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)

2017 Interim Results Announcement

Financial highlights

RMB' Million (unless otherwise specified)	**Six months ended 30 June 2017 (Unaudited)**	Six months ended 30 June 2016 (Unaudited)	% Change
Total Cement and Clinker Sales Volume (million tons)	**8.76**	8.39	4.4%
Cement Sales Volume (million tons)	**8.54**	8.32	2.6%
Revenue	**2,111.9**	1,629.0	29.6%
Gross Profit	**466.9**	152.9	205.4%
EBITDA	**761.6**	449.6	69.4%
Profit/(Loss) Attributable to Owners of the Company	**218.1**	(113.5)	292.2%
Basic Earnings/(Loss) Per Share	**4.0 cents**	(2.1 cents)	290.5%
Interim Dividend	**Nil**	Nil	Nil
Gross Profit Margin	**22.1%**	9.4%	12.7 ppt
EBITDA Margin	**36.1%**	27.6%	8.5 ppt

	30 June 2017 (Unaudited)	31 December 2016 (Audited)	% Change
Total Assets	**11,144.3**	11,181.6	(0.3%)
Net Debt[(1)]	**2,265.1**	2,667.4	(15.1%)
Net Gearing[(2)]	**36.9%**	45.1%	(8.2 ppt)
Net Assets Per Share	**113 Cents**	109 Cents	3.7%

Notes:

(1) Net debt equal to total borrowings, short-term notes and senior notes less bank balances and cash and restricted bank deposits

(2) Net gearing is measured as net debt to equity

The board of directors (the "Board") of West China Cement Limited (the "Company" together with its subsidiaries, the "Group") is pleased to announce the Group's interim results for the six months ended 30 June 2017 together with the comparative figures for the corresponding period of 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	**2017**	2016
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*1*	**2,111,890**	1,628,998
Cost of sales		**(1,644,968)**	(1,476,075)
Gross profit		**466,922**	152,923
Other income		**96,761**	49,608
Selling and marketing expenses		**(23,594)**	(23,397)
Administrative expenses		**(126,863)**	(114,941)
Other expenses		**(34,100)**	–
Other gains and losses, net		**39,112**	(59,673)
Share of profit of an associate		**7,497**	5,167
Interest income		**7,077**	8,481
Finance costs		**(126,862)**	(130,750)
Profit (loss) before tax		**305,950**	(112,582)
Income tax expense	*2*	**(80,651)**	(2,144)
Profit (loss) and total comprehensive income (expense) for the period	*3*	**225,299**	(114,726)
Attributable to:			
— Owners of the Company		**218,058**	(113,495)
— Non-controlling interests		**7,241**	(1,231)
		225,299	(114,726)
Earnings (loss) per share			
— Basic (RMB)	*4*	**0.040**	(0.021)
— Diluted (RMB)	*4*	**0.040**	(0.021)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	**30 June 2017** *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Investment in an associate		**48,454**	40,957
Property, plant and equipment		**7,211,887**	7,564,018
Prepaid lease payments		**478,755**	486,675
Mining rights		**266,618**	272,714
Other intangible assets		**191,930**	192,973
Deferred tax assets		**45,775**	45,931
Amount due from non-controlling shareholder of a subsidiary		**63,228**	63,225
		8,306,647	8,666,493
Current assets			
Inventories		**522,475**	508,893
Trade and other receivables and prepayments	*5*	**717,337**	660,545
Restricted bank deposits		**73,036**	86,978
Bank balances and cash		**1,524,851**	1,258,668
		2,837,699	2,515,084
Total assets		**11,144,346**	11,181,577
EQUITY			
Share capital		**141,543**	141,519
Share premium and reserves		**5,942,639**	5,721,111
Equity attributable to owners of the Company		**6,084,182**	5,862,630
Non-controlling interests		**57,968**	50,727
Total equity		**6,142,150**	5,913,357

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*6*	**202,000**	2,000
Senior notes		**2,687,295**	2,747,221
Asset retirement obligation		**21,156**	22,066
Deferred tax liabilities		**39,724**	39,078
Deferred income		**63,364**	58,136
		3,013,539	2,868,501
Current liabilities			
Borrowings	*6*	**575,000**	464,600
Short-term notes	*7*	**398,700**	799,214
Trade and other payables	*8*	**928,903**	1,076,940
Income tax payable		**86,054**	58,965
		1,988,657	2,399,719
Total liabilities		**5,002,196**	5,268,220
Total equity and liabilities		**11,144,346**	11,181,577
Net current assets		**849,042**	115,365
Total assets less current liabilities		**9,155,689**	8,781,858

NOTES:

1. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the production and sale of cement products. The Group's Chief Executive Officer, the chief operating decision maker (the "CODM") reviews the sales volume and average selling prices of its cement products by three areas, namely eastern and southern Shaanxi, Xinjiang and Guizhou. However, no further operating results by these areas are being provided, and the CODM reviews the consolidated results of the Group as a whole. Accordingly, no further segment information has been disclosed in the condensed consolidated financial statements for both periods.

All of the Group's revenue for the six-month periods ended 30 June 2017 and 2016 are derived from the sale of cements products to customers in the western part of the PRC. No single customer contributed 10% or more to the Group's revenue for both periods. All of the Group's non-current assets are located in the PRC by locations of assets.

2. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
Current period	**79,849**	34,921
Deferred tax		
Current period	**(326)**	(32,777)
Attributable to change in tax rate	**1,128**	–
	802	(32,777)
Income tax expense	**80,651**	2,144

Income tax expense for the period can be reconciled to the (loss) profit before tax as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit (loss) before tax	**305,950**	(112,582)
Tax at domestic income tax rate of 25% (six months ended 30 June 2016: 25%)	**76,488**	(28,145)
Tax effects of:		
Expenses not deductible for tax purpose	**31,439**	33,534
Tax exemption and reduced tax rate *(note (a))*	**(12,338)**	(979)
Tax effect of income not taxable for tax purpose	**(15,928)**	–
Tax effect on share of profit of an associate	**(1,874)**	(1,292)
Change in tax rate for deferred tax recognised	**1,128**	–
Tax effect on interest income on intra-group loans *(note (b))*	**3,510**	3,510
Tax losses not recognised as deferred tax assets	**889**	4,138
Utilisation of tax losses previously not recognised as deferred tax assets	**(2,663)**	(1,050)
Recognition of deferred tax assets on tax losses generated in previous years	**–**	(7,572)
Tax expense for the period	**80,651**	2,144

Note:

a. The Group's subsidiary, Hetian Yaobai Cement Co., Ltd. ("Hetian Yaobai") was established in Xinjiang. Pursuant to the relevant laws and regulations of Xinjiang, Hetian Yaobai is entitled to a two-year tax holiday from its first profit-making year, that is 2013 and a further three-year 50% tax reduction pursuant to PRC enterprise income tax law. The applicable tax rate for the six months ended 30 June 2017 is 12.5%.

   The Group's subsidiary, Luxin Building Materials Co., Ltd. ("Luxin") was established in Xinjiang. Pursuant to the relevant laws and regulations of Xinjiang announced to Luxin in late 2016, Luxin is entitled to a three-year tax reduction pursuant to PRC enterprise income tax law from 2016 to 2018. The applicable tax rate for the six months ended 30 June 2017 is 15%.

   The Group's subsidiaries, Xi'an Lantian Yaobai Cement Co.,Ltd ("Lantian") and Fuping Cement Co., Ltd ("Fuping") were established in Shaanxi. Pursuant to the approval of tax bureau received in 2017, Lantian and Fuping are entitled to a tax reduction pursuant to PRC enterprise income tax law from 2017. The applicable tax rate for the six months ended 30 June 2017 is 15%.

b. Interest income in respect of intra-group loans within the Group is subject to a tax rate of 7% based on the double taxation arrangement between Hong Kong and Mainland China.

3. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**377,722**	376,002
Amortisation of prepaid lease payments	**7,329**	7,064
Amortisation of mining rights	**8,014**	8,192
Amortisation of other intangible assets	**1,043**	1,174
Total depreciation and amortisation	**394,108**	392,432
Capitalised in inventories	**(370,022)**	(367,669)
	24,086	24,763
Staff costs (including directors' emoluments)		
Wages and salaries	**156,650**	152,400
Recognition (reversal) of share option expenses, net	**2,365**	(8,282)
Defined contribution retirement plan expenses	**13,987**	14,092
Total staff cost	**173,002**	158,210
Capitalised in inventories	**(104,078)**	(91,916)
	68,924	66,294

4. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**218,058**	(113,495)

	Six months ended 30 June	
	2017	2016
	’000	*’000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,421,496**	5,420,808
Effect of dilutive potential ordinary shares from share options issued by the Company *(note)*	**5,225**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**5,426,721**	5,420,808
Basic earnings (loss) per share	**0.040**	(0.021)
Diluted earnings (loss) per share	**0.040**	(0.021)

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2017 has been adjusted for exercise of share options that took place on 27 March, 29 March and 11 April 2017.

The calculation of diluted loss per share for the six months ended 30 June 2016 did not take into account the share options of the Company as the assumed exercise would result in a decrease in loss per share.

5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2017	31 December 2016
	RMB’000	*RMB’000*
	(Unaudited)	(Audited)
Trade receivables	**229,319**	214,592
Less: Allowance for doubtful debts	**(15,271)**	(9,090)
	214,048	205,502
Other receivables	**37,873**	32,314
Less: Allowance for doubtful debts	**(737)**	(797)
	37,136	31,517
Bills receivable	**263,229**	251,254
Interest receivables	**5,543**	1,919
VAT recoverable	**71,010**	75,621
VAT refund receivable	**45,955**	22,478
Amount due from non-controlling shareholder of a subsidiary	**63,228**	63,225
Prepayments to suppliers	**65,757**	58,186
Prepaid lease payments	**14,659**	14,068
	780,565	723,770
Less: Non-current portion *(note)*	**(63,228)**	(63,225)
	717,337	660,545

Note: The amount due from non-controlling shareholder of a subsidiary represents advances for procuring the acquisition of various mining rights which are being arranged through the non-controlling shareholder according to the arrangement procedures of the local authority. As the balance is related to the acquisition of mining rights, it is classified as non-current as at the end of the reporting period.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**133,173**	93,914
91 to 180 days	**31,197**	25,512
181 to 360 days	**28,817**	29,004
361 to 720 days	**19,381**	48,962
Over 720 days	**1,480**	8,110
	214,048	205,502

Bills receivable are mainly due within sixth months based on the invoice date.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. As at 30 June 2017, RMB70,660,000 (31 December 2016: RMB40,925,000) of the trade receivables that are neither past due nor impaired have high credit ranking attributable under the credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB143,388,000 (31 December 2016: RMB164,577,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

6. BORROWINGS

During the current interim period, the Group received the proceeds of approximately RMB645,000,000 (six months ended 30 June 2016: RMB385,600,000) related to its renewed and newly obtained bank loans and made repayments amounting to approximately RMB334,600,000 (six months ended 30 June 2016: RMB439,000,000). The new loans are secured by property, plant and equipment and prepaid lease payment, carry annual interest rates range from 4.35% to 5.5% (six months ended 30 June 2016: 4.35% to 5.88%) and repayable from 2017 to 2018.

