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CANADA: CEDAR GROUP'S DOMINION BRIDGE UNIT SIGNS JOINT VENTURE
FOR $64 MILLION (U.S. DOLLARS) CEMENT PLANT
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TEXT:
In City of Chongqing, Province of Sichuan, China; Cedar Group's Dominion
Bridge unit also obtains exclusive right to develop 500 acre property in
center of Chongqing City. MONTREAL, QUEBEC, Canada--(BUSINESS WIRE)--June
17, 1994--Michel L. Marengere, chairman and chief executive officer of
Cedar Group Inc. (NASDAQ: CGMV) of Montreal, Province of Quebec, Canada,
announced today that its 85 percent owned subsidiary Dominion Bridge Inc.
signed a letter of intent for the creation of a strategic alliance with the
Chongqing Cement Plant, a state-owned corporation.

The joint-venture company between the state-owned corporation and
Dominion Bridge Inc. is for a term of 35 years and is for the joint design,
engineering, construction and co-management of a 700,000 ton/year cement
plant. This plant will be the third located on a 2,900 acre property 13 km
from the City of Chongqing.

The site already includes a 500,000 ton/year plant in production for
over 30 years. A second 700,000 ton/year plant, for which the Canadian
Export Development Corp. (EDC) is contributing to the financing, is
currently being constructed. The third plant facility will use modern
dry-production line technology. The existing quarries, with over 100 years
of reserves, the infrastructure, the utilities and the common areas will be
shared by the three plants in order to maximize economies of scale. The
total investment for this third and most recent plant is $64,000,000 (U.S.
dollars).

Yuanhu-Chen, vice-mayor of Chongqing, said that "the total new capacity
is required to meet the demand of the 15 percent GNP annual growth of the
City of Chongqing and surrounding areas." This facility has been selected
by the Central Government of Beijing as one of the two Class A accredited cement plants for the construction of the Three Gorges Project, the largest hydro project in the world.

The ownership structure negotiated by the parties is 20 percent for the state-owned corporation and 80 percent for Dominion Bridge. This ratio could be modified to 30 percent and 70 percent, respectively, once the engineering design has been completed.

Revenues from the joint-venture will finance the day-to-day operations, the management fees and repay the principal and interests of the investment. The state-owned corporation granted Dominion Bridge a payback guarantee of its investment from its existing production lines’ profits.

In addition, Cedar Group announced today that Dominion Bridge has obtained an exclusive right to develop a 500 acre property located in the center of Chongqing City along the Yangtze River. Wong Ka-Wa, chairman of Man Fu Hong (China) Development Co., said that "this property is one of the most strategic locations in the City of Chongqing."

The City of Chongqing is the largest of the Province of Sichuan with a population of 15,000,000 people. This 3,000 year-old metropolis is the economic and industrial center located at the upper reaches of the Yangtze River.

The Province of Sichuan is the largest Province in China with a population of 110,000,000. Sichuan represents an important percentage of the GNP of China.

Dominion Bridge's Chinese partners and investors in this transaction are Man Fu Hong (China) Development Co. from Hong Kong and Paklada Investment (Canada) Inc., represented by Tony Kwan from Canada. The partners are actively involved in commercial and residential real estate development in Hong Kong, in the Province of Sichuan and are now focusing their real estate activities in Chengdu and Chongqing. They also own and operate manufacturing and distribution facilities in the cities of Chengdu and Chongqing.

Cedar Group is an international engineering, infrastructure project management, aerospace and industrial metals transformation company based in Montreal. Cedar Group's subsidiary, Dominion Bridge, has 115 years of experience and has a long-term successful track record in international development projects and is currently participating in several projects around the world.

Marengere said, "Cedar Group will pool all its Chinese assets, such as
land leases, commercial and residential real estate rights, long term
management contracts, which represent substantial revenue and profit
generators, into a Chinese corporation, the shares of which will be listed
on the Hong Kong Stock Exchange in order to raise additional investment.

The Chinese Authorities of the City of Chongqing and the Province of
Sichuan, the Chinese partners and Dominion Bridge want to acknowledge that
the active participation and strong endorsements by the Canadian
Authorities and the Province of Quebec were a major factor that contributed
significantly to the success of these long and comprehensive negotiations.

All parties are preparing the necessary documentation to obtain final
approval from the Central Government Authorities. The parties include
Michel L. Marengere, chairman and CEO of Cedar Group; Tony Kwan, president
of Paklada Investments (Canada) Inc. and Ka-Wa Wong, chairman of Man Fu
Hong (China) Development Co. Ltd.

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