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

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

**(Stock Code: 743)**

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

The Board hereby announces that the 2015 Sale and Purchase Agreement expired on 31 December 2015 and the sale of ordinary Portland cement by Jiangxi Yadong to the Buyer will continue in 2016, on 5 February 2016 (after trading hours), Jiangxi Yadong and the Buyer entered into the 2016 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 73% 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 2016 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 2016 Sale and Purchase Agreement is less than 5%, the 2016 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 30 April 2015 in relation to, among other things, the continuing connected transactions contemplated under the sale and purchase agreement dated 30 April 2015 (the “**2015 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 2015 Sale and Purchase Agreement expired on 31 December 2015 and the sale of ordinary Portland cement by Jiangxi Yadong to the Buyer will continue in 2016, on 5 February 2016 (after trading hours), Jiangxi Yadong and the Buyer entered into a sale and purchase agreement (the “**2016 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 2016 SALE AND PURCHASE AGREEMENT

The principal terms of the 2016 Sale and Purchase Agreement are as follows:

**(A) Date:**

5 February 2016

**(B) Parties:**

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

**(C) Term**

The Sale and Purchase Agreement shall come into effect on and from 5 February 2016, and shall be valid until 31 December 2016 (both dates inclusive).

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

During to term of the 2016 Sale and Purchase Agreement, Jiangxi Yadong shall supply to the Buyer 237,500 metric tonnes to 262,500 metric tonnes of cement.

**(E) Price and Payment Term**

Pursuant to the 2016 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 equivalent to the Buyer's selling price to its customers after deducting US\$0.5 to US\$1, representing the Buyer's operating charge for each end customer, but in any event around or within the range of US\$35 to US\$45 per metric tonne (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"). Meanwhile, for one specific shipment in February 2016 from Jiangxi Yadong to the Buyer, the parties agreed that its price shall be US\$46.5 per metric tonne (after deduction of the Buyer's operating charge of US\$1).

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 seven working days of receipt of invoice after completion of loading against the bill of lading date.

The 2016 Sale and Purchase Agreement further provides that if the market price of ordinary Portland cement fluctuates significantly, Jiangxi Yadong and the Buyer shall renegotiate the unit price of ordinary Portland cement to be supplied by Jiangxi Yadong to the Buyer under the 2016 Sale and Purchase Agreement. In the event that the unit price is renegotiated under such circumstance and will be adjusted, the Company will make further announcement and (where necessary) re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the adjusted unit price becomes effective.

**(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 year ended 31 December 2015 ("FY2015") amounted to approximately US\$10,648,903. The historical cap in FY2015 was US\$20,680,000.

**(G) Annual cap**

It is expected that the sale of cement under the 2016 Sale and Purchase Agreement for the period from 5 February 2016 to 31 December 2016 (the "Annual Cap") will not be more than US\$11,878,500. The Annual Cap is calculated based on the maximum quantity of cement to be purchased by Asia Cement Corporation (i.e. 262,500 metric tonnes for the period from 5 February 2016 to 31 December 2016) and the maximum unit price of US\$45 per metric tonne (as to 218,500 metric tonnes) and US\$46.5 per metric tonne (as to a specific shipment of 44,000 metric tonnes) under the 2016 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 of production line and diversified investment.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2016 SALE AND PURCHASE AGREEMENT**

In light of the sale of ordinary Portland cement in bulk to the Buyer for the year ended 31 December 2015 pursuant to the 2015 Sale and Purchase Agreement, the Buyer is considered to be a valuable purchaser of the Group having wealth of experience in exporting cement in Taiwan and with loyal and stable client base.

As the Group's principal business is the manufacture and sale of cement, the Directors continue to believe that supplying cement 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 2016 Sale and Purchase Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2016 Sale and Purchase Agreement are fair and reasonable, and the 2016 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 2016 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 2016 Sale and Purchase Agreement and the transactions contemplated thereunder.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Asia Cement Corporation holds approximately 73% 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 2016 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 2016 Sale and Purchase Agreement is less than 5%, the 2016 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**  
**Mr. HSU, Shu-tong**  
*Chairman*

Hong Kong, 5 February 2016

*As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, Dr. WU Chung-lih, Mr. CHANG Tsai-hsiung, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen and Mr. LIN Seng-chang and 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.*