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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

SALE OF CEMENT AND CLINKER TO ASIA CEMENT CORPORATION

The Board is pleased to announce that, on 20 June 2025, Jiangxi Yadong, a subsidiary of the Company, entered into the Sale and Purchase Agreement with Asia Cement Corporation, pursuant to which Jiangxi Yadong agreed to sell and Asia Cement Corporation agreed to buy ordinary Portland cement and cement clinker in bulk for a total amount not exceeding US\$23,400,000 for the period from 20 June 2025 to 31 December 2025 (both dates inclusive).

As at the date of this announcement, Asia Cement Corporation holds approximately 73.07% 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 under the Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual cap for the transactions contemplated under the Sale and Purchase Agreement under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Sale and Purchase Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

INTRODUCTION

The board of directors (the “**Board**”) of Asia Cement (China) Holdings Corporation (the “**Company**”) is pleased to announce that, on 20 June 2025, Jiangxi Yadong Cement Co., Ltd. (“**Jiangxi Yadong**”), a subsidiary of the Company, entered into the Sale and Purchase Agreement with Asia Cement Corporation (the “**Buyer**”), pursuant to which Jiangxi Yadong agreed to sell and Asia Cement Corporation agreed to buy ordinary Portland cement and cement clinker in bulk.

MAJOR TERMS OF THE SALE AND PURCHASE AGREEMENT

(A) **Date:**

20 June 2025

(B) **Parties:**

- (i) Jiangxi Yadong, as the Seller; and
- (ii) Asia Cement Corporation, as the Buyer

(C) **Term:**

The 2025 Sale and Purchase Agreement shall come into effect from 20 June 2025 and be valid until 31 December 2025 (both dates inclusive).

(D) **Quantity of Cement and Clinker to be Supplied and Delivery Schedule:**

Jiangxi Yadong shall supply to Asia Cement Corporation 50,000 metric tonnes to 150,000 metric tonnes of ordinary Portland cement and 300,000 metric tonnes to 500,000 metric tonnes of cement clinker for the period from 20 June 2025 to 31 December 2025.

(E) **Price and Payment Terms:**

Pursuant to the Sale and Purchase Agreement, Jiangxi Yadong agreed and Asia Cement Corporation agreed to (a) sell and buy ordinary Portland cement respectively at the actual transaction unit price per metric tonne which is equivalent to the Buyer’s selling price to its customers after deducting US\$0.5-1 (representing the Buyer’s operating charge) but in any event within the range of US\$32 to US\$36 per metric tonne (after deduction of the Buyer’s operating charge), for loading at the Taizhou Port, Jiangsu Province, the People’s Republic of China (the “**PRC**”); and (b) sell and buy cement clinker respectively at the actual transaction unit price per metric tonne which is equivalent to the Buyer’s selling price to its customers after deducting US\$0.5-1 (representing the Buyer’s operating charge) but in any event within the range of US\$32 to US\$36 per metric tonne (after deduction of the Buyer’s operating charge), for loading at the Nantong Port, Jiangsu Province, the PRC.

Such unit price was determined by the parties at arm's length with reference to and based on the market price of ordinary Portland cement and cement clinker.

Asia Cement Corporation shall make full payment within 30 working days upon the receipt of invoice after completion of loading against the bill of lading date.

(F) Annual Cap

It is expected that the sale amount of cement and clinker under the Sale and Purchase Agreement for the period from 20 June 2025 to 31 December 2025 (the “**Annual Cap**”) will not exceed US\$23,400,000. The Annual Cap is determined with reference to, among others: (i) the historical transaction amounts; (ii) the anticipated scope and scale of cooperation between the contracting parties in 2025; (iii) the maximum quantity of ordinary Portland cement and cement clinker to be purchased by Asia Cement Corporation, being 650,000 metric tonnes, and the maximum unit price, being US\$36 per metric tonne, for the period from 20 June 2025 to 31 December 2025 under the Sale and Purchase Agreement.

In conclusion, the Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Sale and Purchase Agreement have been entered into after arm's length negotiations and determined on normal commercial terms or better terms and in the ordinary and usual course of business of the Company, and the terms of the Sale and Purchase Agreement, the transactions thereunder and the determination of the Annual Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON JIANGXI YADONG AND ASIA CEMENT CORPORATION

Jiangxi Yadong is a company established in the PRC with limited liability. The Company holds 95% equity interest in Jiangxi Yadong and thus, Jiangxi Yadong is a subsidiary of the Company. Jiangxi Yadong is principally engaged in manufacturing and sale of cement products, clinker, blast-furnace slag powder and related products.

