



**中國西部水泥有限公司**  
**WEST CHINA CEMENT LIMITED**

## **2012 Interim Results Presentation**

**August 2012**



# Contents

	Page
<b>Operational Highlights &amp; Financial Analysis</b>	<b>3</b>
<b>Company Background</b>	<b>9</b>
<b>Shaanxi – Market &amp; Demand</b>	<b>14</b>
<b>Hotan, Xinjiang – Market &amp; Demand</b>	<b>21</b>
<b>Strategy</b>	<b>24</b>
<b>Appendices</b>	<b>26</b>
– Financial Information	27
– Board of Directors	30

# West China Cement Limited

## 1H2012 Operational Highlights & Financial Analysis

# 1H2012 Operational Highlights

## ▲ Continuing Consolidation in Shaanxi

- **April 2012:** Danfeng Line 2 Plant of 1.5mt commissioned
- **March 2012:** Entered into agreement to acquire 65% of the 2mt Shifeng Plant, furthering consolidation in Weinan region
- **June 2012:** Acquired the Weinan Fuping Plant and remaining 35% of the Shifeng Plant in a new share for asset transaction, welcoming Italcementi Group as a 6.25% shareholder of WCC.
- **2012:** Completion of Waste Heat Recycling units at 3 plants scheduled this year - achieving a rate of 75% of total year end capacity installation.



**Capacity as of July 2012:**  
**Shaanxi – 21.1mt**  
**Xinjiang – 2.6mt**

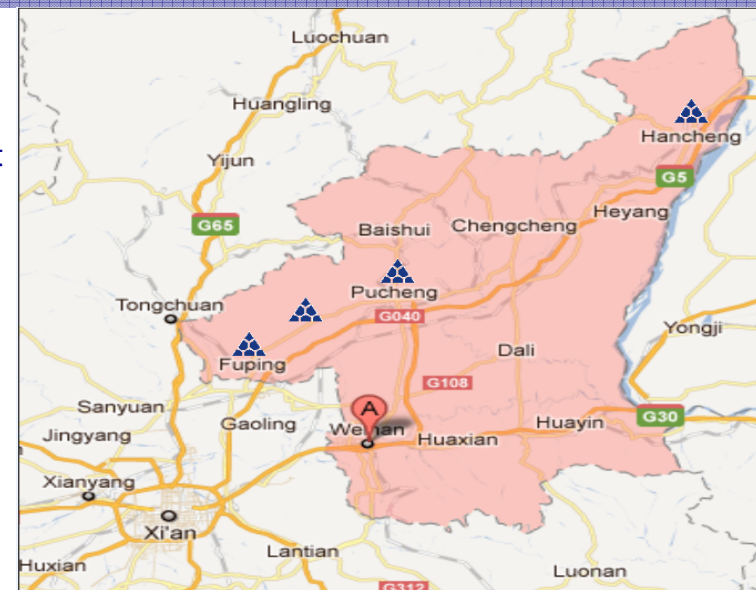
## ▲ Growth into Xinjiang

- **July 2012:** Completed construction of the 2mt Yutian Plant in Keriya County, Southern Xinjiang. Expected to ramp up to normal production capacity during 3Q 2012.



# Weinan Consolidation – Shifeng & Fuping Acquisitions

- ▲ **March 2012:** Acquired a 65% interest in the 2m ton per annum Shifeng Cement Plant in Weinan Region at a valuation of approximately RMB365 per ton of cement capacity on an EV basis.
- ▲ **June 2012:** Acquired a 100% interest in Fuping Cement from the Italcementi Group. The acquisition comprises the 2m ton Fuping Cement Plant plus a 35% interest in the Shifeng Cement Plant. The Fuping Plant was valued at approximately RMB337 per ton of cement capacity on an EV basis.
- ▲ Fuping Cement had previously paid approximately RMB47m for its equity interest in the Shifeng Cement Plant. As a result of this acquisition, WCC has acquired the remaining 35% of Shifeng Cement at cost.
- ▲ Shifeng Cement was acquired with a combination of cash and assumed debt. The Fuping acquisition was a share for asset deal - WCC issued 284,200,000 new shares (6.25% of enlarged share capital) to Italcementi Group at HK\$2.1815, an approximate 30% premium to our share price. Italcementi have agreed to a 3 year lock up and have nominated a Non Executive Director to the WCC Board.
- ▲ These acquisitions have eliminated competition in the Weinan region and enlarged our market reach into the northern Xi'an Market. This move is a significant step in the supply consolidation process in our province, where the Top 4 producers now command over 80% of supply in the province, and our Shaanxi capacity has now reached over 21m tons.
- ▲ WCC welcomes Italcementi Group, one of the largest international cement producers with operations around the world, as a shareholder. We look forward to benefiting from Italcementi's global industry expertise and future cooperation between the two groups.



# Financial Analysis and KPIs

RMB Million (unless otherwise specified)	Ended 30 June 2012	Ended 30 June 2011	%
Cement Sales Volume	6.4	5.9	8.5%
Revenue	1,590.1	1,713.0	(7.2%)
Gross Profit	301.9	566.9	(46.7%)
EBITDA	479.8	691.3	(30.6%)
Profit Attributable to Shareholders	148.5	419.0	(64.6%)
Basic Earnings Per Share (cents)	3.0	10.0	(70%)
Interim Dividend (cents)	Nil	2.0	(100%)

Gross Profit Margin	19.0%	33.1%	(14.1 p.pt.)
EBITDA Margin	30.2%	40.4%	(10.2 p.pt.)
Net Profit Margin	9.5%	24.6%	(15.1 p.pt.)

