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## **ALLIED CEMENT HOLDINGS LIMITED**

**聯合水泥控股有限公司**

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

**(Stock Code: 1312)**

### **ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION**

Shandong SAC, an indirect wholly-owned subsidiary of the Company, has on 9th May, 2012 agreed to invest in 25,000,000 trust units, pursuant to the Trust Fund Agreement, for a total subscription price of RMB25,000,000 (equivalent to approximately HK\$30,864,000) in the Specific Trust Scheme which is set up by Shanghai International Trust. The term of the Specific Trust Scheme is 30 months.

As the applicable Percentage Ratio for the Transaction is more than 5% but less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **SUBSCRIPTION OF TRUST UNITS IN THE SPECIFIC TRUST SCHEME**

Shandong SAC, an indirect wholly-owned subsidiary of the Company, has on 9th May, 2012 agreed to invest in 25,000,000 trust units, pursuant to the Trust Fund Agreement, for a total subscription price of RMB25,000,000 (equivalent to approximately HK\$30,864,000) in the Specific Trust Scheme which is set up by Shanghai International Trust. The term of the Specific Trust Scheme is 30 months.

As at the date of this announcement, and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Shanghai International Trust and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### **Subscription price**

The trust units are offered by Shanghai International Trust at the subscription price RMB1 per unit. The subscription price in the aggregate amount of RMB25,000,000 for 25,000,000 trust units was paid by Shandong SAC in one lump-sum payment on the signing of Trust Fund Agreement and was financed by internal resources of the Group generated from its normal business operations.

## **Conditions precedent of the Specific Trust Scheme**

The establishment of the Specific Trust Scheme shall be conditional upon all the trust units having been fully subscribed on or before the expiry of the promotion period, 30th May, 2012, and the entering into of certain agreements by Shanghai International Trust, such as, inter alia, the management agreement with Shanghai Bank as custodian.

If the conditions are not fulfilled before the expiry of the promotion period of the Specific Trust Scheme, Shanghai International Trust shall return the subscription monies together with the interest accumulated from the date of payment to the date of return and calculated with reference to the current interest rate as announced by the People's Bank of China to Shandong SAC within 3 business days after the expiry of the promotion period of the Specific Trust Scheme.

## **Transferability of the trust units**

Subject to the terms and conditions of the Trust Fund Agreement with respect to the qualifications of the transferees, the trust units subscribed by Shandong SAC are freely transferable.

## **Usage of the Specific Trust Scheme**

Shanghai International Trust, by virtue of the terms of the Specific Trust Scheme, will release the trust fund to Zhenjiang Transport Investment by way of entrusted loan for the use of the Project.

## **Management of the trust properties**

To ensure the safety of the trust properties and protect the legality of the interests of beneficiaries, Shanghai International Trust shall appoint Shanghai Bank as the custodian of the trust properties with respect to the custody, operation and management of the trust properties.

## **Return from the Specific Trust Scheme**

Assuming that the Specific Trust Scheme is terminated on the expiry of the scheme period, the expected return to be received by Shandong SAC would be 10.2% p.a. for the first 24 months and 15% p.a. for the 25th to 30th month and is payable on a yearly basis and its date of termination.

In the event that the Specific Trust Scheme is early terminated at any period specified in the below table or extended, the expected accumulated trust benefits per trust unit of Shandong SAC under the Specific Trust Scheme would be calculated as follows:

<b>Period</b>	<b>Expected accumulated trust benefits per trust unit</b>
Being terminated from the date of establishment to 12 months thereafter	$\text{RMB1} \times (1 + 10.2\%)$
Being terminated from the 12 months after the date of establishment to 24 months thereafter	$\text{RMB1} \times (1 + 10.2\% + 10.2\%/12 \times \text{the actual months}^\# \text{ which the Specific Trust Scheme is subsisting during the period from the 12 months after the date of establishment to 24 months thereafter})$

<b>Period</b>	<b>Expected accumulated trust benefits per trust unit</b>
Being terminated from the 24 months after the date of establishment to 30 months thereafter	$\text{RMB1} \times (1 + 10.2\% \times 2 + 15\%/12 \times \text{the actual months}^\# \text{ which the Specific Trust Scheme is subsisting during the period from the 24 months after the date of establishment to 30 months thereafter})$
Being extended upon the expiry of 30-month period	$\text{RMB1} \times (1 + 10.2\% \times 2 + 15\%/2 + 18\%/12 \times \text{the actual months}^\# \text{ which the Specific Trust Scheme is extended})$

*# Fraction of those months will be treated as a full month.*

### **Fees payable to Shanghai International Trust from the trust properties**

Under the terms and conditions of the Trust Fund Agreement, Shanghai International Trust is entitled to (i) a fixed trustee fee which is the balance of the 2-year interests received under the entrusted loan less the amount of the 2-year investment return of beneficiaries, all fees incidental to the establishment and management of the Specific Trust Scheme and RMB200,000, or the outstanding balance in the trust account at the time of receiving the trust benefits less RMB200,000, whichever is smaller; and (ii) a floating trustee fee which is the balance of the asset value of the trust properties as at the date of termination less outstanding trustee fees (excluding floating trustee fee) and other liabilities, and the aggregate unpaid trust benefits of the trust units accrued on the date of termination. The trustee fees would be directly paid out from the trust properties pursuant to the terms of the Specific Trust Scheme.

