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WEST CHINA CEMENT LIMITED
中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)
(Stock Code: 2233)

**FIRST QUARTERLY RESULTS OF 2020 OF
YAObAI AND ITS SUBSIDIARIES**

Reference is made to the announcements of West China Cement Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 April 2019 and 8 May 2019 in relation to the issuance of the Medium-term Notes by Yaobai (collectively, the “**Announcements**”). This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 8 May 2019, Yaobai completed the issuance of the first tranche of the Medium-term Notes. The first tranche of the Medium-term Notes was issued in the principal amount of RMB500 million.

According to the relevant PRC regulations and the terms of the Medium-term Notes, Yaobai and its subsidiaries (“**Yaobai Group**”) is required to publish its quarterly results for the three months ended 31 March 2020 (the “**Quarterly Results**”) on the website of China Money and Shanghai Clearing during the three-year term of the Medium-term Notes.

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

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

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

1. Balance Sheet

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	As at 31 March 2020 Consolidated	As at 31 December 2019 Consolidated	As at 31 March 2020 Yaobai	As at 31 December 2019 Yaobai
Current Assets:				
Monetary capital	1,062,538,716.65	1,182,925,084.71	861,906,221.62	1,102,456,218.88
Tradable financial assets	190,366,274.23	190,366,274.23	190,366,274.23	190,366,274.23
Notes receivable	7,650,000.00	74,479,615.39	1,000,000.00	1,000,000.00
Accounts receivable	506,336,148.39	490,073,738.57	46,204.00	
Receivables financing	61,460,600.89	113,996,713.85	730,000.00	28,270,000.00
Advance payments	226,697,323.99	90,262,297.49	717,851.19	344,701.29
Other receivables	1,180,037,404.38	1,074,723,705.66	3,627,500,668.18	3,255,988,504.42
Inventories	725,235,590.92	630,567,309.08	467,453.51	461,053.12
Assets held for sale				
Non-current assets due within one year	282,394,650.00	247,500,000.00	–	–
Other current assets	166,476,912.45	120,465,087.46	–	–
Total current assets	4,409,193,621.90	4,215,359,826.44	4,682,734,672.73	4,578,886,751.94
Non-current assets:				
Long-term receivables	197,001,975.89	216,901,098.52	–	–
Long-term equity investments	83,156,845.80	79,934,752.80	5,035,519,232.72	4,985,582,139.72
Other equity instrument investment	36,750,920.77	36,750,920.77	–	–
Fixed assets	5,860,906,251.56	5,934,382,449.78	145,666,486.78	148,601,835.48
Construction in progress	1,002,674,848.52	1,017,866,305.28	–	–
Productive biological assets				
Oil and gas assets				
Intangible assets	760,680,565.96	798,547,201.68	18,865,303.85	19,062,685.07
Goodwill	183,263,878.86	183,263,878.86	–	–
Long-term deferred expenses	24,469,882.76	28,432,684.02	–	–
Deferred income tax assets	23,365,694.36	23,365,694.36	1,526,538.23	1,526,538.23
Other non-current assets	806,604,168.65	632,822,870.50	–	–
Total non-current assets	8,978,875,033.13	8,952,267,856.57	5,201,577,561.58	5,154,773,198.50
Total assets	13,388,068,655.03	13,167,627,683.01	9,884,312,234.31	9,733,659,950.44

Items	As at 31 March 2020 Consolidated	As at 31 December 2019 Consolidated	As at 31 March 2020 Yaobai	As at 31 December 2019 Yaobai
Current liabilities:				
Short-term borrowings	876,000,000.00	876,000,000.00	690,000,000.00	690,000,000.00
Tradable financial liabilities				
Derivative financial liabilities				
Notes payable	645,017,973.50	496,217,973.50	403,500,000.00	251,500,000.00
Accounts payable	886,103,208.17	1,029,406,813.95	119,943.60	1,646,175.74
Receipts in advance	288,504,759.52	209,322,510.12	–	–
Employee benefits payable	71,364,690.62	72,196,854.55	6,862,021.11	6,848,859.32
Taxes payable	69,397,243.30	111,042,371.98	1,179,935.63	1,853,929.54
Other payables	923,626,918.42	903,204,233.81	641,635,066.08	642,908,143.18
Non-current liabilities due within one year	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Other current liabilities	5,232,379.04	–	–	–
Total current liabilities	3,775,247,172.57	3,707,390,757.91	1,753,296,966.42	1,604,757,107.78
Non-current liabilities:				
Long-term borrowings	1,358,592,900.37	1,358,592,900.37	1,358,592,900.37	1,358,592,900.37
Debentures payable	531,034,120.14	521,097,663.81	531,034,120.14	521,097,663.81
Long-term payables	54,508,347.41	60,627,498.48	–	–
Estimated liabilities	37,862,820.10	38,518,674.39	–	–
Deferred income	25,685,833.62	27,574,467.69	3,674,928.37	4,174,928.38
Deferred income tax liabilities	3,207,589.81	3,207,589.81	–	–
Total non-current liabilities	2,010,891,611.45	2,009,618,794.55	1,893,301,948.88	1,883,865,492.56
Total liabilities	5,786,138,784.02	5,717,009,552.46	3,646,598,915.30	3,488,622,600.34
Owners' equity (or shareholders' equity):				
Paid-in capital (or Share capital)	1,890,000,000.00	1,890,000,000.00	1,890,000,000.00	1,890,000,000.00
Capital reserve	53,487,937.18	53,487,937.18	12,715,940.06	12,715,940.06
Other comprehensive income	11,765,527.68	11,765,527.68	–	–
Special reserve	31,225,155.18	25,169,466.90	–	–
Surplus reserve	519,984,960.33	519,984,960.33	519,984,960.33	519,984,960.33
Undistributed profit	4,735,237,579.31	4,600,463,380.60	3,815,012,418.62	3,822,336,449.71
Total equity attributable to owners of the parent (or shareholders)	7,241,701,159.68	7,100,871,272.69	6,237,713,319.01	6,245,037,350.10
Minority interests	360,228,711.33	349,746,857.86	–	–
Total owners' equity (or shareholders' equity)	7,601,929,871.01	7,450,618,130.55	6,237,713,319.01	6,245,037,350.10
Total liabilities and owners' equity (or shareholders' equity)	13,388,068,655.03	13,167,627,683.01	9,884,312,234.31	9,733,659,950.44