	As at 30 June 2012	As at 31 Dec 2011	
Total Assets	9,655.7	8,420.7	14.7%
Net Debt <sup>(1)</sup>	3,636.2	2,745.7	32.4%
Net Gearing <sup>(2)</sup>	79.6%	65.7%	13.9 p.pt.
Net Debt / EBITDA	3.8	2.4	58.3%
EBITDA / Fixed Charge <sup>(3)</sup>	3.7	5.0	(26.0%)
Net Assets Per Share(cents)	107.0	98.0	9.2%

	Ended 30 June 2012	Ended 30 June 2011
ASP/t (RMB)	235	289
GP/t (RMB)	47	96
NP/t (RMB)	24	71
Trade receivable Turnover Days <sup>(4)</sup>	19	32
Inventory Turnover Days <sup>(5)</sup>	57	42
Trade payable Turnover Days <sup>(6)</sup>	67	52

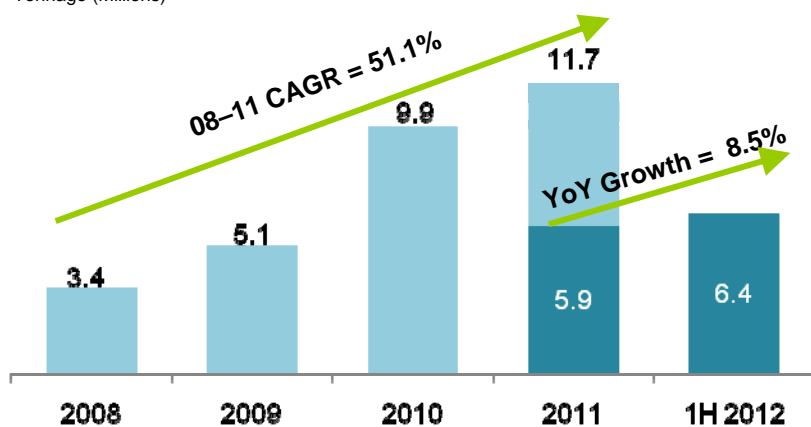
Notes :

- (1) Net debt equal to total borrowings and senior notes, less bank balances and cash and restricted bank deposits
- (2) Net Gearing is measured as net debt to equity
- (3) Fixed charge means interest expenses.
- (4) 365 day / (Turnover / Average trade receivable)
- (5) 365 day / (Production cost / Average inventory)
- (6) 365 day / (Production cost / Average trade payable)

# Growth and Profitability

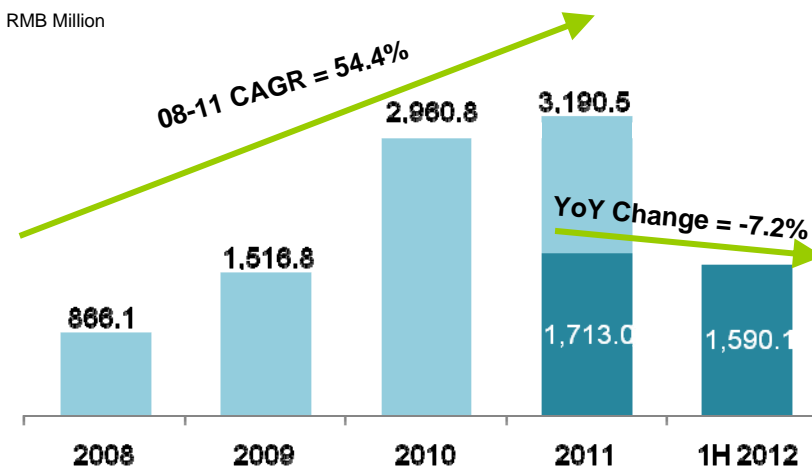
## Sales Volume for Cement

Tonnage (Millions)



