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安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

SUPPLEMENTAL ANNOUNCEMENT

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS: INTELLIGENT AND INFORMATIZATION PROJECT EQUIPMENT SUPPLY AND SOFTWARE DESIGN CONTRACT; INTELLIGENT AND INFORMATION SYSTEM OPERATION AND MAINTENANCE CONTRACT; AND PRODUCTION PROCESS CONTROL AND QUALITY MANAGEMENT SYSTEM DESIGN AND TECHNICAL SERVICE CONTRACT

Reference is made to the Company's announcement dated 30 May 2022 (the "Announcement") in relation to the connected transactions and continuing connected transactions involving the Equipment Supply and Software Design Contract, the System Operation and Maintenance Contract and the System Design and Technical Service Contract. Unless otherwise stated, capitalized terms in this supplemental announcement shall have the same meanings as those defined in the Announcement.

The Company would like to (i) supplement on the nature and key terms of the Equipment Supply and Software Design Contract and System Design and Technical Service Contract, and (ii) provide further information on the transactions contemplated under the System Operation and Maintenance Contract.

Equipment Supply and Software Design Contract and System Design and Technical Service Contract

As stated in the Announcement, the transactions contemplated under the Equipment Supply and Software Design Contract and the System Design and Technical Service Contract constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The Company would like to supplement the nature and key terms of these two contracts as below.

1. The contracting parties for both the Equipment Supply and Software Design Contract and System Design and Technical Service Contract are the Company (for itself and on behalf of its relevant subsidiaries), as services recipient on the one part and Conch IT Engineering, as services provider on the other part;
2. both Equipment Supply and Software Design Contract and System Design and Technical Service Contract are not framework agreements on the basis that:-
 - (i) both contracts constitute the main contracts between the Group and Conch IT Engineering, the terms of which are agreed between the Company and Conch IT Engineering. Such terms of the main contracts will be applicable to separate transactions between the relevant subsidiary of the Company and Conch IT Engineering under the individual sub-contracts. It is not expected that the actual material transaction terms would be negotiated between the Company's relevant subsidiary and Conch IT Engineering;
 - (ii) both contracts contain fixed or specific terms for the respective transactions in details, among which:-

(a) ***the Equipment Supply and Software Design Contract***

Products and services provided:

Conch IT Engineering shall supply relevant equipment and provide software design services for a total of 74 sets of the intelligent and informationization systems of certain specified subsidiaries of the Company, which projects involve intelligent warehousing system, equipment management and monitoring system, supply and sale logistic unmanned system, intelligent mining system, as well as other systems and platforms.

Other terms specified in the contract:

the contract contains other detailed terms as to (1) total contract price; (2) requirements for delivery of equipment and data; (3) quality requirement of the equipment and design; (4) mode and costs of transport; (5) standards and requirements of packaging, supply and recall of packaging materials; (6) mode and other terms of inspection; (7) mode of payment of contract price; (8) provision and usage of technical data; and (9) other terms including consequences of breach of contract, disputes resolution, termination events, etc.

(b) ***the System Design and Technical Service Contract***

Services provided:

Conch IT Engineering shall provide design and technical services for the production process control system software, sales and product dispatch system, production data uploading and quality management system of 2 sets of clinker production lines; 3 sets of grinding stations and roller mill press technology modification projects; 17 sets of aggregate and manufactured sand projects; 46 sets of large-scaled technology modification projects and other miscellaneous projects of certain specified subsidiaries of the Company.

Other terms specified in the contract:

the contract contains other detailed terms as to (1) total contract price; (2) quality and technology requirements of the design; (3) mode of payment and determination basis of contract price; (4) respective obligations and duties of the Company and Conch IT Engineering; and (5) other terms including consequences of breach of contract, disputes resolution, termination events, etc.