2. Income Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	2020 Q1 Consolidated	2019 Q1 Consolidated	2020 Q1 Yaobai	2019 Q1 Yaobai
I. Total operating revenue	752,005,385.29	1,068,090,821.11	2,889,313.49	8,515,367.65
Including: Operating revenue	752,005,385.29	1,068,090,821.11	2,889,313.49	8,515,367.65
II. Total operating costs	596,491,978.55	862,480,512.46	14,005,794.36	23,156,880.34
Including: Operating costs	475,731,898.48	719,979,255.76	-	-
Taxes and surcharges	10,992,506.75	13,786,348.88	392,168.05	380,178.33
Selling expenses	7,579,972.79	10,636,500.28	2,000,684.89	3,760,730.15
Administrative expenses	71,414,592.57	89,671,119.24	12,955,242.81	20,205,936.07
Research and development expenses	1,362,004.43			
Financial expenses	29,411,003.53	28,407,288.30	-1,342,301.39	-1,189,964.21
Including: Interest expenses	30,556,668.87	29,508,614.54		
Interest income	-1,565,773.20	-1,340,892.00	-1,383,540.81	-1,196,919.98
Add: Other income	31,773,711.45	40,687,995.40	553,076.78	500,000.01
Investment income (loss is represented by “-”)	3,222,093.00	3,571,834.20	3,222,093.00	3,571,834.20
Asset impairment losses (loss is represented by “-”)	141,334.62	301,424.27	-	-
Asset disposal income (loss is represented by “-”)	-1,359,292.34	-707,627.60	-	-
III. Operating profit (loss is represented by “-”)	189,291,253.47	249,463,934.92	-7,341,311.09	-10,569,678.48
Add: Non-operating income	4,730,588.97	1,395,890.88	17,280.00	-
Less: Non-operating expenses	19,742,888.57	492,951.22	-	-
IV. Total profit (total loss is represented by “-”)	174,278,953.87	250,366,874.58	-7,324,031.09	-10,569,678.48
Less: Income tax expenses	29,657,399.81	61,517,129.87	-	-

Items	2020 Q1 Consolidated	2019 Q1 Consolidated	2020 Q1 Yaobai	2019 Q1 Yaobai
V. Net profit (net loss is represented by “-”)	144,621,554.06	188,849,744.71	-7,324,031.09	-10,569,678.48
(I) By continuity of operations				
1. Net profit from continuing operations (net loss is represented by “-”)	144,621,554.06	188,849,744.71	-7,324,031.09	-10,569,678.48
2. Net profit from discontinued operations (net loss is represented by “-”)				
(II) By ownership				
1. Net profit attributable to shareholders of the parent (net loss is represented by “-”)	134,710,983.48	185,118,246.77	-7,324,031.09	-10,569,678.48
2. Minority interests (net loss is represented by “-”)	9,910,570.58	3,731,497.94	-	-
VI. Net other comprehensive income after tax	-	-	-	-
VII. Total comprehensive income	144,621,554.06	188,849,744.71	-7,324,031.09	-10,569,678.48
(I) Total comprehensive income attributable to owners of the parent	134,710,983.48	185,118,246.77	-	-
(II) Total comprehensive income attributable to minority shareholders	9,910,570.58	3,731,497.94	-	-
VIII. Earnings per share				
(I) Basic earnings per share	-	-	-	-
(II) Diluted earnings per share	-	-	-	-