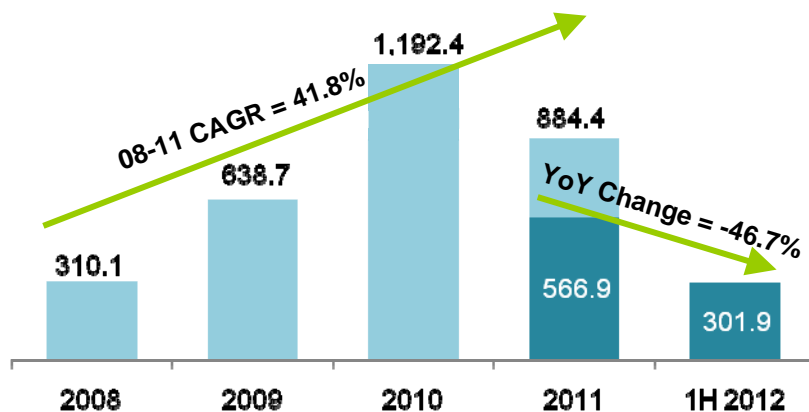
## Revenue

RMB Million



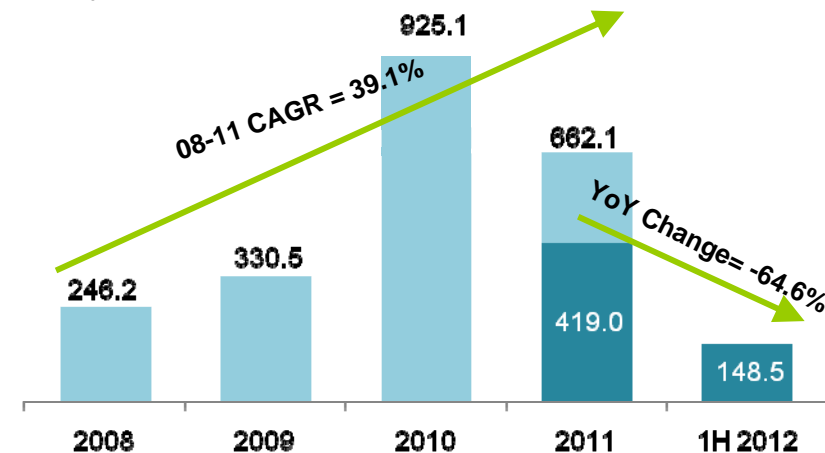
## Gross Profit

RMB Million



## Net Profit

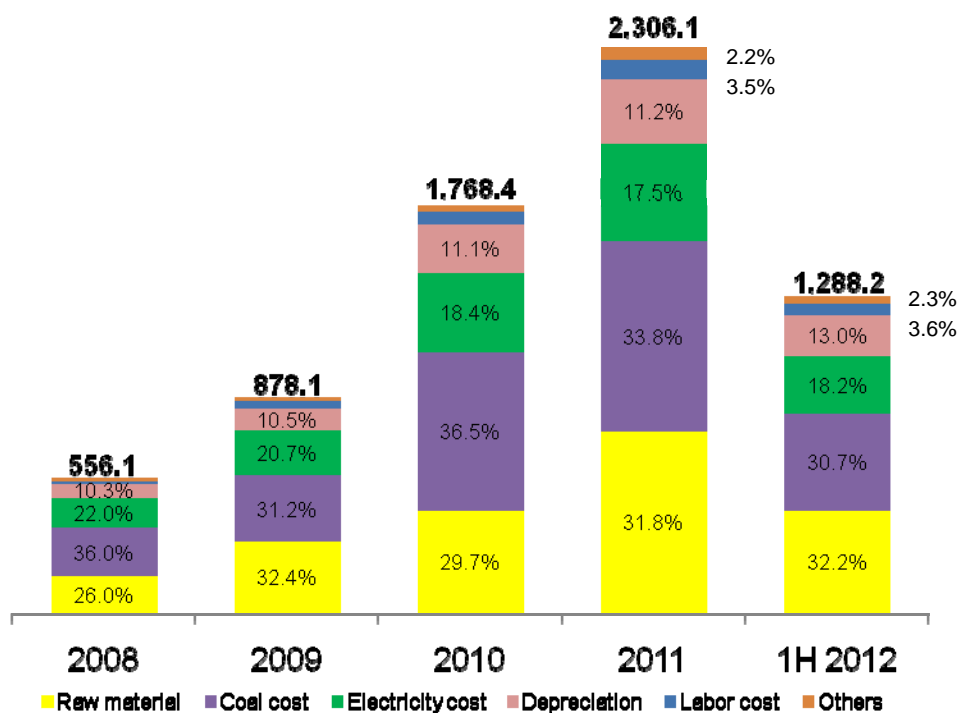
RMB Million



# Production Cost Analysis

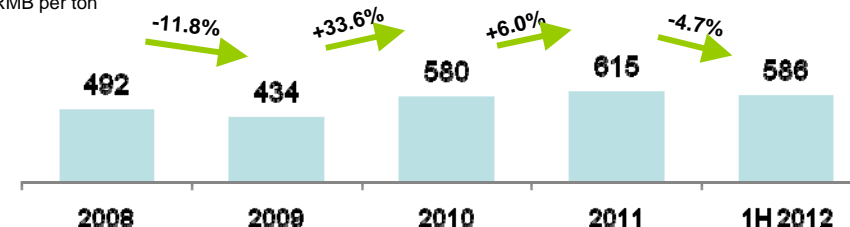
## Production Cost

RMB Million



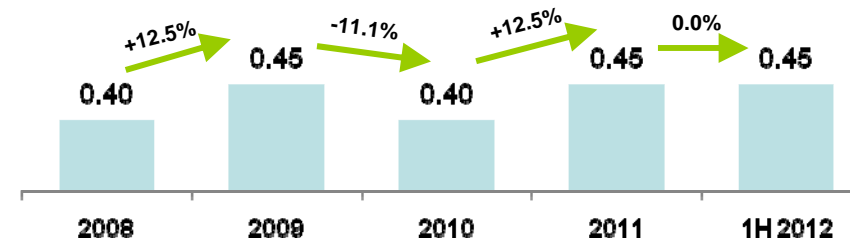
## Average Coal Cost

RMB per ton



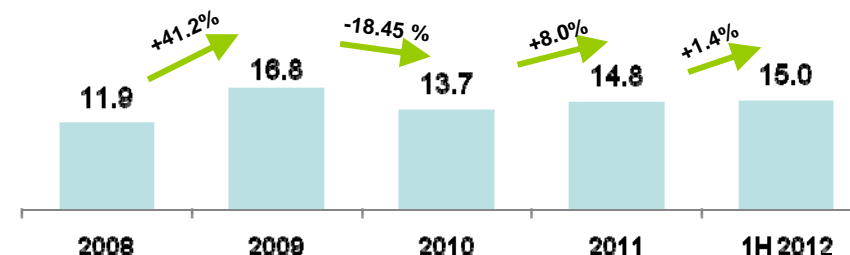
## Average Electricity Cost

RMB per kwh



## Average Limestone Cost

RMB per ton





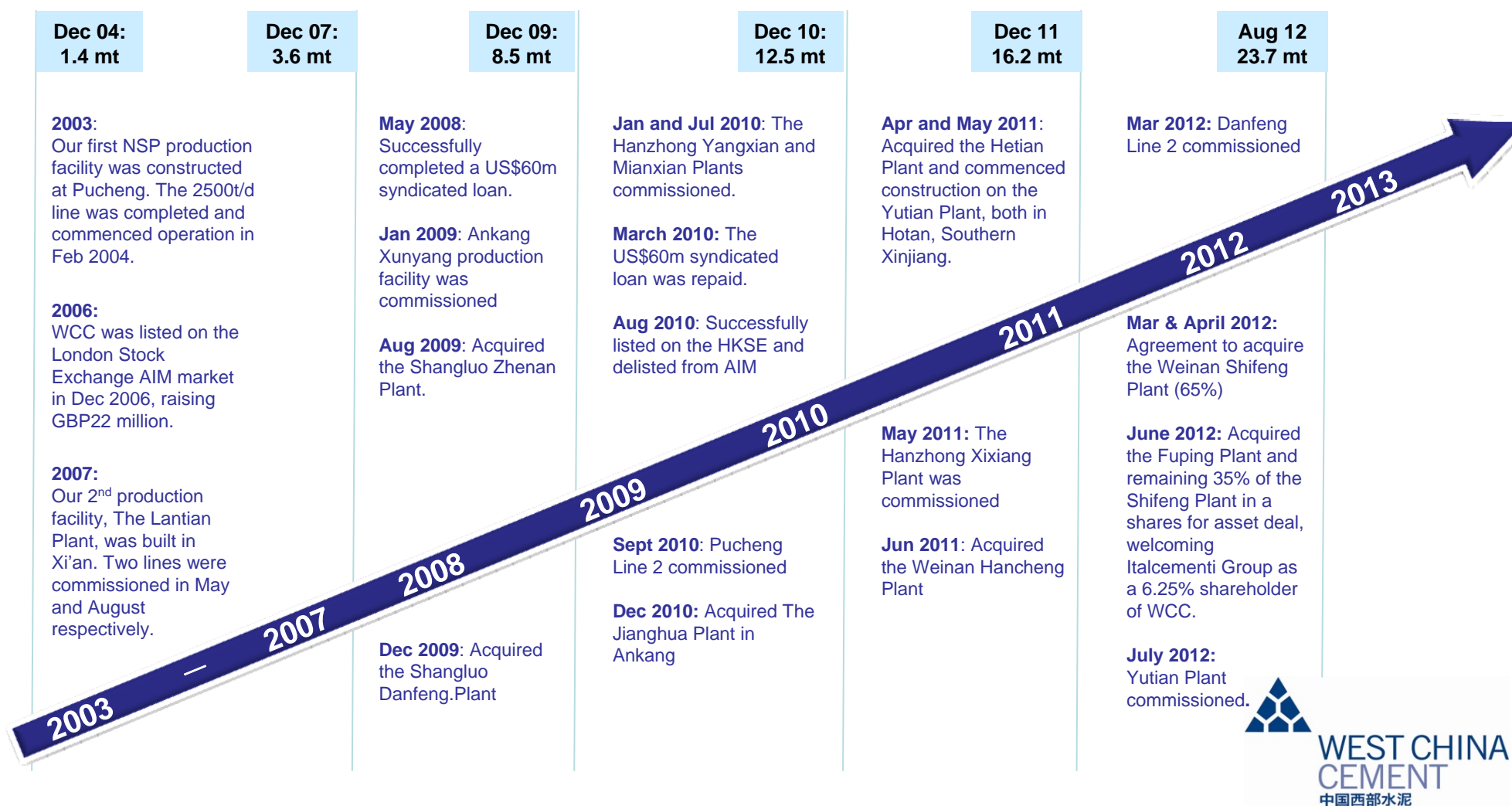
# West China Cement Limited

## Company Background



# Company Development

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



**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.
- ▲ 2011 GDP of RMB 12 billion, a 11.5% yoy increase. 2011 FAI of RMB 12 billion, a 19.2% 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, including natural gas, oil, coal and mineral resources. Confirmed natural gas reserve of approx. 61.6 billion M<sup>3</sup>. Hotan is becoming a key energy supply zone.
- ▲ Hotan County is undergoing an intense programme of infrastructure and social spending, including road and rail, an Airport, reservoirs, hydro electric projects, social housing and urban construction. Total investment of RMB20 billion for 2009-2013, of which RMB13 billion from Central Government.
- ▲ 2011 cement output of approx. 1.2mt, of which only 50% are NSP technologies. Expected capacity additions in 2012-2013 approx. 3.5mt, of which 2mt attributable to the WCC Yutian Plant.
