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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)**

**ISSUANCE OF US\$400 MILLION SENIOR NOTES DUE 2016**

On 18 January 2011, the Company, the Subsidiary Guarantors and the Subsidiary Guarantor Pledgor entered into the Purchase Agreement (as amended by the Supplemental Purchase Agreement dated 19 January 2011) with Deutsche Bank, ICBCI Capital, ICBCI Securities and SinoPac Securities in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$388.2 million and the Company intends to use the proceeds from the Notes to expand its production capacity, repay the ICBC Bridge Loan and the Credit Suisse Syndicated Loan, and for its general corporate purposes to enhance its liquidity position. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

Approval-in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

Reference is made to the announcement of the Company dated 12 January 2011 in respect of the Notes Issue. The Board is pleased to announce that on 18 January 2011, the Company, the Subsidiary Guarantors and the Subsidiary Guarantor Pledgor, entered into the Purchase Agreement (as amended by the Supplemental Purchase Agreement dated 19 January 2011) with Deutsche Bank, ICBCI Capital, ICBCI Securities and SinoPac Securities in connection with the Notes Issue in the aggregate principal amount of US\$400 million.

## **THE PURCHASE AGREEMENT**

Date: 18 January 2011 (as amended by the Supplemental Purchase Agreement dated 19 January 2011)

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) the Subsidiary Guarantor Pledgor;
- (d) Deutsche Bank;
- (e) ICBCI Capital;
- (f) ICBCI Securities; and
- (g) SinoPac Securities

Deutsche Bank and ICBCI Securities, as the joint lead managers, and Deutsche Bank and ICBCI Capital, as the joint bookrunners, and SinoPac Securities, as a co-manager, in respect of the offer and sale of the Notes. Deutsche Bank, ICBCI Securities and SinoPac Securities are also the initial purchasers of the Notes.

The Notes will only be offered (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) outside the United States, in compliance with Regulations S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

### **Principle terms of the Notes**

#### *Notes Offered*

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$400 million which will mature on 25 January 2016, unless earlier redeemed pursuant to the terms thereof.

### *Offering Price*

The offering price of the Notes will be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to the date of purchase.

### *Interest*

The Notes will bear interest from and including 25 January 2011 at the rate of 7.50% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, commencing on 25 July 2011.

### *Ranking of the Notes*

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) ranked at least *pari passu* in right of payment against the Company with respect to all other unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations; (5) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors; (6) effectively subordinated to all existing and future secured obligations of the Company to the extent of the collateral securing such obligations (other than the collateral securing the Notes).

### *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a first-priority lien on the collateral in accordance with certain provisions of the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clause (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$10 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or

certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security documents provided under the Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes, other than in accordance with the Indenture and the relevant security documents provided under the Notes or the Indenture, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a first-priority security interest in the collateral given under the Notes (subject to any permitted liens).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

### *Covenants*

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of the Company or certain of its subsidiaries;
- (f) enter into transactions with shareholders or affiliates;
- (g) create liens;
- (h) enter into sale and leaseback transactions; and

- (i) sell assets.

### *Redemption*

The Notes may be redeemed in the following circumstances:

- (1) On or after 25 January 2014, the Company may on any one or more occasions redeem all or any part of the Notes, at a redemption price (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on 25 January of the years indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

<b>Period</b>	<b>Redemption Price</b>
2014	103.750%
2015 and thereafter	101.875%

- (2) At any time prior to 25 January 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.
- (3) At any time and from time to time prior to 25 January 2014, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.5% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, subject to certain conditions.

### **Reasons for the Notes Issue**

The Group is a leading cement producer in Shaanxi province in the PRC. The Group's cement products are sold under the trademarks “堯柏” (Yao Bai) and “堯柏水泥” (Yaobaishuini) and are primarily used in the construction of infrastructure projects such as highways, bridges, railways and roads, as well as residential buildings. All of the Group's customers are located in Shaanxi province. The Group primarily sells its cement products either directly to government infrastructure projects and ready-mixed concrete stations or to distributors, which then resell its cement products to retail purchasers.

The Group intends to strengthen its leading market position in Shaanxi province and achieve better economies of scale by constructing additional production facilities and further increase its production capacity through acquisitions of suitable target companies or assets. The Notes Issue is being undertaken to supplement the Group's funding of its business development and expansion plans. The Company believes that the Notes Issue will further improve its ability to access the international debt capital markets to support the growth of the Company.

The Company intends to use the proceeds from the Notes to expand its production capacity, repay the ICBC Bridge Loan and the Credit Suisse Syndicated Loan, and for its general corporate purposes to enhance its liquidity position. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

### **Listing and rating**

Approval-in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

The Notes are provisionally rated BB- by Standard & Poor's Rating Services, Ba3 by Moody's Investors Services and BB by Fitch Ratings.

### **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors
“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

“Credit Suisse Syndicated Loan”	the loan of RMB330.0 million under the agreement dated 30 November 2009, entered into among Shaanxi Yaobai Special Cement Co., Ltd. (now known as Yaobai Special Cement Group Co., Ltd.), a wholly-owned subsidiary of the Company, as borrower and Xi’an Lantian Yaobai Cement Co., Ltd., Ankang Yaobai Cement Co., Ltd., Hanzhong Yaobai Cement Co., Ltd., and Hanzhong Mianxian Yaobai Cement Co., Ltd., which are wholly-owned subsidiaries of the Company, as guarantors with a syndicate of financial institutions led by Credit Suisse, Shanghai Branch, Xi’an City Commercial Bank and Standard Chartered Bank (China) Limited
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors and Deutsche Bank Trust Company Americas as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“ICBC Bridge Loan”	the loan facility of US\$85 million under the loan agreement dated 14 December 2010, entered into among the Company as borrower, ICBC International Finance Limited as lender and Mr. Zhang Jimin as guarantor
“ICBCI Capital”	ICBCI International Capital Limited, one of the joint bookrunners in respect of the offer and sale of the Notes
“ICBCI Securities”	ICBC International Securities Limited, one of the joint lead managers in respect of the offer and sale of the Notes

“Notes”	the 7.50% senior notes due 2016 in the aggregate principal amount of US\$400 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 18 January 2011 entered into between, among others, the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgor, Deutsche Bank, ICBCI Capital, ICBCI Securities and SinoPac Securities, in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SinoPac Securities”	SinoPac Securities (Asia) Limited, the co-manager in respect of the offer and sale of the Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees for the payment of the Notes provided that those Subsidiary Guarantors will not include any subsidiaries of the Company established under the laws of the PRC
“Subsidiary Guarantor Pledgor”	certain subsidiary of the Company that on the issue date of the Notes will provide pledges over their stock in the Subsidiary Guarantors held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes



“Supplemental Purchase Agreement” the supplemental agreement to the Purchase Agreement dated 19 January 2011 entered into between, among others, the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgor, Deutsche Bank, ICBCI Capital, ICBCI Securities and SinoPac Securities, in relation to the Notes Issue

“US\$” United States dollars

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

Hong Kong, 19 January 2011

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Jimin, Mr. Wang Jianli, Ms. Low Po Ling and Mr. Tian Zhenjun, the non-executive director of the Company is Mr. Ma Zhaoyang, and the independent non-executive directors of the Company are Mr. Lee Kong Wai, Conway, Mr. Wong Kun Kau and Mr. Tam King Ching, Kenny.*