

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Asia Cement (China) Holdings Corporation, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

CONNECTED TRANSACTION AMENDMENT TO THE DEED OF NON-COMPETITION

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 27 of this circular.

A notice convening the EGM to be held at Room 3 & 4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 6 August 2014 at 3:00 p.m. is set out on pages 34 to 35 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

16 July 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Amended Deed”	the Current Deed as amended and supplemented by the Amendment Deed
“Amendment Deed”	the amendment deed of non-competition entered into between Asia Cement, Far Eastern and the Company on 24 June 2014 (after trading hours) to amend the Current Deed
“Announcement”	the announcement dated 24 June 2014 made by the Company in relation to the Amendment Deed
“Asia Cement”	Asia Cement Corporation (亞洲水泥股份有限公司), a company incorporated on 21 March 1957 in Taiwan with limited liability under the Taiwan Company Law with its shares listed on the Taiwan Stock Exchange. Asia Cement is the Controlling Shareholder of the Company
“associate”	has the meaning ascribed to the term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or a public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong during normal business hours
“Cement Business”	cement business (including cement products, clinker, blast-furnace slag powder and related products) and concrete business (including ready-mixed concrete)
“Chairman”	Mr. HSU, Shu-tong
“Company”	Asia Cement (China) Holdings Corporation, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 743)
“connected person(s)”	has the meaning ascribed to the term under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to the term under the Listing Rules
“Covenantors”	Asia Cement and Far Eastern and “Covenantor” means any one of them
“Current Deed”	the deed of non-competition entered into between Asia Cement and Far Eastern and the Company on 27 April 2008
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 6 August 2014 to consider and approve, among other things, the Amendment Deed
“Far Eastern”	Far Eastern New Century Corporation, formerly known as “Far Eastern Textile Ltd.”, a company incorporated in Taiwan with limited liability under the Taiwan Company Law. Far Eastern is also listed on the Taiwan Stock Exchange
“Group”	the Company and its subsidiaries and “member(s) of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	independent board committee of the Company comprising Mr. Liu Zhen-tao, Mr. Lei Qian-zhi, Mr. Tsim Tak-lung Dominic and Dr. Wong Ying-ho Kennedy, being all independent non-executive Directors, to advise the Independent Shareholders in respect of the Amendment Deed
“Independent Financial Adviser” or “FFC”	Fortune Financial Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Amendment Deed

DEFINITIONS

“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Amendment Deed
“Latest Practicable Date”	10 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to the term under the Listing Rules
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“Term”	the period from 20 May 2008 being the effective date of the Current Deed until the earlier of (i) the day on which the Shares cease to be listed on the Stock Exchange or other recognised stock exchange and (ii) the day on which Asia Cement ceases to be the Controlling Shareholder of the Company
“%”	percent

LETTER FROM THE BOARD



Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

Executive Directors:

Mr. CHANG, Tsai-hsiung (*Vice Chairman*)
Dr. WU, Chung-lih (*Chief Executive Officer*)
Madam CHIANG SHAO, Ruey-huey
Mr. CHANG, Chen-kuen
Mr. LIN, Seng-chang
Mr. HSU, Shu-ping

Non-executive Director:

Mr. HSU, Shu-tong (*Chairman*)

Independent non-executive Directors:

Mr. LIU, Zhen-tao
Mr. LEI, Qian-zhi
Mr. TSIM, Tak-lung Dominic
Dr. WONG, Ying-ho Kennedy

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place

of Business in the PRC:

No. 6 Yadong Avenue
Ma-Tou Town, Ruichang City
Jiangxi Province, PRC

Principal place

of business in Hong Kong:

Portion of Unit B
11th Floor
Lippo Leighton Tower
103 Leighton Road
Causeway Bay,
Hong Kong

16 July 2014

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION AMENDMENT TO THE DEED OF NON-COMPETITION

INTRODUCTION

Reference is made to the Announcement regarding the Amendment Deed. The purpose of this circular is to provide you with, amongst others, (a) further details of the Amendment Deed; (b) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Amendment Deed; (c)

LETTER FROM THE BOARD

a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Deed; and (d) information on the notice of EGM for approving the Amendment Deed.

AMENDMENT TO THE DEED OF NON-COMPETITION

The Current Deed

Reference is made to the Current Deed entered into between Asia Cement, Far Eastern and the Company on 27 April 2008 pursuant to which each of the Covenantors irrevocably agreed, undertook and covenanted with the Company that it would not and would procure that its associates and its controlled companies would not, directly or indirectly, during the Term, invest, participate, operate and/or manage any businesses involving the Cement Business in the PRC through any means, including, but not limited to, joint operations, joint venture, cooperation, partnership, agency or share participation (the “**Scope of Restriction**”).

Under the Current Deed, the following shall not be considered as falling within the Scope of Restriction:

- (a) holding or being interested in any security in any company which engages or involves in a business falling within the Scope of Restriction where the amount of such holding does not exceed 10% of the entire share capital of such company *or* it is not the single largest shareholder of such company *or* it does not control the board of such company (the “**Relevant Exceptions**”);
- (b) holding any security in the Company or in Asia Cement by Far Eastern; or
- (c) engaging in or discharging any duty, service or act for the benefit of the Company or any of its subsidiaries.

Accordingly, a Covenantor can compete with the Company under the Current Deed even if it engages or is involved in a business falling within the Scope of Restriction if it is not the single largest shareholder of that company carrying on such business *or* does not own more than 10% of the shares of such company *or* does not control the board of such company.

It is further provided in the Current Deed that if any business opportunity is presented and such business opportunity includes a business falling within the Scope of Restriction, the Covenantors shall immediately notify, or procure that their associates immediately notify, the Company of such business opportunity, and use their best efforts to assist the Company and/or any of their associated companies, if applicable, to obtain terms given to them or conditions otherwise acceptable to the Company and/or any of their associated companies, if applicable.