- ▲ Limestone and coal are plentiful and low cost. Cement profit margins are high.
- ▲ The Hetian and Yutian Plants will make Hotan area our first Core Market in Xinjiang.



# Our Production Facilities

*...Approximately 24m tons by mid-2012*

## Production Facilities at end 2011

	Production Facilities	Annual Capacity (mt)	Commencement/ Acquisition Date
1	Weinan Pucheng Line 1 & 2	2.5	Commissioned: Line 1 Feb 2004 & Line 2: Sept 2010
2	Xi'an Lantian Line 1 & 2	2.2	Commissioned: Line 1 May 2007 & Line 2 Aug 2007
3	Ankang Xunyang	2.0	Commissioned: Jan 2009
4	Shangluo Zhen'an	0.7	Acquired: Aug 2009
5	Shangluo Danfeng	1.1	Acquired: Dec 2009
6	Hanzhong Yangxian	1.1	Commissioned: Jan 2010
7	Xi'an Lantian Grinding Mill	0.7	Commissioned: July 2010
8	Hanzhong Mianxian	1.1	Commissioned: July 2010
9	Ankang Jianghua	1.1	Acquired: Dec 2010
10	Hanzhong Xixiang	1.1	Commissioned: April 2011
11	Hetian, Xinjiang	0.6	Acquired: May 2011
12	Hancheng Weinan (80% Interest)	2.0	Acquired: June 2011
	<b>At 31 December 2011</b>	<b>16.2</b>	

## New Production Facilities Added in 2012

	Production Facilities	Annual Capacity (mt)	Commencement/ Acquisition Date
13	Shangluo Danfeng Line 2	1.5	Commissioned: March 2012
14	Weinan Shifeng Plant	2.0	Acquired: 65% - March 2012; 35% - June 2012
15	Weinan Fuli Plant	2.0	Acquired: June 2012
	<b>At 30 June 2012</b>	<b>21.7</b>	

## Construction in Progress

	Production Facilities	Annual Capacity (mt)	Expected Commencement Date
16	Yutian, Xinjiang	2.0	August 2012
	<b>At 31 July 2012</b>	<b>23.7</b>	

