THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Cement (China) Holdings Corporation 亞洲水泥(中國)控股公司, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

REVISION OF ANNUAL CAPS AND EXTENSION OF TERM FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless the context otherwise requires, capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 22 of this circular. A letter from the Independent Board Committee is set out on pages 23 to 24 of this circular. A letter from VS Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, is set out on pages 25 to 53 of this circular.

A notice convening the EGM of Asia Cement (China) Holdings Corporation to be held at Conference Room, 39/F., Metro Tower, No. 207, Tun Hwa South Road, Section 2, Taipei on Friday, 7 August 2026 at 4:30 p.m. is set out on page 60 to 62 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Such proxy form is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.achc.com.cn).

Whether or not you are able to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the completed and signed proxy form to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than 4:30 p.m. on Wednesday, 5 August 2026) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English version shall prevail.

10 July 2026

CONTENTS

Page

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

"Alliance"	Alliance Concrete Singapore Pte. Ltd. a company established in Singapore with limited liability and is a 50%-owned company by Asia Cement Singapore;
"Annual Caps"	the revised annual cap for the year ending 31 December 2026 and the proposed annual cap for the two years ending 31 December 2028 for the Transaction I, Transaction II and Transaction III;
"Extraordinary General Meeting"/ "EGM"	the extraordinary general meeting of the Company to be convened and held at Conference Room, 39/F., Metro Tower, No. 207, Tun Hwa South Road, Section 2, Taipei on Friday, 7 August 2026 at 4:30 p.m.;
"Asia Cement"	Asia Cement Corporation, a joint stock company incorporated in Taiwan with limited liability under the Company Law of Taiwan with its shares listed on the Taiwan Stock Exchange. Asia Cement holds approximately 73.07% of the entire issued share capital of the Company;
"Asia Cement Singapore"	Asia Cement (Singapore) Pte. Ltd., a company established in Singapore with limited liability and is a wholly-owned subsidiary of Asia Cement;
"Board"	the board of Directors;
"Company"	Asia Cement (China) Holdings Corporation 亞洲水泥(中國)控股公司, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent committee of the Board comprising all of the independent non-executive Directors, namely Mr. TSIM, Tak-lung Dominic, Mr. WANG, Wei, Mr. WU, Chun-pang and Ms. HO LIN, Mei-hsueh, established to advise the Independent Shareholders in respect of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder;
"Independent Financial Adviser" or "VS Capital Limited"	VS Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Annual Caps contemplated thereunder;
"Independent Shareholder(s)"	the Shareholder(s), other than Asia Cement and its associates and any other Shareholder who has a material interest in the transactions contemplated under the Supplemental Agreements, as the case may be;
"Jiangxi Yadong"	Jiangxi Yadong Cement Co., Ltd., a company established in the PRC with limited liability and a subsidiary of the Company;
"Latest Practicable Date"	Tuesday, 7 July 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
"New Announcement"	Announcement of the Company dated 24 April 2026 in relation to the Supplemental Agreements;
"Oriental Industrial"	Oriental Industrial Holdings Pte., Ltd., a company established in Singapore with limited liability and a subsidiary of the Company;

"PRC"	the People's Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
"Previous Announcements"	Announcements of the Company dated 30 December 2025 and 12 January 2026 in relation to the SPA I, SPA II and SPA III;
"RMB"	Renminbi, the lawful currency of the People's Republic of China;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of Share(s);
"SPA I"	the sale and purchase agreement dated 30 December 2025 entered into between Jiangxi Yadong and Asia Cement, pursuant to which Jiangxi Yadong will sell to Asia Cement, and Asia Cement has agreed to buy clinker in bulk;
"SPA II"	the sale and purchase agreement dated 30 December 2025 entered into between Oriental Industrial and Asia Cement Singapore, pursuant to which Oriental Industrial will purchase from Asia Cement Singapore, and Asia Cement Singapore agreed to sell cement and slag powder in bulk;
"SPA III"	the sale and purchase agreement dated 30 December 2025 entered into between Oriental Industrial and Alliance, pursuant to which Oriental Industrial will sell to Alliance, and Alliance has agreed to buy cement and slag powder in bulk;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules;
"Supplemental Agreement to SPA I"	The supplemental agreement to SPA I dated 24 April 2026 entered into between Jiangxi Yadong and Asia Cement;
"Supplemental Agreement to SPA II"	The supplemental agreement to SPA II dated 24 April 2026 entered into between Oriental Industrial and Asia Cement Singapore;
"Supplemental Agreement to SPA III"	The supplemental agreement to SPA III dated 24 April 2026 entered into between Oriental Industrial and Alliance;
"Supplemental Agreements"	Supplemental Agreement to SPA I, Supplemental Agreement to SPA II, and Supplemental Agreement to SPA III;
"S$"	Singapore dollar, the lawful currency of the Republic of Singapore;
"Transaction I"	The transactions contemplated under the SPA I and Supplemental Agreement to SPA I;
"Transaction II"	The transactions contemplated under the SPA II and Supplemental Agreement to SPA II;
"Transaction III"	The transactions contemplated under the SPA III and Supplemental Agreement to SPA III;
"Transactions"	Transaction I, Transaction II and Transaction III;
"US$"	United States dollars, the lawful currency of the United States of America;
"%"	per cent;

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)

Executive Directors:
Mr. HSU, Shu-ping *(Vice Chairman)*
Mr. CHANG, Chen-kuen *(Chief Executive Officer)*
Mr. LIN, Seng-chang

Non-executive Directors:
Mr. HSU, Shu-tong *(Chairman)*
Mr. CHEN, Ruey-long
Mr. LEE, Kun-yen
Ms. WU, Ling-ling

Independent Non-executive Directors:
Mr. TSIM, Tak-lung Dominic
Mr. WANG, Wei
Mr. WU, Chun-pang
Ms. HO LIN, Mei-hsueh

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in the People's Republic of China:
No. 6 Yadong Avenue
Ma-Tou Town, Ruichang City
Jiangxi Province

Principal Place of Business in Hong Kong:
Portion of Unit B, 11th Floor
Lippo Leighton Tower
103 Leighton Road
Causeway Bay
Hong Kong

To the Shareholders

Dear Sir/Madam,

REVISION OF ANNUAL CAPS AND EXTENSION OF TERM FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with the relevant information in respect of, among other matters, (i) the details of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder; and (ii) to give you notice of the EGM relating to, among other matters, these matters.

REVISION OF ANNUAL CAPS AND EXTENSION OF TERM FOR CONTINUING CONNECTED TRANSACTIONS

References are made to the New Announcement of the Company dated 24 April 2026 in relation to, among others, the Supplemental Agreements.

The Board is pleased to announce that, on 24 April 2026, (1) Jiangxi Yadong, a subsidiary of the Company, entered into the Supplemental Agreement to SPA I with Asia Cement, (2) Oriental Industrial, a subsidiary of the Company, entered into the Supplemental Agreement to SPA II with Asia Cement Singapore, and (3) Oriental Industrial, a subsidiary of the Company, entered into the Supplemental Agreement to SPA III with Alliance, pursuant to which the relevant parties agreed to revise the annual caps for the Transaction I, Transaction II and Transaction III for the year ending 31 December 2026, to extend the term of the SPA I, SPA II and SPA III respectively to 31 December 2028, and to agree on the annual caps for the Transaction I, Transaction II and Transaction III for the two years ending 31 December 2028. Save for the Annual Caps and the duration of the agreement, the other terms and conditions of the SPA I, SPA II and SPA III shall remain valid and in full force and effect. As at the date of the Latest Practicable Date, the actual transaction amounts of the Transactions have not exceeded the original annual cap for the year ending 31 December 2026.

The principal terms of the Supplemental Agreements are as follows:

The Supplemental Agreement to SPA I

(A) Date:

24 April 2026

(B) Parties:

(i) Jiangxi Yadong, as the seller; and

(ii) Asia Cement, as the buyer

(C) Condition Precedent

The Supplemental Agreement to SPA I is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

(D) Term:

The term of the SPA I is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA I, the term of the SPA I is extended to end on 31 December 2028.

(E) Quantity of Clinker and Cement to be Sold and Delivery Schedule:

Jiangxi Yadong shall supply to Asia Cement Corporation 500,000 metric tonnes to 1,300,000 metric tonnes of cement clinker per year and 100,000 metric tonnes to 500,000 metric tonnes of ordinary Portland cement per year.

(F) Price and Payment Terms:

The unit price for clinker shall be equivalent to the Asia Cement's selling price to its customers, which shall be between US$29-37, after deducting US$0.5-1 (representing the Asia Cement's operating charge), for loading at the Nantong Port, Jiangsu Province, the PRC; and the unit price for cement shall be equivalent to the Asia Cement's selling price to its customers, which shall be between US$30-38, after deducting US$0.5-1 (representing the Asia Cement's operating charge), for loading at the Taizhou Port, Jiangsu Province, the PRC. The operating charge of US$0.5-US$1 takes into account the administrative expenses incurred by Asia Cement in handling the export sales to the ultimate overseas customers and Asia Cement's overseas sales network and expertise. When Asia Cement purchases clinker and cement under the transactions, the Group will request Asia Cement to provide the copies of commercial invoices relating to Asia Cement's selling of clinker and cement to its customers for the Group to verify Asia Cement's selling price to its customers before entering into each transaction.

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

To ensure that the price charged to Asia Cement is comparable to the prices charged to other independent third-party customers, and is no more favourable than the prices offered to independent third-party customers and the prevailing market price, the Group undertakes the following review steps:

(i) The business department of the Group will review Asia Cement's selling prices to its ultimate overseas customers to confirm if Jiangxi Yadong's selling prices to Asia Cement is equivalent to Asia Cement's selling prices to the ultimate overseas customers net of the operating charges.

(ii) The business department of the Group will review the prevailing export prices of cement and clinker published by China Cement Association to ensure that Jiangxi Yadong's selling prices charged to Asia Cement are comparable to the prevailing market export prices.

(iii) The business department of the Group will compare Jiangxi Yadong's selling prices charged to Asia Cement with the price charged to the Group's independent customers of the clinker and cement with similar quality and quantity destined for the same export market in the preceding one month. If such prices are not available, the Group will compare the prices charged to the Group's independent customers of the clinker and cement in the domestic PRC markets with similar quality and quantity in the preceding one month.

(iv) Going forward, the business department of the Group will solicit potential sales to independent customers for both domestic and overseas markets before carrying out sales to Asia Cement to ensure prices to Asia Cement to be not lower than any available prices to independent customers for both domestic and overseas markets.

Asia Cement shall make full payment within 30 working days upon the receipt of invoice after completion of loading against the bill of lading date. As the payment terms are negotiated on arm's length basis which are in line with prevailing market practices and are no less favourable to the Group than those available to or from independent third party, the Board is of the view that the payment terms are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(G) Annual Cap

It is expected that the transaction amount of the Transaction I for the period from 1 January 2026 to 31 December 2028 (the "Annual Cap") will not exceed US$67,100,000 per year. The Annual Cap is determined with reference to, among others: (i) the historical transaction amounts (including Jiangxi Yadong's sale of clinker to Asia Cement of approximately 451,000 metric tonnes for the year ended 31 December 2025 (since commencement in June 2025); and Jiangxi Yadong's sale of clinker to Asia Cement of approximately 292,395 metric tonnes for the first quarter of 2026 (up to approximately 115,940 metric tonnes per month)); (ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028; (iii) the maximum quantity of ordinary Portland cement and cement clinker to be purchased by Asia Cement Corporation, being 1,300,000 metric tonnes of cement clinker and 500,000 metric tonnes of ordinary Portland cement per year under the Supplemental Agreement to SPA I; the maximum unit price of US$38 per metric tonnes of cement and US$37 per metric tonnes of clinker; and (iv) the relevant unit price determined by the parties on an arm's length basis with reference to the market price for the period (v) The declining trend of Jiangxi Yadong's total sale volume of cement (9.2 million metric tonnes for the year ended 31 December 2024 to 8.7 million metric tonnes for the year ended 31 December 2025, representing a decrease of 5%); (vi) the robust overseas demand for cement and clinker, particularly in Africa and Southeast Asia (the destined export markets of Transaction I) since the beginning of 2026 due to the acceleration of infrastructure construction and the rapid urbanization process have driven strong demand in these regions and the assumption that such robust demand will continue until 2028; and (vii) the assumption that the market price for cement and clinker will remain relatively stable.