7. SHORT-TERM NOTES

On 15 March 2016, Yaobai Special Cement Group Co., Ltd ("Shaanxi Yaobai") issued 5.5% per annum, unsecured one-year short-term notes with a principal amount of RMB800,000,000 (the "First Tranche of the Short-term Notes") at 100% of the face value. The First Tranche of the Short-term Notes was issued to investors in the national inter-bank market in the PRC. The short-term notes have been registered with the National Association of Financial Market Institutional Investors of the PRC with an aggregate approved facility of RMB1,200,000,000 granted to Shaanxi Yaobai. The short-term notes, including the first tranche, were used for the repayment of part of the bank loans and to supplement general working capital of the Group.

On 13 March 2017, Shaanxi Yaobai repaid the entire First Tranche of the Short-term Notes due in 2017, equal to 100% of the principal amount of RMB800 million, plus accrued and unpaid interest of RMB44,000,000.

On 3 March 2017, Shaanxi Yaobai issued 6.98% per annum, unsecured one-year short-term notes of RMB400 million (the "Second Tranche of the Short-term Notes") at 100% of the face value.

The effective interest rate of the Second Tranche of the Short-term Notes is approximately 7.17% per annum after adjusted for transaction costs.

8. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the date of delivering of goods at the end of the reporting period.

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
0 to 90 days	**404,682**	517,340
91 to 180 days	**52,493**	52,385
181 to 360 days	**26,528**	31,347
361 to 720 days	**15,106**	32,003
Over 720 days	**6,969**	11,381
	505,778	644,456

9. PLEDGE OF ASSETS

At the end of each reporting period, certain assets of the Group were pledged to secure trade facilities and banking facilities granted to the Group. The aggregate carrying amount of the pledged assets at the end of each reporting period is as follows:

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Restricted bank deposits	**–**	30,003
Prepaid lease payments	**185,936**	152,007
Property, plant and equipment	**2,390,630**	1,547,879
	2,576,566	1,729,889

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

West China Cement Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") has faced an improving operating environment in the first half of 2017. Sales volumes in Shaanxi Province have remained stable. Sales volumes in Xinjiang and Guizhou Provinces have recorded slight increases. The Group's sales volumes of cement and clinker for the six months ended 30 June 2017 were 8.76 million tons, representing a slight increase from the 8.39 million tons recorded in the first half of 2016.

The Group has maintained a strong market position in its Southern Shaanxi core markets, where high levels of market share coupled with good infrastructure demand have resulted in continued average selling prices ("ASPs") premiums and more stable margins. ASPs in Central Shaanxi have significantly improved even under the continuing low demand scenario through the continuation of occasional voluntary production halts during low season periods and improved market discipline with lower supply among all producers since the fourth quarter of 2016. Moreover, the Group has continued to implement efficiency gains and cost-cutting measures and has been able to maintain a stable cost in the first half of 2017 despite the trend of falling costs since 2015. Taken together, these have significantly improved the Group's margins in the first half of 2017.

The Group has maintained healthy and improving cash flows, with EBITDA of RMB761.6 million for the first half of 2017, which is much higher than the RMB449.6 million recorded in the first half of 2016. Moreover, the Group's interim results at the net profit level have been significantly affected by the rise in the value of the RMB against the USD in the first half of 2017. The Group has recorded a foreign exchange gain of RMB60.6 million mainly arising from the foreign exchange translation from USD to RMB of the 2019 Senior Notes issued by the Company in September 2014, as compare to the significant foreign exchange loss of RMB55.7 million in the first half of 2016.

The Group's capacity as at 30 June 2017 has reached 29.2 million tons of cement. The Group has no other plants under construction.

Operating Environment

A key feature of the Group's operational performance in 2017 has been the significant narrowing of the differentiation between the Group's cement ASPs in Southern Shaanxi (where the Group's cement capacity amounts to 9.7 million tons) which have remained reasonable and strong, as compared with those in Central Shaanxi (where the Group's cement capacity amounts to 13.6 million tons) which have been significantly improved to a similar price level. Such significant improvement in ASPs in Central Shaanxi even under the continuing low demand scenario was through the continuation of occasional voluntary production halts during low season periods and improved market discipline with lower supply among all producers.

Shaanxi Province as a whole has seen an increasing Fixed Asset Investment ("FAI") growth rates in the first half of 2017. FAI growth rate in the first half of 2017 was approximately 14%, as compared with the 9% registered in the whole of 2016. The improved FAI growth rate has led to a stable growth in demand for cement products from all producers in the Shaanxi Province. Accordingly, intense competition from the supply side is still a strong factor affecting the ASPs in Central Shaanxi. Southern Shaanxi has continued to enjoy higher infrastructure-led construction growth. FAI growth rates in the south have been above the provincial average and have supported a more stable cement market with continued ASP premiums as compared to the centre of the province.

