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## **Asia Cement (China) Holdings Corporation**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 743)**

### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

On 23 April 2009, Nanchang Yadong entered into the Agreement with Nanchang Changli whereby Nanchang Yadong agreed to purchase slag from Nanchang Changli for a term commencing from 1 January 2009 and ending on 31 December 2009.

As Nanchang Changli is a connected person of the Company, the Transactions constitute continuing connected transactions of the Company. Since the applicable ratios are, on an annual basis more than 0.1% but less than 2.5%, the Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **THE AGREEMENT**

##### **Date**

23 April 2009

##### **Parties**

1. Nanchang Yadong
2. Nanchang Changli

##### **Duration**

1 January 2009 to 31 December 2009

## **Transaction Nature**

Purchases of slag by Nanchang Yadong from Nanchang Changli.

## **Terms**

Pursuant to the Agreement, Nanchang Yadong agreed to purchase 35,000 to 42,000 tonnes of slag per month from Nanchang Changli. The terms were negotiated on the arm's length basis by Nanchang Yadong and Nanchang Changli and on normal commercial terms in ordinary course of business of each party. The unit purchase price of slag under the Agreement will be determined comparable to the prevailing market price of slag per unit with 5% discount, which is no less favourable than that available to the Group from independent third parties suppliers. The Transactions will be settled by way of cash on a monthly basis.

## **Historical Transactions and Cap Amount**

Nanchang Yadong has purchased slag from Nanchang Changli since 1 January 2007. The aggregate purchases of slag by Nanchang Yadong from Nanchang Changli for the two financial years ended 31 December 2007 and 2008 amounted to approximately RMB19,490,550 and RMB16,732,423 respectively. The historical cap for the year ended 31 December 2008 ("FY 2008") was RMB20,217,600.

## **Annual Cap**

The annual cap of the Transactions for the year ending 31 December 2009 ("FY 2009") will be approximately RMB25,000,000.

## **Basis for Annual Cap**

The basis of annual cap is determined by reference to (i) the amounts of the relevant transactions between Nanchang Yadong and Nanchang Changli in previous year; (ii) Nanchang Yadong's projected growth in its purchases of slag from Nanchang Changli and (iii) the prevailing market price of slag.

The increase in annual cap amount for FY 2009 as compared to FY 2008 is mainly attributable to the increase in the price of slag as there is a shortage in the supply of slag in the market. Further, the Directors anticipate an increase in the demand of slag due to the growth in trend of the demand of Portland blast-furnace slag cement ("P.S Cement") which is mainly utilized in infrastructure projects such as piers, foundations, port facilities and bridges, given slag is one of major raw materials in the production of P.S Cement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The reason for and the benefit to the Company in entering into the Agreement is that it allows the Group to secure a stable and consistent supply of slag for its cement plants at a reasonable price.

The Board (including the independent non-executive Directors) believes that the Transactions are on normal commercial terms and their terms and the annual cap referred to above are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Nanchang Yadong, an indirect non wholly-owned subsidiary of the Company, is owned as to 50% by Jiangxi Yadong, as to 25% by Oriental Holding and as to 25% by Nanchang Changli. As Nanchang Changli is a substantial shareholder of Nanchang Yadong, Nanchang Changli is a connected person of the Company and the Transactions constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 2.5%, the Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Transactions incurred during the period from 1 January 2009 to the date of this announcement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company is obligated to announce the Transactions by the end of February 2009. In April 2009, the Board has identified the expiry of the existing agreement in relation to the purchase of slag from Nanchang Changli by Nanchang Yadong in the course of preparing the annual report for the year ended 31 December 2008. Noting the requirement to sign a new agreement governing the Transactions for the purpose of reporting and announcement requirement under the Listing Rules, the Board has promptly taken necessary steps to comply with the Listing Rules by liaising with Nanchang Changli for the preparation of the Agreement; arranging board meeting on 7 April 2009 to consider, approve and sign the Agreement.

From 1 January 2009 up to the date of this announcement, Nanchang Yadong has purchased slag from Nanchang Changli which amounted to approximately RMB7.0 million.

## GENERAL INFORMATION

The Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sale of cement, concrete and related products.

The principal activity of Nanchang Yadong is manufacture and sale of cement products.

The principal activity of Nanchang Changli is production and sale of steel.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Asia Cement (China) Holdings Corporation, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jiangxi Yadong”	Jiangxi Ya Dong Cement Corporation Ltd, a Sino-foreign equity joint venture established in the PRC and a non wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Agreement”	the slag purchase agreement dated 23 April 2009 entered into between Nanchang Yadong and Nanchang Changli in relation to the Transactions
“Nanchang Changli”	Nanchang Changli Iron & Steel Co., Ltd, whose A shares are listed on the Shanghai Stock Exchange. Nanchang Changli holds a 25% equity interest in Nanchang Yadong
“Nanchang Yadong”	Nanchang Yadong Cement Co., Ltd, a Sino-foreign equity joint venture established in the PRC, which is owned as to 50% by Jiangxi Yadong, 25% by Oriental Holding and the remaining 25% by Nanchang Changli
“Oriental Holding”	Oriental Holding Co., Ltd, a wholly-owned foreign enterprise established in the PRC and a non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the purchase of slag by Nanchang Yadong from Nanchang Changli as contemplated under the Agreement

By order of the Board  
**Asia Cement (China) Holdings Corporation**  
**Mr. Hsu, Shu-tong**  
*Chairman*

Hong Kong, 23 April 2009

*As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Dr. WU Chung-lih, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. LIU Zhen-tao, Mr. LEI Qian-zhi, Mr. TSIM Tak-lung Dominic and Dr. WONG Ying-ho Kennedy.*