### **Termination provisions**

Unless otherwise defined in the Trust Fund Agreement, the Specific Trust Scheme will be terminated upon its expiry. The Specific Trust Scheme under the Trust Fund Agreement may be early terminated, among others, if:

- (a) the entrusted loan amount has been early repaid by Zhenjiang Transport Investment and Shanghai International Trust has distributed the trust benefits to the beneficiaries in accordance with the trust agreements;
- (b) Shanghai International Trust has liquidated the trust properties for any reason and has distributed the trust benefits to the beneficiaries after deducting the trustee fee (excluding floating trustee fee) and other liabilities over the trust properties;
- (c) the purpose of the trust arrangement under the Specific Trust Scheme has been realised or cannot be realised;
- (d) the Specific Trust Scheme has been cancelled or revoked; or
- (e) the Specific Trust Scheme is terminated by any applicable laws, administrative measures and/or regulations or by resolutions in the meeting of the beneficiaries.

Upon the termination of the Specific Trust Scheme, Shanghai International Trust shall settle and liquidate the trust properties under the Specific Trust Scheme, and distribute the trust benefits to the beneficiaries in accordance with the trust agreements.

## **INFORMATION RELATING TO SHANGHAI INTERNATIONAL TRUST**

So far as the Directors are aware, Shanghai International Trust is a company incorporated under the laws of the PRC and an organisation registered with and authorised by the China Banking Regulatory Commission to conduct trust business in the PRC. It principally engages in, inter alia, the management and operation of trust business with respect to capital, movable properties and non-movable properties and fund management house.

## **INFORMATION RELATING TO THE COMPANY**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The Group is engaged principally in the manufacture and sale of cement, clinker and slag, trading of cement and provision of technical services with operations in Shandong province and Shanghai in the PRC.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRUST FUND AGREEMENT**

As part of the Group's treasury management, the Group will invest in low risk investment products with stable returns and investments when the Group's cash balance is sufficient for future capital expenditure and working capital requirements. The entering into of the Trust Fund Agreement can utilise surplus cash reserves and increase the return and benefit of the Company. The Directors believe that the Transaction was carried out as a part of the on-going treasury activities of the Group in accordance with its treasury policies and investment guidelines, and the terms of the Transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratio for the Transaction is more than 5% but less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Board”	the board of directors of the Company
“Company”	Allied Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM Board of the Stock Exchange
“p.a.”	per annum
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Project”	滬寧高速官塘橋路接線出入口環境整治工程項目 (environmental improvement project of exit-entrance area of the Guang-Tang Bridgeway Junction of Shanghai-Nanjin Highway*)
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong SAC”	Shandong Shanghai Allied Cement Co., Ltd. (山東上聯水泥發展有限公司), a company incorporated in the PRC with limited liability and whose entire equity interest is indirectly held by the Company
“Shanghai Bank”	Bank of Shanghai Co., Ltd. (上海銀行股份有限公司), a company incorporated in the PRC with limited liability
“Shanghai International Trust”	上海國際信託有限公司 (Shanghai International Trust Company Limited*), a company incorporated under the laws of the PRC
“Specific Trust Scheme”	《鎮江交投信託貸款集合資金信託計劃》, the trust scheme set up by Shanghai International Trust
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the investment of RMB25,000,000 (equivalent to approximately HK\$30,864,000) in the Specific Trust Scheme set up by Shanghai International Trust pursuant to the Trust Fund Agreement
“Trust Fund Agreement”	《鎮江交投信託貸款集合資金信託合同》 dated 9th May, 2012 entered into between Shandong SAC and Shanghai International Trust

“Zhenjiang Transport Investment”

鎮江市交通投資建設發展公司 (Zhenjiang Transport Investment Construction Development Company\*), a company incorporated under the laws of the PRC, a third party independent of the Company and its connected persons

“%”

per cent.

On behalf of the Board  
**Allied Cement Holdings Limited**  
**Li Chi Kong**  
*Executive Director*

Hong Kong, 14th May, 2012

*For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.81. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*As at the date of this announcement, the Board comprises Mr. Ng Qing Hai (Managing Director), Mr. Li Chi Kong and Mr. Yu Zhong being the Executive Directors; and Mr. Chan Sze Chung, Mr. Cheng Kin Chung and Ms. Doris Yang Yan Tung being the Independent Non-Executive Directors.*

\* *for identification purpose only*