**Capacity as of July 2012:**  
**Shaanxi – 21.1mt**  
**Xinjiang – 2.6mt**



# West China Cement Limited

## Shaanxi – Market and Demand

The Three Central Government  
Objectives in the Cement Industry

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

# Shaanxi – 2012-2013 NSP Capacity

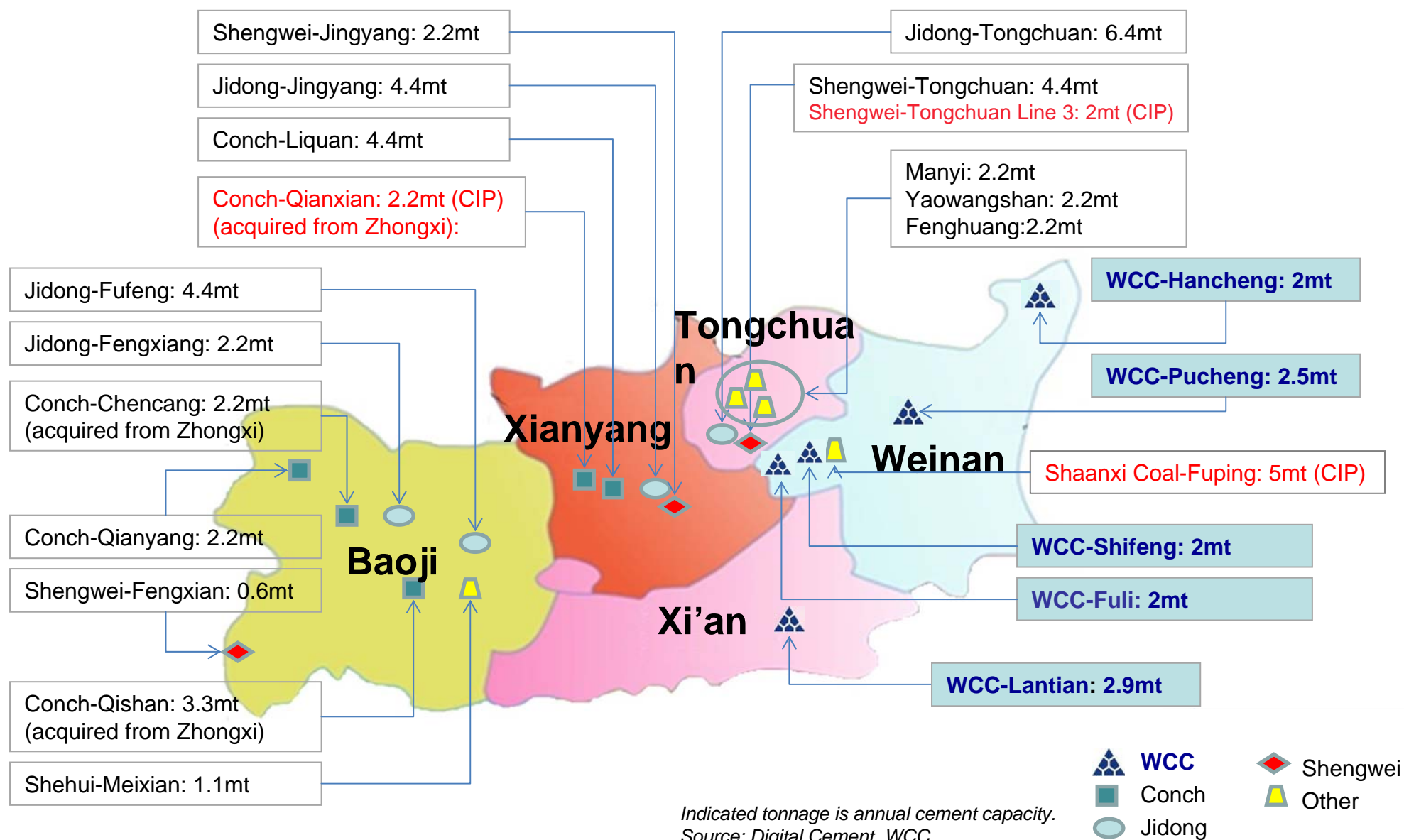
Producer	Xi'an	Baoji	Xianyang	Tongchuan	Weinan	Shangluo	Ankang	Hanzhong	Yulin & Yan'an	Total	Market share
<b>WCC</b>	<b>2.9</b>	-	-	-	<b>8.5</b>	<b>3.3</b>	<b>3.1</b>	<b>3.3</b>	-	<b>21.1</b>	<b>26%</b>
Jidong	-	6.6	4.4	6.4	-	-	-	-	1.1	<b>18.5</b>	23%
Conch	-	7.7	6.6	-	-	-	-	-	-	<b>14.3</b>	17%
Shengwei	-	0.6	2.2	6.4	-	-	-	-	-	<b>9.2</b>	11%
Others	-	1.1	-	6.6	5	-	1.1	2.2	2.6	<b>18.6</b>	23%
<b>Total</b>	<b>2.9</b>	<b>16</b>	<b>13.2</b>	<b>19.4</b>	<b>13.5</b>	<b>3.3</b>	<b>4.2</b>	<b>5.5</b>	<b>3.7</b>	<b>81.7</b>	<b>100%</b>
% Total Supply	4%	20%	16%	24%	16%	4%	5%	7%	4%	100%	

Source: Digital Cement, WCC. Data includes all construction in progress.

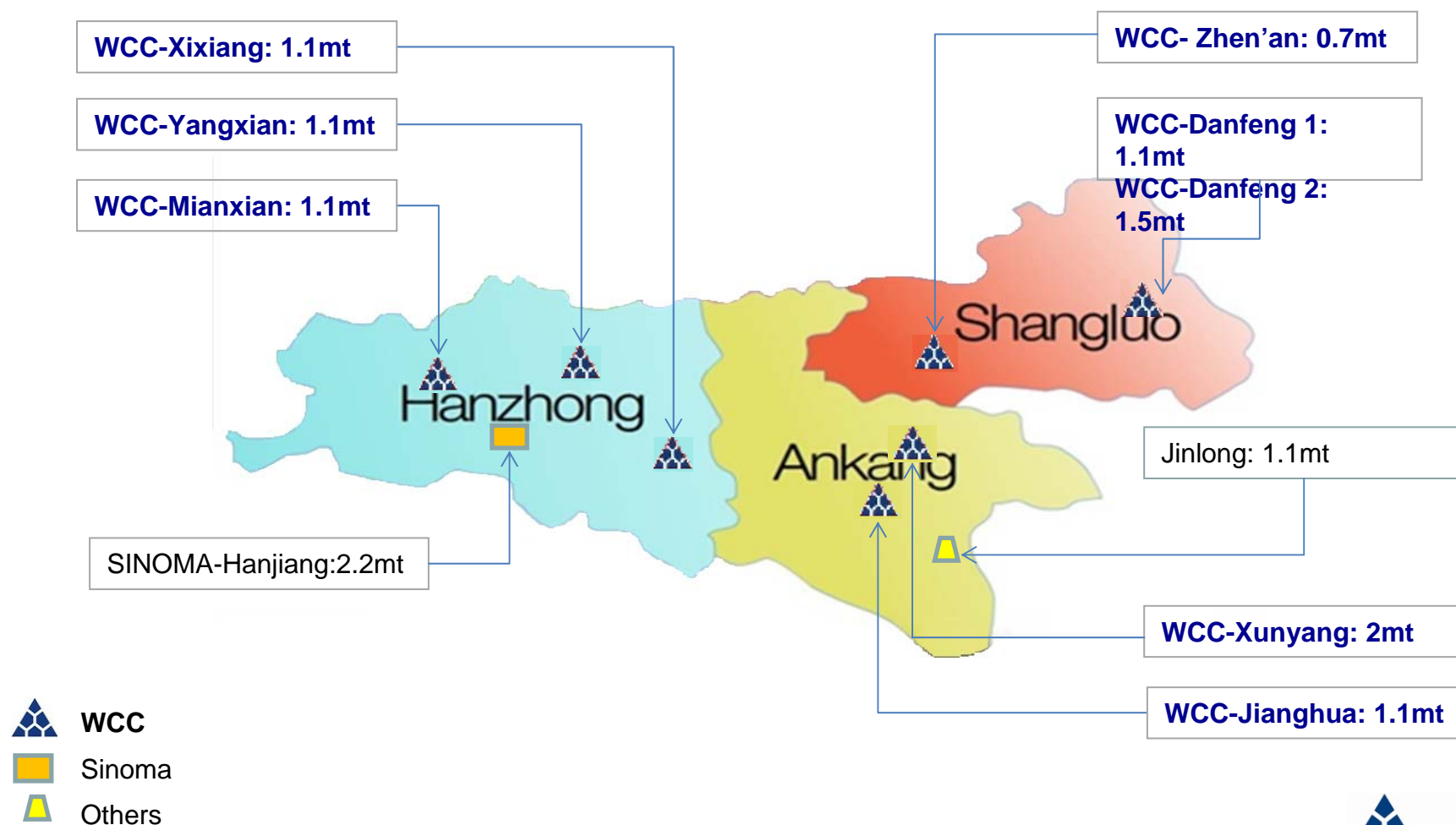
- Xi'an is the largest cement market in the province, accounting for 30-40% of total demand.
- Baoji, Tongchuan, Weinan and Xianyang are the major areas of supply, accounting for over 75% of provincial output.
- New entrants have built or acquired capacity in central Shaanxi – pressuring prices to gain market share.
- WCC Core Markets are Weinan, Shangluo, Ankang and Hanzhong – areas where we command market shares of 60% to 100% of NSP capacity.
- WCC is able to maintain margins higher than our peers situated in Central Shaanxi.