Asia Cement Corporation is a company incorporated in Taiwan with limited liability under the Company Law of Taiwan with its shares listed on the Taiwan Stock Exchange. Asia Cement Corporation is principally engaged in the production and sale of cement, concrete and related products through its self-built production lines, and diversified investment.

The principal activity of the Company is investment holding. The Group's principal business activities are the manufacture and sale of cement, concrete and related products. There were no significant changes in the nature of the Group's principal activities during the year.

INTERNAL CONTROL MEASURES

The Group has implemented comprehensive internal control measures to oversee the continuing connected transactions contemplated under the Sale and Purchase Agreement, including but not limited to:

- When Asia Cement Corporation purchases ordinary Portland cement and cement clinker under the Sale and Purchase Agreement, the Group shall compare the price agreed by Asia Cement Corporation with the prices charged to the independent third-party customers who purchase ordinary Portland cement and cement clinker of similar quality and the prevailing market prices to ensure that the price charged to Asia Cement Corporation is comparable to the prices charged to other independent third-party customers, and not more favourable than the prices charged to the independent third-party customers and the prevailing market prices;
- The finance department of the Group is required to aggregate the total amount of the transactions under the Sale and Purchase Agreement at the end of each calendar month to determine whether the Annual Cap for the term of the Sale and Purchase Agreement has been exceeded, and compare such aggregated amount with the corresponding Annual Cap; and
- The independent non-executive Directors and the auditors of the Company will conduct an annual review of the transactions contemplated under the Sale and Purchase Agreement to ensure that such transactions are conducted in accordance with the terms of the Sale and Purchase Agreement and on normal commercial terms or better terms without exceeding the Annual Cap.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The directors of the Company (the “**Directors**”) decided to supply cement to Asia Cement Corporation as they consider Asia Cement Corporation as a valuable customer of the Group in light of the latter’s wealth of experience in exporting cement in Taiwan, and its loyal and stable customer base.

As the Group’s principal business is the manufacture and sale of cement, the Directors believe that supplying cement through its subsidiary to Asia Cement Corporation will allow the Group to receive a steady, reliable and relatively large income.

Furthermore, in light of the considerable cement export price at the moment, the Directors are of the view that selling cement to overseas markets in the off-season at such fair export price will not only effectively alleviate the pressure on the Group’s stock of cement but will also enable the Group to gain a satisfactory profit.

Having considered the above reasons and taking into account that the selling prices of the cement and the terms under the Sale and Purchase Agreement are determined with reference to the market price and the Company's previous similar transactions with other independent third parties, the Board (including the independent non-executive Directors) is of the view that the Sale and Purchase Agreement was entered into on normal commercial terms or better terms and in the ordinary and usual course of business of the Company; that the transactions contemplated thereunder were negotiated on an arm's length basis; and that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Asia Cement Corporation holds approximately 73.07% 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 Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual cap for the transactions contemplated under the Sale and Purchase Agreement under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Sale and Purchase Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

Save for Mr. Hsu, Shu-tong, Mr. Hsu, Shu-ping, Mr. Lee, Kun-yen, Mr. Chang, Chen-kuen, Mr. Chen, Ruey-long and Ms. Wu, Ling-ling who also serve as board members of Asia Cement Corporation, all of the Directors have confirmed that none of them has any material interest in the Sale and Purchase Agreement; and therefore no Director (except Mr. Hsu, Shu-tong, Mr. Hsu, Shu-ping, Mr. Lee, Kun-yen, Mr. Chang, Chen-kuen, Mr. Chen, Ruey-long and Ms. Wu, Ling-ling) is required to abstain from voting at the meeting of the Board to approve the Sale and Purchase Agreement.

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

Hong Kong, 20 June 2025

As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, Mr. CHANG Chen-kuen and Mr. LIN Seng-chang; the non-executive Directors are Mr. HSU Shu-tong (Chairman), Mr. LEE Kun-yen, Mr. CHEN Ruey-long and Ms. WU Ling-ling; the independent non-executive Directors are Mr. TSIM Tak-lung Dominic, Mr. WANG Wei, Dr. WANG Kuo-ming and Mr. WU Chun-pang.