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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 IN RELATION TO THE ACQUISITION OF CERTAIN EQUITY INTERESTS IN A PHARMACEUTICAL COMPANY IN THE PRC

THE ACQUISITION

The Board is pleased to announce that on 28 January 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, an aggregate of 60% equity interest in the Target Company, representing the entire interest held by the Vendor in the Target Company, for an aggregate Consideration of RMB291,200,000 (equivalent to approximately HK\$346,528,000).

As at the date of this announcement, the Target Company is owned by the Vendor as to 60%, Shenzhen Shiao as to 35% and Sea Best as to 5%. Upon Completion, the Target Company will be owned by the Purchaser as to 60%, Shenzhen Shiao as to 35% and Sea Best as to 5%.

The Acquisition will be funded by the internal resources of the Company.

LISTING RULES IMPLICATIONS

Discloseable Transaction

Since one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5% and all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Connected Transaction

As at the date of this announcement, an aggregate of 63.19% of the issued share capital of the Company is held by China Health, which is an indirectly wholly-owned subsidiary of the Vendor. As China Health is a substantial shareholder of the Company and the Vendor is an associate of China Health by virtue of the Vendor indirectly holding the entire issued share capital of China Health, the Vendor is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5%, the Acquisition is subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules. China Health and its associates will be required to abstain from voting on the Shareholders' resolutions in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. China Health and its associates will be required to abstain from voting on the Shareholders' resolutions in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to, among other things, the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder. In addition, the Directors will also appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee containing its recommendation in respect of the Sale and Purchase Agreement; (iii) a letter from the Independent Financial Adviser containing its advice in respect of the Sale and Purchase Agreement; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 22 March 2016, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

As Completion is subject to a number of Conditions, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 28 January 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, an aggregate of 60% equity interest in the Target Company, representing the entire interest held by the Vendor in the Target Company, for an aggregate Consideration of RMB291,200,000 (equivalent to approximately HK\$346,528,000).

As at the date of this announcement, the Target Company is owned by the Vendor as to 60%, Shenzhen Shiao as to 35% and Sea Best as to 5%. Upon Completion, the Target Company will be owned by the Purchaser as to 60%, Shenzhen Shiao as to 35% and Sea Best as to 5%.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

28 January 2016

Parties

- (1) Kingwood Limited, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and
- (2) 深圳市華融泰資產管理有限公司 (Shenzhen Warranty Asset Management Co., Ltd.*), as the Vendor.

The Acquisition

The Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, an aggregate of 60% equity interest in the Target Company, representing the entire interest held by the Vendor in the Target Company.

Consideration

The aggregate Consideration payable by the Purchaser to the Vendor for the Acquisition under the Sale and Purchase Agreement is RMB291,200,000 (approximately HK\$346,528,000).

The Purchaser shall, within 20 business days from signing of the Sale and Purchase Agreement, pay the Deposit in the amount of RMB29,120,000 (approximately HK\$34,653,000), representing 10% of the Consideration, to the Vendor's designated bank account, provided that such designated bank account is capable of receiving and holding the Deposit under the applicable laws and regulations. The Purchaser and the Vendor may also agree for the Deposit to be held in an escrow account.

On the Completion Date, (i) the Deposit paid by the Purchaser to the Vendor's designated bank account shall be set-off against the Consideration and the Purchaser shall pay the remaining balance of the Consideration in the amount of RMB262,080,000 (approximately HK\$311,875,000) (being the Consideration less the amount of the Deposit) or an equivalent amount of foreign currency to the Vendor's designated bank account or (ii) in the event that the Deposit paid by the Purchaser to the Vendor and the interests thereon cannot be set-off

against the Consideration, the Vendor shall first procure that the Deposit and the interests thereon be refunded to the Purchaser and, within 10 business days of receipt of the Deposit and the interests thereon refunded by the Vendor to the Purchaser, the Purchaser shall pay the entire amount of the Consideration to the Vendor's designated bank account.

The Consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and Vendor and on normal commercial terms with references to (i) the valuation of the Target Group as shown in the Valuation Report; (ii) the historical financial performance of the Target Group for the three years ended 31 December 2013, 2014 and 2015 and having taken into account the effect of the Disposal; (iii) the benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" below; and (iv) the prospect of the Target Group and the future business development of the Group.

The Acquisition will be funded by the internal resources of the Company.