The Supplemental Agreement to SPA II

(A) Date:

24 April 2026

(B) Parties:

(i) Asia Cement Singapore, as the seller; and

(ii) Oriental Industrial, as the buyer

(C) Condition Precedent

The Supplemental Agreement to SPA II is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

(D) Term:

The term of the SPA II is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA II, the term of the SPA II is extended to end on 31 December 2028.

(E) Quantity of Cement and Slag Powder to be Purchased and Delivery Schedule:

Oriental Industrial shall purchase cement and slag powder from Asia Cement Singapore during the period from 1 January 2026 to 31 December 2028 in quantities determined based on market conditions during the period. It is estimated that the amount of cement will be around 250,000-350,000 metric tonnes of cement per year and around 210,000-310,000 metric tonnes of slag powder per year.

(F) Price and Payment Terms:

Such unit price shall be determined by the parties at arm's length with reference to and based on the market prices of the cement and slag powder. It is estimated that the unit price will be around S$80-110 per metric tonnes of cement and around S$52-72 per metric tonnes of slag powder.

To ensure that the price paid to Asia Cement Singapore is comparable to the prices charged by other independent third-party suppliers, and is not higher than the prices offered to independent third-party suppliers and the prevailing market price, the Group undertakes the following review steps:

(i) The business department of the Group will review the prevailing market prices of cement published by the Building and Construction Authority of Singapore (a statutory board under the Ministry of National Development of Singapore).

(ii) The business department of the Group will compare the prices from Asia Cement Singapore with the prices charged by the Group's independent suppliers with similar quality and quantity in the preceding one month. If such prices are not available, the business department of the Group will compare the price of cement and slag powder sold by Asia Cement Singapore to its independent customers with similar quality and quantity in the preceding one month. Going forward, if such prices are not available, Oriental Industrial will endeavor to obtain quotations from multiple independent suppliers based on evaluation criteria such as market price, quality, quantity, delivery time, logistics costs and historical prices. Given the limited number of suppliers of cement and slag powder in bulk in Singapore, the Group will determine the prevailing market price based on the average of the independent quotations obtained (if two or more are available) or the single quotation from one independent supplier (if only one independent quotation can be secured), together with the information as described in paragraph (i) above.

The business department of the Group will conduct the initial review and validation of the pricing, followed by compliance checks to verify adherence to internal policies and regulatory requirements. Final approval of transactions shall rest with senior management of the Group. The Group will purchase cement and slag powder from Asia Cement Singapore if that the price paid to Asia Cement Singapore is comparable to the prices charged by other independent third-party suppliers, and is not higher than the prices offered by independent third-party suppliers and the prevailing market price. Oriental Industrial shall make full payment within 60 working days upon the receipt of invoice after completion of loading against the bill of lading date. As the payment terms are negotiated on arm's length basis which are in line with prevailing market practices and are no less favourable to the Group than those available to or from independent third party, the Board is of the view that the payment terms are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(G) Annual Cap

It is expected that transaction amount of the Transaction II for the period from 1 January 2026 to 31 December 2028 (the "Annual Cap") will not exceed S$60,820,000 per year. The Annual Cap is determined with reference to, among others:

(i) Oriental Industrial's purchase of cement from Asia Cement Singapore of approximately 66,046 metric tonnes for the first quarter of 2026 (up to approximately 32,241 metric tonnes per month) and Oriental Industrial's purchase of slag powder from Asia Cement Singapore of approximately 65,787 metric tonnes for the first quarter of 2026 (up to approximately 31,286 metric tonnes per month);

(ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028;

(iii) the maximum estimated quantity of cement and slag powder to be purchased by Oriental Industrial from Asia Cement Singapore (around 350,000 metric tonnes of cement per year and around 310,000 metric tonnes of slag powder per year) under the Supplemental Agreement to SPA I;

(iv) the maximum estimated the unit price of around S$110 per metric tonnes of cement and S$72 per metric tonnes of slag powder;

(v) the relevant unit price determined by the parties on an arm's length basis with reference to the market price, and the sales quantity determined according to the market conditions during the period;

(vi) the relevant shipping schedules of our third-party service providers and capacity allotment available to us;

(vii) the expected Group's scale of operation for its business operations in Singapore;

(viii) the current market conditions in the Singapore and the future market trends in the demand for cement and slag powder in the Singapore from 2026 to 2028;

(ix) the expected cost of raw materials and market prices for the cement and slag powder in Singapore;

(x) the robust construction demand in Singapore of cement and slag powder due to the advancement of major projects such as major engineering and public housing and the assumption that such robust demand will continue until 2028; and

(xi) the assumption that the market price for cement and slag powder will remain relatively stable.

The Supplemental Agreement to SPA III

(A) Date:

24 April 2026

(B) Parties:

(i) Oriental Industrial, as the seller; and

(ii) Alliance, as the buyer

(C) Condition Precedent

The Supplemental Agreement to SPA III is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

(D) Term:

The term of the SPA III is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA III, the term of the SPA III is extended to end on 31 December 2028.

(E) Quantity of Cement and Slag Powder to be Sold and Delivery Schedule:

Oriental Industrial shall sell cement and slag powder to Alliance during the period from 1 January 2026 to 31 December 2028 in quantities determined based on market conditions during the period. It is estimated that the amount will be around 200,000-300,000 metric tonnes of cement per year and around 180,000-280,000 metric tonnes of slag powder per year.

(F) Price and Payment Terms:

Such unit price shall be determined by the parties at arm's length with reference to and based on the market prices of the cement and slag powder. It is estimated that the unit price will be around S$90-120 per metric tonnes of cement and around S$80-110 per metric tonnes of slag powder.

To ensure that the price charged to Alliance is comparable to the prices charged to other independent third-party customers, and is no more favourable than the prices offered to independent third-party customers and the prevailing market price, the Group undertakes the following review steps:

(i) The business department of the Group will review the prevailing market prices of cement published by the Building and Construction Authority of Singapore.

(ii) The business department of the Group will compare the price charged to Alliance with the price charged to the Group's independent customers of cement and slag powder with similar quality and quantity in the preceding one month.

Alliance shall make full payment within 60 working days upon the receipt of invoice after completion of loading against the bill of lading date. As the payment terms are negotiated on arm's length basis which are in line with prevailing market practices and are no less favourable to the Group than those available to or from independent third party, the Board is of the view that the payment terms are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(G) Annual Cap

It is expected that the transaction amount of the Transaction III for the period from 1 January 2026 to 31 December 2028 (the "Annual Cap") will not exceed S$66,800,000 per year. The Annual Cap is determined with reference to, among others:

(i) Oriental Industrial's sale of cement to Alliance of approximately 56,500 metric tonnes for the first quarter of 2026 (up to approximately 28,002 metric tonnes per month) and Oriental Industrial's sale of slag powder to Alliance of approximately 58,876 metric tonnes for the first quarter of 2026 (up to approximately 29,253 metric tonnes per month);

(ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028;

(iii) the maximum estimated quantity of cement and slag powder to be purchased by Oriental Industrial from Asia Cement Singapore (around 300,000 metric tonnes of cement per year and around 280,000 metric tonnes of slag powder per year) under the Supplemental Agreement to SPA I;

(iv) the maximum estimated the unit price of around S$120 per metric tonnes of cement and S$110 per metric tonnes of slag powder;

(v) the relevant unit price determined by the parties on an arm's length basis with reference to the market price, and the sales quantity determined according to the market conditions during the period;

(vi) the relevant shipping schedules of our third-party service providers and capacity allotment available to us;

(vii) the expected Group's scale of operation for its business operations in Singapore;

(viii) the current market conditions in the Singapore and the future market trends in the demand for cement and slag powder in the Singapore from 2026 to 2028; and

(ix) the expected cost of raw materials and market prices for the cement and slag powder in Singapore;

(x) the robust construction demand in Singapore of cement and slag powder due to the advancement of major projects such as major engineering and public housing and the assumption that such robust demand will continue until 2028;

(xi) the assumption that the market price for cement and slag powder will remain relatively stable.

Save for the Annual Caps and the duration of the agreement, the other terms and conditions of the SPA I, SPA II and SPA III shall remain valid and in full force and effect.

HISTORICAL TRANSACTION AMOUNT

Set out below are the approximate historical amounts of the Transactions:

	For the 3 months ended 31 March 2026	**For the year ending 31 December 2025**
Transaction I	US$9,335,000	US$14,908,000
Transaction II	S$9,899,000	S$549,000
Transaction III	S$11,239,000	–

INFORMATION ON JIANGXI YADONG, ASIA CEMENT, ORIENTAL INDUSTRIAL, ASIA CEMENT SINGAPORE AND ALLIANCE

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, slag powder and related products.

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

Oriental Industrial is a company established in Singapore with limited liability. The Company holds 100% equity interest in Oriental Industrial and thus, Oriental Industrial is a subsidiary of the Company. Oriental Industrial is principally engaged in the distribution of cement, slag powder and related products through trading in the Singapore market, as well as investment business.

Asia Cement Singapore is a company established in Singapore with limited liability and is a wholly-owned subsidiary of Asia Cement. Asia Cement Singapore is principally engaged in the distribution of cement, slag powder and related products through trading in the Singapore market. Asia Cement Singapore's ultimate beneficial owner is Asia Cement, which shares are listed on the Taiwan Stock Exchange.

Alliance is a company established in Singapore with limited liability and is a 50%-owned company by Asia Cement Singapore and 50% owned by Supermix Concrete Pte Ltd. (a wholly owned subsidiary of Malayan Cement Berhad, which shares are listed on the Kuala Lumpur Stock Exchange). Alliance is principally engaged in the sale of concrete products in the Singapore market. Therefore the ultimate beneficial owners of Alliance are Asia Cement and Malayan Cement Berhad.

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 Supplemental Agreements, including but not limited to:

- the business department of the Group will gather market information to gauge the availability of comparable clinker, cement and slag powder in the relevant markets and keep track of the market prices on a monthly basis, including but not limited to monitoring the Import and Export Price Indices published by the Singapore Department of Statistics and the Constructability Score Index published by the Building and Construction Authority of Singapore, liaises with major suppliers, traders and customers and soliciting customer feedback on pricing for the purpose of considering if the prices charged for specific transactions are fair and reasonable;

- the Group will also make reference to the pricing and terms between the Group and the independent third-party customers and suppliers for similar clinker, cement and slag powder and conduct research on the prevailing market conditions and practices; and the Group will only purchase or sell the clinker, cement and slag powder to the connected persons if the prices charged for specific transactions are on normal commercial terms or better, and is fair and reasonable and in the interest of the shareholders as a whole;

- When Asia Cement purchases cement and clinker under the Transactions, the Group shall compare the price of the transactions by Asia Cement with prices charged to the independent third-party customers which purchase cement and clinker with similar quality and the prevailing market price, to ensure that the price charged to Asia Cement is comparable to the prices charged to other independent third-party customers, and is no more favourable than the prices offered to independent third-party customers and the prevailing market price. The Group will only sell the cement and clinker to Asia Cement if the prices charged for specific transactions are on normal commercial terms or better, and is fair and reasonable and in the interest of the shareholders as a whole;

- When Asia Cement Singapore sells cement and slag powder under the transactions, the Group shall compare the price of the transactions by Asia Cement Singapore with the prices charged to the independent third-party suppliers which sell cement and slag powder with similar quality and the prevailing market price, to ensure that the price paid to Asia Cement Singapore is comparable to the prices charged by other independent third-party suppliers, and is not higher than the prices offered to independent third-party suppliers and the prevailing market price. The Group will only purchase the cement and slag powder from Asia Cement Singapore if the prices charged for specific transactions are on normal commercial terms or better, and is fair and reasonable and in the interest of the shareholders as a whole;

- When Alliance purchases cement and slag powder under the transactions, the Group shall compare the price of the transactions by Alliance with the prices charged to independent third-party customers which purchase cement and slag powder with similar quality and the prevailing market price, to ensure that the price charged to Alliance is comparable to the prices charged to other independent third-party customers, and is no more favourable than the prices offered to independent third-party customers and the prevailing market price. The Group will only sell the cement and slag powder to Alliance if the prices charged for specific transactions are on normal commercial terms or better, and is fair and reasonable and in the interest of the shareholders as a whole;

- The business department of the Group is required to aggregate the total amount of each of the transactions under the transactions at the end of each calendar month to determine whether the Annual Cap for the term of the transactions 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 transactions to ensure that such transactions are conducted in accordance with the terms of the transactions and on normal commercial terms or better terms without exceeding the relevant Annual Cap.