The Amendment Deed

On 24 June 2014 (after trading hours), each of the Covenantors and the Company entered into the Amendment Deed to amend the Current Deed.

LETTER FROM THE BOARD

The Amendment Deed shall take effect upon the Company having complied with the Listing Rules and obtained the approval of the Shareholders (other than the Covenantors and their respective associates who are also Shareholders) in respect of the execution of the Amendment Deed (the “**Conditions Precedent**”).

If any of the conditions precedent to the Amendment Deed is not fulfilled on or before 30 September 2014 or such later date as may be agreed by the parties, the Amendment Deed shall become null and void in all respects and cease to have any effect whatsoever; and no party to the Amendment Deed shall have any claim against the other party.

Under the Amendment Deed, the Scope of Restriction is amended to cover any business which competes directly or indirectly with the business involving the Cement Business currently and from time to time engaged by the Company or any member of the Group (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement) in the PRC (the “**Restricted Business**”); provided that engaging in any one or more of the following shall not constitute engaging in a Restricted Business:

- (a) the holding of shares or other interests in any member of the Group;
- (b) the holding of shares or other interests in Asia Cement by Far Eastern;
- (c) engaging in or discharging any duty, service or act for the benefit of the Company or any of its subsidiaries;
- (d) any investments made by the Covenantors and/or any of its associates in compliance with the Current Deed before the effective date of the Amendment Deed; and
- (e) the holding of shares or other interests in any company (other than any member of the Group) which carries on any Restricted Business where:
 - (i) the total number of the shares held by the Covenantor and/or its associates does not exceed 10% of the issued share capital of the company in question,
 - (ii) such Covenantor and its associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company, *and*
 - (iii) at the time of investment there exists at least one other shareholder of that company whose shareholdings in that company (together with those of its associates) are more than the total number of shares held by the Covenantors in aggregate and/or its associates in aggregate.

LETTER FROM THE BOARD

Further, subject to the exceptions set out above, each of the Covenantors irrevocably and unconditionally undertakes to and covenants with the Company that during the continuation of the Amended Deed:

- (a) each of the Covenantors shall not, and shall procure each of its associates (other than any members of the Group) not to directly or indirectly, carry on, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in any of the Restricted Business;
- (b) if each of the Covenantors and/or any of its associates (the “**Offeror**”) is offered or identifies any project or new business opportunity (the “**New Business Opportunity**”) which is a Restricted Business, it shall, and shall procure its associates (other than members of the Group) to, within 5 Business Days, notify the Company in writing of the New Business Opportunity and provide such information as is reasonably required by the Company in order to enable the Company to consider whether (i) such New Business Opportunity would constitute a Restricted Business; and (ii) it is in the interest of the Group to pursue the New Business Opportunity, including, but not limited to, the nature of the New Business Opportunity, the identity of the persons who have offered the New Business Opportunity to the Offeror (the “**Potential Counterparty**”) and the details of the investment or acquisition costs (the “**Offer Notice**”);
- (c) if the Offeror (i) has received written notice declining the New Business Opportunity (the “**Rejection Notice**”); or (ii) has not received the Rejection Notice from the Group within 20 Business Days from the day of receipt of the Offer Notice by the Company, the Offeror shall be permitted to invest in or participate in the New Business Opportunity on its own accord on terms no more favourable than the terms set out in the Offer Notice (a “**Permitted Investment**”); and
- (d) if the Offeror has received written notice from the Company confirming that the New Business Opportunity would constitute a Restricted Business and indicating that it would like to pursue the New Business Opportunity (the “**Acceptance Notice**”), but the Company and the Potential Counterparty are unable to enter into a legally binding document to effect the transaction(s) contemplated in the New Business Opportunity within 20 Business Days upon the day of receipt of the Acceptance Notice by the Offeror, the Offeror shall be permitted to invest in or participate in the New Business Opportunity on its own accord on terms no more favourable than the terms set out in the Offer Notice (which investment shall also constitute a Permitted Investment).

The Directors will be responsible for reviewing, considering and deciding whether (i) the New Business Opportunity would constitute a Restricted Business; and (ii) it is in the interest of the Group to pursue the New Business Opportunity or permit the Covenantors or their associates to pursue the New Business Opportunity. Any Directors who are interested in or related to the New Business Opportunity shall abstain from voting. In assessing whether or not to pursue the New Business Opportunity, the Directors

LETTER FROM THE BOARD

should consider all factors they consider relevant, including any feasibility studies, counterparty risks, estimated profitability, the business strategy of the Group, the financial resources of the Group, the qualifications and/or eligibility the Group then has, the market and commercial risks and strategic basis for pursuing the New Business Opportunity of the Group or permitting another party to pursue the same and the relevant legal, regulatory and contractual requirements with a view to arriving at a decision which is in the best interest of the Shareholders and the Group as a whole.

Pursuant to the Amendment Deed, the following undertakings shall replace the existing corresponding undertakings in the Current Deed, which amendment offers better protection for the Company. Each of the Covenantors further undertakes to the Company:

- (i) to procure its distributors not to distribute their cement products to end users in the PRC except through a Permitted Investment;
- (ii) to provide the Company and the Directors from time to time (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors with regard to compliance of the terms of the Amended Deed and the enforcement of the non-competition undertakings in the Amended Deed; and
- (iii) after the end of each financial year of the Company, to make an annual declaration which shall state whether or not it has during that financial year complied with the terms of the Amended Deed and, if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of the Company for the relevant financial year.

