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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)

FIRST QUARTERLY RESULTS OF 2023 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, 8 May 2019, 31 August 2020 and 4 September 2020 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, which has been redeemed in full upon maturity in May 2022.

On 4 September 2020, Yaobai completed the issuance of the second tranche of the Medium-term Notes. The second tranche of the Medium-term Notes was issued in the principal amount of RMB700 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 2023 (the “**Quarterly Results**”) on the websites 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) the interests payable under the Senior Notes is only accounted for under the Company’s accounts, and there is no foreign exchange translation differences of the Senior Notes in the Yaobai Group Results; and
- (iii) none of the results 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 2023 Consolidated	As at 31 December 2022 Consolidated	As at 31 March 2023 Yaobai	As at 31 December 2022 Yaobai
Current Assets:				
Monetary capital	958,077,531.70	1,026,042,283.70	657,895,550.66	814,589,683.72
Tradable financial assets	-	-	-	-
Notes receivable	322,310,107.26	440,400,282.67	-	22,082,067.11
Accounts receivable	1,139,319,078.84	1,003,635,164.13	102,400.80	-
Receivables financing	39,129,240.82	37,913,447.76	-	-
Advance payments	102,802,448.69	155,386,645.76	1,045,214.40	2,184,084.06
Other receivables	335,589,318.82	1,159,768,032.27	3,671,088,848.73	4,046,968,332.70
Inventories	1,567,319,439.88	1,034,234,358.77	1,235,460.59	1,143,076.58
Non-current assets due within one year	-	-	-	-
Other current assets	310,756,278.66	194,700,663.91	-	505,834.72
Total current assets	<u>4,775,303,444.67</u>	<u>5,052,080,878.97</u>	<u>4,331,367,475.18</u>	<u>4,887,473,078.89</u>
Non-current assets:				
Long-term receivables	337,792,603.24	126,204,400.00	-	-
Long-term equity investments	337,792,603.24	3,324,169.37	6,104,827,844.54	5,919,261,151.38
Other equity instrument investment	66,671,995.24	65,608,097.42	-	-
Fixed assets	8,927,285,666.54	9,104,223,975.21	115,351,588.16	117,891,125.48
Construction in progress	658,349,070.26	571,704,187.39	44,109,003.73	34,231,774.54
Intangible assets	1,324,687,608.61	1,351,424,696.28	18,259,689.25	18,505,807.75
Goodwill	382,725,669.53	382,725,669.53	-	-
Long-term deferred expenses	382,725,669.53	382,725,669.53	-	-
Deferred income tax assets	70,944,382.65	70,944,382.65	2,624,554.87	2,624,554.87
Other non-current assets	165,739,518.19	205,281,081.47	-	-
Right-of-use assets	38,652,634.51	39,088,414.33	-	-
Total non-current assets	<u>11,972,849,148.77</u>	<u>11,920,529,073.65</u>	<u>6,285,172,680.55</u>	<u>6,092,514,414.02</u>
Total assets	<u>16,748,152,593.44</u>	<u>16,972,609,952.62</u>	<u>10,616,540,155.73</u>	<u>10,979,987,492.91</u>

Items	As at 31 March 2023 Consolidated	As at 31 December 2022 Consolidated	As at 31 March 2023 Yaobai	As at 31 December 2022 Yaobai
Current liabilities:				
Short-term borrowings	1,789,044,011.67	1,546,816,684.44	1,603,007,845.00	1,372,719,365.00
Tradable financial liabilities	–	–	–	–
Derivative financial liabilities	–	–	–	–
Notes payable	962,100,000.00	1,271,300,000.00	740,000,000.00	1,080,000,000.00
Accounts payable	1,503,389,477.59	1,654,528,333.95	8,014,205.81	5,226,029.91
Receipts in advance	–	–	–	–
Contract liabilities	320,241,105.03	228,101,125.84	–	–
Employee benefits payable	59,159,983.63	66,668,696.96	6,764,111.79	5,722,696.08
Taxes payable	175,512,107.30	204,860,560.88	173,721.97	772,528.89
Other payables	2,243,583,211.69	2,003,303,793.19	1,484,762,753.87	1,314,935,737.83
Non-current liabilities due within one year	860,860,868.89	830,571,307.13	727,203,351.96	714,431,022.78
Other current liabilities	237,042,878.37	243,868,004.46	–	22,082,067.11
Total current liabilities	8,150,933,644.17	8,050,018,506.85	4,569,925,990.40	4,515,889,447.60
Non-current liabilities:				
Long-term borrowings	1,242,997,201.68	1,316,343,135.69	194,411,158.27	299,411,158.27
Debentures payable	–	–	–	–
Lease liabilities	11,897,199.07	11,897,199.07	–	–
Long-term payables	57,632,949.68	58,296,177.39	–	–
Estimated liabilities	258,134,611.69	245,150,689.48	29,778,510.00	29,778,510.00
Deferred income	40,284,233.12	41,461,891.99	676,659.51	676,659.51
Deferred income tax liabilities	60,254,137.85	61,358,645.03	–	–
Total non-current liabilities	1,671,200,333.09	1,734,507,738.65	224,866,327.78	329,866,327.78
Total liabilities	9,822,133,977.26	9,784,526,245.50	4,794,792,318.18	4,845,755,775.38
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	40,668,450.72	40,668,450.72	12,715,940.06	12,715,940.06
Other comprehensive income	24,953,774.64	24,025,694.17	–	–
Special reserve	125,528,337.97	111,550,978.24	–	–
Surplus reserve	889,546,397.35	889,546,397.35	889,546,397.35	889,546,397.35
Undistributed profit	3,652,564,188.31	3,925,963,372.75	3,029,485,500.14	3,341,969,380.12
Total equity attributable to owners of the parent (or shareholders)	6,623,261,148.99	6,881,754,893.23	–	–
Minority interests	302,757,467.19	306,328,813.89	–	–
Total owners' equity (or shareholders' equity)	6,926,018,616.18	7,188,083,707.12	5,821,747,837.55	6,134,231,717.53
Total liabilities and owners' equity (or shareholders' equity)	16,748,152,593.44	16,972,609,952.62	10,616,540,155.73	10,979,987,492.91