The Directors are of the view that the above methods and procedures, together with the annual review conducted by independent non-executive Directors and the auditor of the Company as required under Rules 14A.55 and 14A.56 of the Listing Rules, can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the continuing connected transactions are conducted as agreed in the relevant Supplemental Agreements and in compliance with Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

The Supplemental Agreements are mainly driven by the following reasons:

I. Counteracting Domestic Market Weakness and Expanding Overseas Growth

Impacted by the continued adjustment in the real estate sector and the slower-than-expected resumption of infrastructure projects, the PRC cement market's performance in 2026 has significantly fallen short of initial expectations. Demand recovery during the traditional "Golden March and Silver April" peak season was sluggish, with prices remaining at record lows. Against this background, the Group's performance for the first quarter of 2026 swung from profit to loss year-on-year. To hedge against domestic downside risks, the Group urgently requires an increase the scale of cement and clinker exports to seek new growth drivers in overseas markets and optimize its overall revenue structure.

II. Unleashing Group Production Potential and Enhancing Clinker Export Efficiency

By optimizing production scheduling, Jiangxi Yadong has significantly increased the operation rate of its rotary kilns compared to the beginning of the year, leading to a rise in clinker output available for sale. Given the sustained low prices and limited profit margins in the domestic clinker market, pivoting new capacity toward export markets will allow the Group to leverage higher overseas price points. This strategy aims to achieve product premiums and improve the Group's overall profitability.

III. Seizing Overseas Market Opportunities and Capturing International Market Share

Since the beginning of 2026, overseas demand for cement and clinker particularly in Africa has been robust, with price levels remaining firmer and more stable than forecasted. Currently, domestic competitors are aggressively increasing their export efforts, causing the competitive landscape to evolve rapidly. The Group must seize this window of opportunity to increase export volumes, consolidate its first-mover advantage in emerging markets, and lay the groundwork for deep participation in international competition and the expansion of its global market share.

In light of the above, the transaction volume between the parties under the SPA I, SPA II and SPA III will exceed the previous projections and that the existing annual caps will not be sufficient to meet the Group's requirements. In view of the above, the parties entered into the Supplemental Agreements to raise the proposed annual cap for the year ending 31 December 2026 in order to meet the actual business needs of the parties in respect of the purchase or sell the clinker, cement and slag powder. Furthermore, the extended duration of agreements pursuant to the Supplemental Agreements can maintain the parties' stable business relationship. It is also expected that, with the expected increase in transaction volume under the Supplemental Agreements, the Group will be able to generate greater income stream and to further grow its business.

For Transaction II and Transaction III, it involves Oriental Industrial purchasing cement and slag powder from Asia Cement Singapore (a wholly-owned subsidiary of Asia Cement) and resells a portion of the same products to Alliance. Oriental Industrial will be responsible for arranging the transport and delivery of the products from Asia Cement Singapore's warehouse facility to Alliance's warehouse. Based on the historical amounts of the Transaction II and Transaction III, approximately 86% of the cement purchased at the average price of S$82 per metric tonnes from Asia Cement Singapore under Transaction II are resold to Alliance at the average price of S$102 under Transaction III and approximately 86% of the slag powder purchased at the average price of S$68 per metric tonnes from Asia Cement Singapore under Transaction II are resold to Alliance at the average price of S$93 per metric tonnes under Transaction III. It is expected that the above portion and pricing spread will remain relatively stable throughout the term of the SPA II and SPA III. The business rationale, functions performed, risk assumed and value-add of the Group under each of these Transactions are as follow:

1. Business Rationale

The essence of Transaction II and Transaction III is for the purpose of the Group's internal integration and resource optimization within the Singapore market to eliminate horizontal competition with Asia Cement. The Group (through Oriental Industrial) operates cement businesses in Singapore, where Asia Cement (through Asia Cement Singapore) also operate similar cement businesses in Singapore with Alliance as one of its largest customers. The overlap in the core business created a risk of horizontal competition, potential duplication of resources, and unnecessary overlap in supplier and customer acquisition efforts between the Group and Asia Cement within the Singapore market. However, before Transaction II and Transaction III, Oriental Industrial is relatively new to the Singapore cement market where Asia Cement Singapore is already an established distributor, therefore, the extent of such horizontal competition is not significant. However, in response to sluggish conditions in the PRC domestic market, and to capture regional growth opportunities and expand its overseas footprint, the Group intends to expand its scale of operation in Singapore. The Group decided to consolidate sales functions in the Singapore market to eliminate unnecessary overlaps in customers and resources, as well as potential competition. By virtue of Transaction II and Transaction III, Oriental Industrial will become the unified distributor of the Group's and Asia Cement's sales operations in Singapore. This arrangement is strictly operational and involves no transfer of business, assets, or resources between Asia Cement/ Asia Cement Singapore and the Group.

Although no non-compete, business delineation, or exclusivity arrangements have been or will be entered into between the Group and Asia Cement / Asia Cement Singapore, by establishing Oriental Industrial as the unified distributor for both the Group and Asia Cement, Transaction II and Transaction III align the economic interests of both Asia Cement and the Group. Both the Group and Asia Cement can maximize their commercial returns and operational efficiencies exclusively through this arrangement, the incentive to compete independently in the open market may be fully resolved.

2. Functions Performed

Through Transactions II and III, Oriental Industrial performs the core functions of a unified distributor for the Group. Oriental Industrial will be responsible for customer maintenance and sales channel management in the local Singapore market, directly taking over Asia Cement's original customer base. Oriental Industrial will manage product logistics and distribution to ensure timely delivery to end-customers (including Alliance) and handle credit assessments, accounts receivable management, and payment collection for downstream customers (such as Alliance), thereby assuming the credit risk of customer default.

3. Risks Assumed

Oriental Industrial assumes primary commercial risks consistent with those of an independent distributor. Oriental Industrial bears the risk of gross margin fluctuations caused by falling selling prices due to market volatility or the inability to fully pass on rising procurement costs to downstream clients. Oriental Industrial also assumes the risk of increased logistics and distribution costs and bears the risk of downstream customers (including Alliance) being unable to make timely payments due to cash flow issues.

4. Value-Add and Profit Mechanism

Through Transaction II and Transaction III, the Group has secured a stable and continuous supply source for its Singapore business operations, significantly expanding its business scale in Singapore and increasing the certainty of sales revenue and risk resilience. The value-add of the Group under Transaction II and Transaction III acting as the unified distributor and assuming the aforementioned market, inventory, and credit risks.

Conducting Transaction I with connected persons is because the Directors consider Asia Cement as a valuable customer of the Group in light of Asia Cement'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 and related products, the Directors believe that supplying clinker through its subsidiary to Asia Cement will allow the Group to receive a steady, reliable and relatively large income. Furthermore, in light of the considerable clinker export price at the moment, the Directors are of the view that selling clinker 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 clinker but will also enable the Group to gain a satisfactory profit.

Conducting Transaction II and Transaction III with connected persons is the Group's strategic choice based on the unique competitive landscape of the Singapore market and the overlapping cement businesses in Singapore between the Group and Asia Cement. Collaborating with independent third parties would not fundamentally resolve the horizontal competition with Asia Cement. Consolidating sales functions through the connected transactions is the most effective way to eliminate unnecessary horizontal competition at its source. Also, transactions with connected parties allow the Group to quickly and seamlessly take over these high-quality resources and rapidly expand market share. The Directors are of the view that Oriental Industrial's cement related business in the Singapore is in the early development stage and the Transaction II provides a source of stable supplies to the Group so that the Group can be well-positioned to expand into a more diversified and established supply network in Singapore. On the other hand, Alliance is an existing customer of Oriental Industrial which was established in 2006 and has participated in numerous construction projects in Singapore. The Directors are of the view that Oriental Industrial gains a well-established customer under the Transaction III generating revenue for the Group. At the same time, the Group is actively developing its business in the Singapore market and the Group may purchase supplies of cement and slag powder from independent suppliers if more favourable prices are available or export its cement to the Singapore's market.

Taking into account the above factors, the Board (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) considered that the Supplemental Agreements were negotiated on an arm's length basis and entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Asia Cement holds approximately 73.07% of the entire issued share capital of the Company, and Asia Cement Singapore is a wholly-owned subsidiary of Asia Cement and holds 50% equity interest in Alliance, and thus Asia Cement, Asia Cement Singapore and Alliance are connected persons of the Company as defined under the Listing Rules. Accordingly, the relevant Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Annual Caps for each of the Supplemental Agreements calculated individually under Rule 14.07 of the Listing Rules exceeds 5%, each of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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, all of the Directors have confirmed that none of them has any material interest in the relevant transactions; 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 relevant transactions.

EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

Set forth on pages 60 to 62 of this circular is a notice convening the EGM at which, among other things, resolutions will be proposed to approve revision of annual caps and extension of term for continuing connected transactions.

As at the Latest Practicable Date, Asia Cement holds approximately 73.07% of the entire issued share capital of the Company. Asia Cement and its associates shall, therefore, abstain from voting on the resolution for approving the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder (resolution no. 1 at the EGM). Save as disclosed above, to the best of the Directors' knowledge, information and belief, as at the Latest Practical Date, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM. A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.achc.com.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 4:30 p.m. on Wednesday, 5 August 2026). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

VOTING BY POLL

The EGM will be held by voting of Shareholders taken by poll pursuant to Rule 13.39(4) of the Listing Rules, except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manners prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors consider that the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder are in the best interests of the Company, the Group and the Shareholders as a whole, and would recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of VS Capital, considers that the terms of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other material matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
HSU, Shu-tong
Chairman

10 July 2026

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)

10 July 2026

To the Independent Shareholders

Dear Sir or Madam

REVISION OF ANNUAL CAPS AND EXTENSION OF TERM FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 10 July 2026 (the "**Circular**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been authorised by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Supplemental Agreements are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from VS Capital set out on pages 25 to 53 of the Circular which contains its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons considered by it in formulating its advice.

Having considered the Supplemental Agreements, and the factors and reasons considered by, and the advice of VS Capital in relation thereto as set out on pages 25 to 53 of the Circular, we are of the opinion that the Supplemental Agreements were negotiated on an arm's length basis and entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms of the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve, among other things, the Supplemental Agreements and the Transactions and the Annual Caps contemplated thereunder.

Yours faithfully
For and on behalf of
Independent Board Committee
Mr. TSIM, Tak-lung Dominic
Mr. WANG, Wei
Mr. WU, Chun-pang
Ms. HO LIN, Mei-hsueh
Independent Non-executive Directors

The following is the full text of the letter of advice from VS Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

勝利資本
VS CAPITAL

Room 1101-3
11/F Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

10 July 2026

The Independent Board Committee and
the Independent Shareholders of Asia Cement (China) Holdings Limited

Dear Sir/Madam,

REVISION OF ANNUAL CAPS AND EXTENSION OF TERM FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Annual Caps, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 10 July 2026 to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

The Transactions

References are made to the announcements of the Company dated 30 December 2025 and 12 January 2026 in relation to the SPA I, SPA II and SPA III.

On 24 April 2026, (1) Jiangxi Yadong, a subsidiary of the Company, entered into the Supplemental Agreement to SPA I with Asia Cement, (2) Oriental Industrial, a subsidiary of the Company, entered into the Supplemental Agreement to SPA II with Asia Cement Singapore, and (3) Oriental Industrial entered into the Supplemental Agreement to SPA III with Alliance, pursuant to which the relevant parties agreed to revise the annual caps for the Transaction I, the Transaction II and the Transaction III for the year ending 31 December 2026, to extend the term of the SPA I, SPA II and SPA III respectively to 31 December 2028, and to agree on the annual caps for the Transaction I, Transaction II and Transaction III for the two years ending 31 December 2028. Save for the Annual Caps and the duration of the agreements, the other terms and conditions of the SPA I, SPA II and SPA III shall remain valid and in full force and effect.

