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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 EXTENSION OF ENTRUSTED LOANS**

#### **THE EXTENSION FRAMEWORK AGREEMENT**

Reference is made to (i) the announcement of the Company dated 23rd May, 2014 in relation to the provision of entrusted loan and (ii) the announcement of the Company dated 2nd July, 2014 in relation to the provision of the second entrusted loan.

On 23rd May, 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the First Entrusted Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the First Entrusted Loan to Shanghai Building Material for a term of one year. The maturity date of the First Entrusted Loan is 26th May, 2015.

On 2nd July, 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the Second Entrusted Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the Second Entrusted Loan to Shanghai Building Material for a term of one year. The maturity date of the Second Entrusted Loan is 3rd July, 2015.

Shanghai Building Material has made, and Shanghai SAC has agreed to, the request for extending the term of each of the First Entrusted Loan and the Second Entrusted Loan for one year and both parties have entered into the Extension Framework Agreement to set out the terms and conditions for such extensions.

## **LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratio(s) in relation to the Transaction is more than 5% but less than 25%, the Transaction 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 Transaction constitutes a connected transaction of the Company.

As the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting and announcement, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 23rd May, 2014 in relation to the provision of entrusted loan and (ii) the announcement of the Company dated 2nd July, 2014 in relation to the provision of the second entrusted loan.

On 23rd May, 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the First Entrusted Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the First Entrusted Loan to Shanghai Building Material for a term of one year. The maturity date of the First Entrusted Loan is 26th May, 2015.

On 2nd July, 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the Second Entrusted Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the Second Entrusted Loan to Shanghai Building Material for a term of one year. The maturity date of the Second Entrusted Loan is 3rd July, 2015.

Shanghai Building Material may request and Shanghai SAC may agree to extend the term of each of the First Entrusted Loan and the Second Entrusted Loan pursuant to terms and conditions of the First Entrusted Loan Documents and the Second Entrusted Loan Documents, respectively.

Shanghai Building Material has made, and Shanghai SAC has agreed to, the request for extending the term of each of the First Entrusted Loan and the Second Entrusted Loan for one year and both parties have entered into the Extension Framework Agreement to set out the terms and conditions for such extensions. Details of such agreement are set out below.

# THE EXTENSION FRAMEWORK AGREEMENT

## Date

22nd May, 2015

## Parties

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

## Entrusted Loans Amount

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

Second Entrusted Loan RMB78,000,000  
(equivalent to approximately HK\$98,734,000)

**Total RMB132,000,000**  
**(equivalent to approximately HK\$167,088,000)**

## Term

First Entrusted Loan: One year from the original maturity date 26th May, 2015 to 26th May, 2016. On receiving notice from Shanghai Building Material 60 days prior to maturity, Shanghai SAC may agree to extend the term of the First Entrusted Loan for not more than one year and such agreement shall be evidenced in writing.

Second Entrusted Loan: One year from the original maturity date 3rd July, 2015 to 1st July, 2016. On receiving notice from Shanghai Building Material 60 days prior to maturity, Shanghai SAC may agree to extend the term of the Second Entrusted Loan for not more than one year and such agreement shall be evidenced in writing.

## Interest Rate

4.8% per annum, which shall be settled by Shanghai Building Material on a quarterly basis during the term of each of the Entrusted Loans.

## Default Payment

In the event that Shanghai Building Material fails to repay all the principal amount and interest in accordance with the repayment schedule, Shanghai Building Material shall be liable to a default payment which is calculated at the rate of 0.05% per day on the total outstanding amount, in addition to the interest payable.

## **Early Repayment**

On 30 days prior notice, Shanghai Building Material may early repay the principal amount, together with outstanding interest, if any, of the relevant Entrusted Loan(s).

## **Lending Agent**

Each of the Entrusted Loans will be provided by Shanghai SAC to Shanghai Building Material through a lending agent which shall be a licensed commercial bank in the PRC and a third party independent to the Company and its connected persons. The handling charge shall be paid by Shanghai Building Material to the lending agent.

## **REASONS FOR AND BENEFITS OF THE EXTENSION OF THE ENTRUSTED LOANS**

The terms of the Extension Framework Agreement, including the interest rate and default rate applicable, were agreed by the parties after arm's length negotiations having taken into account of 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 have approved the Transaction and the independent non-executive Directors have confirmed that the Transaction is on normal commercial terms (but not in the ordinary course and usual course of business of the Group) and in the interests of the Company and the Shareholders as a whole and the terms are fair and reasonable.

## **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.

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, among other things, (i) equity investment; (ii) operation of business entities; (iii) design, production and sales of construction materials, equipment and relevant products; (iv) development of building decorative and construction technology and its sales; (v) being a main contractor of building decorative work and its design and implementation; (vi) real estate development; and (vii) property management.

## LISTING RULES IMPLICATIONS

As the applicable Percentage Ratio(s) in relation to the Transaction is more than 5% but less than 25%, the Transaction 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 Transaction constitutes a connected transaction of the Company.

As the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting and announcement, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of Chapter 14A of the Listing Rules.

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

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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
“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
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Entrusted Loans”	the First Entrusted Loan and the Second Entrusted Loan, each the “Entrusted Loan”
“Extension Framework Agreement”	the loan agreement (借款合同) dated 22nd May, 2015 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the parties have agreed to extend the term of each of the Entrusted Loans

“First Entrusted Loan”	the entrusted loan in the principal amount of RMB54,000,000 (equivalent to approximately HK\$68,354,000) provided by Shanghai SAC to Shanghai Building Material, details of which were disclosed in the announcement of the Company dated 23rd May, 2014
“First Entrusted Loan Documents”	the loan agreement (借款合同) dated 23rd May, 2014 entered into between Shanghai SAC and Shanghai Building Material, and the entrusted loan agreement (委託貸款合同) dated 23rd May, 2014 entered into between Shanghai SAC, a bank and Shanghai Building Material, in relation to the First Entrusted Loan, details of which were disclosed in the announcement of the Company dated 23rd May, 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Main Board”	the Main Board of the Stock Exchange of Hong Kong Limited
“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, excluding Taiwan, Hong Kong, Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Second Entrusted Loan”	the entrusted loan in the principal amount of RMB78,000,000 (equivalent to approximately HK\$98,734,000) provided by Shanghai SAC to Shanghai Building Material, details of which were disclosed in the announcement of the Company dated 2nd July, 2014
“Second Entrusted Loan Documents”	the loan agreement (借款合同) dated 2nd July, 2014 entered into between Shanghai SAC and Shanghai Building Material, and the entrusted loan agreement (委託貸款合同) dated 2nd July, 2014 entered into between Shanghai SAC, a bank and Shanghai Building Material, in relation to the Second Entrusted Loan, details of which were disclosed in the announcement of the Company dated 2nd July, 2014

“Shanghai Building Material”	上海建材(集團)有限公司 (Shanghai Building Material (Group) Company Limited*) (formerly known as 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\$0.002 each in the share capital of the Company
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Transaction”	the transactions contemplated under the Extension Framework Agreement, pursuant to which the term of each of the Entrusted Loans is extended for one year
“%”	per cent

By order of the Board of  
**Allied Cement Holdings Limited**  
**Ng Qing Hai**  
*Managing Director*

Hong Kong, 22nd May, 2015

*For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.79 = HK\$1. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.*

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Huang Yu (Chairman), Mr. Ng Qing Hai (Managing Director) and Mr. Deng Jinguang; and three independent non-executive Directors, namely Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Li Shujie.*

\* *For identification purposes only*