



## **Asia Cement (China) Holdings Corporation Record of Extraordinary General Meeting on 6 August 2014**

Preface: The 2014 extraordinary general meeting (“EGM”) of Asia Cement (China) Holdings Corporation (“the Company”) was held in Hong Kong on 6 August 2014. As at the date of the EGM, a total of 1,556,250,000 Shares were in issue. As disclosed in the Circular dated 16 July 2014, Asia Cement Corporation (“Asia Cement”) as the controlling shareholder of the Company and its associates, holding in aggregate 1,136,074,000 Shares, representing approximately 73% of the total issued share capital of the Company, were required to abstain and did abstain from voting on the Resolution at the EGM.

After consideration by the meeting, more than 50% of the votes were cast in favour of the resolution by way of poll. As such, the resolution set out in the Circular, which were related to the amendment of the deed of non-competition among Asia Cement, Far Eastern New Century Corporation and the Company, were duly passed.

The EGM of Asia Cement (China) Holdings Corporation was held at Room 3 & 4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on 6 August 2014 at 03:00 p.m. Sitting at the head table were Mr. Hsu Shu-tong, Chairman, Mr. Tsim Tak-lung Dominic, Independent Non-Executive Director and Mr. Hsu Shu-ping, Executive Director. Also attended the meetings were: Dr. Wong Ying-ho Kennedy, Independent Director, Dr. Wu Chung-lih, Director and Chief Executive Officer, Mr. Chang Chen-kuen, Director, Mr. Lin Seng-chang and Madam Chiang Shao Ruey-huey. Ms Doris Wu, representative of Asia Cement Corporation, was also present at the meeting. The meeting was chaired by Chairman Hsu. Before shareholders considered the resolution put forth at the EGM, Chairman Hsu and Chief Executive Officer Wu Chung-lih presented speech to the shareholders and guests attending the meeting.

### **Speech of Dr. Wu Chung-lih:**

Firstly, the business environment and operational condition from the start of 2014 was introduced. In the first half of 2014, the market was generally stable. The cost dropped and the profit rose. From January to June, the newly increased clinker production capacity in the country was 29.88 million tonnes, dropped by 24% year-on-year. The production of cement rose by 3.6% year-on-year to 1,140 million tonnes, the growth rate dropped by 6% year-on-year. Although the demand of cement and the cement price

both dropped in the second quarter (especially in our major business region - the middle and lower Yangtze), the cement price in the first half year was still slightly higher than that of the same period last year. From January to June, the profit of the cement industry was RMB 34.2 billion, a year-on-year increase of 52.8%. Asia Cement (China) recorded a higher price drop in the middle and lower Yangtze (especially in Jiangxi and Nanchang), and the profit rose by 50% year-on-year, generally similar to the profit growth in the cement industry.

Expectation of the second half of 2014: supply and demand matrix improves, so there are opportunities for sales volume and sales revenue to grow. The profit of the year is expected to meet expectations.

With respect to supply, elimination of obsolete production capacities in the country exceeded 8.2 million tonnes, and the government has requested equal amount or reduced amount replacement of capacity. Adding new cement production capacity is prohibited before 2017, and the industry has reached consensus in energy conservation and reducing emission, so the problem of excessive supply will continue to improve. The cement demand for the year is expected to keep a 4-6% rise due to the increased demand from the property industry in the third and fourth quarters of the year. Starting from the second quarter, the government has extended investments in railway, intensified redevelopment of shanty housing, and pushed forward the construction of new rural areas and urbanization. Starting from late August, the cement price is expected to rise, and the sales and sales volume revenue are expected to rise sharply in the fourth quarter.

Earnings per share rose by 50% year-on-year to RMB0.246.

The Company remains optimistic in the targets set in early 2014.

### **Speech of Mr. Hsu Shu-tong:**

According to the report from Chief Executive Officer, we saw the performance of the Company in the first half of 2014 was better than the same period of last year, and the current situation is favourable for the development of the Company. Mergers and acquisitions will proceed efficiently and effectively.

The Company has been seeking a higher market share, and the target is to be one of the top ten cement companies in the country.

The cement industry is benefiting from the continuous developments of the country's public construction.

The future planning of the company is to complete the sales and capacity targets and continue to reduce the cost and seek for M&A opportunities.

**The resolution approved at the Company's Extraordinary General Meeting:**

Ordinary resolution

approve, confirm and ratify the amendment of the deed of non-competition entered into between Asia Cement Corporation, Far Eastern New Century Corporation and the Company (the "Parties") on 24 June 2014 to amend the deed of non-competition entered into between the parties on 27 April 2008 and to authorize any one director of the Company to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Amendment Deed and the transactions contemplated thereunder