As at the Latest Practicable Date, Asia Cement held approximately 73.07% of the entire issued share capital of the Company. Asia Cement Singapore is a wholly-owned subsidiary of Asia Cement and holds a 50% equity interest in Alliance. Asia Cement, Asia Cement Singapore and Alliance are therefore connected persons of the Company as defined under the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Annual Caps for each of the Supplemental Agreements calculated individually under Rule 14.07 of the Listing Rules exceed 5%, each of the Supplemental Agreements, the Transactions and the Annual Caps contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

As set out in the Letter from the Board, as at the Latest Practicable Date, Asia Cement and its associates were interested in 1,144,862,000 Shares, representing approximately 73.07% of the issued Shares, and are required to abstain from voting on the resolution approving the Supplemental Agreements, the Transactions and the Annual Caps at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolution approving the aforementioned matters at the EGM.

Independence Board Committee

The Independent Board Committee comprising Mr. TSIM, Tak-lung Dominic, Mr. WANG, Wei, Mr. WU, Chun-pang and Ms. HO LIN, Mei-hsueh, being all the independent non-executive Directors, has been formed to consider the Supplemental Agreements, the Transactions and the Annual Caps, and to advise the Independent Shareholders as to whether the terms of the Supplemental Agreements, the Transactions and the Annual Caps are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests with the Group, Asia Cement, Asia Cement Singapore, Alliance and their respective associates or any other parties that could reasonably be regarded as relevant to the independence of us. In the previous two years from the date of the Circular, we have not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all such statements, information, opinions and representations, for which the Company, Directors and the Management are solely and wholly responsible, were reasonably made after due enquiry and careful consideration, and they were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. The Directors have confirmed to us that no material facts have been withheld or omitted from the information provided, representations made or opinions expressed. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors and the Management. We, as the Independence Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular, which includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all materials respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in the Circular misleading.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with the Transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. THE GROUP

The Group is principally engaged in manufacture and sale of cement, concrete and related products.

1.1 Profit and Loss

Set out below is a summary of the profit and loss statement of the Group for the two years ended 31 December 2024 and 2025, based on the Company's annual report for the year ended 31 December 2025 (the "**Annual Report 2025**").

	For the year ended 31 December	
	2024	**2025**
	RMB million	*RMB million*
	Audited	*Audited*
Revenue	5,885.5	5,109.2
Gross Profit	592.6	700.0
Profit Before Tax	54.4	184.0
Profit (Loss) for the Year	(262.6)	89.1

The Group's revenue amounted to RMB5,109.2 million for the year ended 31 December 2025 ("**FY2025**"), representing a decrease of 13.2% from the revenue of RMB5,885.5 million for the year ended 31 December 2024 ("**FY2024**"). As explained in the Annual Report 2025, the decrease in revenue for FY2025 was mainly attributable to the decrease in the sales volume and the average selling price of the Group's products during 2025, amid the continuous PRC real estate investment downward trend and the decline in the PRC infrastructure investment.

The gross profit of the Group improved to RMB700 million, with a gross profit margin of 13.7%, for FY2025, from RMB592.6 million, with a gross profit margin of 10.1%, for FY2024. As explained in the Annual Report 2025, the improvement in gross profit in 2025 was due to the decrease in the cost of coal.

For FY2025, the Group reported a profit after tax of RMB89.1 million, a turnaround from the loss for the year of RMB262.6 million for FY2024. The improvement in net profit for FY2025 was primarily due to (among other factors) the increase in gross profit (as explained above) and the reduction of income tax expense to RMB94.9 million for FY2025 from RMB317 million for FY2024, in which year supplementary payment of income tax on dividends for previous years was made by the Company.

With reference to the Company's announcements dated 17 April 2026 and 24 April 2026, based on the Group's unaudited results for the three months ended 31 March 2026, the unaudited loss of the Group for the three months ended 31 March 2026 was approximately RMB84.5 million, as compared to a net profit for the three months ended 31 March 2025 of approximately RMB4.0 million. The Board considers that the above decrease in profit was primarily due to the decline in the selling price of the Group's products compared with that of the corresponding period of the previous year.

1.2 Assets and Liabilities

Set out below is a summary of the balance sheet of the Group as at 31 December 2025, based on the Annual Report 2025.

	As at 31 December 2025 *RMB million* *Audited*
ASSETS	
Current Assets	6,819
Non-current Assets	12,983
Total Assets	19,802
LIABILITIES	
Current Liabilities	2,471
Non-current Liabilities	366
Total Liabilities	2,837
NET ASSETS	16,965

The Group's current assets as at 31 December 2025 mainly comprised restricted bank deposits, bank deposits with original maturity over three months (but before 31 December 2026) and cash and cash equivalents totaling RMB5,030 million, trade and other receivables of RMB1,127 million, inventory of RMB551 million, among other current assets. The Group's non-current assets as at 31 December 2025 mainly comprised property, plant and equipment of RMB5,757 million and bank deposits with original maturity over three months in 2027 of RMB4,211 million, among other non-current assets.

The Group's current liabilities as at 31 December 2025 mainly comprised borrowing due within one year of RMB1,452 million and trade and other payables of RMB810 million, among other current liabilities. The Group's non-current liabilities as at 31 December 2025 mainly comprised deferred tax liabilities of RMB156 million, among other non-current liabilities.

The Group's net assets amounted to RMB16,965 million as at 31 December 2025.

2. TRANSACTION I

Pursuant to the Supplemental Agreement to the SPA I, Jiangxi Yadong will sell to Asia Cement, and Asia Cement has agreed to buy, clinker and cement in bulk.

2.1 Principal terms of the Supplemental Agreement to the SPA I

Set out below are the principal terms of the Supplemental Agreement to the SPA I.

Date

24 April 2026

Parties

(i) Jiangxi Yadong, as the seller; and

(ii) Asia Cement, as the buyer

Jiangxi Yadong is a company established in the PRC with limited liability. The Company holds a 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, slag powder and related products.

Asia Cement is a joint stock company incorporated in Taiwan with limited liability under the Company Law of Taiwan with its shares listed on the Taiwan Stock Exchange. Asia Cement held approximately 73.07% of the entire issued share capital of the Company as at the Latest Practicable Date. Asia Cement is principally engaged in the production and sale of cement, concrete and related products through its self-built production lines, and diversified investment.

Condition Precedent

The Supplemental Agreement to SPA I is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

Term

The term of the SPA I is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA I, the term of the SPA I is extended to end on 31 December 2028.

Quantity of Clinker and Cement to be Sold and Delivery Schedule

Jiangxi Yadong shall supply to Asia Cement Corporation 500,000 metric tonnes ("**MT**") to 1,300,000 MT of cement clinker per year and 100,000 MT to 500,000 MT of ordinary Portland cement per year.

2.2 Pricing

The unit price for clinker shall be US$29-US$37 per MT, equivalent to the Asia Cement's selling price to its customers after deducting US$0.5-US$1 (representing the Asia Cement's operating charge), for loading at the Nantong Port, Jiangsu Province, the PRC; and the unit price for cement shall be US$30-US$38 per MT, equivalent to the Asia Cement's selling price to its customers after deducting US$0.5-US$1 per MT (representing the Asia Cement's operating charge), for loading at the Taizhou Port, Jiangsu Province, the PRC. The operating charge of US$0.5-US$1 takes into account the administrative expenses incurred by Asia Cement in handling the export sales to the ultimate overseas customers and Asia Cement' overseas sales network and expertise. When Asia Cement purchases clinker and cement under the transactions, the Group will request Asia Cement to provide the copies of commercial invoices relating to Asia Cement's selling of clinker and cement to its customers for the Group to verify Asia Cement's selling price to its customers before entering into each transaction. Such unit prices were determined by the parties at arm's length with reference to and based on the market price of clinker and cement.

Asia Cement shall make full payment within 30 working days upon the receipt of invoice after completion of loading against the bill of lading date. Such payment term shall be no more favourable than the payment terms available to independent customers.

We understand that such clinker and cement sold to Asia Cement are destined for export markets. As stated in the Letter from the Board, the operating charge of US$0.5-US$1 takes into account the administrative expenses incurred by Asia Cement in handling the export sales to the ultimate overseas customers and Asia Cement's overseas sales network and expertise. In assessing the pricing under the Transaction I, we consider that the operating charge only represents around 1.3%-3.3% of Asia Cement's unit selling prices to the ultimate overseas customers and review the Company's procedures to ensure the unit prices (after accounting for such operating charge) offered by Jiangxi Yadong to Asia Cement to be no more favourable than prices to independent customers. The unit selling price for clinker of Jiangxi Yadong to Asia Cement shall be US$29-US$37 per MT. As informed by the Management, Jiangxi Yadong commenced selling clinker destined for overseas markets since June 2025. Based on our review of a summary of Jiangxi Yadong's sales of clinker destined for overseas market since June 2025, we noted that the selling prices of clinker destined for overseas market ranged US$30.0-US$34.5 per MT. The wider price range of clinker under the Supplemental Agreement to the SPA I of US$29-US$37 per MT provides buffer for any fluctuation of prices of clinker due to changes in market conditions during 2026-2028. Based on our review of the statistics for February 2026 in relation to cement published by 中國水泥協會 (China Cement Association), a trade association in the PRC under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the prevailing export prices of cement to Africa and Southeast Asia (the destined export markets of Jiangxi Yadong's sale of cement) ranged around US$37-US$57 per MT. In relation to the price range of cement under the Supplemental Agreement to the SPA I of US$30-US$38 per MT, the upper range falls within the prevailing export prices, while the lower range (being lower than the prevailing export prices) provides buffer for any fluctuation of prices of cement due to changes in market conditions during 2026-2028.

As stated in the Letter from the Board and discussed with the Management, the Group undertakes the following review steps to ensure that the prices charged to Asia Cement is no more favourable than the prices offered to independent third-party customers.

(i) The business department of the Group will review Asia Cement's selling prices to the ultimate overseas customers to confirm if Jiangxi Yadong's unit selling prices to Asia Cement is equivalent to Asia Cement's selling prices to the ultimate overseas customers net of the operating charges.

(ii) The business department of the Group will review the prevailing export prices of cement and clinker published by China Cement Association to ensure that Jiangxi Yadong's unit selling prices to Asia Cement are comparable to the prevailing market export prices.

(iii) The business department of the Group will compare the price to Asia Cement with the price to independent customers of the sales of clinker and cement with similar quality and quantity destined for the same export market within one month of the Group's sale of clinker and cement to Asia Cement. If such sales of clinker and cement destined for the same export market to independent customers are not available, the Group will compare the prices to independent customers of the sales of clinker and cement in the domestic PRC markets with similar quality and quantity within one month of the Group's sale of clinker and cement to Asia Cement.

(iv) Going forward, the business department of the Group will solicit potential sales to independent customers for both domestic and overseas markets before carrying out sales to Asia Cement to ensure prices to Asia Cement to be not lower than any available prices to independent customers for both domestic and overseas markets.

In relation to Jiangxi Yadong's sales to Asia Cement, Jiangxi Yadong delivers its products to the agreed loading port in China and the risk of loss of inventory is passed to Asia Cement when the products are loaded onto the shipping vessels en route to the ultimate overseas customers, whereas for the Group's domestic PRC sales, the risk of loss of inventory is passed to the customers when the Group's products are delivered to the premises or designated premises of the customers. Although the cement market conditions between the overseas market and the domestic PRC market are different with various economic developments affecting the supply, demand and pricing of cement products, we consider that the comparison of Jiangxi Yadong's selling prices to Asia Cement with Jiangxi Yadong's recent selling prices for the domestic PRC market with similar product quantity and quality within one month of Jiangxi Yadong's sale to Asia Cement, coupled with the Group's solicitation of potential customers' orders for both domestic and overseas markets, will ensure the unit selling prices to Asia Cement to be not lower than any selling prices to independent customers for both domestic and overseas markets and are the most favourable prices available to Jiangxi Yadong. Having regard to the above overall procedures (including review of the prevailing market prices and the unit selling prices to the ultimate independent customers), we consider that the above selection of benchmarks is fair and representative and the procedures are sufficient to ensure that prices to Asia Cement are no more favourable than prices to independent customers or in the market.