Conditions

Completion is subject to and conditional upon the satisfaction of, among other things, the following Conditions:

- (a) all representations and warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate as at and before the date of the Sale and Purchase Agreement and as at the Completion Date;
- (b) the Vendor having provided the information of its designated bank account;
- (c) all the directors of the Target Company having passed a resolution approving the transactions contemplated under the Sale and Purchase Agreement;
- (d) Shenzhen Shiao and Sea Best, as shareholders of the Target Company, having given their consent to the Vendor for transferring its 60% equity interest in the Target Company to the Purchaser and foregoing their right of first refusal in the form and substance reasonably satisfactory to the Purchaser;
- (e) the Company having complied with the relevant compliance requirements for the Acquisition as required by the Stock Exchange;
- (f) Shenzhen Shiao, Sea Best and the Purchaser having duly signed the New Joint Venture Agreement and the Amended Articles;
- (g) all necessary consents and approvals from all relevant PRC government or regulatory authorities in respect of the Sale and Purchase Agreement, the New Joint Venture Agreement and the Amended Articles having been obtained;
- (h) the Certificate of Approval for Establishment of Enterprises with Foreign Investment (《外商投資企業批准證書》) reflecting the effect of the Acquisition having been obtained;
- (i) the change of business registration reflecting the effect of the Acquisition having been completed and the corresponding new Business License for Enterprise Legal Person (《企業法人營業執照》) having been obtained;

the Target Company. As disclosed above, subsequent to the Disposal whereby various non-performing assets and liabilities of the Target Company with poor financial performance were disposed of from the Target Group, (i) the Target Company recorded an unaudited profit for the year ended 31 December 2015, compared to the audited net loss for each of the two years ended 31 December 2014 and 2015, and (ii) the Target Company recorded an unaudited net asset value as at 31 December 2015.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated under the laws of the PRC with limited liability and is an investment holding company. As at the date of this announcement, an aggregate of 63.19% of the issued share capital of the Company is held by China Health, which is an indirectly wholly-owned subsidiary of the Vendor. As China Health is a substantial shareholder of the Company and the Vendor is an associate of China Health by virtue of the Vendor indirectly holding the entire issued share capital of China Health, the Vendor is therefore a connected person of the Company.

The equity interest of the Vendor is held by Shenzhen Aorongxin as to 60% and Tsinghua Holdings as to 40%. The equity interest of Shenzhen Aorongxin is held by Mr. Huang Yu as to 99% and Mr. Huang Xuezhong as to 1%. Mr. Huang Yu is the chairman of the board of directors of the Vendor and a director of Warranty Assets Management (HK) Limited, which is a wholly owned subsidiary of the Vendor. As Mr. Huang Yu is a director of the Company and the chairman of the Board, he is a connected person of the Company. Mr. Huang Xuezhong is Mr. Huang Yu's nephew and is therefore a deemed connected person of the Company.

The entire equity interest of Tsinghua Holdings is held by Tsinghua University. Mr. Huang Yu is a senior vice president of Tsinghua Holdings. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Tsinghua University and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

As at the date of this announcement, 60% of the equity interest of the Target Company is held by the Vendor.

INFORMATION ON THE GROUP

The Group is principally engaged 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.

The Purchaser is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser is an investment holding company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the interim report of the Company for the six months ended 30 June 2014, the annual report of the Company for the year ended 31 December 2014 and the interim report of the Company for the six months ended 30 June 2015, in addition to pursuing the Group's own strategies to improve the core competitiveness of its existing businesses, the Board has reviewed the business of the Group and will actively explore medical, pharmaceutical and health industry business and other investment opportunities, such as hospital management, healthcare and elderly care services, in order to enhance its income and prepare for the

Group's future development. In addition, it was disclosed in the offer document of the Company dated 1 December 2014 in relation to its open offer that the Company intended to apply the entire amount of the net proceeds from the open offer for the funding of the development of and/or investment in pharmaceutical and health industry business.

The Acquisition is in line with the business strategies of the Group as outlined above and will enable the future expansion and enhancement of the medical, pharmaceutical and health industry business of the Group.

As at the date of this announcement, the Target Company holds drug manufacturing licenses of up to four different dosage forms, namely tablets, injections, gels and cream, and is approved to produce up to 17 varieties and 26 specifications of pharmaceutical drugs. The Target Company also has a sizable manufacturing capacity with an annual capacity of up to 1 billion capsules, 2 billion tablets, 150 million cartridges of cephalosporin injection powder and 100 million ointments. Accordingly, the Directors believe the Acquisition will greatly raise the Group's profile in the medical, pharmaceutical and health industry, and also create new revenue streams for the Group and further enhance Shareholders' value. It is expected that the Acquisition will generate significant synergies with the Group's existing medical, pharmaceutical and health businesses.

