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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)

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

Reference is made to the announcement of the Company dated 15 February 2019 in relation to the 2019 Sale and Purchase Agreement. The parties to the 2019 Sale and Purchase Agreement entered into the Supplemental Agreement on 30 April 2019 to extend the expiration date of the 2019 Sale and Purchase Agreement from 30 April 2019 to 31 May 2019.

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 2019 Sale and Purchase Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 under the Listing Rules, if the Company proposes to revise the annual caps for or introduce a material change to a continuing connected transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

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 2019 Sale and Purchase Agreement (as amended by the Supplemental Agreement) is more than 0.1% but less than 5%, the Supplemental 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 15 February 2019 in relation to, among other things, the continuing connected transactions contemplated under the sale and purchase agreement dated 15 February 2019 (the “**2019 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. Pursuant to the 2019 Sale and Purchase Agreement, Jiangxi Yadong has agreed to sell and the Buyer has agreed to buy ordinary Portland cement in bulk.

SUPPLEMENTAL AGREEMENT TO THE 2019 SALE AND PURCHASE AGREEMENT

On 30 April 2019, Jiangxi Yadong and the Buyer entered into a supplemental agreement (the “**Supplemental Agreement**”) to extend the expiration date of the 2019 Sale and Purchase Agreement from 30 April 2019 to 31 May 2019.

Save for the amendment listed above, all other terms and conditions (including the annual cap) of the 2019 Sale and Purchase Agreement shall remain in full force and effect.

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 People’s Republic of China 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 SUPPLEMENTAL AGREEMENT

By entering into the Supplemental Agreement, the Group can further extend the term of cooperation with the Buyer.

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 of the Company ("**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 Supplemental Agreement, together with the basis of determination of the selling prices of the cement and the terms under the 2019 Sale and Purchase Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement are fair and reasonable, and the Supplemental 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 Supplemental 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 Supplemental 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 2019 Sale and Purchase Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 under the Listing Rules, if the Company proposes to revise the annual caps for or introduce a material change to a continuing connected transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

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

Hong Kong, 30 April 2019

As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, Mr. CHANG Tsai-hsiung, 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.