# Central Shaanxi – Competitive Landscape



# Southern Shaanxi – Competitive Landscape



Indicated tonnage is annual cement capacity.  
Source: Digital Cement, WCC

# Shaanxi Cement – Pricing & Market

## Cement Price (including VAT)

	2Q 2012	1Q 2012	2Q 2011	QoQ % change	YoY % change
Xi'an	255-300	245-300	285-425	4%, 0%	-10%, -29%
Weinan	195-307	210-265	260-395	-7%, 16%	-25%, -22%
Shangluo	270-350	280-350	295-405	-4%, 0%	-8%, -13%
Ankang	270-360	250-350	275-405	8%, 3%	-2%, -11%
Hanzhong	250-345	240-320	295-380	4%, 8%	-15%, -9%
Hetian	319-425	330-470	350-460	-3%, -10%	-9%, -8%
Central Shaanxi	195-307	210-300	260-425	-7%, 2%	-25%, -28%

NB: Low Grade – High Grade Cement

- Consolidation has been a key theme for 2012. Weak pricing in 2011 has virtually eradicated Non-NSP producers. Shaanxi has reached Top-4 producer market concentration of approximately 80% & WCC has consolidated its Core Markets. This consolidation has led to pricing discipline and gradually improving cement prices through the first half of 2012.

- 2H2011 pricing was weak: (i) Maturing market with increased capacity; (ii) Credit tightening and slower infrastructure growth; (iii) Increased rural market sales of lower grade cement; (iv) 3Q rains – worst in 50 years.
- 1H2012 has seen some price discipline returning to the market. Prices have gradually improved since February 2012 and price rises have held into 2Q2012. In the absence of a significant pick up in infrastructure sales, rural sales of low grade cement has been buoyant and overall volumes have been reasonable.
- Underlying growth prospects remain strong. Resettlement and urbanisation in Southern Shaanxi is an important driver for 2012/13. **Shaanxi Province and Western China FAI growth rates will remain structurally higher than the East of China for a number of years.**





# Shaanxi – Infrastructure Project Demand

## ▲ Southern Shaanxi Resettlement Project (陝南移民搬遷工程).

- Aims to resettle approximately 2.4 million people in Hanzhong, Ankang and Shangluo regions over the next 10 years, from 2011 to 2020. Total investment is over RMB110 billion and expected cement consumption of 12-14 million tons.
- Relocation target for 2012 is 295,000 people. WCC expects to supply 1.2m tons of cement to this project in 2012.

## ▲ Hanjiang-To-Weihe River Water Transfer Project (引漢濟渭工程).

- Transfer water from the south of the Qinling Mountains to the Weihe River in the north to resolve water shortage and irrigation problems in central and northern Shaanxi Province by 2020. Includes Hydro-Junctions, Pump Stations, Dams and the 98km Qinling Tunnel.

## ▲ Xi'an to Hefei Double Track Railway

- Key national coal transportation route linking NW China to Anhui Province. Total distance of 957KM of which 250KM is in Shaanxi Province passing through Weinan and Shangluo Regions.
- Estimated cement consumption of the Shaanxi sections approximately 1.2m tons. Expected to supply in 4Q12.

## ▲ Xi'an to Chengdu High Speed Railway Passenger Line

- Total distance of 343KM within Shaanxi Province, passing through Xi'an and Hanzhong Regions, with over 85% of total distance accounted for by bridges and tunnels..
- Estimated cement consumption of the Shaanxi sections approximately 2.5m tons. Expected to supply in 2013.

## ▲ In addition to the above, WCC is currently supplying cement to the following projects:

Datong-Xi'an High Speed Railway; Huang-Han-Hou Railway; Xi'an-Ankang 2<sup>nd</sup> Railway;  
Xi'an – Shangluo Highway; Fo-Ping Leadway Project; Shiyang-Tianshui Highway (Hanzhong Section).



