

Project Proposal

1. Summary of the Project

Project Name: Inner Mongolia Cement Production

Project Location: Qingshuihe County, Hohhot

Products: High-grade Cement, Low Thermal and Slightly Expansive Cement, other Cements

Various Models: Wholly Foreign-Funded, Joint Venture, Cooperation or Individual Mining

2. Market Analysis and Forecast

According to analysis in recent years, supply of high-grade cement does not satisfy demand requirements in the market. The successful bid for 2008 Olympic Games in Beijing will promote economic development in China. Furthermore, the city construction of Hohhot will be further enhanced. Demand for cement products will grow and increase especially for high-grade cement as different projects are underway. Some of which includes: Heat Supply Project in Hohhot (2nd Phase), Diversion of Yellow River in Hohhot, Tuoketuo Power Plant and construction of the national industrial zone in Helin County and Kangkou Power Plant in Shanxi.

3. Advantages in Qingshuihe County

1. Abundant Raw Materials

Limestone Deposit: 400 million tons C+D grade limestone reserves in Qingshuihe County are available, which could meet needs after construction. Limestone mining is easy with lesser ore stripping, stable ore content, and more than 52% CaO (carbon oxide) content. No preparation measures are needed in its application prior to utilization.

Clay Deposit: Big opencast mining could be done with 65 million tons A + B +C grade clay reserves. No preparation measures are needed in its application prior to utilization.

Iron Ore Deposit: abundant reserves are available with superior grade.

Coal Deposit: Qingshuihe County is rich in coal and next to Zhungeer coal field with very convenient transport means. Calorific content of the coal in Chengwan mine inside Qingshuihe is more than 5500 kilocalorie and calorific content in Zhungeer is more than 6000 kilocalorie, both of which meet the requirements of the raw material to be used for production in the Company.

Mixture Material: The main mixture material used for the production is zeolite, which is supplied by the Taopuqi Zeolite Mine located in the suburban area of Hohhot. After the project is completed, the pulverizing station will be built in Tuoketuo Power Plant. The coal ash powder discharged from the power plant could be largely used as mixture.

2. Sufficient Power Supply

Power is supplied through a 35 KV line by the central transformer substation in the county. The diameter of the line is 75 mm and the voltage of the transformer substation is 110 KV.

The capacity is 1600 KVA with the voltage grades of 110KV/35KV/10.5KV. Power supply is guaranteed. The capacity of the transformer substation could meet changes in technical requirements.

3. Convenient Means of Transport

The Company is 2 km from the center of the county. Qingshuihe is the County where the national highways 109 and 209 intersect. The highway transportation links up all parts of the county.

Railway: Feng Zhen (Town)-Zhun(Geer) electric railway is only 15 KM away from the plant. The railway transport is also very convenient.