Another important factor contributing to the improvement of the Group's margins was the maintenance of a stable cost in the first half of 2017. This resulted from the Group's implementation of efficiency and cost cutting measures since 2015. However, the rise in coal prices in the first half of 2017 have mitigated the efficiency gains in the use of inputs, which resulted in the rise in the Cost of Goods Sold ("COGS").

Southern Shaanxi

The Group's operations and markets in Southern Shaanxi have remained stable and strong during the first half of 2017. The supply side has remained rational, as a result of little new capacity and effective closure of obsolete and small-scale clinker kiln and cement grinding capacity over recent years, as well as long transportation distances from other regions. The Group has effectively maintained strong market leadership in this area, promoting a disciplined supply side.

Demand in this region has remained reasonable during the first half of 2017, supported by continued growth in railway and road infrastructure project construction. The Xi'an to Chengdu High Speed Railway and the Baoji to Hanzhong Expressway have been, amongst others, particularly important demand drivers; and the construction of the Ankang to Yangpingguan Double Track Railway, the Shanyang to Zhashui Expressway, the Pingli to Zhenping Expressway and the Ankang to Langao Expressway and the Xixiang to Zhenba Expressway have also added to this demand scenario. Rural and urban development in Southern Shaanxi have continued to be supported by the Hanjiang to Weihe River Water Transport Project and the Southern Shaanxi Resettlement Project which have continued to be important for both cement demand and development in this region.

Whilst sales volumes of cement in Southern Shaanxi have increased by close to 3.9% to approximately 3.71 million tons in the first half of 2017 (2016: 3.57 million tons), the above supply and demand scenario has led to relatively strong pricing for the Group's products in this area. There has been some pressure on ASPs, especially in Hanzhong District, due to the low pricing in surrounding areas, but the good infrastructure project demand and insulation from outside competition have supported pricing in Ankang District in particular. During the first half of 2017, the Group has recorded cement ASPs in Southern Shaanxi of approximately RMB242 per ton (2016: RMB215 per ton) (excluding VAT), which is slightly higher than the Group's total ASPs of RMB240 per ton (2016: RMB193 per ton), with capacity utilization at approximately 79% (2016: 74%).

Central Shaanxi

The demand in Central Shaanxi market has remained low, especially from the Xi'an Metropolitan market. This low demand scenario has been exacerbated by the imbalances between supply and demand already existing in the area. Central Shaanxi is an area that has seen a significant build-out of new capacity since 2010 and, although all new capacity has been completed since early 2014 with no further additions planned for the foreseeable future, the effect of such new capacity is still being reflected through intense competition. Fortunately, through the continuation of occasional voluntary production halts during low season periods and improved market discipline with lower supply among all producers since the fourth quarter of 2016, ASPs in Central Shaanxi was significantly improved even under the abovementioned continuing low demand scenario in the first half of 2017.

During the first half of 2017, the Group has continued to maintain its market share in Eastern Xi'an, Yaowangshan, Fuping County and the rest of Weinan District where urbanisation remains a key demand driver. The Group has also supplied cement to a number of infrastructure projects, including the constructions of Line 5 and Line 6 of the Xi'an Metro, the Yinchuan to Xi'an High Speed Railway, the Nangoumen Reservoir and the expansion of Xi'an Train Station. The largest of these, the Inner Mongolia to Jiangxi Coal Transportation Railway (Shaanxi Section) has commenced construction in March 2016 and will consume over 800,000 tons of cement in 2017.

Sales volumes in Central Shaanxi have increased by close to 13.2% to approximately 3.44 million tons in the first half of 2017 (2016: 3.04 million tons) and have been accompanied by improved ASPs. Over the period as a whole, the Group has recorded cement ASPs in Central Shaanxi of RMB232 per ton (2016: RMB163 per ton) (excluding VAT), which is slightly lower than the Group's total ASPs of RMB240 per ton (2016: RMB193 per ton), with capacity utilization at approximately 52% (2016: 52%).

Xinjiang & Guizhou Provinces

Operations at the Group's plants in Xinjiang Province remained slow in the first half of 2017. Sales volume in Xinjiang have increased by close to 2.5% to approximately 0.82 million tons (2016: 0.80 million tons). During the first half of 2017, ASPs in Xinjiang have improved through the voluntary production halts by all producers during the low season periods and the improved market discipline as well as the elimination of the use of low grade (32.5) cement since May 2017, the Group has recorded cement ASPs at approximately RMB287 per ton (excluding VAT) (2016: RMB256 per ton), with capacity utilization at approximately 40% (2016: 39%).

In Guizhou Province, the Group's plant contributed approximately 0.57 million tons of cement as compared to the sales volume of 0.47 million tons in the first half of 2016. Whilst volumes at the Huaxi Plant have been good, due to its location being in close proximity to Guiyang City and the Guiyang — Anshun ("Gui-An") New Area, ASPs have improved after entering the market with improved market discipline since 2016. During the first half of 2017, the Group has recorded cement ASPs in Guizhou of approximately RMB212 per ton (2016: RMB163 per ton) (excluding VAT), with capacity utilization at approximately 65% (2016: 53%).

