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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)**

**West China Cement Limited**

**US\$400 MILLION 6.50% SENIOR NOTES DUE 2019**

**(Stock Code: 5800)**

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Financial Advisor to the Company**

# **NOMURA**

**Nomura International (Hong Kong) Limited**

#### **SUMMARY**

The Board is pleased to announce that on 18 June 2015, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 903,467,970 Subscription Shares at the Subscription Price of HK\$1.69 per Share pursuant to the terms and conditions of the Subscription Agreement.

The Subscription Shares represent (i) 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the Subscription Shares.

The Subscription is conditional upon, among other things, the Stock Exchange granting a listing of and permission to deal in the Subscription Shares on the Stock Exchange.

The gross proceeds from the Subscription will be HK\$1,526,860,869.30. The net proceeds, after deducting all the relevant costs and expenses, will be approximately HK\$1,511,180,869.30, representing a net subscription price of approximately HK\$1.673 per Share. The Company intends to use the net proceeds from the Subscription for general working capital and for future potential acquisitions and/or other investment opportunities.

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM. Accordingly, the allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

**Completion of the Subscription is subject to fulfillment of certain conditions and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and the senior notes of the Company (stock code: 5800) on the Stock Exchange was halted with effect from 2:47 p.m. on 17 June 2015 pending the publication of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares and the senior notes of the Company on the Stock Exchange with effect from 9:00 a.m. on 19 June 2015.

## **I. THE SUBSCRIPTION AGREEMENT**

### **Date**

18 June 2015

### **Parties**

- (i) the Company; and
- (ii) Conch International Holdings (HK) Limited, the Subscriber.

### **Subscriber**

Subject to the conditions set out in the paragraph headed "Conditions of the Subscription" below being fulfilled in accordance with the terms of the Subscription Agreement, the Subscription Shares will be allotted and issued to the Subscriber.

The Subscriber is a wholly-owned subsidiary of Conch Cement. Conch Cement is a leading PRC cement manufacturer and seller based in Anhui Province. Its H-shares are listed on the Main Board of the Stock Exchange (stock code: 914) and its A-shares are listed on the Shanghai Stock Exchange (stock code: 600585).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **Number of Subscription Shares**

The Subscription Shares represent (i) 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription Shares.

The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$1,526,860,869.30.

## **Subscription Price**

The Subscription Price of HK\$1.69 per Subscription Share represents:

- (i) a discount of approximately 0.59% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on 17 June 2015, being the last trading day immediately prior to the date of the Subscription Agreement; and
- (ii) a premium of approximately 13.58% over the average closing price of the Shares of approximately HK\$1.49 per Share as quoted on the Stock Exchange from 11 June 2015 to 17 June 2015, both dates inclusive, being the last five trading days immediately prior to the date of this announcement.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscriber and was determined with reference to, among other things, current market valuations for cement plant assets in the PRC, as well as the prevailing market price of the Shares (after taking into account the Final Dividend).

## **Rights and Ranking of the Subscription Shares**

The Subscription Shares, when issued and credited as fully paid, will rank *pari passu* in all respects with all other Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Lock-up Undertakings**

Pursuant to the Subscription Agreement, the Subscriber agrees that for a period of six (6) months after the Closing Date (as defined below), it will not (unless with the prior written consent of the Company or for the purpose of charging or pledging in favour of banks or licensed financial institutions for a bona fide commercial loan), directly or indirectly, (i) sell, transfer, charge encumber, create or grant any option over or otherwise dispose of any Subscription Shares; or (ii) enter into any swap, derivative or other arrangement that passes or transfers to another, in whole or in part, any of the economic interests in or beneficial ownership of any Subscription Shares.

Pursuant to the Subscription Agreement, the Company undertakes to the Subscriber that for a period of six (6) months after the Closing Date (as defined below), it will not, without the prior written consent of the Subscriber:

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for Shares or interest in Shares; or
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above,

except for the Subscription Shares and save pursuant to exercise of the subscription rights attached to the share options granted by the Company pursuant to its share option schemes.