For the purposes of obtaining an understanding of the implementation steps of the review to ensure the prices to Asia Cement are no more favourable than prices available to independent customers, we reviewed a sale of clinker by Jiangxi Yadong to Asia Cement in each month of January, February and March 2026. Based on the invoices issued by Jiangxi Yadong to Asia Cement and the invoices issued by Asia Cement to its ultimate overseas customers of identical products and quantities, we noted that Jiangxi Yadong's selling prices to Asia Cement were equivalent to Asia Cement's unit selling prices to its ultimate overseas customers net of the operating charges ranging US$0.5-US$1 per MT. Based on the prevailing export prices published by China Cement Association at the time of Jiangxi Yadong's sales to Asia Cement, we noted that Jiangxi Yadong's selling prices to Asia Cement were comparable to, being within 5.4%-7.2% of, the prevailing export prices published by China Cement Association. Based on our review of a register of sales of clinker destined for export markets during June 2025-March 2026, we noted that sales of clinker destined for the same export market within one month of the Group's sale of clinker to Asia Cement were not available. Therefore, the business department of the Group compared the price to Asia Cement with the price to the independent customers of the sales of clinker in the domestic PRC markets. Based on our review of the invoices of the Group's sale of clinker in the domestic PRC market with quantity and quality comparable to the Jiangxi Yadong's sales to Asia Cement (where both Jiangxi Yadong's sales to Asia Cement and the Group's domestic PRC sales are sales of the same kind of products in bulk of tens of thousands of MT) within one month of Jiangxi Yadong's sale of clinker to Asia Cement and discussion with the Management, we noted that the prices to Asia Cement were higher than the prices to independent customers in the PRC (where no adjustments were made as both are sales of the same kind of products in bulk) and the payment terms available to Asia Cement were within the payment terms available to the independent customers.

Having regard to the above assessment of the price ranges (after accounting for the operating charge) under the Supplemental Agreement to the SPA I and the implementation procedures to ensure the prices to Asia Cement to be not lower than prices to independent customers, we consider the pricing term under the Supplemental Agreement to the SPA I to be fair and reasonable.

2.3 Annual Cap

It is expected that the transaction amount of the Transaction I for the period from 1 January 2026 to 31 December 2028 (the "**Transaction I Annual Cap**") will not exceed US$67,100,000 per year. The Annual Cap is determined with reference to, among others:

(i) the historical transaction amounts (including Jiangxi Yadong's sale of clinker to Asia Cement of approximately 451,000 MT for the year ended 31 December 2025 (since commencement in June 2025); and Jiangxi Yadong's sale of clinker to Asia Cement of approximately 292,395 MT for the first quarter of 2026 (up to approximately 115,940 MT per month));

(ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028;

(iii) the maximum quantity of ordinary Portland cement and cement clinker to be purchased by Asia Cement Corporation, being 1,300,000 MT of cement clinker and 500,000 MT of ordinary Portland cement per year under the Supplemental Agreement to SPA I; the maximum unit price of US$38 per MT of cement and US$37 per MT of clinker;

(iv) the relevant unit price determined by the parties on an arm's length basis with reference to the market price for the period;

(v) the declining trend of Jiangxi Yadong's total sale volume of cement (9.2 million MT for the year ended 31 December 2024 to 8.7 million MT for the year ended 31 December 2025, representing a decrease of 5%);

(vi) the robust overseas demand for cement and clinker, particularly in Africa and Southeast Asia (the destined export markets of Transaction I) since the beginning of 2026 due to the acceleration of infrastructure construction and the rapid urbanization process have driven strong demand in these regions and the assumption that such robust demand will continue until 2028; and

(vii) the assumption that the market price for cement and clinker will remain relatively stable.

Set out below are the approximate historical amounts of the Transaction I and the original annual cap for the Transaction I for the year ending 31 December 2026:

	Historical amount for the year ended 31 December 2025	**Historical amount for the 3 months ended 31 March 2026**	**Original annual cap for the year ending 31 December 2026**
Transaction I	US$14,908,000	US$9,335,000	US$22,000,000

We have discussed with the Management regarding the determination of the Transaction I Annual Cap for each of the three years ending 31 December 2028. The Transaction I Annual Cap is calculated as follows.

	Maximum quantity	**Maximum unit price**	**Total maximum amount**
Clinker	1,300,000 MT	US$37 per MT	US$48,100,000
Cement	500,000 MT	US$38 per MT	US$19,000,000
Transaction I Annual Cap			US$67,100,000

As informed by the Management, Jiangxi Yadong commenced selling clinker to Asia Cement in June 2025. Based on a summary of Jiangxi Yadong's sales to Asia Cement in 2025, Jiangxi Yadong's sale of clinker to Asia Cement amounted to around 451,000 MT for the year ended 31 December 2025 (since commencement in June 2025). Based on our review of a summary of sales to Asia Cement in 2026, we noted that Jiangxi Yadong's sale of clinker to Asia Cement amounted to 292,395 MT for the first quarter of 2026 and amounted to as much as 115,940 MT per month during the first quarter of 2026. We discussed with the Management and noted that the sales of clinker for the overseas markets overall are not subject to seasonal factors. Based on such maximum sales volume of clinker per month to Asia Cement during the first quarter of 2026, the sale volume of clinker to Asia Cement for the remaining nine months ending 31 December 2026 may amount to as much as around 1 million MT and around 1.3 million MT for the year ending 31 December 2026. As stated in the Letter from the Board under the section headed "Reasons for and benefits of entering into the Supplemental Agreements", since the beginning of 2026, overseas demand for cement and clinker — particularly in Africa — has been robust. Based on our review of a report published by the International Monetary Fund ("**IMF**") in April 2026, we noted that economic activity of Sub-Sahara Africa expanded at the fastest pace in over a decade in 2025, with GDP growth accelerating from 4.2 percent in 2024 to 4.5 percent in 2025, with growth exceeding 6 percent in 10 economies. In view of the positive developments in the overseas markets and taking into account the recent transaction volume in the first quarter of 2026, we consider that for the purpose of setting the maximum sales quantity (being the upper limit of the transaction volume) of clinker to Asia Cement under the Transaction I Annual Cap of 1,300,000 MT, it is prudent to estimate that the monthly sales may amount to as much as the maximum historical monthly sales amount during the first quarter of 2026 and therefore finds the maximum quantities under the Transaction I Annual Cap to be reasonable. Based on our review of the statistics for February 2026 in relation to cement published by China Cement Association, the prevailing export prices of clinker to Africa and Southeast Asia (the destined export markets of Jiangxi Yadong's sale of clinker and cement to Asia Cement) ranged around US$32-US$34 per MT. The maximum unit price of clinker under the Transaction I Annual Cap of US$37 per MT represents 8.8% above the upper range of the prevailing export price of clinker. We consider such buffer to be reasonable to provide for any changes in the market conditions in future causing fluctuation of the unit export price of clinker during 2026-2028.

Jiangxi Yadong has not yet sold any cement to Asia Cement. As informed by the Management, Jiangxi Yadong's total sales volume of cement amounted to 8.7 million MT for the year ended 31 December 2025, representing a decrease of 5% from the sales volume of 9.2 million MT for the year ended 31 December 2024. The Company is of the view that such decreasing trend may continue in 2026 and therefore budgeted to sell up to 500,000 MT of cement to Asia Cement to keep up the production volume of Jiangxi Yadong in order to maintain its production facilities' working conditions. Based on our review of correspondence from a customer of Asia Cement, we noted that Asia Cement has recently received interest from the customer to purchase up to 480,000 MT of cement annually for an overseas market. Taking into account the annual maximum quantity of cement agreed by Asia Cement to purchase from Jiangxi Yadong under the Supplemental Agreement to SPA I, we consider that such budget sale of cement to Asia Cement to be reasonable. Based on our review of the statistics for February 2026 in relation to cement published by China Cement Association, we noted that the prevailing export prices of cement to Africa and Southeast Asia range around US$37-US$57 per MT. We consider the maximum unit price of US$38 per MT for calculating the Transaction I Annual Cap, being within the prevailing market price range, to be reasonable.

Overall, having regard to the assessment of the Transaction I Annual Cap above, we consider the Transaction I Annual Cap to be reasonable.

3. TRANSACTION II

Pursuant to the Supplemental Agreement to the SPA II, Oriental Industrial will purchase from Asia Cement Singapore, and Asia Cement Singapore agreed to sell, cement and slag powder in bulk.

3.1 Principal terms of the Supplemental Agreement to the SPA II

Set out below are the principal terms of the Supplemental Agreement to the SPA II.

Date

24 April 2026

Parties

(i) Asia Cement Singapore, as the seller; and

(ii) Oriental Industrial, as the buyer

Oriental Industrial, a wholly-owned subsidiary of the Company, is a company established in Singapore with limited liability. Oriental Industrial is principally engaged in the distribution of cement, slag powder and related products through trading in the Singapore market, as well as investment business.

Asia Cement Singapore is a company established in Singapore with limited liability and is a wholly-owned subsidiary of Asia Cement. Asia Cement Singapore is principally engaged in the distribution of cement, slag powder and related products through trading in the Singapore market.

Condition Precedent

The Supplemental Agreement to SPA II is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

Term

The term of the SPA II is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA II, the term of the SPA II is extended to end on 31 December 2028.

Quantity of Cement and Slag Powder to be Purchased and Delivery Schedule

Oriental Industrial shall purchase cement and slag powder from Asia Cement Singapore during the period from 1 January 2026 to 31 December 2028 in quantities determined based on market conditions during the period. It is estimated that the amount of cement will be around 250,000 MT-350,000 MT of cement per year and around 210,000 MT-310,000 MT of slag powder per year.

3.2 Pricing

The unit price shall be determined by the parties at arm's length with reference to and based on the market prices of the cement and slag powder. It is estimated that the unit price will be around S$80-S$110 per MT of cement and around S$52-S$72 per MT of slag powder.

Oriental Industrial shall make full payment within 60 working days upon the receipt of invoice after completion of loading against the bill of lading date. Such payment term shall be no less favourable than the payment terms available to independent parties.

Based on our review of a summary of Oriental Industrial's purchases of cement and slag powder from Asia Cement Singapore for the first quarter of 2026, we noted that the average prices were around US$82 per MT for cement and US$68 for MT for slag powder for the first quarter of 2026. The price ranges of US$80-110 per MT for cement and US$52-72 per MT for slag powder under the Supplemental Agreement to the SPA II provide buffer for any fluctuation of market prices due to changes in market conditions during 2026-2028.

As stated in the Letter from the Board and discussed with the Management, the Group undertakes the following review steps to ensure that the prices charged by Asia Cement Singapore are not higher than prices offered by independent suppliers.

(i) The business department of the Group will review the prevailing market prices of cement published by the Building and Construction Authority of Singapore (a statutory board under the Ministry of National Development of Singapore).

(ii) The business department of the Group will compare the prices from Asia Cement Singapore with the prices from independent suppliers with similar quality and quantity within one month of the purchase from Asia Cement Singapore. If such purchase from independent suppliers is not available, the business department of the Group will compare the price of cement and slag powder sold by Asia Cement Singapore to its independent customers with similar quality and quantity within one month of the Group's purchase of cement and slag powder from Asia Cement Singapore.

(iii) Going forward, if prices from independent suppliers within one month of the purchase from Asia Cement Singapore are not available, Oriental Industrial will endeavor to obtain quotations from multiple independent suppliers based on evaluation criteria such as market price, quality, quantity, delivery time, logistics costs and historical prices. Given the limited number of suppliers of cement and slag powder in bulk in Singapore, the Group will determine the prevailing market price based on the average of the independent quotations obtained (if two or more are available) or the single quotation from one independent supplier (if only one independent quotation can be secured), together with the information as described in paragraph (i) above.