Energy Conservation, Emissions & Environmental Protection Solutions

The Group continues to work towards the best of industry standards in regards to energy conservation, emission controls and the further development of environmental protection solutions. All of the Group's production facilities employ New Suspension Preheater ("NSP") technology. The plants are situated in close proximity to their respective limestone quarries and, at many of the plants, limestone conveyor belt systems are used in order to minimize emissions from transportation. The Group has also been the first cement producer in Shaanxi Province to use desulfurized gypsum and construction waste as raw material inputs into some of its cement products, and regularly recycle fly ash from power plants as well as slag from iron & steel plants as inputs into some of its cement products.

The Group has residual heat recovery systems installed at most of its production facilities. As at 30 June 2017, these systems are operational at 13 out of 20 production lines. These systems reduce the Group's production lines' electricity consumption by approximately 30% and reduce carbon dioxide ("CO2") emissions by approximately 20,000 tons per million tons of cement production.

The Group has already completed the installation of de-nitration ("De-NOx") equipment at all of the Group's plants in Shaanxi, Xinjiang and Guizhou Provinces. This equipment reduces nitrous oxide ("NOx") emissions by approximately 60% per ton of clinker produced, bringing NOx emissions to within the new standards stipulated by the Cement Industrial Air Pollution Emissions Standards effective from July 2015. Modifications of production lines to meet particulate matter ("PM") emission standards have been completed, resulting in all of the Group's plants having been upgraded to meet new PM emission standards as well. Dust collection equipment have also been upgraded at the Group's plants in Shaanxi Province during the period, further increasing the control efficiency of the dust emissions of the plants.

Yaobai Environmental — Waste Treatment

In November 2015, the Company announced that its wholly-owned subsidiary, Yaobai Special Cement Group Co., Ltd. ("Yaobai Special Cement"), entered into an investment agreement ("Investment Agreement") with Wuhu Conch Investment Ltd. ("Wuhu Conch", a wholly-owned subsidiary of China Conch Venture Holdings Limited ("Conch Venture") which is listed on the main board of the Stock Exchange (stock code: 586)) and Red Day Limited ("Red Day", a company incorporated in the British Virgin Islands which is 100% owned by Mr. Ma Zhaoyang ("Mr. Ma"), a non-executive Director) pursuant to which Wuhu Conch and Red Day agreed to inject RMB90 million and RMB30 million, respectively, into Xi'an Yaobai Environmental Technology Engineering Co., Ltd. ("Yaobai Environmental"), the Group's waste treatment subsidiary at the relevant time.

Yaobai Environmental is now owned as to 60% by Wuhu Conch, 20% by Shaanxi Quanchuangke Industrial and Trading Co. Ltd., a PRC company wholly-owned by Mr. Ma, which is nominated by Red Day to take up all its rights and obligations under the Investment Agreement pursuant to the terms of the Investment Agreement, and 20% by Yaobai Special Cement. The parties have agreed to develop Yaobai Environmental into the only platform for the treatment of dangerous and hazardous waste for the parties within the PRC.

Yaobai Environmental's operations currently include: Phase I & Phase II of the Waste Sludge Treatment Facility at the Group's Lantian Plant ("Lantian Waste Sludge Treatment Facility"), which have been in full operations since 2015; the Municipal Waste Treatment Facility at the Group's Fuping Plant ("Fuping Waste Treatment Facility"), which has been operating since March 2016; and the Solid Waste Treatment Facility at the Group's Mianxian Plant ("Mianxian Waste Treatment Facility"), which is under construction and due to be completed within 2017. Moreover, Yaobai Environmental has also acquired Xianyang Conch Environmental Engineering Limited ("Xianyang Conch") during the period. Xianyang Conch has set up a solid waste treatment facilities on the back of the cement and clinker production lines under Qianxian Conch Cement Company Limited , with processing capacity of 63,600 tons of solid waste per annum. For 2017, Yaobai Environmental will continue to actively look for new opportunities in setting up cement kilns co-processing solid waste disposal projects in response to the development need of China's recycling economy and relevant specific policies for the industry, as well as taking into account specific conditions in the solid waste market of Shaanxi.

Safety and Social Responsibility

The Group's safety and environmental protection department continuously monitors and reviews safety procedures and continually review these procedures in accordance with evolving environmental and safety regulations in the PRC. In 2017, the Group has focused its EHS (Environmental, Health & Safety) efforts on completing the publication of several handbooks and guidelines regarding work safety measures as well as the initiation of a number of other safety related training courses. In addition, the Group will continue to implement a "Sustainable Safety Development Project", which involved continuous training for both management and on-site employees, on-site inspections and audits, stringent safety reports and on-going suggestions for safety improvements at all of the Group's plants.

In order to further improve its environmental impact and safety procedures, the Group joined the Cement Sustainability Initiative (CSI), a voluntary global organization of 25 major cement producers operating under the World Business Council for Sustainable Development (WBCSD). Each CSI member is required to demonstrate commitments and achievements, including regular audits, to the following broad areas: CO2 & climate protection, responsible use of fuels and raw materials, employee health & safety, emission reduction, local environmental impact, water and reporting practices.

During the period, charitable donations made by the Group amounted to RMB0.6 million, including donations made in sponsoring deprived students for college education, and supporting education, sports and cultural events.

Material Acquisitions and Disposal

The Group had no significant material acquisitions or disposals during the six months ended 30 June 2017.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 29.6% from RMB1,629.0 million for the first half of 2016 to RMB2,111.9 million for the first half of 2017. Cement sales volume increased by 2.6%, from approximately 8.32 million tons to approximately 8.54 million tons during the period. Including clinker sales, total sales volume for the first half of 2017 amounted to approximately 8.76 million tons, compared to the 8.39 million tons sold in the first half of 2016. The Group has seen a stable sales volume during the period.