The Company will also continue to adopt the following procedures to ensure that the undertakings under the Amended Deed are observed:

1. the Company will disclose in its annual report the results of review conducted by the independent non-executive Directors in respect of the compliance of the terms of the Amended Deed and the enforcement of the non-competition undertakings in the Amended Deed or by way of announcement to the public in compliance with the requirements of the Listing Rules;
2. in the event that any New Business Opportunity presented by or otherwise arising in connection with any of the Covenantors is rejected by the Company in accordance with the Amended Deed, the decision as well as the basis for such decision will be disclosed in the annual report or interim report of the Company (as the case may be); and
3. the Board is of the view that the Directors have sufficient experience in assessing whether or not to pursue the New Business Opportunity. However, the Directors may, at the expense of the Company, appoint an independent financial adviser or other professionals to advise them on whether or not to take up the New Business Opportunity as they see fit.

LETTER FROM THE BOARD

There is no change to the remaining material terms of the Current Deed under the Amendment Deed.

As at the Latest Practicable Date, members of the Group had no intention to engage in any business in the PRC other than the Cement Business as a result of the widened scope of the Restricted Business under the Amended Deed.

REASONS FOR ENTERING INTO THE AMENDMENT DEED

The Directors (excluding the independent non-executive Directors) are of the view that the Current Deed offers insufficient protection for the Company because the Relevant Exceptions severely limit the effectiveness of the application of the non-compete covenants given by the Covenantors.

Specifically, under the Current Deed, the non-competition covenants will not apply when only one of the following conditions is met: the amount of holding of the Covenantors in any company which engages in the Restricted Business in the PRC does not exceed 10% of the entire share capital of such company *or* it is not the single largest shareholder of such company *or* it does not control the board of such company.

The Directors (excluding the independent non-executive Directors) consider that it will be detrimental to the interest of the Company and the Shareholders if the Covenantors are permitted to be interested in any company engaging in the Restricted Business in the PRC, and such Covenantors are in a position to control the board of such company notwithstanding that they are not the single largest shareholder. The Amendment Deed closes these significant gaps in the Current Deed.

Further, the new procedures of referring new business opportunities relating to any Restricted Business to the Company gives the Group an opportunity to consider (through the independent Directors, who will take into account all factors they consider relevant,) the Group's participation in such new business opportunities.

If the Group does not have the ability or resources or does not wish to pursue such opportunities and decides not to do so, under the new procedures, the relevant Covenantors would be permitted to participate in such opportunities on its own accord on terms no more favourable than the terms available to the Group.

The Directors (excluding the independent non-executive Directors) believe that the Amended Deed can better protect the interests of the Company and enhance the procedures for the Covenantors to refer new business opportunities relating to any Restricted Business to the Company.

Further, the Directors (excluding the independent non-executive Directors) consider that there is no disadvantage for the entering into of the Amendment Deed.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Asia Cement holds approximately 68.19% of the entire issued share capital of the Company and accordingly Asia Cement is a Substantial

LETTER FROM THE BOARD

Shareholder and thus a connected person of the Company. The entering into of the Amendment Deed constitutes a connected transaction under Chapter 14A of the Listing Rules and the approving of the Amendment Deed is, therefore, subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders on the Amendment Deed. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendment Deed.

The Directors (excluding the independent non-executive Directors) consider that the terms of the Amendment Deed are fair and reasonable and in the interests of the Shareholders as a whole.

Save for Mr. Hsu, Shu-tong, Mr. Hsu, Shu-ping, Mr. Chang, Tsai-hsiung and Mr. Chang Chen-kuen who also serve as board members of Asia Cement, all of the Directors have confirmed that none of them has any material interest in the Amendment Deed; and therefore no Director (except Mr. Hsu, Shu-tong, Mr. Hsu, Shu-ping, Mr. Chang, Tsai-hsiung and Mr. Chang Chen-kuen) is required to abstain from voting at the meeting of the Board to approve the Amendment Deed.

EGM

A notice convening the EGM to be held at Room 3 & 4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 6 August 2014 at 3:00 p.m., at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Amendment Deed, is set out on pages 34 to 35 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

An ordinary resolution as set out in the notice of the EGM will be put to the vote of the Independent Shareholders by way of poll. An announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

As at the Latest Practicable Date, Asia Cement as the Controlling Shareholder of the Company and its associates, namely, Asia Cement (Singapore) Private Limited and Falcon Investments Private Limited, are deemed to have a material interest in the Amendment Deed and shall abstain from voting in respect of the resolutions approving the Amendment Deed at the EGM. Far Eastern does not hold any Shares and therefore does not have a right to vote at the EGM.

LETTER FROM THE BOARD

GENERAL INFORMATION

Asia Cement is a company incorporated in Taiwan with limited liability under the company law of Taiwan with its shares listed on the Taiwan Stock Exchange. Asia Cement is principally engaged in the production and sales of cement, concrete and related products through self-built of production line and diversified investment. As at the Latest Practicable Date, Asia Cement held approximately 23.77% of the issued share capital of Far Eastern and, together with its associates, held approximately 25.62% of the issued share capital of Far Eastern.

Far Eastern is a company incorporated in Taiwan with limited liability under the company law of Taiwan with its shares listed on the Taiwan Stock Exchange. Far Eastern is a polyester producer which has completed vertical integration at its core business production lines both in Taiwan and the PRC from upstream PTA plants to downstream polyester and textile products. As at the Latest Practicable Date, Far Eastern held approximately 22.33% of the issued share capital of Asia Cement and, together with its associates, held approximately 25.34% of the issued share capital of Asia Cement. Far Eastern has no direct shareholding interest in the Company.

The principal activity of the Company is investment holding. The Group's principal business activities are manufacture and sales of cement, concrete and related products. There were no significant changes in the nature of the Group's principal activities during the year. The Company has been in discussions with different parties in relation to possible forms of cooperation in the PRC cement market. The Company will provide an update to the Shareholders in accordance with the Listing Rules.

