



PRESS RELEASE

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- ✓ **Lafarge will invest USD 58 million to double the capacity of its Dujiangyan cement plant in China by 2006**

- ✓ **Lafarge has concluded an exclusive partnership agreement with the Shui On Group in Yunnan province**

Lafarge announces today plans to **build a second production line in its Dujiangyan cement plant**, which is ideally located to serve the market of Chengdu city in south-western China, in order to keep pace with the strong growth in the local cement demand market.

This USD 58 million investment will double the plant's existing cement capacity of 1.4 million tonnes, to reach 2.8 million tonnes. Production is expected to start mid 2006.

The experience gained by Lafarge in China since 1994 has again made it possible for this type of this extension to be carried out entirely with Chinese partners and equipment, as for the capacity extension at the Chongqing plant announced in January. As a result, Lafarge will be able to optimise its investment and speed up the installation process considerably.

Lafarge originally launched the construction of Dujiangyan cement plant in 1999 and production started up in 2002. This plant is one of the most modern plants built in China, and meets the group's strictest environmental standards worldwide.

« This investment is a perfect illustration of the expansion strategy we are pursuing in China, while complying with our very strong sustainable development commitments. Since we have been there for almost 10 years, our teams have now acquired significant experience and expertise, enabling us to expand rapidly, while controlling risks and costs. This guarantees our ability to meet levels of profitability in line with our expectations, in a highly competitive market » commented Bernard Kasriel, the Group's Chief Executive Officer.

In addition, Lafarge has recently signed an **exclusive partnership agreement for cooperation in Yunnan province with Shui On Construction And Materials Limited (SOCAM)**, a major player in the construction sector based and listed in Hong Kong with strong positions in the Chinese cement market. SOCAM recently signed a framework agreement to acquire two cement plants in Yunnan province of south-western China. The total annual capacity will reach 4.5 million tonnes by the end of 2004, once two new production lines are commissioned. These assets will be pooled in a joint venture between SOCAM (80% stake) and the Yunnan Provincial Government (20%). The total investment will amount to about €160 million, including the cost of constructing the two new lines.

Under this partnership agreement, Lafarge holds an exclusive option for nine months from the date the framework agreement is signed to purchase a 40% interest in this joint venture from SOCAM.

Lafarge will also provide SOCAM with the necessary technical assistance to complete and start up the new lines, located in Kunming and Kaiyuan.

Commenting on the agreement signed with SOCAM, Bernard Kasriel said : *« This partnership with Shui On, who has a strong presence in south-western China alongside Lafarge, gives us the opportunity to pursue our development in this fast-expanding region. If it comes to fruition, this partnership will enable us to capitalise on both groups experience in China. »*



Notes to Editors:

1. With 2,700 employees in China, the Lafarge group now operates in three of its businesses (Cement, Gypsum, Roofing) and has 13 industrial facilities, including four cement plants with capacity totalling 3.8 million tonnes prior to the Chongqing and Dujiangyan extension.
2. Lafarge, the world leader in building materials, holds top-ranking positions in all four of its Divisions: Cement, Aggregates & Concrete, Roofing and Gypsum. Lafarge employs 75,000 people in 75 countries and posted sales of €13.7 billion in 2003. Additional information is available on the web site at www.lafarge.com.
3. SOCAM is a member of the Shui On Group whose headquarters are based in Hong Kong. An important player in the construction, construction materials and real-estate markets in Hong Kong and the Chinese Mainland, the Shui On Group has been present in China for close to 20 years. It has developed a strong position in the cement market of south-western China (including Chongqing, Guizhou, and Sichuan) with an installed capacity of 8 Mt and 3.5 Mt under construction. Additional information about SOCAM and the Shui On Group is available at www.shuion.com.

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