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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 2019

On 4 September 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Credit Suisse and Nomura in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$394 million. The Company intends to use the net proceeds from the Notes to refinance the January 2016 Notes.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange 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 29 August 2014 in respect of the Notes Issue. The Board is pleased to announce that on 4 September 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Credit Suisse and Nomura in connection with the Notes Issue in the aggregate principal amount of US\$400 million.

THE PURCHASE AGREEMENT

Date: 4 September 2014

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) Credit Suisse; and
- (d) Nomura

Credit Suisse and Nomura are the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes will only be offered 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 11 September 2019, 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.

Interest

The Notes will bear interest from and including 11 September 2014 at the rate of 6.50% per annum, payable semi-annually in arrears on 11 March and 11 September of each year, commencing on 11 March 2015.

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) at least *pari passu* in right of payment with the January 2016 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, 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 and (6) effectively subordinated to the other secured obligations of the Company and the Subsidiary Guarantors to the extent of the value 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 in excess of US\$10 million 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 collateral agent ceasing to have a first-priority security interest in the collateral given under the Notes (subject to any permitted liens and the Intercreditor Agreement).

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

Unless earlier redeemed pursuant to the terms of the Notes, the Notes will be redeemed at their principal amount by the Company on the maturity date.

The Notes may be redeemed in the following circumstances:

- (1) On or after 11 September 2017, 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 (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 September 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:

Period	Redemption Price
2017	103.250%
2018 and thereafter	101.625%

- (2) At any time prior to 11 September 2017, 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 (but not including) the redemption date.
- (3) At any time and from time to time prior to 11 September 2017, 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 106.50% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

Upon the occurrence of a change of control triggering event under the terms of the Notes, the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

Reasons for the Notes Issue

The Company intends to use the net proceeds from the Notes to refinance the January 2016 Notes. 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\$394 million.

Listing and rating

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange.

The Notes have been provisionally rated “B+” by Standard and Poor’s Rating Services, “BB-” by Fitch Ratings and “B1” by Moody’s Investor Service. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

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”	Credit Suisse Securities (Europe) Limited, 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 indenture between the Company, the Subsidiary Guarantors, DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank Trust Company Americas as collateral agent that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“Intercreditor Agreement”	the intercreditor agreement entered into by and among the Company, the Subsidiary Guarantor Pledgor, DB Trustees (Hong Kong) Limited as trustee for the Notes and Deutsche Bank Trust Company Americas as trustee for the January 2016 Notes and collateral agent
“January 2016 Notes”	the US\$400,000,000 7.50% senior notes due 2016 of the Company issued on 25 January 2011
“Nomura”	Nomura International plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the 6.50% senior notes due 2019 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 Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 4 September 2014 entered into between, among others, the Company, the Subsidiary Guarantors, Credit Suisse and Nomura in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that 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
Pledgors”

certain subsidiaries of the Company that 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

“US\$”

United States dollars

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

Hong Kong, 5 September 2014

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