RECOMMENDATION

Your attention is drawn to:

- (a) the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders;
- (b) the letter from the Independent Financial Adviser set out on pages 15 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and
- (c) additional information set out in the appendix of this circular.

Having taken into account the factors as disclosed in the section headed "*Reasons for Entering into the Amendment Deed*" above, the Directors (excluding (i) the independent non-executive Directors who have formed their views after considering the advice of the Independent Financial Adviser, details of which are set out in the section headed "*Letter from the Independent Board Committee*" of this circular; and (ii) Mr. Hsu, Shu-tong, Mr. Chang, Tsai-hsiung and Mr. Chang Chen-kuen who had abstained from voting at the meeting of the Board to approve the Amendment Deed) consider that the terms of the Amendment Deed are fair and reasonable and are in the interests of the

LETTER FROM THE BOARD

Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Amendment Deed.

Yours faithfully,
For and on behalf of the Board
HSU, Shu-tong
Chairman



Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

16 July 2014

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION AMENDMENT TO THE DEED OF NON-COMPETITION

We refer to the circular of the Company dated 16 July 2014 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the Amendment Deed and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Fortune Financial Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 12 of this circular which contains information about the Amendment Deed;
- (b) the letter from the Independent Financial Adviser set out on pages 15 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and
- (c) additional information set out in the appendix of this circular.

Having considered the terms of the Amendment Deed and the advice and recommendations of the Independent Financial Adviser and taken into account the principal factors and reasons considered by the Independent Financial Adviser, we are of the opinion that the terms of the Amendment Deed are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Amendment Deed.

Yours faithfully,

For and on behalf of the
Independent Board Committee

Mr. Liu Zhen-tao **Mr. Lei Qian-zhi**
Mr. Tsim Tak-lung Dominic **Dr. Wong Ying-ho Kennedy**
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Fortune Financial Capital Limited
35th Floor
Office Tower Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

16 July 2014

*To: The Independent Board Committee and
the Independent Shareholders*

Asia Cement (China) Holdings Corporation
Portion of Unit B, 11th Floor
Lippo Leighton Tower
103 Leighton Road
Causeway Bay Hong Kong

Dear Sirs,

CONNECTED TRANSACTION AMENDMENT TO THE DEED OF NON-COMPETITION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Amendment Deed of Non-competition (the "**Amendment Deed**") to amend the current Deed of Non-competition (the "**Current Deed**"). Details of the material amendments under the Amendment Deed are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 16 July 2014 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 24 June 2014 in respect of the entering into of the Amendment Deed between the Company and each of Asia Cement and Far Eastern (together referred to as the "**Covenantors**"). The proposed amendments under the Amendment Deed are subject to the Company having complied with the Listing Rules and obtained the approval of the Shareholders (other than the Covenantors and their respective associates who are also Shareholders) in respect of such amendments on or before 30 September 2014 or such later date as may be agreed by the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Asia Cement was holding approximately 68.19% of the entire issued share capital of the Company. As such, Asia Cement is a substantial shareholder and thus a connected person of the Company and the entering into of the Amendment Deed constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

An Independent Board Committee, comprising Mr. Liu Zhen-tao, Mr. Lei Qian-zhi, Mr. Tsim Tak-lung Dominic and Dr. Wong Ying-ho Kennedy (all being independent non-executive Directors), was established to advise the Independent Shareholders as to whether the terms of the Amendment Deed are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, and the terms of the Amendment Deed are fair and reasonable so far as the Independent Shareholders are concerned. We, Fortune Financial Capital Limited, were appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 14A.36 of the Listing Rules, any connected person and/or shareholder and their respective associate(s), who has/have material interest(s) in relation to the entering into of the Amendment Deed is/are required to abstain from voting at the EGM. Accordingly, Asia Cement, being the Company's Controlling Shareholder and one of the Covenantors under the Amendment Deed, and its associates, namely, Asia Cement (Singapore) Private Limited and Falcon Investments Private Limited, are required to abstain from voting at the EGM.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the date of despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the terms of the Amendment Deed.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Amendment Deed, we have taken into consideration the following principal factors and reasons:

1. The Current Deed

Reference is made to the Current Deed entered into between Asia Cement, Far Eastern and the Company on 27 April 2008.

a) Scope of Restriction of the Cement Business

Pursuant to the Current Deed, each of the Covenantors irrevocably agreed, undertook and covenanted with the Company that it would not and would procure that its associates and its controlled companies would not, directly or indirectly, during the Term, invest, participate, operate and/or manage any businesses involving the cement business (including cement products, clinker, blast-furnace slag powder and related products) and concrete business (including ready-mixed concrete) (the "**Cement Business**") in the PRC through any means including, but not limited to, joint operations, joint venture, cooperation, partnership, agency or share participation (the "**Scope of Restriction**").

Under the Current Deed, the following shall not be considered as falling within the Scope of Restriction:

- (i) holding or being interested in any security in any company which engages or involves in a business falling within the Scope of Restriction; where the amount of such holding does not exceed 10% of the entire share capital of such company *OR* it is not the single largest shareholder of such company *OR* it does not control the board of such company (the "**Relevant Exceptions**");
- (ii) holding any security in the Company or in Asia Cement by Far Eastern;
or
- (iii) engaging in or discharging any duty, service or act for the benefit of the Company or any of its subsidiaries.

b) Procedures on referring business opportunities relating to the Cement Business to the Company

Under the Current Deed, if any business opportunity arises and such business opportunity includes a business falling within the Scope of Restriction, the Covenantors shall immediately notify, or procure that their associates immediately notify, the Company of such business opportunity, and use their best efforts to assist the Company and/or any of their associated companies, if applicable, to obtain terms given to them or conditions otherwise acceptable to the Company and/or any of their associated companies, if applicable.