# Shaanxi – Demand

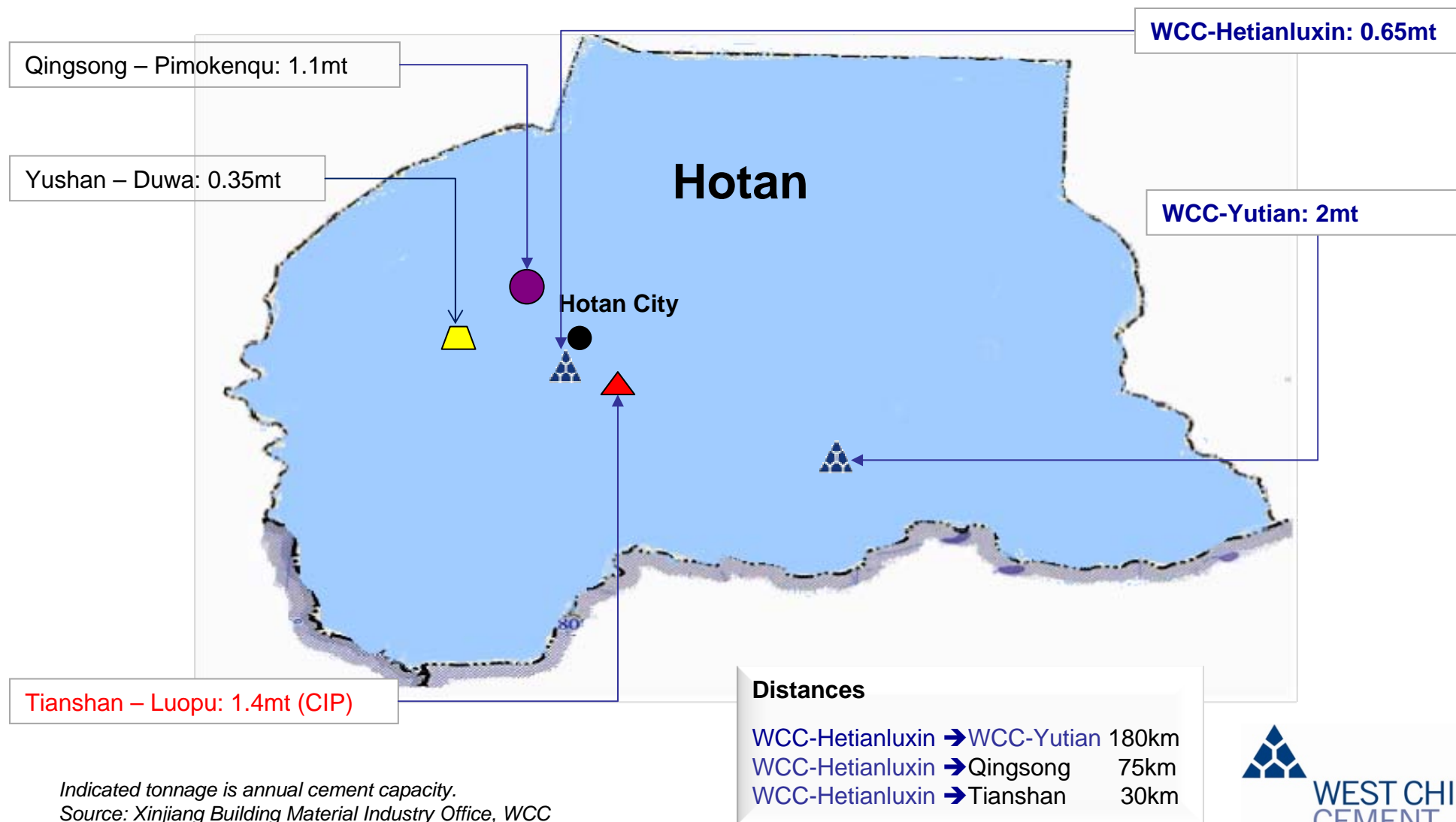
Project Name	Planned Construction Period	Project Name	Planned Construction Period
<b>Expressway</b>			
Xi'an– Hanzhong Expressway – Foping Leadway Project (Hanzhong Region)	2011-2012	No. 210 National Highway Reconstruction (Hanzhong Region)	2011-2012
Weinan – Luofu Expressway (Weinan Region)	2011-2015	Chengxian – Wudu (Hanzhong Region)	2011-2013
Ankang – Pingli Expressway (Ankang Region)	2012-2016	Wudu– Guanzigou (Hanzhong Region)	2010-2012
Hejin– Jixian Expressway (Weinan Region)	2011-2014	Xi'an– Zhouzhi Secondary Road Project (Xi'an Region)	2011-2012
<b>Railway</b>			
Huangling – Hancheng– Houma (Weinan Region)	2010-2013	Xi'an– Ankang (Shangluo & Ankang Region)	2010-2012
Lanzhou – Chongqing (Hanzhong Region)	2008-2013	Datong– Xi'an Passenger Line (Weinan Region)	2010-2015
Xi'an Metro Line 1 (Xi'an Region)	2008-2013	Xi'an Metro Line 3 (Xi'an Region)	2011-2014
<b>Hydropower Station</b>			
Xunhe Cascade Hydropower Station (Ankang Region)	2011-2013	Zhaowan Hydropower Station (Ankang Region)	2010-2012
Hanjiang Xunyang Hydroelectric Station (Ankang Region)	2011-2016	Hanjiang-Weihe River Water Transfer Project (Hanzhong Region)	2011-2020
Baihe Jiahe Hydropower Station (Ankang Region)	2010-2014	Juting Hydropower Station (Hanzhong Region)	2010-2013
<b>Projects Scheduled to Commence Construction</b>			
Xi'an– Chengdu Passenger Line (Xi'an & Hanzhong Region)	2011-2015	Hanzhong – Shaanxi and Sichuan border Expressway (Hanzhong Region)	2011-2014
Inner Mongolia – Jiangxi Coal Transportation Railway (Shaanxi section) (Weinan Region)	2012-2017	Xi'an Metro Line 4 (Xi'an Region) (Xi'an Region)	2012-2016
Xi'an – Lintong Intercity Railroad (Xi'an Region)	2011-2014	Weinan – Yushan Expressway (Weinan Region)	2011-2013
Yangpingguan– Ankang Double Tracking Railway (Hanzhong & Ankang Region)	2011-2015	Xi'an– Hefei Railway (Xi'an & Shangluo Region)	2011-2014
Baoji– Hanzhong– Bazhong Expressway (Hanzhong Region)	2011-2015	Zhashui– Shanyang Expressway (Shangluo Region)	2011-2014
Weizhuang - Luofu Expressway (Weinan Region)	2012-2015	Hancheng- Baishui Expressway (Weinan Region)	2012-2015
Xi'an- Weinan Expressway (Xi'an & Weinan Region)	2012-2015	Shangzhou- Danfeng Highway Reconstruction (Shangluo Region)	2012-2014

# West China Cement Limited

## Hotan, Xinjiang – Market and Demand



# Xinjiang Hotan – Competitive Landscape



# Hotan – Demand

Location	Projects	Construction Period	Total Investment (RMB million)
<b>Transport Infrastructure</b>			
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) – Hotan – Luopu (Lop) 墨玉-和田-洛浦	Moyu (Karakax) – Hetian (Hotan) – Luopu (Lop) Highway , plus 2 bridges (72km)	2011-2016	2,200
Hotan City 和田市	Airport terminal and runway expansion	2011-2012	560
Hotan City & 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
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
<b>Housing &amp; Other</b>			
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
Hotan City & Region	2011 low cost housing 廉租房建设	2010-2012	643
Hotan City & Region	Nomad settlement project and other housing & reconstruction projects	2011-2020	N/A



# West China Cement Limited

**Strategy**

# Development Strategy

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

### Shaanxi 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.

### Shaanxi Consolidation

- ▲ Core Markets in southern Shaanxi ensure margins superior to our regional peers.
- ▲ Follow Government objectives and industry consolidation trends. Selective acquisitions in Core Markets.
- ▲ Ensure stable cash flows and leverage Core Market advantages during the consolidation process.

### West China Consolidation

- ▲ Identify and expand into Key Development Areas in the west of China. Local market control and not provincial dominance important in this stage of consolidation.
- ▲ Focus on cement assets with superior location and pricing advantages.
- ▲ Benefit from “Western Development” & consolidation to become a regional player – 30m tons target.