Overall cement prices have been higher than those seen in the first half of 2016, and this has resulted in higher revenues. Cement ASPs for the first half of 2017 were RMB240 per ton as compared with RMB193 per ton in the first half of 2016. The reasons for these fluctuations in ASPs are discussed in the "Operating Environment" section above.

Cost of Sales

Cost of sales increased by 11.4% from RMB1,476.1 million for the first half of 2016 to RMB1,645.0 million for the first half of 2017.

Coal costs were increased as a result of the general rise in coal prices in the PRC over the previous 12 months. The average cost per ton of coal increased by approximately 79.2% to approximately RMB482 per ton from approximately RMB269 per ton in the first half of 2016. This has resulted in a cost increase of approximately RMB21.8 per ton of total cement and clinker produced, with total coal costs increasing by approximately 85.5% as compared with that of the first half of 2016.

There were savings in material costs of 9.5% during the period mainly as a result of the fall in the limestone price as compared with that of the first half of 2016. The average cost per ton of limestone decreased by approximately 12.7% to RMB14.5 per ton from RMB16.6 per ton in the first half of 2016.

There have been no significant changes in the costs of electricity, depreciation and staff during the period.

The cost savings from lower material prices have been fully offset by the higher coal costs, which resulted in the increased cost of sales during the period.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB314.0 million, or 205.4%, from RMB152.9 million for the first half of 2016 to RMB466.9 million for the first half of 2017. The rise in gross profit was mainly due to the increase in ASPs described above. Gross profit margins therefore increased from 9.4% for the first half of 2016 to 22.1% for the first half of 2017.

Administrative and Selling & Marketing Expenses

Administrative expenses primarily include staff costs, general administrative expenses, depreciation and amortization.

These expenses increased by 10.4% from RMB114.9 million for the first half of 2016 to RMB126.9 million for the first half of 2017. The increase in the administration expenses is mainly due to the increase in the recognition of share option expenses during the period. Selling & Marketing expenses rose by 0.9% from RMB23.4 million to RMB23.6 million as compared with the first half of 2016.

Other Expenses

The amount was a payment of RMB34.1 million to the PRC tax authority on behalf of a former shareholder ("Former Shareholder") of YaoWangShan Cement Co., Ltd. ("Yaowangshan"), who is an independent third party to the Group, in relation to the Former Shareholder's individual income tax accrued from his disposal of 100% equity interest in Yaowangshan to the immediate previous shareholder of Yaowangshan, before the 100% equity interest of Yaowangshan was disposed by the immediate previous shareholder to the Group in 2015 (the first half of 2016: Nil). The Board has resolved to take legal action to claim the Former Shareholder for the said amount paid to the PRC tax authority.

Other Income

Other income comprises VAT refunds, which is a form of government incentive for the recycling of industrial waste as a production input, and other government subsidies. Other income increased by approximately 95.2% from RMB49.6 million for the first half of 2016 to RMB96.8 million for the first half of 2017. The ratio of VAT rebates over revenue was 4.2% for the first half of 2017 (the first half of 2016: 2.6%). The increase in the VAT rebates was mainly due to the increases in ASPs, with higher ASPs resulting in higher output VAT which in turn results in higher net VAT and rebates as well as the increase in the ratio of cement produced by using recycled industrial waste. VAT rebates increased approximately 109.1% as compared with that of the first half of 2016.

Other Gains and Losses, net

Other gains increased by RMB98.8 million from losses of RMB59.7 million for the first half of 2016 to gains of RMB39.1 million for the first half of 2017. The increase was mainly due to the net effect of the increase of an unrealized foreign exchange gain of RMB60.6 million relating to the Group's Senior Notes, as a result of the appreciation of the RMB against the USD in the first half of 2017, as compared with a loss of RMB55.7 million for the first half of 2016 and the increase in the loss on disposal of property, plant and equipment ("PPE") of RMB14.1 million (the first half of 2016: Gain of RMB0.8 million) as more PPE became obsolete and were disposed under the technology improvement of PPE to meet the environmental policy requirement of the PRC government during the period.

Interest Income

Interest income decreased by RMB1.4 million from RMB8.5 million for the first half of 2016 to RMB7.1 million for the first half of 2017. The decrease is mainly due to the lack of the interest income from the short-term investments which matured in 2016.

Finance Costs

Finance costs decreased by RMB3.9 million, or 3.0%, from RMB130.8 million for the first half 2016 to RMB126.9 million for the first half of 2017. There is no interest capitalized as part of the costs of assets for the first half of 2017 as there was no construction of any new plants.

Income Tax Expense

Income tax expenses increased by RMB78.6 million, from RMB2.1 million for the first half of 2016 to RMB80.7 million for the first half of 2017. Current income tax expense increased by RMB44.9 million to RMB79.8 million, whereas deferred tax income decreased by RMB33.6 million to expense of RMB0.8 million for the first half of 2017.

The increase in the current income tax is primarily due to the significant increase in the Group's profit margins as a result of the increase in ASPs during the period.

The decrease in deferred tax income was mainly due to the decrease in the recognition of tax losses as deferred tax assets. During the period under review, no deferred tax assets relating to tax losses were recognized and credited to the profit and loss (the first half of 2016: RMB29.7 million).

The detailed income tax expenses for the Group are outlined in note 2 to the condensed consolidated financial statements above.