2. Reasons for the Amendment Deed

The management of the Company confirmed to us that they are of the view that the Current Deed is not in line with the current market practice for the benefit of companies listed on the Stock Exchange as (i) the Current Deed offers insufficient protection for the Company because the Relevant Exceptions severely limit the effectiveness of the application of the non-compete covenants given by the Covenantors; and (ii) the Current Deed did not set out the procedures for the Covenantors to present an offer in respect of new business opportunities which fall within the Scope of Restriction to the Company and how the Company can accept or reject such offer, nor did it provide for procedures governing how the Covenantors can pursue the offer if the Company decides not to pursue such Offer. As such, on 24 June 2014, each of the Covenantors and the Company entered into the Amendment Deed to amend the Current Deed.

3. The Cement Industry in the PRC

a) The Group's principal scope of business and its business plan

The Group is principally engaged in the manufacturing and sales of cement, concrete and related products and there has been no significant change in the nature of the Group's principal activities.

According to China Cement Net (中國水泥網) (<http://www.ccement.com>), we noted that Asia Cement together with the Group were the 12th largest producer of clinker in the PRC in 2013.

As noted in the annual report of the Group for the year ended 31 December 2013 (the "AR 2013"), as at the date of publishing of the AR 2013, the Group had an annual cement production capacity of approximately 30 million tonnes and it was the Group's plan to increase its annual production capacity to 40 million tonnes in 2015 and 50 million tonnes in 2016 in order to become one of the top 10 industry players in the PRC. As confirmed by the management of the Company, as at the Latest Practicable Date, the Group had an annual clinker production capacity of approximately 26 million tonnes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to achieve the plan of the Group to become one of the major industry players in the PRC as mentioned above, it is the current intention of the Group to focus on the development of the Cement Business. The management of the Group confirmed that, as at the Latest Practicable Date, members of the Group had no intention to engage in any business in the PRC other than the Cement Business as a result of the amended Scope of Restriction under the Amendment Deed.

b) *Government's determination to curb over-capacity and the policies of consolidation of players in the PRC cement industry*

The over-capacity in the cement industry in the PRC in recent years had led to the PRC government introducing a series of measures to curb cement production in the PRC. Set out below is a summary of guidance and notices issued by the PRC government since 2013 to cope with the over-supply in the cement industry in the PRC:

Date	Particulars
January 2013	<p><i>"Guidance on accelerating corporate mergers and restructuring of key industries (關於加快推進重點行業企業兼併重組的指導意見)"</i> jointly issued by 12 ministries of the PRC stipulated that, among other things:</p> <ul style="list-style-type: none">(i) obsolete production capacities of the cement industry should be eliminated; and(ii) by 2015, the top 10 cement players shall reach a market concentration of 35%, and encouraged the development of large-scale building material conglomerates to carry out cross-regional mergers and acquisitions in order to accelerate industry consolidation.
May 2013	<p><i>"Notice on curbing the blind expansion of serious over-capacity industries (關於堅決遏制產能嚴重過剩行業盲目擴張的通知)"</i> jointly issued by National Development and Reform Commission ("NDRC") and the Ministry of Industry and Information Technology, stated that the over-capacity issue and new capacity control of certain industries, including the cement industry, would be the work focus of the year to strictly control new production capacities for those industries. The notice also prohibited all local governments from approving projects which involve new production capacities and forbid the land supply, environment assessment and financing for these new projects.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

October 2013

“Guidance on how to resolving the conflict concerning severe over-capacity (關於化解產能嚴重過剩矛盾的指導意見)” announced by the State Council of China which, among other things:

- (i) set the goal to eliminate production capacity of 100 million tonnes of cement by the end of 2015;
- (ii) urged the abolition of grade 32.5 composite cement; and
- (iii) encouraged industry consolidation and restructuring.

December 2013

“Notice on improving and regulating the approval of investment projects and strengthening supervision of collaborative agreements (關於改進規範投資項目核准行為加強協同監管的通知)” published by NDRC which further set out the measures regarding the project approval rights of the local government on industries with over-capacity, including the cement industry, and suppress capacity expansion.

The above notices and guidance demonstrate the PRC government’s determination to curb new production capacity and encourage the mergers and consolidation of market players in the cement industry in the PRC.

We have discussed with the management of the Company and after taken into consideration of (i) the aforesaid government policies; (ii) the need to maintain the Group’s competitiveness in the cement market in the PRC; and (iii) the Group’s business plan to become one of the top 10 players in the cement market in the PRC, the Group will look for opportunities for mergers and consolidations of other smaller industry players in order to expand its production capacity and strengthen its market position.

4. Benefits of Entering into the Amendment Deed and Analysis on the Material Amendments under the Amendment Deed

a) Amendment of the Scope of Restriction of the Cement Business

Under the Amendment Deed, the Scope of Restriction is amended to cover any business which competes directly or indirectly with the business involving the Cement Business currently and from time to time engaged by the Company or any member of the Group (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement) in the PRC (the “**Restricted Business**”); provided that engaging in any one or more of the following shall not constitute engaging in a Restricted Business:

- (i) the holding of shares or other interests in any member of the Group;
- (ii) the holding of shares or other interests in Asia Cement by Far Eastern;
- (iii) engaging in or discharging any duty, service or act for the benefit of the Company or any of its subsidiaries;
- (iv) any investments made by the Covenantors and/or any of its associates in compliance with the Current Deed before the effective date of the Amendment Deed; and
- (v) the holding of shares or other interests in any company (other than any member of the Group) which carries on any Restricted Business (the “**New Relevant Exceptions**”) where:
 - I. the total number of the shares held by the Covenantor and/or its associates does not exceed 10% of the issued share capital of the company in question;
 - II. such Covenantor and its associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company; *and*
 - III. at the time of investment there exists at least one other shareholder of that company whose shareholdings in that company (together with those of its associates) are more than the total number of shares held by the Covenantors in aggregate and/or its associates in aggregate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that under the Current Deed, a Covenantor may compete with the Group under the following circumstances (the “**Exempt Scenarios**”):