We consider that the selling price offered by Asia Cement Singapore to its independent customers within one month of Oriental Industrial's purchase from

Asia Cement Singapore provides reference of the prevailing selling prices in the market on the basis that the prices between Asia Cement Singapore and its customers are agreed on an arm's-length basis reflecting the prevailing market prices of the products purchased by Oriental Industrial from Asia Cement Singapore. We discussed with the Management and noted that Oriental Industrial will attempt to obtain more than one quotation, but in view of the limited number of suppliers of cement and slag powder in bulk in Singapore, only one quotation from an independent supplier may be available from time to time. We consider that one or more quotations are both meaningful as they provide purchase price(s) that is/are available from independent supplier(s). Having regard to the above overall procedures including obtaining not less than one quotation from independent suppliers, we consider that the above selection of benchmarks is fair and representative and the procedures are sufficient to ensure the prices from Asia Cement Singapore are no less favourable than prices from independent suppliers or in the market.

For the purposes of obtaining an understanding of the implementation steps of the review to ensure the prices from Asia Cement Singapore are no less favourable than prices from independent parties, we reviewed a purchase of cement and slag powder by Oriental Industrial from Asia Cement Singapore in each month of January, February and March 2026. Based on our review of the prevailing market prices of cement published by the Building and Construction Authority of Singapore, we found that the purchase prices of cement from Asia Cement Singapore were lower than the prevailing market prices published by the Building and Construction Authority of Singapore. As informed by the Management, Oriental Industrial has so far not sourced any cement and slag powder from independent suppliers in Singapore. The business department therefore compared the prices from Asia Cement Singapore with Asia Cement Singapore's selling prices to its independent customers. Based on our review of the invoices issued by Asia Cement Singapore to Oriental Industrial and the invoices issued by Asia Cement Singapore to its customers with quantity and quality similar to Asia Cement Singapore's sales to Oriental Industrial (where both Asia Cement Singapore's sales to Oriental Industrial and Asia Cement Singapore's sales to its independent customers are sales of the same kinds of products in bulk of tens of MT) within one month of Oriental Industrial's purchase of cement and slag powder from Asia Cement Singapore, we noted that Oriental Industrial's purchase unit prices of cement and slag powder are not higher than the prices of sale of cement and slag powder by Asia Cement Singapore to its independent customers (where no adjustments were made as both are sales of the same kind of products in bulk) and the payment terms to Oriental Industrial are equivalent to the payment terms to Asia Cement Singapore's independent customers.

Having regard to the above basis of the price ranges under the Supplemental Agreement to the SPA II and the implementation procedures to ensure the prices from Asia Cement Singapore to be not higher than prices for independent parties, we consider the pricing term under the Supplemental Agreement to the SPA II to be fair and reasonable.

3.3 Annual Cap

It is expected that the transaction amount of the Transaction II for the period from 1 January 2026 to 31 December 2028 (the "**Transaction II Annual Cap**") will not exceed S$60,820,000 per year. The Transaction II Annual Cap is determined with reference to, among others:

(i) Oriental Industrial's purchase of cement from Asia Cement Singapore of approximately 66,046 MT for the first quarter of 2026 (up to approximately 32,241 MT per month) and Oriental Industrial's purchase of slag powder from Asia Cement Singapore of approximately 65,787 MT for the first quarter of 2026 (up to approximately 31,286 MT per month);

(ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028;

(iii) the maximum estimated quantity of cement and slag powder to be purchased by Oriental Industrial from Asia Cement Singapore (around 350,000 MT of cement per year and around 310,000 MT of slag powder per year) under the Supplemental Agreement to SPA II;

(iv) the maximum estimated unit price of around S$110 per MT of cement and S$72 per MT of slag powder;

(v) the relevant unit price determined by the parties on an arm's length basis with reference to the market price, and the sales quantity determined according to the market conditions during the period;

(vi) the relevant shipping schedules of our third-party service providers and capacity allotment available to us;

(vii) the expected Group's scale of operation for its business operations in Singapore;

(viii) the current market conditions in the Singapore and the future market trends in the demand for cement and slag powder in the Singapore from 2026 to 2028;

(ix) the expected cost of raw materials and market prices for the cement and slag powder in Singapore;

(x) the robust construction demand in Singapore of cement and slag powder due to the advancement of major projects such as major engineering and public housing and the assumption that such robust demand will continue until 2028; and

(xi) the assumption that the market price for cement and slag powder will remain relatively stable.

Set out below are the approximate historical amounts of the Transaction II and the original annual cap for the Transaction II for the year ending 31 December 2026:

	Historical amount for the year ended 31 December 2025	**Historical amount for the 3 months ended 31 March 2026**	**Original annual cap for the year ending 31 December 2026**
Transaction II	S$549,000	S$9,899,000	S$27,000,000

We have discussed with the Management regarding the determination of the Transaction II Annual Cap for each of the three years ending 31 December 2028. The Transaction II Annual Cap is calculated as follows.

	Maximum quantity	**Maximum unit price**	**Total maximum amount**
Cement	350,000 MT	S$110 per MT	S$38,500,000
Slag powder	310,000 MT	S$72 per MT	S$22,320,000
Transaction II Annual Cap			S$60,820,000

As informed by the Management, Oriental Industrial commenced purchasing cement and slag powder from Asia Cement Singapore at the end of 2025. Based on our review of a summary of Oriental Industrial's purchase from Asia Cement Singapore in 2026, we noted that Oriental Industrial's purchase of cement from Asia Cement Singapore amounted to 66,046 MT for the first quarter of 2026 and amounted to as much as 32,241 MT per month during the first quarter of 2026. Based on such maximum purchase volume of cement per month from Asia Cement Singapore during the first quarter of 2026, the purchase volume of cement from Asia Cement Singapore for the remaining nine months ending 31 December 2026 may amount to as much as around 290,000 MT and around 350,000 MT for the year ending 31 December 2026. Oriental Industrial's purchase of slag powder from Asia Cement Singapore amounted to 65,787 MT for the first quarter of 2026 and amounted to as much as 31,286 MT per month during the first quarter of 2026. Based on such maximum purchase volume of slag powder per month from Asia Cement Singapore during the first quarter of 2026, the purchase volume of slag powder from Asia Cement Singapore for the remaining nine months ending 31 December 2026 may amount to as much as around 281,000 MT and around 350,000 MT for the year ending 31 December 2026. We discussed with the Management and noted that the purchase of cement and slag powder under the Transaction II is not subject to seasonal factors apart from less purchase during the Chinese New Year holidays. In view of the robust construction demand in Singapore (as set out in the section headed "5. Reasons for and benefits of transactions") and taking into account the recent transaction volume in the first quarter of 2026, we consider that for the purpose of setting the maximum purchase quantities (being the upper limits of the transaction volumes) of cement and slag powder from Asia Cement Singapore under the Transaction II Annual Cap of 350,000 MT and 310,000 MT respectively, it is prudent to estimate that the monthly purchase may amount to as much as the maximum historical monthly purchase amount during the first quarter of 2026 and therefore finds the maximum quantities under the Transaction II Annual Cap to be reasonable. Based on our review of a summary of Asia Cement Singapore's sale of cement and slag powder during 2023-2025 provided by the Company, we noted that the prices of Asia Cement Singapore's sales of cement and slag powder amounted to as much as around S$112 per MT and around S$91 per MT respectively. Taking into account that the maximum unit prices of cement and slag powder under the Transaction II Annual Cap falling within such historical prices of Asia Cement Singapore's sales of cement and slag powder to independent customers, we consider that maximum unit prices of cement and slag powder under the Transaction II Annual Cap to be reasonable.

Overall, having regard to the assessment of the Transaction II Annual Cap above, we consider the Transaction II Annual Cap to be reasonable.

4. TRANSACTION III

Pursuant to the Supplemental Agreement to the SPA III, Oriental Industrial will sell to Alliance, and Alliance has agreed to buy, cement and slag powder in bulk.

4.1 Principal terms of the Supplemental Agreement to the SPA III

Set out below are the principal terms of the Supplemental Agreement to the SPA III.

Date

24 April 2026

Parties

(i) Oriental Industrial, as the seller; and

(ii) Alliance, as the buyer

Oriental Industrial's information is set out under section "3.1 Principal terms of the Supplemental Agreement to the SPA II" in this letter above.

Alliance is a company established in Singapore with limited liability. It is 50%-owned by Asia Cement Singapore and 50% owned by Supermix Concrete Pte Ltd. (a wholly-owned subsidiary of Malayan Cement Berhad, whose shares are listed on the Kuala Lumpur Stock Exchange). Alliance is principally engaged in the sale of concrete products in the Singapore market.

Condition Precedent

The Supplemental Agreement to SPA III is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules, including but not limited to obtaining the Shareholders' approval at the EGM.

Term

The term of the SPA III is from 1 January 2026 and valid until 31 December 2026 (both dates inclusive). Pursuant to the Supplemental Agreement to SPA III, the term of the SPA III is extended to end on 31 December 2028.

Quantity of Cement and Slag Powder to be Sold and Delivery Schedule

Oriental Industrial shall sell cement and slag powder to Alliance during the period from 1 January 2026 to 31 December 2028 in quantities determined based on market conditions during the period. It is estimated that the amount will be around 200,000 MT-300,000 MT of cement per year and around 180,000 MT-280,000 MT of slag powder per year.

4.2 Pricing

The unit price shall be determined by the parties at arm's length with reference to and based on the market prices of the cement and slag powder. It is estimated that the unit price will be around S$90-S$120 per MT of cement and around S$80-S$110 per MT of slag powder.

Alliance shall make full payment within 60 working days upon the receipt of invoice after completion of loading against the bill of lading date. Such payment term shall be no more favourable than the payment terms available to independent customers.

Based on a summary of Oriental Industrial's sales of cement and slag powder to Alliance, the prices were around US$102 per MT for cement and US$93 for MT for slag powder for the first quarter of 2026. The price ranges of US$90-120 per MT for cement and US$80-110 per MT for slag powder under the Supplemental Agreement to the SPA III provide buffer for any fluctuations of market prices due to changes in market conditions during 2026-2028.

As stated in the Letter from the Board and discussed with the Management, the Group undertakes the following review steps to ensure that the prices charged to Alliance is no more favourable than the prices offered to independent third-party customers.

(i) The business department of the Group will review the prevailing market prices of cement published by the Building and Construction Authority of Singapore.

(ii) The business department of the Group will compare the price to Alliance with the price to the independent customers of cement and slag powder with similar quality and quantity within one month of the Group's sale of cement and slag powder to Alliance.

We consider that the above selection of benchmarks is fair and representative and the above procedures are sufficient to ensure its selling price to Alliance to be no more favourable than prices to independent customers.

For the purposes of obtaining an understanding of the implementations steps of the review to ensure the prices to Alliance are no less favourable to independent customers, we reviewed a sale of cement and slag powder by Oriental Industrial to Alliance in each month of January, February and March 2026. Based on our review of the prevailing market prices of cement published by the Building and Construction Authority of Singapore at the time of Oriental Industrial's sales to Alliance, we found that the selling prices of cement to Alliance were comparable to, being within 9.4%-11.5% of, the prevailing market prices published by the Building and Construction Authority of Singapore. Based on our review of the invoices issued by Oriental Industrial to Alliance and the invoices of the Group's sale of cement and slag powder to independent customers with quantity and quality similar to Oriental Industrial's sales to Alliance (where both Oriental Industrial's sales to Alliance and to independent customers are sales of the same kinds of products in bulk of tens of MT) within one month of Oriental Industrial's sale of cement and slag powder to Alliance, we noted that the prices to Alliance were not lower than the prices to independent customers (where no adjustments were made as both are sales of the same kind of products in bulk) and the payment terms to Alliance were equivalent to the payment terms to the independent customers.

Having regard to the above basis of the price ranges under the Supplemental Agreement to the SPA III and the implementation procedures to ensure the prices to Alliance to be not lower than prices to independent customers, we consider the pricing term under the Supplemental Agreement to the SPA III to be fair and reasonable.

