Ms Low has worked for WCC in various capacities since the London AiM IPO in 2006, including CFO up until May 2011. Ms Low is responsible for WCC's M&A and investment execution.

# Appendix II: Board of Directors

## Non-Executive Directors

### ▲ **Mr. Lee Kong Wai Conway – Independent Non-executive Director, aged 56**

Mr. Lee received a bachelor's degree in arts from Kingston University (formerly known as Kingston Polytechnic) in London and further obtained his postgraduate diploma in business from Curtin University of Technology in Australia. Mr. Lee served as a partner of Ernst & Young over the past 29 years and held key leadership positions in the development of such firm in China. Mr. Lee is a member of the ICAEW, the ICA in Australia, the ACCA, the Hong Kong ICPA and the Macau Society of Registered Accountants. Mr. Lee currently also serves as an independent non-executive director of China Taiping Insurance Holdings Company Limited and Chaowei Power Holdings Limited, companies listed on the Main Board of the Stock Exchange since October 2009 and July 2010, respectively, and Sino Vanadium Inc., a company listed on the TSX Venture Exchange in Canada since October 2009. Mr. Lee was appointed as a member of the Chinese People's Political Consultative Conference of Hunan Province in China since 2007.

### ▲ **Mr. Tam King Ching Kenny – Independent Non-executive Director, aged 62**

Mr. Tam received a bachelor's degree in commerce from the Concordia University in. He is a practising CPA in Hong Kong. He is a fellow member of the Hong Kong ICPA and a member of the ICA of Ontario, Canada. Mr. Tam is serving as a member of the Ethics Committee and Practice Review committee in the Hong Kong ICPA. He is also a past president of The Society of Chinese Accountants and Auditors. Mr. Tam also serves as an independent non-executive director of five other listed companies on the Main Board of the Stock Exchange, namely, Kingmaker Footwear Holdings Limited, CCT Telecom Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and Van Shung Chong Holdings Limited since May 1994, December 1999, February 1996, July 2004 and September 2004, respectively, and a listed company on the GEM board of the Stock Exchange, namely, North Asia Strategic Holdings Limited, since September 2004. He was also an independent non-executive director of King Stone Energy Group Limited (formerly known as Yun Sky Chemical (International) Holdings Limited), a listed company on the Main Board of the Stock Exchange, during the period from August 2005 to September 2008.

### ▲ **Mr. Wong Kun Kau – Independent Non-executive Director, aged 50**

Mr. Wong received a bachelor's degree in social sciences from the University of Hong Kong. He has 28 years of experience in fund management, securities broking and corporate financing involving securities origination, underwriting and placing of equities and equity-linked products, mergers and acquisitions, corporate restructuring and reorganizations and other general corporate advisory activities. Mr. Wong has extensive experience in the Greater China region markets. He is the founder and currently the managing partner of Bull Capital Partners Ltd, a direct investment fund management company. Before founding Bull Capital Partners Ltd., Mr. Wong was the head of investment banking (Asia) of BNP Paribas Capital (Asia Pacific) Limited from 2002 to 2007.

### ▲ **Mr. Ma Zhaoyang – Non-executive Director, aged 43**

Mr. Ma received a master's degree in management from Northwestern Polytechnic University. Mr. Ma has been a professor of management at Northwestern Polytechnic University in Shaanxi, China since 1996. In view of his academic knowledge and extensive experience in strategic planning, Mr. Ma was appointed an advisory role with us in respect of the overall strategic planning and operation of our business. Mr. Ma has been the chairman and director of Sino Vanadium Inc., a vanadium mining company listed on the TSX Venture Exchange in Canada since June 2009. He has also been a non-executive director of Taihua PLC, a pharmaceutical company listed on the LSE, where he assumes an advisory role since December 2006. He is currently and has been an independent non-executive director of Xi'an Kaiyuan Holding Group Co., Ltd. (西安開元控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange which is principally engaged in department store retail businesses and where he assumes an advisory role since May 2006.

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