Profit/(loss) Attributable to the Owners of the Company

Profit attributable to the owners of the Company increased from a loss of RMB113.5 million for the first half of 2016 to a profit of RMB218.1 million for the first half of 2017. This increase is primarily due to the unrealized foreign exchange gain of RMB60.6 million relating to the Group's Senior Notes and the rise in gross profit due to the rise in ASPs as mentioned above.

Basic earnings per share increased from a loss per share of RMB2.1 cents for the first half of 2016 to earnings per share of RMB4.0 cents for the first half of 2017.

FINANCIAL AND LIQUIDITY POSITION

As at 30 June 2017, the Group's total assets decreased by 0.3% to RMB11,144.3 million (31 December 2016: RMB11,181.6 million) while total equity increased by 3.9% to RMB6,142.2 million (31 December 2016: RMB5,913.4 million).

As at 30 June 2017, the Group had cash and cash equivalents, as well as restricted bank deposits, amounting to RMB1,597.9 million (31 December 2016: RMB1,345.6 million). After deducting total borrowings, Senior Notes and short-term notes ("STN") of RMB3,863.0 million (31 December 2016: RMB4,013.0 million), the Group had net debt of RMB2,265.1 million (31 December 2016: RMB2,667.4 million). 100% (31 December 2016: 100%) of borrowings are at a fixed interest rate.

Please refer to notes 6, 7, 8 and 9 of the condensed consolidated financial statements above for the details of the borrowings, STN and the respective pledge of assets.

As at 30 June 2017, the Group's net gearing ratio, measured as net debt to equity, was 36.9% (31 December 2016: 45.1%).

Consistent with industry norms, the Group continuously monitors its gearing ratio and manages its capital to optimise the cost of capital and to safeguard the Group's ability to continue as a going concern. As at 30 June 2017, the Group had net current assets of RMB849.0 million (31 December 2016: RMB115.4 million), which is a considerable improvement of RMB733.6 million in the Group's liquidity position.

During the period, there was no material change in the Group's funding and treasury policy.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure, measured as the additions of property, plant and equipment, prepaid lease payments and mining rights, for the first half of 2017 amounted to RMB46.0 million (the first half of 2016: RMB82.4 million). Capital commitments as at 30 June 2017 amounted to RMB35.6 million (31 December 2016: RMB2.6 million). Both capital expenditure and capital commitments were mainly related to the upgrading of existing production facilities. The Group has funded these commitments from operating cash flow and available banking facilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2017, the Group employed a total of 4,354 (30 June 2016: 4,534) full time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2017, employees benefit expenses were RMB170.6 million (six months ended 30 June 2016: RMB156.5 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, bonuses and other allowances.

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2017, the Group's sales and purchases were all denominated in Renminbi. However, the proceeds raised through the Senior Notes issued by the Company in September 2014 were denominated in foreign currency. Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes on a domestic and/or international level, and the demand and supply of Renminbi. The appreciation or devaluation of Renminbi against foreign currencies may have an impact on the operating results of the Group. The Group currently does not maintain a foreign currency hedging policy. However, the management team of the Company will continue to monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

PROSPECTS

The improving operating environment in the first half of 2017 reflected that improved market discipline with lower supply among all producers is the solution to the problem of lacklustre demand in Shaanxi Province and in the PRC as a whole. However, the resolution of the fragmented nature of the supply side is still of primary importance in promoting a more stable market and improvement to production capacity for the region, which in turn will benefit the Group.

Whilst demand in Shaanxi remained low in the first half of 2017, with only a stable cement sales volume as compared with that of the first half of 2016, the Company is cautiously optimistic about the outlook of the demand from the infrastructure construction and urbanization for the region into the second half of 2017 and beyond.

The Group and Conch Cement will continue to explore future opportunities for business collaboration in different structures or manners

Conch International Holdings (HK) Limited, a wholly-owned subsidiary of Anhui Conch Cement Co., Ltd ("Conch Cement"), had 1,147,565,970 shares in the Company, representing approximately 21.17% of the Company's issued share capital as at 30 June 2017. Conch Cement is a leading PRC cement company, with its H-shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 914) and its A-shares listed on the Shanghai Stock Exchange (stock code: 600585).

Ms. Liu Yan and Mr. Qin Hongji are the representatives of Conch Cement on the board of directors of our Company who can promote a strong working relationship between the Group and Conch Cement. This will enable the Group and Conch Cement to achieve synergies in the manufacturing and sale of cement in Shaanxi Province, and can unify the operation and management of cement production capacity in the region thereby improving business efficiency and enhancing the effect of development strategies for both parties in the region.

The Group believes that further collaboration between the two groups will lead to a significantly more stable supply side and market outlook for the region, significantly improving the trading prospects for the Group into 2017 and beyond.

Operations — Shaanxi

Under the current macro economic conditions in the PRC and Shaanxi Province, the Group does not expect to see a significant pick up in demand in the second half of 2017. Infrastructure demand is expected to grow reasonably and there are a number of major new projects that have commenced or are due to commence in 2017, but significant growth is not expected. Both urban property demand and rural demand is expected to remain stable with continued urbanization trends supporting rural growth rates.

In regards to the supply side, the Group does see an increasing discipline amongst producers with stable prices into the second half of 2017, both as a result of the low pricing environment in the past periods and in light of the business collaboration between the Group and Conch Cement, which is expected to improve sales coordination across the province and stronger bargaining power on selling prices.

