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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

PROVISION OF ENTRUSTED LOAN

ENTRUSTED LOAN DOCUMENTS

On 23rd May, 2014, Shanghai SAC, an indirect non wholly-owned subsidiary of the Company, entered into the Framework Agreement with Shanghai Building Material, pursuant to which the parties entered into the Entrusted Loan Agreement on the same day with the Bank for the provision by Shanghai SAC (as lender) of the Entrusted Loan in the principal amount of RMB54,000,000 (equivalent to approximately HK\$68,354,000) to Shanghai Building Material (as borrower) through the Bank (as lending agent).

LISTING RULES IMPLICATIONS

As one of the applicable Percentage Ratios, namely the profits ratio, in relation to the Entrusted Loan is more than 5% but less than 25% and all other applicable Percentage Ratios are less than 5%, the Entrusted Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the equity interest of Shanghai SAC is held as to 60% by AII-Shanghai (whose issued share capital is in turn indirectly held as to 83.33% by the Company) and as to 40% by Shanghai Building Material. Shanghai Building Material, as a substantial shareholder of Shanghai SAC, is therefore a connected person of the Company. Accordingly, the Entrusted Loan constitutes a connected transaction of the Company.

Given that only the profits ratio (which is not applicable to connected transaction) is more than 5% and all the other applicable Percentage Ratios in respect of the Entrusted Loan are less than 5%, the Entrusted Loan is only subject to the reporting and announcement, but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE ENTRUSTED LOAN DOCUMENTS

Date

23rd May, 2014

Parties to the Framework Agreement

- (1) Shanghai SAC, as the lender; and
- (2) Shanghai Building Material, as the borrower.

Parties to the Entrusted Loan Agreement

- (1) Shanghai SAC, as the lender;
- (2) the Bank, as the lending agent; and
- (3) Shanghai Building Material, as the borrower.

Loan Amount

RMB54,000,000 (equivalent to approximately HK\$68,354,000)

Term

One year. On receiving notice from Shanghai Building Material 60 days prior to maturity, Shanghai SAC may agree to extend the term of the Entrusted Loan and such agreement shall be evidenced in writing.

Interest Rate

5% per annum, which shall be settled by Shanghai Building Material on a quarterly basis during the term of the Entrusted Loan.

Handling Charge

RMB10,800 (equivalent to approximately HK\$13,671), being 0.02% of the principal amount of the Entrusted Loan. The handling charge shall be paid by Shanghai Building Material to the Bank.

Early Repayment

On 15 business days prior notice, Shanghai Building Material may early repay the principal amount of the Entrusted Loan before its maturity.

REASONS FOR AND BENEFITS OF THE PROVISION OF ENTRUSTED LOAN

The terms of the Entrusted Loan Documents, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that the entrusted loan arrangement would help enhance the efficiency in the use of the Group's working capital and that it would be beneficial to the Group in terms of return and risk control.

In view of the above, the Directors (including independent non-executive Directors) are of the view that the terms of the Entrusted Loan Documents are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Information of the Company and Shanghai SAC

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.

Shanghai SAC, whose equity interest is held as to 60% by AII-Shanghai whose issued share capital is in turn indirectly held as to 83.33% by the Company.

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

Information of Shanghai Building Material

Shanghai Building Material is a state-owned enterprise holding 40% equity interest in Shanghai SAC. Shanghai Building Material is engaged in, inter alia, the production of glass, cement and concrete, new-typed composite materials, new-typed wall materials, waterproof materials, thermal insulation materials and plastic tubes, trading of construction materials and building decorative construction. Shanghai Building Material has production bases in locations in the PRC including but not limited to Shanghai, Tianjin and Guangdong province.

Information of the Bank

The Bank is a licensed commercial bank established in the PRC and is principally engaged in, among other things, the provision of banking, financial and other financial related services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Bank and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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The Board has resolved and approved the Entrusted Loan Documents. As none of the Directors has material interest in the Entrusted Loan Documents, no Director has abstained from voting on the relevant board resolutions of the Company.

DEFINITIONS

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| “AII-Shanghai” | AII-Shanghai Inc., a company incorporated in the British Virgin Islands with limited liability and whose issued share is indirectly held as to 83.33% by the Company |
| “Bank” | a licensed commercial bank in the PRC, being the lending agent under the Entrusted Loan Agreement |
| “Board” | the board of Directors |
| “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 |
| “Directors” | the directors of the Company |
| “Entrusted Loan” | the entrusted loan in the principal amount of RMB54,000,000 (equivalent to approximately HK\$68,354,000) to be provided by Shanghai SAC to Shanghai Building Material |

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| “Entrusted Loan Agreement” | the entrusted loan agreement (委託貸款合同) dated 23rd May, 2014 entered into between Shanghai SAC, the Bank and Shanghai Building Material in relation to the Entrusted Loan |
| “Entrusted Loan Documents” | collectively, the Framework Agreement and the Entrusted Loan Agreement |
| “Framework Agreement” | the loan agreement (借款合同) dated 23rd May, 2014 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the major terms of the Entrusted Loan were agreed and the parties entered into the Entrusted Loan Agreement |
| “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 |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Building Material” | 上海建築材料(集團)總公司 (Shanghai Building Material (Group) General Company*), a state-owned enterprise holding 40% equity interest of Shanghai SAC |
| “Shanghai SAC” | 上海聯合水泥有限公司 (Shanghai Allied Cement Co., Ltd.*), a company incorporated in the PRC with limited liability and whose equity interest is held as to 60% by AII-Shanghai and as to 40% by Shanghai Building Material |
| “Shareholder(s)” | holder(s) of the issued share(s) of HK\$0.01 each in the share capital of the Company |

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

On behalf of the Board
Allied Cement Holdings Limited
Ng Qing Hai
Managing Director

Hong Kong, 23rd May, 2014

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 RMB0.79. 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 of Directors comprises Mr. Ng Qing Hai (Managing Director), Mr. Huang Yu and Mr. Deng Jin Guang 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*