Under the Subscription Agreement, the Company further undertakes to the Subscriber to procure its (i) controlling shareholders and (ii) Directors and (iii) senior management (as so named in the Company's 2014 annual report), for a period of six (6) months after the Closing Date (as defined below), except by way of sale of Shares on the Stock Exchange without the seller's knowledge of the identity of the purchaser (and the seller acting in good faith), not to dispose of any Shares to companies whose principal businesses include the manufacture or distribution of cement (other than Conch Cement or its subsidiaries), nor to enter into any agreement (whether conditionally or unconditionally) or effect any such transaction with the same economic effect.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (i) there not having occurred any material breach of any representation, warranty or undertaking given by the Company pursuant to, or other provisions of, the Subscription Agreement on and as of the Closing Date (as defined below); and
- (ii) the Listing Committee of the Stock Exchange granting a listing of and permission to deal in the Subscription Shares on the Stock Exchange (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

The Company shall use all reasonable efforts to procure the above conditions to be fulfilled at or before 8:00 a.m. (Hong Kong time) on 30 June 2015. If the above conditions are not satisfied at or before 8:00 a.m. (Hong Kong time) on 30 July 2015 or such later time and/or date as the Company and the Subscriber may agree, or if completion of the Subscription does not take place on or before the thirtieth (30th) Business Day after the date of the Subscription Agreement or such later date as may be agreed between the Company and the Subscriber, the obligations and liabilities of the Subscriber and the Company under the Subscription Agreement shall be null and void and none of the Company or the Subscriber shall have any claim against the other party for costs, damages, compensation or otherwise, except for any antecedent breach of any obligation under the Subscription Agreement.

## **Completion**

Completion of the Subscription shall take place on the date which is the first Business Day immediately after the satisfaction of the conditions set out in the paragraph headed “Conditions of the Subscription” in this announcement or such later date as the Company and the Subscriber may agree (the “**Closing Date**”).

## **Termination**

The Subscriber shall be entitled to elect to either proceed to completion of the Subscription Agreement or terminate the Subscription Agreement at any time prior to 8:30 a.m. (Hong Kong time) on the Closing Date if there develops, occurs or comes into force:

- (i) any material adverse change to the Group taken as a whole;
- (ii) any new law or regulation in existing laws or regulations in any relevant jurisdiction which prohibits the completion of the transactions contemplated by the Subscription Agreement;
- (iii) any material breach of any of the Company’s representations, warranties and undertakings given by the Company under the Subscription Agreement, or any event occurs which would constitute a material breach of any of such representations, warranties and undertakings as if the Company’s representations, warranties and undertakings were repeated on the Closing Date by reference to the facts and circumstances then existing; or
- (iv) any material breach by the Company of any provision of the Subscription Agreement.

In the event that the Subscriber terminates the Subscription Agreement pursuant to the provisions in the Subscription Agreement, all the respective further (but not accrued) rights and obligations of the Subscriber and the Company under the Subscription Agreement shall cease immediately, save and except certain clauses in the Subscription Agreement, and certain clauses (such as provisions on confidentiality) will survive the termination of the Subscription Agreement.

## **General mandate to issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the AGM, which authorized the Directors to allot and issue up to 903,467,970 Shares (representing 20% of the issued share capital of the Company as at the date of the AGM). The General Mandate has not been utilized since its grant up to entering into the Subscription Agreement and as at the date of this announcement. Accordingly, the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement are not subject to any additional Shareholders’ approval.

## II. EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately after the Subscription (assuming that no other Shares are issued or repurchased before completion of the Subscription Agreement) is summarised as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription (assuming that no other Shares are issued or repurchased before completion of the Subscription Agreement)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Asia Gain Investments Limited ( <i>Note 1</i> )	1,756,469,900	38.9	1,756,469,900	32.4
Cimfra (China) Limited ( <i>Note 2</i> )	284,200,000	6.3	284,200,000	5.2
Alliance Bernstein, L.P. Genesis Asset Managers, LLP	271,122,000	6.0	271,122,000	5.0
Central Glory Holdings Limited ( <i>Note 3</i> )	244,853,607	5.4	244,853,607	4.5
Techno Faith Investments Limited ( <i>Note 4</i> )	229,072,000	5.1	229,072,000	4.2
Red Day Limited ( <i>Note 4</i> )	213,679,950	4.7	213,679,950	3.9
The Subscriber	7,908,000	0.2	7,908,000	0.2
Public	—	—	903,467,970	16.7
	<u>1,510,034,393</u>	<u>33.4</u>	<u>1,510,034,393</u>	<u>27.9</u>
<b>Total</b>	<b><u>4,517,339,850</u></b>	<b><u>100.0</u></b>	<b><u>5,420,807,820</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Asia Gain Investments Limited is beneficially and wholly-owned by Mr. Zhang Jimin, an executive Director.
- (2) Cimfra (China) Limited is beneficially and wholly-owned by Ciments Français SA and Italcementi S.p.A..
- (3) Central Glory Holdings Limited is beneficially and wholly-owned by Ms. Zhang Lili, the daughter of Mr. Zhang Jimin.
- (4) Techno Faith Investments Limited and Red Day Limited are beneficially and wholly-owned by Mr. Ma Zhaoyang, a non-executive Director.