- (i) it controls the board of a company which engages or is involved in a business falling within the Scope of Restriction *BUT* it is not the single largest shareholder *AND* does not hold more than 10% of the entire share capital of such company;
- (ii) it holds more than 10% of the entire share capital of a company which engages or is involved in a business falling within the Scope of Restriction *BUT* it is not the single largest shareholder *AND* it does not control the board of such company;
- (iii) it is the single largest shareholder of a company which engages or is involved in a business falling within the Scope of Restriction *BUT* it does not hold more than 10% of the entire share capital *AND* does not control the board of such company;
- (iv) it is the single largest shareholder of a company which engages or is involved in a business falling within the Scope of Restriction *AND* it holds more than 10% of the entire share capital of such company *BUT* it does not control the board of such company;
- (v) it is the single largest shareholder of a company which engages or is involved in a business falling within the Scope of Restriction *AND* it controls the board of such company *BUT* it does not hold more than 10% of the entire share capital of such company;
- (vi) it controls the board of a company which engages or is involved in a business falling within the Scope of Restriction *AND* it holds more than 10% of the entire share capital of such company *BUT* it is not the single largest shareholder of such company; or
- (vii) it does not control the board of a company which engages or is involved in a business falling within the Scope of Restriction *AND* is not the single largest shareholder *AND* does not hold more than 10% of the entire share capital of such company.

Save for the situation described in (vii) above, the other Exempt Scenarios will be eliminated consequent to the entering into of the Amendment Deed. We expect that new business opportunities which fall within the amended Scope of Restriction will be presented by the Covenantors to the Company. This offers better protection to the Group. Accordingly, we are of the view that the proposed amendments under the Amendment Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is the current intention of the Group to focus on the development of the Cement Business and the Group had no intention to engage in any business in the PRC other than the Cement Business as at the Latest Practicable Date. As the proposed amendments under the Amendment Deed are beneficial to the Group in the event that any relevant new business opportunities become available to the Covenantors, we believe that the proposed amendments under the Amendment Deed are in line with the business plan of the Group to become one of the major players in the cement industry in the PRC as disclosed under paragraph 3a) above.

b) Enhancement on the procedures on referring business opportunities related to the Restricted Business to the Company

Pursuant to the Amendment Deed, subject to the exceptions set out in paragraph 4a) above which do not constitute a Restricted Business, each of the Covenantors irrevocably and unconditionally undertakes to and covenants with the Company that during the continuation of the Amended Deed:

- (i) each of the Covenantors shall not, and shall procure each of its associates (other than any members of the Group) not to directly or indirectly carry on or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in any of the Restricted Business;
- (ii) if each of the Covenantors and/or any of its associates (the “**Offeror**”) is offered or identifies any project or new business opportunity (the “**New Business Opportunity**”) which is a Restricted Business, it shall and shall procure its associates (other than members of the Group) to, within 5 Business Days, notify the Company in writing of the New Business Opportunity and provide such information as is reasonably required by the Company in order to enable the Company to consider whether (I) such New Business Opportunity would constitute a Restricted Business; and (II) it is in the interests of the Group to pursue the New Business Opportunity including, but not limited to, the nature of the New Business Opportunity, the identity of the persons who have offered the New Business Opportunity to the Offeror (the “**Potential Counterparty**”) and the details of the investment or acquisition costs (the “**Offer Notice**”);
- (iii) if the Offeror (I) has received written notice declining the New Business Opportunity (the “**Rejection Notice**”); or (II) has not received the Rejection Notice from the Group within 20 Business Days from the day of receipt of the Offer Notice by the Company, the Offeror shall be permitted to invest in or participate in the New Business Opportunity on its own accord on terms no more favourable than the terms set out in the Offer Notice (a “**Permitted Investment**”); and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) if the Offeror has received written notice from the Company confirming that the New Business Opportunity would constitute a Restricted Business and indicating that it would like to pursue the New Business Opportunity (the “**Acceptance Notice**”), but the Company and the Potential Counterparty are unable to enter into a legally binding document to effect the transaction(s) contemplated in the New Business Opportunity within 20 Business Days upon the day of receipt of the Acceptance Notice by the Offeror, the Offeror shall be permitted to invest in or participate in the New Business Opportunity on its own accord on terms no more favourable than the terms set out in the Offer Notice (which investment shall also constitute a Permitted Investment).

We noted that the Current Deed was silent as to:

- (i) the procedures on referring new business opportunities to the Company by the Covenantors; and
- (ii) the procedures for the Company to accept or reject such new business opportunities and the procedures governing how the Covenantors can pursue the new business opportunities if the Company decides not to pursue such offer or if the Company does not proceed with the relevant transaction within a specified time frame.

We consider that the provision of the new procedures under the Amendment Deed, through delivering formal Offer Notice, Rejection Notice or Acceptance Notice (the “**New Procedures**”), will provide a detailed and formalised mechanism for the New Business Opportunity to be presented to the Company, and how the Company can accept or reject such New Business Opportunity which were not provided for under the Current Deed and will enhance the Company’s internal control and governance.