4.3 Annual Cap

It is expected that the transaction amount of the Transaction III for the period from 1 January 2026 to 31 December 2028 (the "**Transaction III Annual Cap**") will not exceed S$66,800,000 per year. The Annual Cap is determined with reference to, among others:

(i) Oriental Industrial's sale of cement to Alliance of approximately 56,500 MT for the first quarter of 2026 (up to approximately 28,002 MT per month) and Oriental Industrial's sale of slag powder to Alliance of approximately 58,876 MT for the first quarter of 2026 (up to approximately 29,253 MT per month);

(ii) the anticipated scope and scale of cooperation between the parties in 2026 to 2028;

(iii) the maximum estimated quantity of cement and slag powder to be purchased by Oriental Industrial from Asia Cement Singapore (around 300,000 MT of cement per year and around 280,000 MT of slag powder per year) under the Supplemental Agreement to SPA III;

(iv) the maximum estimated unit price of around S$120 per MT of cement and S$110 per MT of slag powder;

(v) the relevant unit price determined by the parties on an arm's length basis with reference to the market price, and the sales quantity determined according to the market conditions during the period;

(vi) the relevant shipping schedules of our third-party service providers and capacity allotment available to us;

(vii) the expected Group's scale of operation for its business operations in Singapore;

(viii) the current market conditions in the Singapore and the future market trends in the demand for cement and slag powder in the Singapore from 2026 to 2028;

(ix) the expected cost of raw materials and market prices for the cement and slag powder in Singapore;

(x) the robust construction demand in Singapore of cement and slag powder due to the advancement of major projects such as major engineering and public housing and the assumption that such robust demand will continue until 2028; and

(xi) the assumption that the market price for cement and slag powder will remain relatively stable.

Set out below are the approximate historical amounts of the Transaction III and the original annual cap for the Transaction III for the year ending 31 December 2026:

	Historical amount for the year ended 31 December 2025	**Historical amount for the 3 months ended 31 March 2026**	**Original annual cap for the year ending 31 December 2026**
Transaction III	–	S$11,239,000	S$28,000,000

We have discussed with the Management regarding the determination of the Transaction III Annual Cap for each of the three years ending 31 December 2028. The Transaction III Annual Cap is calculated as follows.

	Maximum quantity	**Maximum unit price**	**Total maximum amount**
Cement	300,000 MT	S$120 per MT	S$36,000,000
Slag powder	280,000 MT	S$110 per MT	S$30,800,000
Transaction II Annual Cap			S$66,800,000

As informed by the Management, Oriental Industrial commenced sale of cement and slag powder to Alliance in 2026. Based on our review of a summary of Oriental Industrial's sale to Alliance in 2026, we noted that Oriental Industrial's sale of cement to Alliance amounted to 56,500 MT for the first quarter of 2026 and amounted to as much as 28,002 MT per month during the first quarter of 2026. Based on such maximum sales volume of cement per month to Alliance during the first quarter of 2026, the sales volume of cement to Alliance for the remaining nine months ending 31 December 2026 may amount to as much as around 252,000 MT and around 300,000 MT for the year ending 31 December 2026. Oriental Industrial's sale of slag powder to Alliance amounted to 58,876 MT for the first quarter of 2026 and amounted to as much as 29,253 MT during the first quarter of 2026. Based on such maximum sales volume of slag powder per month to Alliance during the first quarter of 2026, the sales volume of slag powder to Alliance for the remaining nine months ending 31 December 2026 may amount to as much as around 263,000 MT and around 292,000 MT for the year ending 31 December 2026. We discussed with the Management and noted that the sales of cement and slag powder to Alliance under the Transaction III are not subject to seasonal factors apart from less sales during the Chinese New Year holidays. In view of the robust construction demand in Singapore (as set out in the section headed "5. Reasons for and benefits of transactions") and taking into account the recent transaction volume in the first quarter of 2026, we consider that for the purpose of setting the maximum sales quantities (being the upper limits of the transaction volumes) of cement and slag powder to Alliance under the Transaction III Annual Cap of 300,000 MT and 280,000 MT respectively, it is prudent to estimate that the monthly sales may amount to as much as the maximum historical monthly sales amount during the first quarter of 2026 and therefore finds the maximum quantities under the Transaction III Annual Cap to be reasonable.

Based on our review of a summary of Asia Cement Singapore's sale of cement and slag powder, for 2025, we noted that the average unit prices of cement and slag powder were around S$95 per MT and S$81 per MT respectively. Based on our review of a summary of Oriental Industrial's sales of cement and slag powder to Alliance, for the first quarter of 2026, we noted that the average unit prices of cement and slag powder under Transaction III were around S$102 per MT and S$93 per MT respectively, representing price appreciation of 7.4% and 14.8% respectively from 2025's unit prices. As explained by the Management, the prices of cement and slag powder already increased significantly in 2026 due to demand from large-scale infrastructure projects in Singapore. As stated in a report entitled "Singapore Construction Prospects 2026" published by Building and Construction Authority in Singapore on 22 January 2026, a steady pipeline of tendering opportunities, including key infrastructure and new iconic landmarks, supports robust local construction demand. The maximum unit prices during 2026-2028 under the Supplemental Agreement to the SPA III of S$120 per MT for cement and S$110 per MT for slag powder provide for potential further appreciation in the unit prices during 2026-2028. In view of the continuous demand of building materials arising from sizeable construction projects in Singapore, we consider the determination of the maximum unit prices under the Supplemental Agreement to SPA III to be reasonable.

Overall, having regard to the assessment of the Transaction III Annual Cap above, we consider the Transaction III Annual Cap to be reasonable.

5. REASON FOR AND BENEFITS OF TRANSACTIONS

As set out in the Letter from the Board, the Supplemental Agreements are mainly driven by the following reasons:

I. Counteracting Domestic Market Weakness and Expanding Overseas Growth

Impacted by the continued adjustment in the real estate sector and the slower-than-expected resumption of infrastructure projects, the PRC cement market's performance in 2026 has significantly fallen short of initial expectations. Demand recovery during the traditional "Golden March and Silver April" peak season was sluggish, with prices remaining at record lows. Against this background, the Group's performance for the first quarter of 2026 swung from profit to loss year-on-year. To hedge against domestic downside risks, the Group urgently requires an increase to the scale of cement and clinker exports to seek new growth drivers in overseas markets and optimize its overall revenue structure.

II. Unleashing Group Production Potential and Enhancing Clinker Export Efficiency

By optimizing production scheduling, Jiangxi Yadong has significantly increased the operation rate of its rotary kilns compared to the beginning of the year, leading to a rise in clinker output available for sale. Given the sustained low prices and limited profit margins in the domestic clinker market, pivoting new capacity toward export markets will allow the Group to leverage higher overseas price points. This strategy aims to achieve product premiums and improve the Group's overall profitability.

III. Seizing Overseas Market Opportunities and Capturing International Market Share

Since the beginning of 2026, overseas demand for cement and clinker — particularly in Africa — has been robust, with price levels remaining firmer and more stable than forecasted. Currently, domestic competitors are aggressively increasing their export efforts, causing the competitive landscape to evolve rapidly. The Group must seize this window of opportunity to increase export volumes, consolidate its first-mover advantage in emerging markets, and lay the groundwork for deep participation in international competition and the expansion of its global market share.

In light of the above, the transaction volume between the parties under the SPA I, SPA II and SPA III will exceed the previous projections and that the existing annual caps will not be sufficient to meet the Group's requirements. In view of the above, the parties entered into the Supplemental Agreements to raise the proposed annual cap for the year ending 31 December 2026 in order to meet the actual business needs of the parties in respect of the purchase or sell the clinker, cement and slag powder. Furthermore, the extended duration of agreements pursuant to the Supplemental Agreements can maintain the parties' stable business relationship. It is also expected that, with the expected increase in transaction volume under the Supplemental Agreements, the Group will be able to generate greater income stream and to further grow its business.

For The Transaction II and the Transaction III, it involves Oriental Industrial purchasing cement and slag powder from Asia Cement Singapore (a wholly-owned subsidiary of Asia Cement) and reselling a portion of the same products to Alliance. Oriental Industrial will be responsible for arranging the transport and delivery of the products from Asia Cement Singapore's warehouse facility to Alliance's warehouse. Based on the historical amounts of the Transaction II and Transaction III, approximately 86% of the cement purchased at the average price of S$82 per MT from Asia Cement Singapore under Transaction II are resold to Alliance at the average price of S$102 under Transaction III and approximately 86% of the slag powder purchased at the average price of S$68 per MT from Asia Cement Singapore under Transaction II are resold to Alliance at the average price of S$93 per MT under Transaction III. It is expected that the above portion and pricing spread will remain relatively stable throughout the term of the SPA II and SPA III. The business rationale, functions performed, risk assumed and value-add of the Group under each of these Transactions are as follows:

1. Business Rationale

The essence of Transaction II and Transaction III is for the purpose of the Group's internal integration and resource optimization within the Singapore market to eliminate horizontal competition with Asia Cement. The Group (through Oriental Industrial) operates cement businesses in Singapore, where Asia Cement (through Asia Cement Singapore) also operate similar cement businesses in Singapore with Alliance as one of its largest customers. The overlap in the core business created a risk of horizontal competition, potential duplication of resources, and unnecessary overlap in supplier and customer acquisition efforts between the Group and Asia Cement within the Singapore market. However, before Transaction II and Transaction III, Oriental Industrial is relatively new to the Singapore cement market where Asia Cement Singapore is already an established distributor, therefore, the extent of such horizontal competition is not significant. However, in response to sluggish conditions in the PRC domestic market, and to capture regional growth opportunities and expand its overseas footprint, the Group intends to expand its scale of operation in Singapore. The Group decided to consolidate sales functions in the Singapore market to eliminate unnecessary overlaps in customers and resources, as well as potential competition. By virtue of Transaction II and Transaction III, Oriental Industrial will become the unified distributor of the Group's and Asia Cement's sales operations in Singapore. This arrangement is strictly operational and involves no transfer of business, assets, or resources between Asia Cement/Asia Cement Singapore and the Group.

Although no non-compete, business delineation, or exclusivity arrangements have been or will be entered into between the Group and Asia Cement/Asia Cement Singapore, by establishing Oriental Industrial as the unified distributor for both the Group and Asia Cement, Transaction II and Transaction III align the economic interests of both Asia Cement and the Group. Both the Group and Asia Cement can maximize their commercial returns and operational efficiencies exclusively through this arrangement, the incentive to compete independently in the open market may be fully resolved.

2. *Functions Performed*

Through Transactions II and III, Oriental Industrial performs the core functions of a unified distributor for the Group. Oriental Industrial will be responsible for customer maintenance and sales channel management in the local Singapore market, directly taking over Asia Cement's original customer base. Oriental Industrial will manage product logistics and distribution to ensure timely delivery to end-customers (including Alliance) and handle credit assessments, accounts receivable management, and payment collection for downstream customers (such as Alliance), thereby assuming the credit risk of customer default.

3. *Risks Assumed*

Oriental Industrial assumes primary commercial risks consistent with those of an independent distributor. Oriental Industrial bears the risk of gross margin fluctuations caused by falling selling prices due to market volatility or the inability to fully pass on rising procurement costs to downstream clients. Oriental Industrial also assumes the risk of increased logistics and distribution costs and bears the risk of downstream customers (including Alliance) being unable to make timely payments due to cash flow issues.

4. *Value-Add and Profit Mechanism*

Through Transaction II and Transaction III, the Group has secured a stable and continuous supply source for its Singapore business operations, significantly expanding its business scale in Singapore and increasing the certainty of sales revenue and risk resilience. The value-add of the Group under Transaction II and Transaction III acting as the unified distributor and assuming the aforementioned market, inventory, and credit risks.

Conducting Transaction I with connected persons is because the Directors consider Asia Cement as a valuable customer of the Group in light of Asia Cement'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 and related products, the Directors believe that supplying clinker through its subsidiary to Asia Cement will allow the Group to receive a steady, reliable and relatively large income. Furthermore, in light of the considerable clinker export price at the moment, the Directors are of the view that selling clinker 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 clinker but will also enable the Group to gain a satisfactory profit.