### **III. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS**

The gross proceeds from the Subscription will be HK\$1,526,860,869.30. The net proceeds, after deducting all relevant costs and expenses, will be approximately HK\$1,511,180,869.30, representing a net subscription price of approximately HK\$1.673 per Share. The Company intends to use the net proceeds from the Subscription for general working capital and for future potential acquisitions and/or other investment opportunities.

The Directors are of the view that the Subscription represents an opportunity for the Company to promote the further consolidation of the cement industry in Shaanxi Province and serve as a foundation for further business collaboration with Conch Cement, one of the market leaders in the PRC Cement industry, as well as raise further capital for the Company. The Directors consider the terms of the Subscription Agreement including the Subscription Price, which have been negotiated on an arm's length basis, are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **IV. POSSIBLE FURTHER COLLABORATION**

The Company and Conch Cement are currently exploring other possible further collaboration with a view to create further synergies between them, including but not limited to the formation of joint ventures, combination of assets or other types of cooperation. As at the date of this announcement, other than the Subscription Agreement, the Group has not entered into any other agreements with Conch Cement or any of its subsidiaries in relation to any such possible further collaboration. In the event of materialization of such possible further collaboration, the Company will make further announcement(s) in accordance with the Listing Rules and other applicable rules and regulations as and when appropriate.

### **V. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

### **VI. APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares on the Stock Exchange.

Nomura International (Hong Kong) Limited acted as the financial advisor to the Company in relation to the Subscription.

**Completion of the Subscription is subject to fulfilment of certain conditions and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**



## VII. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the senior notes of the Company (stock code: 5800) on the Stock Exchange was halted with effect from 2:47 p.m. on 17 June 2015 pending the publication of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares and the senior notes on the Stock Exchange with effect from 9:00 a.m. on 19 June 2015.

## VIII. DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 29 May 2015 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“Company”	West China Cement Limited, a company incorporated in Jersey with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2233)
“Conch Cement”	Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司), a joint stock limited company incorporated in the PRC, the H-shares of which are listed on the Main Board of the Stock Exchange (stock code: 914) and the A-shares of which are listed on the Shanghai Stock Exchange (stock code: 600585)
“Director(s)”	the director(s) of the Company
“Final Dividend”	the final dividend of RMB0.2 cents per Share for the year ended 31 December 2014 as declared by the Company and approved by the Shareholders at the AGM



“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, authorizing the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) with a nominal value of £0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Conch International Holdings (HK) Limited (海螺國際控股(香港)有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Conch Cement
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 18 June 2015 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$1.69 per Subscription Share
“Subscription Shares”	an aggregate of 903,467,970 new Shares agreed to be subscribed for by the Subscriber and issued by the Company under the Subscription Agreement
“trading day”	has the meaning ascribed to it in the Listing Rules
“US\$”	United States dollars, the legal currency of the United States of America

“%” per cent.

“£” pound sterling, the legal currency of the United Kingdom

By order of the Board of  
**West China Cement Limited**  
**Zhang Jimin**  
*Chairman*

Hong Kong, 19 June 2015

*As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Wang Jianli and Dr. Ma Weiping, the non-executive Directors are Mr. Ma Zhaoyang and Mr. Franck Wu, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Wong Kun Kau and Mr. Tam King Ching, Kenny.*