We have also reviewed the terms of deeds of non-competition as disclosed in the prospectuses of other companies engaging in the similar business as the Company, i.e. cement business, which are listed on the Stock Exchange (the “**Comparables**”) since 20 May 2008 (i.e. the date which the Company was listed in the Stock Exchange) and up to the Latest Practicable Date. We noted that among the Comparables, it is not uncommon to have such referral mechanism for the relevant covenantors to present any relevant new business opportunities to the listed companies as well as providing the covenantors’ right to pursue the new business opportunities should the issuer decided to decline such new business opportunities. Reference can be made to the prospectuses of China Shanshui Cement Group Ltd. (691.HK), China Resources Cement Holdings Ltd. (1313.HK), Dongwu Cement International Ltd. (695.HK), Allied Cement Holdings Ltd. (1312.HK), and BBMG Corporation (2009.HK).

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In addition, we are of the view that any New Business Opportunity rejected or not being able to be captured by the Group after going through the New Procedures could be pursued by Asia Cement, which could in turn strengthen the market position of both the Group and Asia Cement (together referred to the “**Asia Cement Brand**”) in the cement industry in the PRC as a whole. We consider that the solidification of the Asia Cement Brand may bring other benefits to the Group including but not limited to (i) promoting the Group’s reputation in the industry; (ii) achieving economies of scale in costs; (iii) improving the Group’s bargaining power with its suppliers as well as customers or distributors; and (iv) reducing the cost of financing.

We also take the view that if the New Procedures were not in place, any New Business Opportunity rejected or not pursued by the Company and not captured by Asia Cement (who might be in a better position to pursue such New Business Opportunity) under the terms of the Current Deed would fall into the hands of the Group’s competitors which may in turn hamper the development of Asia Cement Brand as a whole and accordingly affect the Company’s market position or growth in the long run. Furthermore, by taking into consideration of the policy of the PRC government’s encouragement of consolidation of market players in the PRC (which has been discussed in paragraph 3b) above), we consider that improving the Asia Cement Brand would strengthen the Group’s position to consolidate other smaller industry players and reduce the chance for being the subject of consolidation by other dominant industry players, which is crucial for the future development of the Group.

Under the Amendment Deed, the Covenantors are allowed to engage in the Permitted Investment only if the terms of which are no more favourable than the terms set out in the Offer Notice which, in our opinion, offers protection to the Company and safeguards the interests of the Shareholders as a whole.

As set out in the Letter from the Board, the Directors will be responsible for reviewing, considering and deciding whether (i) the New Business Opportunity would constitute a Restricted Business; and (ii) it is in the interests of the Group to pursue the New Business Opportunity or permit the Covenantors or their associates to pursue the New Business Opportunity. Any Directors who are interested in or related to the New Business Opportunity shall abstain from voting. In assessing whether or not to pursue the New Business Opportunity, the Directors should consider all factors they consider relevant including any feasibility studies, counterparty risks, estimated profitability, the business strategy of the Group, the financial resources of the Group, the qualifications and/or eligibility the Group then has, the market and commercial risks and strategic basis for pursuing the New Business Opportunity of the Group or permitting another party to pursue the same and the relevant legal, regulatory and contractual requirements with a view in arriving at a decision which is in the best interests of the Shareholders and the Group as a whole.

Based on the above, we are of the view that the aforesaid amendments in respect of the New Procedures are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

c) Undertakings of the Covenantors

Under the Amendment Deed, the following undertakings shall replace the existing corresponding undertakings in the Current Deed:

- (i) to procure its distributors not to distribute their cement products to end users in the PRC except through a Permitted Investment;
- (ii) to provide the Company and the Directors from time to time (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Amended Deed and the enforcement of the non-competition undertakings in the Amended Deed; and
- (iii) after the end of each financial year of the Company, to make an annual declaration which shall state whether or not it has during that financial year complied with the Amended Deed and, if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of the Company for the relevant financial year.

As discussed with the management of the Company and set out in the Letter from the Board, the Board considers that the aforesaid amendments offer better protection to the Company. We have reviewed the aforesaid undertakings and compared with those in the Current Deed and concur with the Board's view that the aforesaid amendments in relation to the Covenantors' undertakings represent more stringent terms to the Covenantors and offer better protection to the Company and are in line with other amendments under the Amendment Deed.

Based on the above, we consider that the aforesaid amendments in relation to the Covenantors' undertakings are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Other Proposed Non-material Amendments under the Amendment Deed

The Directors of the Company confirmed to us that save for the amendments mentioned in paragraph 4 above, other amendments under the Amendment Deed (the "**Other Amendments**") are non-material in nature. We have reviewed such Other Amendments and concur with the Company's view that the Other Amendments are non-material in nature and accordingly we have not analysed the benefits nor effects of the Other Amendments in this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Further Corporate Governance Measures Taken by the Company

As set out in the Letter from the Board, the Company will continue to adopt the following procedures to ensure that the undertakings under the Amended Deed are observed:

- (i) the Company will disclose in its annual report the results of review conducted by the independent non-executive Directors in respect of the compliance of the terms of the Amended Deed and the enforcement of the non-competition undertakings in the Amended Deed or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- (ii) in the event that any New Business Opportunity presented by or otherwise arising in connection with any of the Covenantors is rejected by the Company in accordance with the Amended Deed, the decision as well as the basis for such decision will be disclosed in the annual report or interim report of the Company (as the case may be); and
- (iii) the Board is of the view that the Directors have sufficient experience in assessing whether or not to pursue the New Business Opportunity. However, the Directors may, at the expense of the Company, appoint an independent financial adviser or other professionals to advise them on whether or not to take up the New Business Opportunity as they see fit.

We are of the view that adoption of the above corporate governance measures ensures transparency regarding the Covenantors' compliance with the terms of the Amendment Deed and safeguards the interests of the Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we take the view that the terms of the Amendment Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the proposed resolution(s) to approve the terms of the Amendment Deed at the EGM.