3. Cash Flow Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	2020 Q1 Consolidated	2019 Q1 Consolidated	2020 Q1 Yaobai	2019 Q1 Yaobai
I. Cash flow generated from operating activities:				
Cash received from sales of goods or rendering of services	881,455,327.67	953,338,252.70	91,776,620.99	104,522,029.17
Tax refund received	20,745,430.94	44,811,074.50	-	-
Cash received relating to other operating activities	35,571,373.34	70,595,379.51	39,232,485.94	18,809,774.18
Sub-total of cash inflow from operating activities	<u>937,772,131.95</u>	<u>1,068,744,706.71</u>	<u>131,009,106.93</u>	<u>123,331,803.35</u>
Cash paid for goods and service	381,513,594.68	334,515,422.85	35,600,000.00	-
Cash paid to and for employees	111,180,684.45	151,355,030.98	7,303,494.55	15,270,446.11
Payments of taxes and surcharges	103,488,288.33	201,682,799.49	1,460,631.22	7,363,915.17
Cash payments relating to other operating activities	136,700,242.83	308,013,649.52	82,724,905.85	8,512,381.10
Sub-total of cash outflows from operating activities	<u>732,882,810.29</u>	<u>995,566,902.84</u>	<u>127,089,031.62</u>	<u>31,146,742.38</u>
Net cash flow from operating activities	<u>204,889,321.66</u>	<u>73,177,803.87</u>	<u>3,920,075.31</u>	<u>92,185,060.97</u>
II. Cash flow generated from investing activities:				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	350,000.00	156,500.00	-	-
Cash received relating to other investing activities	-	20,050,000.00	-	-
Sub-total of cash inflows from investing activities	<u>350,000.00</u>	<u>20,206,500.00</u>	<u>-</u>	<u>-</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	313,095,663.65	116,051,220.88	187,952,929.82	1,170,027.34
Cash paid for investments	-	-	46,715,000.00	66,840,000.00
Cash paid relating to other investing activities	-	776,257.31	-	-
Sub-total of cash outflows from investing activities	<u>313,095,663.65</u>	<u>116,827,478.19</u>	<u>234,667,929.82</u>	<u>68,010,027.34</u>
Net cash flow from investing activities	<u>-312,745,663.65</u>	<u>-96,620,978.19</u>	<u>-234,667,929.82</u>	<u>-68,010,027.34</u>

Items	2020 Q1 Consolidated	2019 Q1 Consolidated	2020 Q1 Yaobai	2019 Q1 Yaobai
III. Cash flow generated from financing activities:				
Cash received from borrowings	100,000,000.00	101,847,500.00	100,000,000.00	100,000,000.00
Cash received relating to other financing activities	–	2,956,000.00	–	–
Sub-total of cash inflows from financing activities	<u>100,000,000.00</u>	<u>104,803,500.00</u>	<u>100,000,000.00</u>	<u>100,000,000.00</u>
Cash repayments of debt	100,000,000.00	161,671,425.00	100,000,000.00	160,000,000.00
Cash payments for distribution of dividends, profits and interest	12,280,827.75	99,779,164.86	9,802,142.75	99,035,306.86
Cash payments relating to other financing activities	–	500,000.00	–	–
Sub-total of cash outflows from financing activities	<u>112,280,827.75</u>	<u>261,950,589.86</u>	<u>109,802,142.75</u>	<u>259,035,306.86</u>
Net cash flow from financing activities	<u>-12,280,827.75</u>	<u>-157,147,089.86</u>	<u>-9,802,142.75</u>	<u>-159,035,306.86</u>
IV. Effect of change of foreign currency rates on cash and cash equivalents	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
V. Net increase in cash and cash equivalents	-120,137,169.74	-180,590,264.18	-240,549,997.26	-134,860,273.23
Add: Opening balance of cash and cash equivalents	<u>1,182,925,084.71</u>	<u>1,014,934,242.16</u>	<u>1,102,456,218.88</u>	<u>867,524,565.09</u>
VI. Closing balance of cash and cash equivalents	<u><u>1,062,787,914.97</u></u>	<u><u>834,343,977.98</u></u>	<u><u>861,906,221.62</u></u>	<u><u>732,664,291.86</u></u>

The information contained in this announcement is prepared based solely on a preliminary assessment by the management of the Company with reference to the information currently available, which have not been reviewed or audited by the Company's auditors. The Quarterly Results in this announcement, which are unaudited, have been prepared in accordance with PRC GAAP. Accordingly, the information contained in this announcement and in the Quarterly Results may differ from those in the unaudited or audited consolidated financial statements to be published by the Company for the six months ending 30 June 2020 and for the year ending 31 December 2020, respectively. Further, the financial information in this announcement is provided for reference only and Shareholders and potential investors of the Company are advised to exercise caution and not to place undue reliance on such information when dealing in the shares of the Company. When in doubt, the shareholders and potential investors of the Company are advised to consult their own professional or financial advisers.

DEFINITIONS

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

“IFRS”	International Financial Reporting Standards, a collective term which includes standards and interpretations approved by the International Accounting Standards Board (IASB), and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee (IASC)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
“PRC GAAP”	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and other relevant accounting principles and financial regulations as promulgated in the PRC
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Syndicated Loan”	the loan with a syndicate of financial institutions of US\$150 million for a period of 3 years entered into by the Company on 5 September 2019

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

Hong Kong, 28 April 2020

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. Fan Changhong and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Zhu Dong and Mr. Tam King Ching, Kenny.