The Directors (excluding Mr. Huang Yu, who is required to abstain from voting, and the independent non-executive Directors whose views will be contained in the circular to be published by the Company after considering the advice from the Independent Financial Adviser), are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms that are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Mr. Huang Yu has abstained from voting at the Board meeting approving the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save as disclosed, none of the Directors has any material interest in the Acquisition.

LISTING RULES IMPLICATIONS

Discloseable Transaction

Since one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5% and all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Connected Transaction

As at the date of this announcement, an aggregate of 63.19% of the issued share capital of the Company is held by China Health, which is an indirectly wholly-owned subsidiary of the Vendor. As China Health is a substantial shareholder of the Company and the Vendor is an associate of China Health by virtue of the Vendor indirectly holding the entire issued share capital of China Health, the Vendor is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5%, the Acquisition is subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules. China Health and its associates will be required to abstain from voting on the Shareholders' resolutions in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement.

As Completion is subject to a number of Conditions, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. China Health and its associates will be required to abstain from voting on the Shareholders' resolutions in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to, among other things, the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder. In addition, the Directors will also appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee containing its recommendation in respect of the Sale and Purchase Agreement; (iii) a letter from the Independent Financial Adviser containing its advice in respect of the Sale and Purchase Agreement; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 22 March 2016, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

DEFINITIONS

In this announcement the following expressions have the following meanings unless the context requires otherwise:

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| “Acquisition” | the proposed acquisition of 60% equity interests in the Target Company by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement |
| “Amended Articles” | the amended articles of association of the Target Company to be entered into between the Purchaser, Shenzhen Shiao and Sea Best |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |

“Board”	the board of Directors
“China Health”	China Health Management Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Vendor and a substantial shareholder of the Company
“Condition(s)”	the condition(s) precedent to Completion, as more particularly set out under the section headed “Conditions” of this announcement
“Company”	Allied Cement Holdings Limited, 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
“Completion”	completion of the Sale and Purchase Agreement in accordance with the terms and conditions as set out therein
“Completion Date”	the date on which Completion takes place in accordance with the section headed “Completion”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser to the Vendor for the Acquisition under the Sale and Purchase Agreement, being RMB291,200,000 (approximately HK\$346,528,000)
“Deposit”	the deposit in the amount of RMB29,120,000 (approximately HK\$34,653,000), representing 10% of the Consideration, payable by the Purchaser to the Vendor under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of various non-performing assets and liabilities of the Target Company with poor financial performance from the Target Group
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	a committee of the Board comprising Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack, being the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than China Health and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Joint Venture Agreement”	a new joint venture agreement to be entered into between the Purchaser, Shenzhen Shiao and Sea Best in relation to the Target Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Kingwood Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 January 2016 entered into between the Purchaser and the Vendor in relation to, among other things, the Acquisition
“Sea Best”	Sea Best Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shenzhen Aorongxin”	深圳市奧融信投資發展有限公司 (Shenzhen Aorongxin Investment Development Co. Ltd.*), a company established under the laws of the PRC
“Shenzhen Shiao”	深圳市世奧萬運投資有限公司 (Shenzhen Shiao Wan Yun Investment Co. Ltd.*), a company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	北京紫光制藥有限公司 (Beijing Ziguang Pharmaceutical Co., Ltd.*), a sino-foreign joint venture enterprise established in the PRC
“Target Group”	the Target Company and its subsidiaries
“Tsinghua Holdings”	清華控股有限公司 (Tsinghua Holdings Co., Ltd.*), a company established under the laws of the PRC and wholly-owned by Tsinghua University
“Valuation Report”	the valuation report dated 15 January 2016 prepared by 中環松德(北京)資產評估有限公司 (Zhonghuan Songde (Beijing) Assets Appraisal Co. Ltd.*), an independent valuer, in relation to the Target Group
“Vendor”	深圳市華融泰資產管理有限公司 (Shenzhen Waranty Asset Management Co., Ltd.*), a company established under the laws of the PRC
“%”	per cent

By Order of the Board of
Allied Cement Holdings Limited
Huang Yu
Chairman

Hong Kong, 28 January 2016

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.19. 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 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. Zhang Junxi Jack.

* For identification purposes only