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Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 743)

MEMORANDUM OF UNDERSTANDING

POSSIBLE COOPERATIVE ARRANGEMENT WITH ASIA CEMENT CORPORATION AND CHINA SHANSHUI CEMENT GROUP LIMITED IN LIAONING AND INNER MONGOLIA, PRC

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 19 November 2010, the Company entered into a non-legally binding Memorandum of Understanding with Asia Cement and Shanshui pursuant to which the Parties have indicated their intention to enter into a cooperative arrangement to carry out the Cooperation Businesses in the regions of Liaoning and Inner Mongolia. In order to implement the Possible Cooperative Arrangement, the Company (or through its HK or PRC incorporated subsidiaries) will invest in Shanshui through acquisition of existing and/or new equity interests in various subsidiaries of Shanshui or their holding companies. It is expected that the Company will invest in not more than 30% of the equity interests in the JV Companies pursuant to the Possible Cooperative Arrangement and the JV Companies will be engaged in the Cooperation Businesses.

Up to the date of this announcement, no binding agreement has yet been entered into between the Parties. The Parties agreed not to negotiate with any third parties relating to any matters under the Memorandum of Understanding before 1 May 2011 (or such later date as agreed among the Parties).

Detailed terms and conditions for the Possible Cooperative Arrangement will be subject to further negotiation between the Parties and related due diligence exercise.

The Board wishes to remind the Shareholders that there cannot be any assurance that binding agreement(s) will be signed between the Parties. The Possible Cooperative Arrangement, if it materializes, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company as and when required under the Listing Rules.

The Board wishes to emphasize that since the Memorandum of Understanding is not legally binding and the Possible Cooperative Arrangement may or may not materialize, the Shareholders and potential investors, when dealing in the shares of the Company, should do so with full understanding of this present arrangement.

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

THE MEMORANUM OF UNDERSTANDING

The Board is pleased to announce that on 19 November 2010, the Company entered into a non-legally binding Memorandum of Understanding with Asia Cement and Shanshui. Up to the date of this announcement, no binding agreement has yet been entered into between the Parties.

The principal terms of the Memorandum of Understanding are summarized as follows.

Date: 19 November 2010

Parties:

- (1) Asia Cement
- (2) The Company
- (3) Shanshui

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shanshui and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Possible Cooperative Arrangement: The Parties have indicated their intention to enter into a cooperative arrangement to carry out the Cooperation Businesses in the regions of Liaoning and Inner Mongolia.

In order to implement the Possible Cooperative Arrangement, the Company (or through its HK or PRC incorporated subsidiaries) will invest in Shanshui through acquisition of existing and/or new equity interests in various subsidiaries of Shanshui or their holding company. It is expected that the Company will invest in not more than 30% of the equity interests in the JV Companies pursuant to the Possible Cooperative Arrangement.

The JV Companies will be engaged in the businesses of production, design and sales of cement, cement products and construction raw materials in the regions of Liaoning and Inner Mongolia, PRC.

Exclusivity: The Parties agreed not to negotiate with any third parties relating to any matters under the Memorandum of Understanding before 1 May 2011 (or such later date as agreed among the Parties).

Purchase of shares in Shanshui by Asia Cement Asia Cement intends to purchase less than 10% of the entire issued share capital of Shanshui from existing shareholders of Shanshui.

Detailed terms and conditions for the Possible Cooperative Arrangement will be subject to further negotiation between the Parties and related due diligence exercise.

Shanshui may undergo a corporate restructuring to streamline the shareholding structures of the groups of its subsidiaries that are engaged in the cement related business in the regions of Liaoning and Inner Mongolia prior to or upon completion of the Possible Cooperative Arrangement.

REASONS FOR ENTERING INTO THE POSSIBLE COOPERATIVE ARRANGEMENT

Asia Cement and the Group are principally engaged in the production and sales of cement, concrete and related products. Shanshui is principally engaged in the production and sales of clinker, cement and cement products. In view of the potential of the cement, cement products and construction raw materials market in the PRC and the expertise of Asia Cement, the Group and Shanshui in the same industry, the Board considers that the Possible Cooperative Arrangement will provide a blueprint for the Parties to create synergy in the cement businesses and the proposed formation of the JV Companies represents a good opportunity and a milestone for the Group to further develop its business in the regions of Liaoning and Inner Mongolia.

GENERAL

The Board wishes to remind the Shareholders that there cannot be any assurance that binding agreement(s) will be signed between the Parties. The Possible Cooperative Arrangement, if it materializes, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company as and when required under the Listing Rules.

The Board wishes to emphasize that since the Memorandum of Understanding is not legally binding and the Possible Cooperative Arrangement may or may not materialize, the Shareholders and potential investors, when dealing in the shares of the Company, should do so with full understanding of this present arrangement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless they are otherwise defined or the context requires otherwise:

“Asia Cement”	Asia Cement Corporation (亞洲水泥股份有限公司), a company incorporated in Taiwan with limited liability under the Taiwan Company Law, the shares of which are listed on the Taiwan Stock Exchange. It is a controlling shareholder of the Company within the meaning set out in the Listing Rules
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Asia Cement (China) Holdings Corporation, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Cooperation Businesses”	the businesses of production, design and sales of cement, cement products and construction raw materials in the regions of Liaoning and Inner Mongolia, PRC
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JV Companies”	the joint venture companies incorporated or to be incorporated in the PRC through which the Parties will carry out the Possible Cooperative Arrangement for the Cooperation Businesses
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandum of Understanding”	the memorandum of understanding dated 19 November 2010 entered into among Asia Cement, the Company and Shanshui in respect of the Possible Cooperative Arrangement
“Parties”	the parties to the Memorandum of Understanding, namely Asia Cement, the Company and Shanshui
“Possible Cooperative Arrangement”	the possible cooperative arrangement between the Parties as contemplated under the Memorandum of Understanding

“PRC”	the People’s Republic of China
“Shanshui”	China Shanshui Cement Group Limited (中國山水水泥集團有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 19 November 2010

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.