Conducting Transaction II and Transaction III with connected persons is the Group's strategic choice based on the unique competitive landscape of the Singapore market and the overlapping cement businesses in Singapore between the Group and Asia Cement. Collaborating with independent third parties would not fundamentally resolve the horizontal competition with Asia Cement. Consolidating sales functions through the connected transactions is the most effective way to eliminate unnecessary horizontal competition at its source. Also, transactions with connected parties allow the Group to quickly and seamlessly take over these high-quality resources and rapidly expand market share. The Directors are of the view that Oriental Industrial's cement related business in the Singapore is in the early development stage and the Transaction II provides a source of stable supplies to the Group so that the Group can be well-positioned to expand into a more diversified and established supply network in Singapore. On the other hand, Alliance is an existing customer of Oriental Industrial which was established in 2006 and has participated in numerous construction projects in Singapore. The Directors are of the view that Oriental Industrial gains a well-established customer under the Transaction III generating revenue for the Group. At the same time, the Group is actively developing its business in the Singapore market and the Group may purchase supplies of cement and slag powder from independent suppliers if more favourable prices are available or export its cement to the Singapore's market.

Based on our review of a commentary entitled "China Construction Sector Faces Persistent Structural Headwinds in 2026" published by Fitch Ratings (a leading credit rating provider) on 3 December 2025, we noted that amid continued weakness in the property market and softer infrastructure investment, China's engineering and construction sector is deteriorating for 2026. As noted by the Company above, the PRC cement market performance in 2026 has significantly fallen short of initial expectations with sluggish demand and record low prices. On the other hand, as noted by the Company above, since the beginning of 2026, overseas demand for cement and clinker — particularly in Africa — has been robust, with price levels remaining firmer and more stable than forecasted. Based on our review of a report published by the IMF in April 2026, we noted that economic activity of Sub-Sahara Africa expanded at the fastest pace in over a decade in 2025, with GDP growth accelerating from 4.2 percent in 2024 to 4.5 percent in 2025, with growth exceeding 6 percent in 10 economies. The Group is actively developing its overseas markets and is selling its products to customers, including Asia Cement (under the Transaction I), for the overseas markets. We note that sales of cement and related products destined for overseas markets generally command higher prices than in the PRC market and therefore have higher profit margins. Furthermore, as informed by the Company, the sales of cement and related products destined for overseas market will assist in keeping up the Group's production activities, maintaining the working conditions of the Group's plants and equipment.

Based on our review of a report entitled "Singapore Construction Prospects 2026" published by Building and Construction Authority in Singapore on 22 January 2026, we noted that Singapore's construction demand continued to register resilient growth momentum, expanding from S$44.6 billion in 2024 to S$50.5 billion in 2025. Total construction demand in 2026 is anticipated to remain comparable with that in 2025, at between S$47 billion and S$53 billion in 2026. The projected robust local construction demand supported by a steady pipeline of tendering opportunities, including key infrastructure and new iconic landmarks, is anticipated to mitigate the enduring tariff tensions, ongoing geopolitical conflicts and various external economic challenges. Over the medium-term, a consistent stream of infrastructure projects, stable public housing construction, extensive institutional building developments, and active urban revitalisation efforts are positioned to assure a steady development in the construction sector.

Oriental Industrial is principally engaged in, among others, the distribution of cement, slag powder and related products through trading in the Singapore market. As explained by the Management, Oriental Industrial's cement related business in the Singapore is in the early development stage and the Transaction II provides a source of stable supplies as long as Oriental Industrial purchases cement and slag powder from Asia Cement Singapore at prices comparable to market prices. As informed by the Management, in addition to Asia Cement Singapore, Oriental Industrial is considering other sources of supplies, including other independent suppliers and export of the Group's products, to further expand and establish its supply network in Singapore. We believe that under the Transaction II, Asia Cement Singapore can provide a secure base of supplies for Oriental Industrial at its initial stage of development for expansion into a more diversified and established supply network in Singapore. On the sales side, Oriental Industrial's customers at present consist of Alliance and other customers. Alliance is principally engaged in the sale of concrete products in the Singapore market. It was established in 2006 and has participated in numerous construction projects in Singapore. We consider that Oriental Industrial gains a well-established customer under the Transaction III generating revenue for the Group as long as Oriental Industrial sells cement and slag powder to Alliance at prices comparable to market prices.

We consider that the Transaction I will facilitate the Group's development of overseas markets, in particular the African and the Southeast Asian markets, while the Transaction II and the Transaction III will facilitate the Group's development of the Singapore market. Taking into account the pricing terms and procedures stated above to ensure the prices under the Transactions to be no less favourable to the Group than prices to or from independent third parties, we are of the view that the Transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Group is principally engaged in manufacture and sale of cement, concrete and related products. Commencing in 2025 or 2026, the Transactions represent the Group's initiatives to expand its principal business of sale of cement and related products to overseas markets and therefore we consider the Transactions to be in the ordinary and usual course of business of the Group.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the Transactions are in the Company's ordinary and usual course of business. The terms of the Supplemental Agreements and the Transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Supplemental Agreements, the Transactions and the Annual Caps and we recommend the Independent Shareholders to vote in favor of the resolution in this regard.

Yours faithfully,
For and on behalf of
VS Capital Limited
Francis Chan
Managing Director

Francis Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of VS Capital Limited who has over 15 years of experience in corporate finance advisory.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission

2. DISCLOSURE OF INTERESTS

(A) Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations

As at the Latest Practicable Date, the interest and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares Personal interests	Equity derivatives	Total interests	% of the Company's issued shares
Mr. HSU, Shu-tong	3,000,000	–	3,000,000	0.19%
Mr. HSU, Shu-ping	200,000	–	200,000	0.01%
Mr. LEE, Kun-yen	200,000	–	200,000	0.01%
Mr. CHANG, Chen-kuen	713,000	–	713,000	0.05%
Mr. LIN, Seng-chang	700,000	–	700,000	0.04%
Ms. WU, Ling-ling	50,000	–	50,000	0.003%

Long positions in shares and underlying shares of associated corporation

Name of Directors	Name of associated corporations	Type of interest Personal	Through spouse	Corporate	Total no. of shares in the associated corporation	% of shareholding in the associated corporation
Mr. HSU, Shu-tong	Asia Cement Corporation ("Asia Cement")	23,278,334	6,352,467	–	29,630,801	0.84%
Mr. HSU, Shu-ping	Asia Cement	13,454,981	–	–	13,454,981	0.38%
Mr. LEE, Kun-yen	Asia Cement	6,033,557	–	–	6,033,557	0.17%
Mr. CHANG, Chen-kuen	Asia Cement	27,745	5,358	–	33,103	0.001%
Mr. LIN, Seng-chang	Asia Cement	16,892	476	–	17,368	0.0005%
Ms. WU, Ling-ling	Asia Cement	305,000	–	–	305,000	0.01%
Mr. WU, Chun-Pang	Asia Cement	–	160,086	–	160,086	0.005%
Ms. HO LIN, Mei-hsueh	Asia Cement	140	–	–	140	0.000004%

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executives of the Company) and companies had interests or short positions in the Shares or underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

(i) Interests in the shares of the Company

Name	Capacity	Number of Shares	Approximate percentage of holding
Asia Cement *(Note 1)*	Beneficial owner	1,061,209,202	67.73%
	Interest of corporation controlled	83,652,798	5.34%
		1,144,862,000	73.07%
Far Eastern New Century Corporation *(Note 2)*	Beneficial owner	1,061,209,202	67.73%
	Interest of corporation controlled	83,652,798	5.34%
		1,144,862,000	73.07%

Notes:

1. Asia Cement beneficially owns approximately 67.73% interest of the Company. Asia Cement Singapore holds approximately 4.07% interest in the Company, which is 100% owned by Asia Cement. Asia Cement is deemed to be interested in approximately 4.07% interest of the Company by virtue of its corporate interest in Asia Cement Singapore. Asia Engineering Enterprise Corporation holds approximately 0.20% interest in the Company, which is approximately 99.93% owned by Asia Cement. Asia Cement is deemed to be interested in approximately 0.20% interest of the Company by virtue of its corporate interest in Asia Engineering Enterprise Corporation. Further, Falcon Investments Private Limited holds approximately 1.07% interest in the Company and is owned as to 100% by U-Ming Marine Transport (Singapore) Private Limited, which is in turn owned as to 100% by U-Ming Marine Transport Corporation. U-Ming Marine Transport Corporation is owned as to 39.25% by Asia Cement. Asia Cement is deemed to be interested in approximately 1.07% interest of the Company under the SFO.

2. As at 31 December 2025, Far Eastern New Century Corporation held approximately 19.89% of the issued share capital of Asia Cement and together with certain companies which Far Eastern New Century Corporation is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held approximately 23.70% of the issued share capital of Asia Cement.

Save as aforesaid, as at the Latest Practicable Date, no other person had any interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date:

(a) none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation;

(b) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(c) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

5. NO MATERIAL ADVISER CHANGE

The Directors confirm that there had been no material adviser change in the financial or trading position of the Group since 31 December 2025 (being the date to which the latest audited financial statements of the Group had been made up) to the Latest Practicable Date.

6. EXPERT

The table below sets out the qualification of the expert who has given its opinion or advice, which is contained in this circular:

Name	Qualification
VS Capital Limited	A licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

There was no litigation or claim of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

8. METHOD OF VOTING AT THE EGM

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to the proposed resolutions at the EGM.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands.

(b) The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong.

(c) The company secretary of the Company is Mr. LUI, Wing Yat Christopher.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk/) and the Company (www.achc.com.cn) for not less than 14 days from the date of this circular:

(i) the Supplemental Agreement to SPA I;

(ii) the Supplemental Agreement to SPA II;

(iii) the Supplemental Agreement to SPA III";

(iv) the letter from the Independent Board Committee, the text of which has been set out in this circular;

(v) the letter from the Independent Financial Adviser, the text of which has been set out in this circular; and

(vi) the written consent from VS Capital.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "EGM") of Asia Cement (China) Holdings Corporation (the "Company") will be held at Conference Room, 39/F., Metro Tower, No. 207, Tun Hwa South Road, Section 2, Taipei on Friday, 7 August 2026 at 4:30 p.m. for the following purposes:

AS ORDINARY RESOLUTION

1. "**THAT**:

   (a) the Supplemental Agreements, the transactions and proposed annual caps contemplated under the Supplemental Agreements be and are hereby approved, confirmed and ratified; and

   (b) any one of the Directors be and is hereby authorized to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the Supplemental Agreements and the transactions contemplated thereunder.

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

Hong Kong, 10 July 2026

Notes:

(1) All resolutions (except where the chairman decides to allow a resolution relating to procedural or administrative matters to be voted on by a show of hand) at the EGM will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

(2) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy does not need to be a shareholder of the Company. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

(3) In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the EGM (i.e. not later than 4:30 p.m. on Wednesday, 5 August 2026 or any adjournment thereof.

(4) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(5) The register of members of the Company will be closed from Monday, 3 August 2026 to Friday, 7 August 2026 (both days inclusive), during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the EGM to be held on Friday, 7 August 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 31 July 2026. The record date for determining the entitlement of the shareholders to attend and vote at the meeting will be Friday, 7 August 2026.

In the event that the EGM is adjourned to a date later than Friday, 7 August 2026 because of bad weather or other reasons, the record date for determination of entitlement to attend and vote at the EGM will remain as the aforesaid date.

(6) If a tropical cyclone warning signal number 8 or above is hoisted or "extreme conditions" caused by super typhoons or a black rainstorm warning is/are in force or is expected to be hoisted or in force in Hong Kong at any time between 1:00 p.m. and 4:30 p.m. on Friday, 7 August 2026, the EGM will automatically postponed to a later date and if postponed, the Company will as soon as practicable post an announcement on the websites of Hong Kong Exchanges and Clearing Limited and the Company to notify shareholders of the date, time and location of the rescheduled meeting. The EGM will be held as scheduled when an amber or a red rainstorm warning signal is in force in Hong Kong. Shareholders should in any event exercise due care and caution when deciding to attend the meeting in adverse weather conditions.

(7) The translation into Chinese language of this notice is for the reference only. In case of any inconsistency, the English version shall prevail.

(8) References to time and dates in this notice are to Hong Kong time and dates.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our principal place of business in Hong Kong. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Email: is-enquiries@vistra.com
HK Tel: (852) 2980 1333
Fax: (852) 2980 8185

As at the date of this notice, 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, Mr. WU, Chun-pang and Ms. HO LIN, Mei-hsueh.