2. Income Statement

Prepared by: Yaobai Special Cement Group Co., Ltd

Unit: RMB

Items	2023 Q1 Consolidated	2022 Q1 Consolidated	2023 Q1 Yaobai	2022 Q1 Yaobai
I. Total operating revenue	1,318,147,260.66	1,345,400,284.06	13,403,650.86	17,455,226.26
Including: Operating revenue	1,318,147,260.66	1,345,400,284.06	13,403,650.86	17,455,226.26
II. Total operating costs	1,274,944,861.87	1,159,004,148.61	24,993,829.59	20,099,476.92
Including: Operating costs	1,074,852,490.56	968,744,974.43	–	–
Taxes and surcharges	24,950,338.22	21,626,291.45	657,617.68	481,821.92
Selling expenses	21,624,907.99	15,677,736.72	4,138,619.93	3,006,379.46
Administrative expenses	94,023,161.97	86,004,881.38	18,737,061.08	14,217,181.11
Research and development expenses	24,272,597.55	1,657,775.86	–	–
Financial expenses	35,221,365.58	65,292,488.77	1,460,530.90	2,394,094.43
Including: Interest expenses	35,215,694.02	66,028,110.97	1,473,247.43	3,170,828.07
Interest income	-1,230,610.77	-1,575,802.81	-1,017,008.21	-1,297,858.25
Add: Other income	15,877,783.73	26,009,505.26	63,999.70	98,113.78
Investment income (loss is represented by “-”)	-3,646,199.98	-1,728,826.74	-3,646,199.98	-2,255,932.02
Gain on fair value changes (loss is represented by “-”)	–	1,604,366.62	–	1,604,366.62
Credit impairment loss (loss is represented by “-”)	-981,719.72	-492,150.70	–	–
Asset disposal income (loss is represented by “-”)	3,149,538.96	474,531.24	2,892,442.59	–
III. Operating profit (loss is represented by “-”)	57,601,801.78	212,263,561.13	-12,279,936.42	-3,197,702.28
Add: Non-operating income	530,471.06	1,193,560.07	–	–
Less: Non-operating expenses	2,079,505.44	3,500,335.86	203,943.56	1,548.00
IV. Total profit (total loss is represented by “-”)	56,052,767.40	209,956,785.34	-12,483,879.98	-3,199,250.28
Less: Income tax expenses	15,320,708.75	35,161,105.59	–	3,000.00

