

In Guizhou, SOCAM has established cement operations in four strategic locations: Honghuagang and Xishui in Zunyi in the north, Xingyi in Qianxinan in the southwest, and Kaili in Qiandongnan in the southeast. Its production capacity, currently 700,000 tonnes per annum, will reach 1.5 million tonnes when new production facilities are completed by the end of the 2002-2003 financial year



Producing high grade cement to meet soaring demand in the western region



In Chongqing, the first rotary kiln constructed under SOCAM's joint venture, Chongqing TH Cement, commenced operation in early 1998. By 2000, its annual production capacity had increased from 160,000 tonnes to one million tonnes. The strategic acquisition of 80% of Diwei Cement in Chongqing in 2001 and Qujiang Cement in the northern Sichuan area adjoining Chongqing in 2002, further consolidated TH Cement's leadership in and around Chongqing. Its annual capacity now reaches 4.5 million tonnes, representing about 80% of the high grade cement market in the area

SOCAM started investing in high grade cement production facilities in Chongqing as early as 1995. With extensive experience in acquiring and reforming state-owned plants, strong marketing and technological know-how as well as an established reputation in the industry, SOCAM is now systematically and rapidly building a sizeable cement operation in the central and western region.

SOCAM's development strategy coincides with the Central Government's policy to modernize the central and western provinces. The Central Government is continuing to allocate substantial resources for major infrastructure and housing projects in the central and western regions, which will continue to fuel the demand for high grade cement.

By its nature, cement production is a localized business as the high costs associated with transporting the bulky product over long distances gives local producers a strong cost advantage over outside suppliers. To ensure healthy profitability, SOCAM's strategy is to establish leadership in the large markets, including Chongqing, China's fourth municipality directly under the Central Government and an important industrial centre, and Guizhou, the western province with the highest growth in fixed asset investment in 2001. It is vigorously acquiring operations that are leading suppliers in their respective local markets, and enhancing their productivity and profitability through introducing advanced technologies, professional management as well as establishing new production lines in accordance with market demand.

TH Cement's combined annual capacity in the central and western provinces will exceed five million tonnes by the end of the 2002-2003 financial year. It will continue to acquire and upgrade suitable cement operations in strategic locations throughout the region. Total production capacity is targeted to increase to more than 10 million tonnes per annum in 2005.