

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 MATERIALS TO ASIA CEMENT CORPORATION

The Board hereby announces that the 2016 Sale and Purchase Agreement expired on 31 December 2016 and the sale of ordinary Portland cement by Jiangxi Yadong to the Buyer will continue in 2017. On 22 March 2017 (after trading hours), Jiangxi Yadong and the Buyer entered into the 2017 Sale and Purchase Agreement pursuant to which Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement and clinker 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 2017 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 2017 Sale and Purchase Agreement is more than 0.1% but less than 5%, the 2017 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 announcements of Asia Cement (China) Holdings Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 5 February 2016 and 14 April 2016 in relation to, among other things, the continuing connected transactions contemplated under the sale and purchase agreement dated 5 February 2016 (the “**2016 Sale and Purchase Agreement**”) and addendum dated 14 April 2016 (the “**Addendum**”) 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 2016 Sale and Purchase Agreement expired on 31 December 2016 and the sale of ordinary Portland cement by Jiangxi Yadong to the Buyer will continue in 2017. On 22 March 2017 (after trading hours), Jiangxi Yadong and the Buyer entered into a sale and purchase agreement (the “**2017 Sale and Purchase Agreement**”) pursuant to which Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement and clinker in bulk.

THE 2017 SALE AND PURCHASE AGREEMENT

The principal terms of the 2017 Sale and Purchase Agreement are as follows:

(A) Date:

22 March 2017

(B) Parties:

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

(C) Term

The 2017 Sale and Purchase Agreement shall come into effect on and from 22 March 2017, and shall be valid until 31 December 2017 (both dates inclusive).

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

During to term of the 2017 Sale and Purchase Agreement, Jiangxi Yadong shall supply to the Buyer 405,000 metric tonnes to 495,000 metric tonnes of cement and 45,000 metric tonnes to 55,000 metric tonnes of clinker.

(E) Price and Payment Term

Pursuant to the 2017 Sale and Purchase Agreement, Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement and clinker in bulk at the actual transaction unit price per metric tonne which is 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 the purchase price shall be within the range of US\$37 to US\$41 per metric tonne for cement and within the range of US\$34 to US\$38 per metric tonne for clinker (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 and clinker respectively.

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") and 2016 ("FY2016") amounted to approximately US\$10,648,903 and US\$7,705,587 respectively. The historical cap in FY2015 and FY2016 was US\$20,680,000 and US\$41,400,000.

(G) Annual cap

The Company expects that the sale of cement and clinker under the 2017 Sale and Purchase Agreement for the period from 22 March 2017 to 31 December 2017 (the "Annual Cap") will not be more than US\$22,385,000, determined by reference to the historical transaction amounts and the maximum quantity of cement and clinker that may potentially be sold at the high end of the unit price ranges described above. The Annual Cap is calculated based on the maximum quantity of cement and clinker to be purchased by Asia Cement Corporation (i.e. 495,000 metric tonnes of cement and 55,000 metric tonnes of clinker for the period from 22 March 2017 to 31 December 2017) and the maximum unit price of US\$41 per metric tonne for cement and US\$38 per metric tonne for clinker under the 2017 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 2017 SALE AND PURCHASE AGREEMENT

In light of the sale of ordinary Portland cement in bulk to the Buyer for the years ended 31 December 2015 and 2016 pursuant to the sale and purchase agreement dated 30 April 2015 and the 2016 Sale and Purchase Agreement (as amended and supplemented by the Addendum), 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 sale of cement and clinker, 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 clinker and the terms under the 2017 Sale and Purchase Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2017 Sale and Purchase Agreement are fair and reasonable, and the 2017 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.

Five Directors, namely Mr. Hsu, Shu-tong, Mr. Hsu, Shu-ping, Mr. Chang, Tsai-hsiung, Mr. Chang, Chen-kuen and Ms. Wu, Ling-ling, 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 2017 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 2017 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 2017 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 2017 Sale and Purchase Agreement is more than 0.1% but less than 5%, the 2017 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, 22 March 2017

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. LEE Kao-chao, Mr. WANG Wei and Dr. WANG Kuo-ming.