In Central Shaanxi, voluntary production halts by all producers with improved market discipline are expected to remain an important feature, especially during low season periods, and this can support ASPs. There are a number of infrastructure projects that have recently started or are expected to start construction in 2017, including the constructions of the Xi'an to Yan'an High Speed Railway, several Central Shaanxi Intercity Railways, the xi'an Xianyang International Airport (Phase 3) and the Yan'an airport, which will consume up to 2.9 million tons of cement. In addition, the constructions of Line 9 of Xi'an Metro, the Heyang to Tongchuan Expressway and the Xi'an to Xianyang South Ring Expressway and the reconstruction and extension of Pucheng-Laoyukou Expressway of the Beijing-Kunming line as well as the other urban regeneration projects are expected to boost demand in this area.

In Southern Shaanxi, the Group expects to maintain its relatively strong performance due to reasonable infrastructure construction activity, an already disciplined supply side and the potential for increasingly stable pricing in the surrounding areas of Central Shaanxi and Northern Sichuan. Construction of the large railway and road projects in Southern Shaanxi are expected to proceed normally in 2017. The Ankang to Yangpingguan Double Track Railway, the Shanyang to Zhashui Expressway, the Pingli to Zhenping Expressway and the Ankang to Langao Expressway have commenced construction and are expected to generate increasing demand in 2017. In addition, the Group expects to see good demand from a number of new railways, expressways and airport projects in 2017 and 2018, including the constructions of High Speed Railways from Xi'an to Wuhan, from Xi'an to Chongging, the Ankang Airport and the Shiquan to Ningshan Expressway as well as other projects related to the Hanjiang to Weihe River Water Transfer project.

Operations — Xinjiang & Guizhou

Operations in Xinjiang and Guizhou are likely to remain subdued in 2017. However, with the elimination of the use of low grade (32.5) cement since May 2017 in Xinjiang, which led to the closure of more small inefficiency capacity, the Group expects to see a more stable market of the cement industry with better market discipline and more ASP improvements in 2017 and beyond. In Southern Xinjiang, where the Group has two plants and a total of 2.6 million tons of capacity, there are a number of on-going small infrastructure projects, which are expected to contribute to demand in 2017. These include the Yutian Ji Yin Hydro Project, the Hotan Airport Extension, the Moyu to Hetian Section Expansion of the 3012 National Road and the Pishan Akeqiao Hydro Project. In Northern Xinjiang, the 1.5 million-ton Yili Plant commenced full operations in 2015 with volumes remained low but improved pricing in the first half of 2017. The Group expects to see more volume sold from the Yili Plant and an improvement in pricing after entering the market with better market discipline into 2017 and beyond. In Guizhou, the 1.8 million-ton Huaxi Plant, which is very well located close to Guiyang City Centre, also commenced operations in 2015. The Group expects this plant to benefit from its location advantage in 2017, with a continuation of strong volumes coupled with ASPs improvements after entering the market with better market discipline into 2017 and beyond.

Costs

The Group will continue to implement a number of cost-cutting measures, which are expected to benefit cost of sales and selling, general and administrative expenses in 2017. These measures include administrative and head office cost cuts, headcount reductions and staff incentives to promote efficient use of raw materials and resources. The Group has already seen a positive effect from these cost-cutting measures since 2015 and expects increased benefits into 2017.

Environment, Health & Safety

Plant upgrades to meet new NOx and PM emission standards as stipulated by the Cement Industrial Air Pollution Emissions Standards law have now been completed at all of the Group's plants and the Group will continue to further reduce emissions through incremental upgrades. The Group plans to further implement measures to strengthen environmental management and monitoring during the second half of the year and will continue to implement the "Sustainable Safety Development Project". The Group also expects to benefit from its membership of the Cement Sustainability Initiative (CSI) in gaining expertise and know how in all aspects of environmental control and health and safety.

The Group is looking forward to continuing its work in the building of waste treatment facilities at its plants together with Conch Venture and Mr. Ma through the joint investment in Yaobai Environmental. As part of the joint investment, the Group will provide its cement kilns, logistics and management for a management fee to run the waste treatment facilities at its Lantian and Fuping Plants as well as its other plants in the future. Phase I and Phase II of the Lantian Waste Treatment Facility are in full operation since 2015 while Fuping Waste Treatment Facility commenced full operation since March 2016. Moreover, Mianxian Waste Treatment Facility is under construction and due to be completed in 2017.

Capital Expenditure

Other than the capital expenditure spend for the maintenance and upgrading of existing production facilities, the Group has no particular plans for capacity expansion in 2017.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil).

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure the Group is led by an effective Board in order to optimize returns for the shareholders of the Company.

Code provision A.6.7 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "Corporate Governance Code") provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Qin Hongji, Mr. Ma Zhaoyang and Ms. Liu Yan, non-executive Directors, were unable to attend the Company's annual general meeting held on 12 May 2017 due to other business engagements.

Save as disclosed above, the Board is of the view that the Company has complied with all code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules and with written term of reference in compliance with the Code, the primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group and to provide advice and comments to the Board, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Wong Kun Kau and Mr. Tam King Ching Kenny. Mr. Lee Kong Wai Conway is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2017.

AUDITORS

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the auditors of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, all the Directors confirmed and declared that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2017.

SCOPE OF WORKS OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the six months ended 30 June 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's unaudited condensed consolidated financial statements for the period. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.westchinacement.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 14 August 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.