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Asia Cement (China) Holdings Corporation

亞洲水泥(中國)控股公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO SALE OF CEMENT MATERIALS TO ASIA CEMENT CORPORATION

Reference is made to the announcement of the Company dated 22 March 2017 in relation to the 2017 Sale and Purchase Agreement.

The Board hereby announces that the 2017 Sale and Purchase Agreement expired on 31 December 2017. The parties to the 2017 Sale and Purchase Agreement have agreed to continue the sale and purchase of ordinary Portland cement in 2018 by entering into the 2018 Sale and Purchase Agreement as disclosed in this announcement. On 10 January 2018 (after trading hours), Jiangxi Yadong and the Buyer entered into the 2018 Sale and Purchase Agreement pursuant to which Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement in bulk.

As at the date of this announcement, Asia Cement Corporation holds approximately 72.51% of the entire issued share capital of the Company and thus is a connected person of the Company as defined under the Listing Rules. Accordingly, the transactions contemplated under the 2018 Sale and Purchase Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) relating to the Annual Cap for the continuing connected transactions contemplated under the 2018 Sale and Purchase Agreement is more than 0.1% but less than 5%, the 2018 Sale and Purchase Agreement and the transactions contemplated thereunder are exempt from circular, independent financial advice and independent shareholders' approval requirements, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of Asia Cement (China) Holdings Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 March 2017 in relation to, among other things, the continuing connected transactions contemplated under the sale and purchase agreement dated 22 March 2017 (the “**2017 Sale and Purchase Agreement**”) between Jiangxi Ya Dong Cement Corporation Ltd. (“**Jiangxi Yadong**”), a non-wholly owned subsidiary of the Company, and Asia Cement Corporation (the “**Buyer**”), the controlling shareholder of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that the 2017 Sale and Purchase Agreement expired on 31 December 2017 and the sale of ordinary Portland cement by Jiangxi Yadong to the Buyer will continue in 2018. On 10 January 2018 (after trading hours), Jiangxi Yadong and the Buyer entered into a sale and purchase agreement (the “**2018 Sale and Purchase Agreement**”) pursuant to which Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement in bulk.

THE 2018 SALE AND PURCHASE AGREEMENT

The principal terms of the 2018 Sale and Purchase Agreement are as follows:

(A) Date:

10 January 2018

(B) Parties:

- (i) Jiangxi Yadong, as seller; and
- (ii) Asia Cement Corporation, as buyer.

(C) Term

The 2018 Sale and Purchase Agreement shall come into effect on and from 10 January 2018, and shall be valid until 31 December 2018 (both dates inclusive).

(D) Quantity of cement to be supplied and delivery schedule

During the term of the 2018 Sale and Purchase Agreement, Jiangxi Yadong shall supply to the Buyer 270,000 metric tonnes to 330,000 metric tonnes of cement.

(E) Price and Payment Term

Pursuant to the 2018 Sale and Purchase Agreement, Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement in bulk at the actual transaction unit price per metric tonne which is the Buyer's selling price to its customers after deducting US\$1, representing the Buyer's operating charge for each end customer, but in any event the purchase price shall be within the range of US\$42 to US\$45 per metric tonne of cement (after deduction of the aforesaid Buyer's operating charge), for loading at the Taizhou Port, Jiangsu Province, the People's Republic of China (the "PRC").

The foregoing unit prices were determined by the parties at arm's length with reference to and based on the market price of ordinary Portland cement.

The Buyer shall make full payment within 30 days of receipt of invoice after completion of each loading against the bill of lading date.

(F) Historical Transactions and Cap Amount

Asia Cement Corporation has purchased ordinary Portland cement from Jiangxi Yadong since 1 May 2015. The aggregate purchases of ordinary Portland cement by Asia Cement Corporation from Jiangxi Yadong for the financial years ended 31 December 2015 ("FY2015"), 2016 ("FY2016") and 2017 ("FY2017") amounted to approximately US\$10,648,903, US\$7,705,587 and US\$6,279,730 (unaudited for FY2017) respectively. The historical caps for FY2015, FY2016 and FY2017 were US\$20,680,000, US\$41,400,000 and US\$20,295,000 respectively.