Items	2023 Q1 Consolidated	2022 Q1 Consolidated	2023 Q1 Yaobai	2022 Q1 Yaobai
V. Net profit (net loss is represented by “-”)	40,732,058.65	174,795,679.75	-12,483,879.98	-3,202,250.28
(I) By continuity of operations				
1. Net profit from continuing operations (net loss is represented by “-”)	40,732,058.65	174,795,679.75	-12,483,879.98	-3,202,250.28
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 “-”)	36,763,769.22	164,100,551.68	-	-
2. Minority interests (net loss is represented by “-”)	3,968,289.43	10,695,128.07	-	-
VI. Net other comprehensive income after tax	-	-	-	-
VII. Total comprehensive income	40,732,058.65	174,795,679.75	-12,483,879.98	-3,202,250.28
(I) Total comprehensive income attributable to owners of the parent	36,763,769.22	164,100,551.68	-	-
(II) Total comprehensive income attributable to minority shareholders	3,968,289.43	10,695,128.07	-	-
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	2023 Q1 Consolidated	2022 Q1 Consolidated	2023 Q1 Yaobai	2022 Q1 Yaobai
I. Cash flow generated from operating activities:				
Cash received from sales of goods or rendering of services	1,131,268,781.16	1,156,197,220.17	13,442,063.02	15,547,804.00
Tax refund received	15,857,468.84	28,052,281.61	-	-
Cash received relating to other operating activities	98,552,327.92	37,770,532.89	452,019,438.65	402,785,816.49
Sub-total of cash inflow from operating activities	<u>1,245,678,577.92</u>	<u>1,222,020,034.67</u>	<u>465,461,501.67</u>	<u>418,333,620.49</u>
Cash paid for goods and service	483,688,657.47	438,826,862.38	-	-
Cash paid to and for employees	151,370,499.16	133,723,207.70	13,008,056.87	12,954,760.75
Payments of taxes	118,845,192.61	113,281,330.42	4,968,894.50	1,566,004.21
Cash payments relating to other operating activities	170,869,408.63	195,529,953.95	51,243,721.38	27,097,849.64
Sub-total of cash outflows from operating activities	<u>924,773,757.87</u>	<u>881,361,354.45</u>	<u>69,220,672.75</u>	<u>41,618,614.60</u>
Net cash flow from operating activities	<u><u>320,904,820.05</u></u>	<u><u>340,658,680.22</u></u>	<u><u>396,240,828.92</u></u>	<u><u>376,715,005.89</u></u>
II. Cash flow generated from investing activities:				
Cash received from disposal of investments	-	-	-	-
Cash received from returns on investments	-	-	-	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	730,280.00	32,753,006.25	-	-
Cash received relating to other investing activities	-	-	-	-
Sub-total of cash inflows from investing activities	<u>730,280.00</u>	<u>32,753,006.25</u>	<u>-</u>	<u>-</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	41,153,455.90	71,006,174.69	3,420,903.67	2,249,427.46
Cash paid for investments	3,200,000.00	26,000,000.00	178,990,000.00	18,240,000.00
Cash paid relating to other investing activities	12,000,000.00	-	-	-
Sub-total of cash outflows from investing activities	<u>56,353,455.90</u>	<u>97,006,174.69</u>	<u>182,410,903.67</u>	<u>20,489,427.46</u>
Net cash flow from investing activities	<u><u>-55,623,175.90</u></u>	<u><u>-64,253,168.44</u></u>	<u><u>-182,410,903.67</u></u>	<u><u>-20,489,427.46</u></u>

Items	2023 Q1 Consolidated	2022 Q1 Consolidated	2023 Q1 Yaobai	2022 Q1 Yaobai
III. Cash flow generated from financing activities:				
Cash received from borrowings	630,902,479.69	598,085,427.93	520,388,480.00	520,085,427.93
Cash received relating to other financing activities	—	—	—	—
Sub-total of cash inflows from financing activities	<u>630,902,479.69</u>	<u>598,085,427.93</u>	<u>520,388,480.00</u>	<u>520,085,427.93</u>
Cash repayments of debt	786,480,000.00	773,500,000.00	735,100,000.00	730,000,000.00
Cash payments for distribution of dividends, profits and interest	177,844,453.52	37,210,309.75	155,812,538.31	15,675,726.71
Cash payments relating to other financing activities	10,000,000.00	—	—	—
Sub-total of cash outflows from financing activities	<u>974,324,453.52</u>	<u>810,710,309.75</u>	<u>890,912,538.31</u>	<u>745,675,726.71</u>
Net cash flow from financing activities	<u>-343,421,973.83</u>	<u>-212,624,881.82</u>	<u>-370,524,058.31</u>	<u>-225,590,298.78</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	-78,140,329.68	63,780,629.96	-156,694,133.06	130,635,279.65
Add: Opening balance of cash and cash equivalents	1,036,217,861.38	1,527,798,181.40	814,589,683.72	1,197,031,377.57
VI. Closing balance of cash and cash equivalents	<u>958,077,531.70</u>	<u>1,591,578,811.36</u>	<u>657,895,550.66</u>	<u>1,327,666,657.22</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 2023 and for the year ending 31 December 2023, 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
“Senior Notes”	the 4.95% senior notes due 2026 in the aggregate principal amount of US\$600 million issued by the Company on 9 July 2021

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

Hong Kong, 27 April 2023

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Cao Jianshun, Mr. Wang Fayin and Mr. Chu Yufeng, the non-executive Directors are Mr. Ma Zhaoyang, Mr. Wang Jingqian and Mr. Fan Changhong, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Zhu Dong, Mr. Tam King Ching, Kenny and Mr. Feng Tao.