Yours faithfully,
For and on behalf of
FORTUNE FINANCIAL CAPITAL LIMITED

Eric Koo
Managing Director

Alan Chung
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director	Number of ordinary shares			% of interest in the Company's issued share capital
	Personal interests	Equity derivatives (Note 1)	Total interests	
Mr. Chang, Tsai-hsiung	59,500	1,500,000	1,559,500	0.10%
Mr. Wu, Chung-lih	–	400,000	400,000	0.03%
Madam Chiang Shao, Ruey-huey	150,000	400,000	550,000	0.04%
Mr. Hsu, Shu-tong	–	3,000,000	3,000,000	0.19%
Mr. Chang, Chen-kuen	30,000	400,000	430,000	0.03%
Mr. Lin, Seng-chang	–	400,000	400,000	0.03%
Mr. Hsu, Shu-ping	–	200,000	200,000	0.01%

Note:

- This represented interests in the options that have been granted to Directors under the share option scheme approved by the resolutions in writing of all the Shareholders passed on 13 December 2007 to subscribe for the Shares.

Long positions in Shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Number of ordinary shares			Total no. of shares in the associated corporation	% of interest in the Company's issued share capital
		Personal	Through spouse	Corporate		
Mr. Chang, Tsai-hsiung	Asia Cement Corporation	450,344	59,684	-	510,028	0.02%
	Oriental Industrial Holdings Pte., Ltd ("Oriental Industrial")	2,000	-	-	2,000	0.0004%
Madam Chiang Shao, Ruey-huey	Asia Cement	75,109	2,395	-	77,504	0.002%
	Oriental Industrial	1,000	-	-	1,000	0.0002%
Mr. Hsu, Shu-tong	Asia Cement	22,821,897	7,965,032	-	30,786,929	0.93%
	Asia Cement (Singapore) Private Limited ("Asia Cement Singapore")	2	-	-	2	0.00002%
	Oriental Industrial	4,000	-	-	4,000	0.0007%
Mr. Chang, Chen-kuen	Asia Cement	11,645	5,253	-	16,898	0.0005%
Mr. Lin, Seng-chang	Asia Cement	7,257	467	-	7,724	0.0002%
Mr. Hsu, Shu-ping	Asia Cement	11,230,374	273,746	-	11,504,120	0.35%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(II) Substantial Shareholders' and Other Persons' Interest in Shares and Underlying Shares

As at the Latest Practicable Date and to the best knowledge of the Directors and chief executives of the Company, persons (other than Directors or chief executives of the Company) who had an interest or short position, in the Shares and underlying Shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in Shares

Substantial Shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Asia Cement (<i>Note 1</i>)	Beneficial owner and interest by attribution	1,136,074,000	73.00%

Note:

1. Asia Cement beneficially owns approximately 68.19% interest of the Company. Asia Cement Singapore holds approximately 4.10% interest in the Company, which is approximately 99.96% owned by Asia Cement. Asia Cement is deemed to be interested in approximately 4.10% interest of the Company by virtue of its corporate interest in Asia Cement Singapore. Further, Falcon Investments Private Limited holds approximately 0.71% interest in the Company and is owned as to 100% by U-Ming Marine Transport (Singapore) Private Limited, which is in turn owned as to 99.99% by U-Ming Marine Transport Corporation. U-Ming Marine Transport Corporation is owned as to 38.66% by Asia Cement. Asia Cement is deemed to be interested in approximately 0.71% interest of the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who also had interests or short positions on the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No significant contract, to which the Company, its holding company, its controlling shareholder, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, each of the executive Directors (except for Mr. Hsu, Shu-ping) entered into a service contract with the Company for a term of three years commencing on 27 April 2014, and Mr. Hsu Shu-ping entered into a service contract with the Company for a term of three years commencing on 13 March 2014, each of which may be terminated by either party giving to the other not less than three months' prior notice in writing.

As at the Latest Practicable Date, the Company has issued an appointment letter to each of the non-executive Directors for a term of three years commencing on 27 April 2014, which may be terminated by either party giving to the other not less than one month's prior notice in writing.

As at the Latest Practicable Date, the Company has issued an appointment letter to each of the independent non-executive Directors for a term of three years commencing on 27 April 2014, which may be terminated in accordance with the provisions thereof by either party giving to the other not less than two months' prior notice in writing.

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

- (i) had any interest in any assets which have been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or
- (ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given its advice and recommendation which are included in this circular:

Name	Qualification
Fortune Financial Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, FFC has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and advice or opinion in the form and context in which they respectively appear.

9. INTERESTS OF EXPERT

As at the Latest Practicable Date, FFC:

- (a) did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The branch share registrar of the Company in Hong Kong is at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (c) The company secretary of the Company is LO, Wai-kit.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of Boughton Peterson Yang Anderson in association with Zhong Lun Law Firm at 409, 4/F, Jardine House, 1 Connaught Place, Central, Hong Kong, up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Current Deed;
- (c) the Amendment Deed;
- (d) the service contracts with the Directors referred to on pages 30 to 31 of this circular;
- (e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" on pages 13 to 14 of this circular;
- (f) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" on pages 15 to 27 of this circular;
- (g) the written consents as referred to in the paragraph headed "Expert and Consent" in this appendix; and
- (h) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Asia Cement (China) Holdings Corporation (the “Company”) will be held at Room 3 & 4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 6 August 2014 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the amendment deed of non-competition (the “**Amendment Deed**”) entered into between Asia Cement Corporation, Far Eastern New Century Corporation and the Company (the “**Parties**”) on 24 June 2014 to amend the deed of non-competition entered into between the Parties on 27 April 2008 (a copy of which is tabled at the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification) be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorized to do all such things and acts as he/she may in his/her discretion considers as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Amendment Deed and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the Amendment Deed, and the taking of all necessary actions to implement the Amendment Deed.”

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

Hong Kong, 16 July 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All resolution (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 31 July 2014 to Wednesday, 6 August 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 30 July 2014.