(G) Annual cap

The Company expects that the sale of cement under the 2018 Sale and Purchase Agreement for the period from 10 January 2018 to 31 December 2018 (the "Annual Cap") will not be more than US\$14,850,000, determined by reference to the historical transaction amounts and the maximum quantity of cement that may potentially be sold at the high end of the unit price range described above. The Annual Cap is calculated based on the maximum quantity of cement to be purchased by Asia Cement Corporation (i.e. 330,000 metric tonnes of cement for the period from 10 January 2018 to 31 December 2018) and the maximum unit price of US\$45 per metric tonne of cement under the 2018 Sale and Purchase Agreement.

INFORMATION ABOUT THE GROUP AND JIANGXI YADONG

The principal activity of the Company is investment holding. The Group's principal activities are manufacture and sales of cement, concrete and related products.

Jiangxi Yadong is a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company. As at the date of this announcement, the Company holds 94.99% equity interests in Jiangxi Yadong and it is principally engaged in manufacturing and sales of cement products, clinker, blast-furnace slag powder and related products.

INFORMATION ABOUT THE BUYER

Asia Cement Corporation is a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation. As at the date of this announcement, Asia Cement Corporation is the controlling shareholder of the Group and is principally engaged in production and sales of cement, concrete and related products through self-built production line and diversified investment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2018 SALE AND PURCHASE AGREEMENT

In light of the sale of ordinary Portland cement in bulk to the Buyer since 2015, the Buyer is considered to be a valuable purchaser of the Group having a wealth of experience in exporting cement in Taiwan and a loyal and stable client base.

As the Group's principal business includes the manufacture and sales of cement, the Directors continue to believe that supplying cement materials through its subsidiary to the Buyer will allow the Group to receive a steady, reliable and relatively large income.

Having considered the above reasons and taking into account the basis of determination of the selling prices of the cement and the terms under the 2018 Sale and Purchase Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2018 Sale and Purchase Agreement are fair and reasonable, and the 2018 Sale and Purchase Agreement and the transactions contemplated thereunder have been entered into after arm's length negotiations and determined on normal commercial terms and in the ordinary and usual course of business of the Company that are in the interests of the Company and its shareholders as a whole.

Four Directors, namely Mr. Hsu Shu-tong, Mr. Hsu Shu-ping, Mr. Chang Tsai-hsiung and Mr. Chang Chen-kuen, all of whom serve as board members of Asia Cement Corporation, abstained from voting on the relevant resolutions in the Board meeting to approve the 2018 Sale and Purchase Agreement and the transactions contemplated thereunder due to their mutual directorships in the Company and Asia Cement Corporation. All the remaining Directors have confirmed in such Board meeting that they have no material interest in the 2018 Sale and Purchase Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Asia Cement Corporation holds approximately 72.51% of the entire issued share capital of the Company and thus is a connected person of the Company as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Accordingly, the transactions contemplated under the 2018 Sale and Purchase Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) relating to the Annual Cap for the continuing connected transactions contemplated under the 2018 Sale and Purchase Agreement is more than 0.1% but less than 5%, the 2018 Sale and Purchase Agreement and the transactions contemplated thereunder are exempt from circular, independent financial advice and independent shareholders’ approval requirements, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

By Order of the Board
Asia Cement (China) Holdings Corporation
HSU Shu-tong
Chairman

Hong Kong, 10 January 2018

As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Mr. HSU Shu-ping, Dr. WU Chung-lih, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Ms. WU Ling-ling, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. TSIM Tak-lung Dominic, Mr. WANG Wei, Mr. LEE Kao-chao and Dr. WANG Kuo-ming.