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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)

DISCLOSEABLE TRANSACTION

**EXERCISE OF OPTION
FOR ACQUISITION OF 10% INTEREST IN SHIFENG CEMENT**

Reference is made to the Announcement dated 15 March 2012 in relation to the acquisition of the Sale Interest, representing 55% interest in Shifeng Cement, by Yaobai and the grant of an option by the Second Vendor to Yaobai, at the sole discretion of Yaobai, to acquire the Option Interest, representing 10% interest in Shifeng Cement.

The Board is pleased to announce that on 13 April 2012, the Board has approved and Yaobai has notified the Second Vendor that it has decided to exercise the option to acquire the Option Interest, representing 10% interest in Shifeng Cement, under the Equity Transfer Agreement, for a total consideration of RMB73,000,000 (equivalent to approximately HK\$89,024,000).

As the applicable percentage ratios under the Listing Rules in respect of the Option Acquisition, when aggregated with the Acquisition, is more than 5% and less than 25%, the Option Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 15 March 2012 (the “**Announcement**”) in relation to the acquisition of the Sale Interest, representing a 55% interest Shifeng Cement, by Yaobai and the grant of an option by the Second Vendor to Yaobai, at the sole discretion of Yaobai, to acquire the Option Interest, representing 10% interest in Shifeng Cement. Terms defined in the Announcement shall have the same meanings when used herein unless the context otherwise requires.

The Board is pleased to announce that on 13 April 2012, the Board has approved and Yaobai has notified the Second Vendor that it has decided to exercise the option to acquire the Option Interest, representing 10% interest in Shifeng Cement, under the Equity Transfer Agreement, for a total consideration of RMB73,000,000 (equivalent to approximately HK\$89,024,000).

As disclosed in the Announcement, completion of the Option Acquisition is conditional upon (i) the Second Vendor having obtained a confirmation from Fuping Cement confirming that it will not exercise the right of first refusal to acquire the Option Interest from the Second Vendor; or (ii) no confirmation indicating its intention to acquire the Option Interest having been received from Fuping Cement by the Second Vendor, within 30 days after a notice to sell the Option Interest is served on Fuping Cement by the Second Vendor.

Upon the fulfillment of the condition precedent to the Option Acquisition, the consideration of RMB73,000,000 (equivalent to approximately HK\$89,024,000) shall be payable by Yaobai to the Second Vendor within five business days after the completion of the filing and registration of the transfer of the Option Interest with the relevant PRC governmental authority, together with the issuance of the new business registration license of Shifeng Cement evidencing Yaobai being the 65% equity owner of Shifeng Cement, which shall occur no later than 31 May 2012. The consideration for the Option Acquisition was determined after arm's length negotiations among the Second Vendor and Yaobai on normal commercial terms with reference to recent acquisition and replacement cost industry valuations. The consideration for the Option Acquisition will be financed by internal resources of the Group.

As at the date of this announcement, completion of the Acquisition has not yet taken place and the parties to the Acquisition have agreed to extend the completion of the Acquisition to 31 May 2012. Upon completion of the Option Acquisition, assuming that the completion of the Acquisition has taken place, Shifeng Cement will be held as to 65% by Yaobai and 35% by Fuping Cement, and Shifeng Cement will be an indirect non-wholly owned subsidiary of the Company.

INFORMATION ON SHIFENG CEMENT

Shifeng Cement is a company established in the PRC on 30 October 2007, and its principal business is production and sales of cement. It operates a 4,500 tons per day of clinker NSP production line, equivalent to an annual cement production capacity of 2,000,000 tons. A 1.7-kilometer conveyor belt links the cement plant to its limestone quarry and a 9MW residual heat recycling system is currently being installed. The cement production plant, which commenced operations in October 2010, is located in Caocun Town, Fuping County, approximately 50 kilometers from our existing production facilities in Pucheng, Weinan. The cement manufactured at the plant mainly serves the Fuping area market as well as ready mix stations in the Xi'an metropolitan area.

Set out below are certain financial information of Shifeng Cement for the two financial years ended 31 December 2011:

	Year ended 31 December 2010 (audited) <i>RMB'000</i>	Year ended 31 December 2011 (unaudited) <i>RMB'000</i>
Turnover	34,694	303,269
Profit/(loss) before and after taxation	(594)	(36,292)
Net Assets/(liabilities)	99,406	63,156
Total Assets	636,335	658,274

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Shaanxi cement market has evolved rapidly due to the high growth in cement demand driven by infrastructure and rural development under the PRC Government's Western Development Policy. The growth in cement capacity, especially in central Shaanxi, is now leading to a consolidation process amongst producers. Industry consolidation remains one of the key objectives of PRC Central Government Policy in the cement industry.

The cement production plant of Shifeng Cement is located in the west of the Weinan region of Shaanxi Province, serving the cement needs of Weinan and the Xi'an metropolitan area. The Option Acquisition contemplated under the Equity Transfer Agreement represents further steps in the supply consolidation process in central Shaanxi, significantly strengthening the Company's positioning in Weinan and Xi'an and adding to its leading market position in eastern and southern Shaanxi.

The Directors believe that the Option Acquisition will not only enhance the Company's leadership position in eastern Shaanxi Province, but also help to restore market equilibrium in central Shaanxi and accelerate the continuing industry consolidation process in Shaanxi Province. Further, the Option Acquisition is expected to enhance the overall revenue and profitability of the Group.

The Directors (including the independent non-executive Directors) consider that the exercise of the option to acquire the Option Interest is fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the production and sale of cement in the PRC. Yaobai is a limited liability company established in the PRC, principally engaged in the production of cement in the PRC.

The Second Vendor is principally engaged in the processing and sale of commercial concrete in the PRC.

LISTING RULES IMPLICATION

As the applicable percentage ratios under the Listing Rules in respect of the Option Acquisition, when aggregated with the Acquisition, is more than 5% and less than 25%, the Option Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.82.

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

Hong Kong, 16 April 2012

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