- (iii) the contract price of Equipment Supply and Software Design Contract is determined by a fixed formula under a pre-determined mechanism, as disclosed in the paragraph headed “Contract prices and basis for their determination of the Equipment Supply and Software Design Contract and the System Operation and Maintenance Contract” in the Announcement. The contract price of System Design and Technical Service Contract is determined with reference to specific reference prices promulgated by the PRC governmental authorities as disclosed in the paragraph headed “System Design and Technical Service Contract - Contract price and basis for its determination” in the Announcement. The basis for determining the respective contract prices are agreed between the Company and Conch IT Engineering, and will be applicable to separate transactions between the relevant subsidiary and Conch IT Engineering under the individual sub-contracts;
3. as stated in the Announcement, the major terms of the individual sub-contracts under the Equipment Supply and Software Design Contract and the System Design and Technical Service Contract shall be in line with those of the respective main contracts. The purpose of entering into these individual sub-contracts is to record particular terms on individual basis, mainly including (i) the name of the contracting subsidiary and its projects, (ii) date or period for the services, (iii) the quantity and/or technology specification of the equipment and services, and (iv) individual contract price and tax amount. The key terms of the transactions under these individual sub-contracts are not subject to negotiation

between the relevant subsidiary and Conch IT Engineering on a per transaction basis;

4. the transactions contemplated under both the Equipment Supply and Software Design Contract and the System Design and Technical Service Contract as between each of the relevant subsidiaries and Conch IT Engineering were of one-off nature, i.e. the supply of equipment and provision of software design services or the provision of the design and technical services, under the respective contracts, will be completed once the equipment is delivered and installed and upon the set-up of the systems. The transactions are not carried out on a continuing or recurring basis over a period of time.

In light of the above terms and nature of the transactions contemplated under the Equipment Supply and Software Design Contract and the System Design and Technical Service Contract, the transactions contemplated thereunder constitute connected transactions, and not continuing connected transactions under Chapter 14A of the Listing Rules.

System Operation and Maintenance Contract

The Company would like to supplement that the transactions contemplated under the System Operation and Maintenance Contract involves the provision of operation, maintenance and optimization services for relevant systems after their installation during the contract term of one year, such transactions are of continuing and recurring basis over a period of time. Therefore, as stated in the Announcement, the transactions contemplated under the System Operation and Maintenance Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Annual Cap and basis of determination

The contract price of the System Operation and Maintenance Contract amounted to not more than RMB54.09 million. The Company would also like to supplement that, the cap for the transactions contemplated under the said contract for the period from 30 May 2022 to 31 December 2022 amounted to not more than approximately RMB31.5525 million and that for the period from 1 January 2023 to 30 May 2023 amounted to not more than approximately RMB22.5375 million.

The basis of determining the contract price of the System Operation and Maintenance Contract is set out in the Announcement, the Company would supplement that the contract price of the System Operation and Maintenance Contract was determined mainly on a cost plus reasonable profit margin basis and was agreed by both parties after arm's length negotiation. The cost of the software and hardware of the systems of this contract was determined through open tender or reference to the market prices of similar products, which were conducted by Conch IT Engineering. The profit margin thereof was determined mainly with reference to the profit margin of similar transactions between the Group and Conch IT Engineering in the past, as well as the fees charged for intelligent and informatization

projects in the industry. The base profit margin is 10% of the cost of the software and hardware of the systems. In view of previous cooperation between the Company and Conch IT Engineering, after negotiations between the parties, the profit margin of the projects of this contract will be subject to appropriate downward adjustment below the 10% base profit margin. The overall profit margin charged by Conch IT Engineering under this contract will not be higher than 10% of the costs of the hardware and software of the systems.

By Order of the Board
Anhui Conch Cement Company Limited
Zhou Xiaochuan
Joint Company Secretary

Wuhu City, Anhui Province, the PRC
6 July 2022

As at the date of this announcement, the Board comprises (i) Mr. Wang Jianchao, Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun as executive Directors; (ii) Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan as independent non-executive Directors.