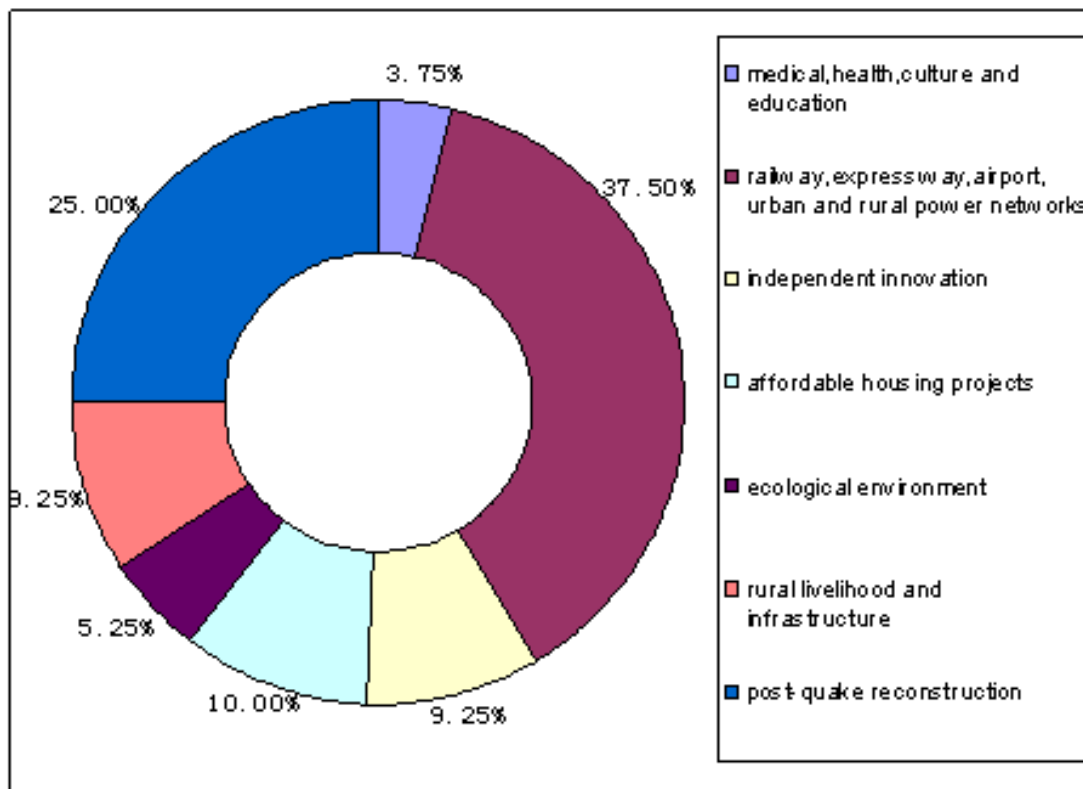


On 27 November 2008, the Chinese government launched a RMB 4 trillion stimuli package for the purpose of expanding domestic demand to stimulate economic growth and to counterbalance the negative effects of the global recession on China's economy. The funds will be allocated to the areas shown in the chart below.



Source: NDRC

The stimulus plan will affect the cement industry in the following positive aspects:

1. Expressway and airport construction

The Ministry of Transportation proposes to invest approximately RMB 1 trillion in fixed asset in 2009 and 2010. A 12,000 kilometre expressway under construction will generate demand for approximately 118 million tonnes of cement in accordance with the quantity consumed per kilometre, estimated to be between 4,000 tonnes to 12,000 tonnes. A RMB 450 billion investment will be allocated to airport infrastructure construction over the next two years. One such project, expected to commence in 2009, will involve the main "trunk" airports such as Chengdu, Xi'an and Guangzhou and 40 branch airports such as Yanan, Lvliang and Huaian. The estimated investment in this project is in the region of RMB 200 billion and will generate approximately 25 million tonnes of cement demand.

2. Railway construction

It is estimated that new investment in railway projects, approved by the NDRC for 2009 and

2010, will amount to RMB 900 billion. Additional bridges and tunnels along the passenger line will double the cement demand per unit investment compared to common railway projects. It is estimated that the RMB 900 billion investment in these railway projects will generate 126 million tonnes of cement demand.

3. Post-quake Reconstruction

The earthquake disaster area will be the focus of a RMB 1 trillion investment for a three year reconstruction project. Assuming that a 70% progress rate is obtained over the next two years, with an estimated budget index of 12,000 tonnes per 0.1 billion investment, the RMB 700 billion investment will generate approximately 84 million tonnes of cement demand.

4. Affordable Housing projects

An estimated RMB 400 billion is to be allocated, in accordance with the affordable housing plan, to the construction of low-rent housing which will account for 5% of all commercial housing in 2009 and 2010. Assuming construction of commercial housing covers 900 million square metres per annum over next two years, the cement demand of low-rent housing projects will amount to approximately 18 million tonnes.

Although the growth rate of domestic cement production fell slightly in the H2 2008 due to the global financial crisis, we are confident for the recovery of cement demand and remain optimistic about the prospects for 2009 with the implementation of this RMB 4 trillion stimuli package and an acceleration in the number of urban projects.