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West China Cement Limited
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Announcement of investment in Longqiao cement plant

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West China Cement Limited ("WCC" or the "Company") is delighted to announce an investment in the Longqiao cement plant, a facility with 1.1 million tones per annum capacity and limestone reserves which are sufficient to support this operation for well in excess of 30 years.

The investment has been effected through the establishment of Shangluo Longqiao Yaobai Cement Co., Ltd. ("Longqiao Yaobai"). Shaanxi Danshui Construction Materials Co., Ltd. ("Shaanxi Danshui") an independent third party has injected assets of RMB337m into Longqiao Yaobai. Post the investment Longqiao Yaobai is owned as to 80% by Shaanxi Yaobai Special Cement Co., Ltd., a wholly-owned subsidiary of WCC, and 20% by Shaanxi Danshui. The investment has been financed by an injection of RMB100m by WCC into Longqiao Yaobai, payable in two tranches of RMB50m. Longqiao Yaobai will also assume Shaanxi Danshui bank debts of RMB50m and a shareholder loan from Shaanxi Danshui of RMB150m.

The investment is subject to a number of conditions including the transfer of the mining licence, the transfer of the land use rights and the transfer of the cement production licence and, should these conditions be met, profits and legal ownership will pass to the Company, with effect from 31 December 2009.

Longqiao Yaobai is located in Shangluo region, southern Shaanxi and employs modern NCPP technology.

The investment in Longqiao Yaobai is financed by our internal resources.

Commenting on the transaction, Jimin Zhang, WCC's Chief Executive Officer, said:

"Longqiao Yaobai is another exciting opportunity for WCC. This new establishment is part of our strategic expansion plans and its location some 60 kilometers from Shangluo city, to the east of our Xiushan production facility, further enhances our market position in southern Shaanxi. "

WCC's Chairman Robbie Robertson remarked:

"The Longqiao plant is a particularly interesting investment as it serves the local Shangluo market allowing us to increase our market share in rural development projects, which will benefit from the PRC Government's rural stimulus plan aimed at improving livelihoods in rural areas"

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