**中國西部水泥有限公司**  
**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	
	2009	2010	2011	2011	2012
Revenue	1,516,766	2,960,781	3,190,479	1,712,973	1,590,121
Cost of Sales	(878,087)	(1,768,358)	(2,306,088)	(1,146,069)	(1,288,198)
<b>Gross Profit</b>	<b>638,679</b>	<b>1,192,423</b>	<b>884,391</b>	<b>566,904</b>	<b>301,923</b>
Selling and marketing expenses	(15,064)	(27,860)	(31,537)	(16,854)	(12,123)
Administrative expenses	(77,846)	(179,028)	(183,123)	(91,651)	(100,375)
Other income	71,526	171,611	156,693	82,417	80,148
Other gains/(losses) - net	(1,057)	(966)	111,245	45,932	(13,655)
Finance income	1,190	497	10,407	6,969	927
Finance costs	(242,281) <sup>(1)</sup>	101,005	(184,787)	(107,840)	(70,068)
Finance costs - net	(241,091)	(100,508)	174,380	(100,871)	(69,141)
<b>Profit before income tax</b>	<b>375,147</b>	<b>1,057,604</b>	<b>763,289</b>	<b>485,877</b>	<b>186,777</b>
Income tax expense	(44,687)	(124,337)	(102,888)	(64,874)	(36,477)
<b>Profit for the year /period</b>	<b>330,460</b>	<b>933,267</b>	<b>660,401</b>	<b>421,003</b>	<b>150,300</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
	2009	2010	2011	2012
<b>Non-current assets</b>				
Property, plant and equipment	2,611,502	3,819,616	6,352,020	7,592,998
Land use rights – non-current portion	124,571	176,246	292,269	382,728
Mining rights	46,373	64,867	131,663	138,554
Other intangible assets	65,104	63,077	110,293	169,925
Advances for business combination	-	300,000	-	50,000
Deferred income tax assets	13,540	17,124	24,901	44,240
	2,861,090	4,440,930	6,911,146	8,378,445
<b>Current assets</b>				
Inventories	128,979	166,898	381,926	426,041
Trade and other receivables and prepayments	317,670	545,457	542,841	677,106
Land use rights – current portion	-	1,808	18,633	-
Restricted cash	19,582	16,122	36,526	62,740
Cash and cash equivalents	346,258	374,459	529,612	111,407
	812,489	1,104,744	1,509,538	1,277,294
<b>Total assets</b>	<b>3,673,579</b>	<b>5,545,674</b>	<b>8,420,684</b>	<b>9,655,739</b>

### Liabilities and Equity

RMB '000	As at December 31			As at June 30
	2009	2010	2011	2012
<b>Non-current liabilities</b>				
Borrowings	360,058	131,255	205,000	3,000
Senior Notes - Non Current portion	-	-	2,462,009	2,477,506
Warrants classified as liabilities	-	-	-	-
Provisions for other liabilities and charges	6,265	8,444	10,446	12,625
Deferred income tax liabilities	8,079	8,959	10,964	9,628
Other liabilities	117,049	39,215	44,251	42,105
	491,451	187,873	2,732,670	2,544,864
<b>Current liabilities</b>				
Trade and other payables	559,395	644,056	841,774	1,182,378
Senior Notes - Current portion	-	-	78,762	79,101
Current income tax liabilities	38,639	59,548	22,937	31,175
Borrowings	1,288,868	1,080,181	566,000	1,250,680
	1,886,902	1,783,785	1,509,473	2,543,334
<b>Total liabilities</b>	<b>2,378,353</b>	<b>1,971,658</b>	<b>4,242,143</b>	<b>5,088,198</b>
<b>Equity</b>				
Total Equity attributable to shareholders	1,270,226	3,540,892	4,069,474	4,537,544
Minority interest	25,000	33,124	109,066	29,997
<b>Total equity</b>	<b>1,295,226</b>	<b>3,574,016</b>	<b>4,178,541</b>	<b>4,567,541</b>
<b>Total equity and liabilities</b>	<b>3,673,579</b>	<b>5,545,674</b>	<b>8,420,684</b>	<b>9,655,739</b>



# Appendix I: Financial Information

## Summary Consolidated Cash Flow Statements

	For the year ended December 31			For the Period ended June 30	
RMB '000	2009	2010	2011	2011	2012
Net cash generated from operating activities	619,676	870,111	767,090	267,307	664,003
Net cash used in investing activities	(847,503)	(1,597,016)	(2,385,947)	(1,660,664)	(1,036,037)
Net cash generated from financing activities	537,047	755,106	1,770,038	1,978,607	(46,171)
Net increase in cash and cash equivalents	309,220	28,201	151,181	585,250	(418,205)
<b>Cash and cash equivalent at end of year / period</b>	<b>346,258</b>	<b>374,459</b>	<b>529,612</b>	<b>959,709</b>	<b>111,407</b>

## Appendix II: Board of Directors

### Executive Directors



▲ **Mr. Zhang Jimin – Chairman, aged 57**

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 51**

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 48**

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 37**

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

### Independent Non-Executive Directors

#### ▲ **Mr. Lee Kong Wai Conway – Independent Non-executive Director, aged 57**

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 51**

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.

# Appendix II: Board of Directors

## Non-Executive Directors

### ▲ **Mr. Ma Weping – Non-executive Director, aged 51**

Mr. Ma Weiping has been nominated to the Board by our 6.25% shareholder, Cimfra China, part of the Italcementi Group. He has over 20 years of management and technical experience in the building materials industry in both the United States of America and China. From 1996 to 2002, Mr Ma served as a senior process engineer and project manager for Holcim in Michigan, United States. From 2002 to 2005, Mr. Ma served as a vice president of marketing and sales for Lafarge (China) in Beijing and served in a similar position for Lafarge Shuion Cement from 2005 to 2008. From 2008 to 2009, he served as a general manager and vice president for Lafarge A&C in Chongqing. Preceding his appointment as a non-executive Director, from 2009 up until the Completion of the Equity Transfer Agreement and the Subscription Agreement, Mr. Ma was also a chief representative and managing director of Fuping Cement, a company wholly owned by Cimfra China prior to Completion. Mr. Ma will continue to cooperate with Italcementi Group in South-East Asia. Mr. Ma received a bachelor's degree in Inorganic and Non-Metallic Materials from Tongji University, Shanghai in 1982, a master's degree in Solid State Science and a Ph.D in Material Science and Engineering from Pennsylvania State University in 1991 and 1994, respectively. Mr. Ma also obtained a Master of Business Administration in Integration Management from Michigan State University in 2002.

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

Mr. Ma Zhaoyong 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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