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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)

CONTINUING CONNECTED TRANSACTIONS: PROCUREMENT OF ADMIXTURES

PROCUREMENT OF ADMIXTURES FRAMEWORK AGREEMENT

On 2 January 2024, the Company (for itself and on behalf of the relevant members of the Group) entered into the Procurement of Admixtures Framework Agreement with Conch Technology (for itself and on behalf of the relevant members of the Conch Technology Group) for the proposed procurement of admixture products by the Group from Conch Technology Group with a validity period from 1 January 2024 to 31 December 2024. The annual cap for the transactions under the Framework Agreement shall be RMB860 million.

LISTING RULES IMPLICATIONS

Conch Holdings, a controlling shareholder of the Company, holds 100% shares in Conch Tech Innovation Material. Conch Tech Innovation Material holds 48.62% shares in Conch Technology. Therefore, Conch Technology is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Framework Agreement thus constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Chapter 14 of the Listing Rules in connection with the annual cap under the Framework Agreement of RMB860 million is more than 0.1% but less than 5%, the proposed transactions contemplated under the Framework Agreement are subject to the annual review and

disclosure requirements, and are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

PROCUREMENT OF ADMIXTURES FRAMEWORK AGREEMENT

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The principal terms of the Framework Agreement are set out below:

Date of the Framework Agreement:

2 January 2024

Parties to the Framework Agreement:

- (1) The Company (for itself and on behalf of the relevant members of the Group) (purchaser)

The Group is principally engaged in the production and sales of cement, commodity clinker, aggregates and commodity concrete.

- (2) Conch Technology (for itself and on behalf of the relevant members of the Conch Technology Group) (supplier)

Conch Technology is an enterprise established in the PRC with limited liability and is principally engaged in the research and development (“**R&D**”), production and sale of cement admixture, concrete admixture, and their respective in-process intermediaries namely processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor.

Conch Technology is owned as to approximately 48.62% by Conch Tech Innovation Material, approximately 24.10% by Hubei Xintongling, approximately 16.87% by Linyi

Haihong New Material, and the remaining approximately 10.41% by four enterprises (each of such shareholders holding not more than 4% of the equity interest of Conch Technology. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of such shareholders and its ultimate beneficial owner(s) is an Independent Third Party).

Conch Tech Innovation Material is a company established in the PRC with limited liability and a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Conch Tech Innovation Material is principally engaged in (i) R&D, production and sales of biomass fuel; (ii) production and sales of new catalytic materials and additives and R&D of new materials; and (iii) R&D of emerging energy technology and sales of energy storage battery systems.

As at the date of this announcement, Conch Holdings, a controlling shareholder of the Company holding approximately 36.40% of the total number of issued shares of the Company, is a connected person of the Company. Conch Holdings is a company established in the PRC with limited liability. It is principally engaged in asset operation, investment, financing, property rights transactions, import and export trading, production and sales of construction materials, chemical products (excluding dangerous goods), electronic instruments and meters, and general machinery equipment, etc. Conch Holdings is owned as to 51% by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (through its wholly-owned state-owned company) and 49% by China Conch Venture Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 586) (through a hierarchy of its direct and indirect wholly-owned subsidiaries). China Conch Venture Holdings Limited is principally engaged in the construction and operation of waste-to-energy projects, the manufacturing and sales of new energy materials and new building materials, port logistics services.

Hubei Xintongling is a company established in the PRC with limited liability. It is principally engaged in non-securities equity investment activities and providing related consulting services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hubei Xintongling is ultimately beneficially owned as to 60% and 40% by Mr. Feng Fangbo and Mr. Ming Jinlong respectively. As at the date of this announcement, Mr. Feng Fangbo is a non-executive director and vice chairman of the board of directors of Conch Technology, while Mr. Ming Jinlong is an

Independent Third Party.

Linyi Haihong New Material is a company established in the PRC with limited liability. It is principally engaged in providing promotion services of new material technology, promotion services, technology transfer and technical consulting of new material production technology, research and development of production technology and sales of cement products, composite materials and wood products. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Linyi Haihong New Material is ultimately beneficially owned as to 88% and 12% by Mr. Zhao Hongyi and Mr. Chen Jun respectively. As at the date of this announcement, Mr. Zhao Hongyi is a non-executive director and vice chairman of the board of directors of Conch Technology, while Mr. Chen Jun is an Independent Third Party.

Basic Information and Major Terms of the Framework Agreement:

Pursuant to the Framework Agreement, the Group agreed to procure admixture products (which include cement admixtures and concrete admixtures) from Conch Technology Group for a term commencing from 1 January 2024 and ending on 31 December 2024.

Subject to the conduct of tender or price inquiry and comparison and upon arm's length negotiation between Parties, the relevant subsidiaries or branch companies of the Company will enter into individual sub-contracts with Conch Technology Group setting out specific terms and arrangements in relation to the procurement of admixture products, including product type, final price, production and delivery schedule, packaging and other arrangements. The actual transaction quantity which may be procured under the individual sub-contracts of the Framework Agreement will be determined by the Group according to its actual needs for its production, procurement schedule and other specified arrangements.

The consideration payable by the Group under the individual sub-contracts of the Framework Agreement will be settled within two months after receiving invoices for each batch of products from Conch Technology Group.

The major terms of the individual sub-contracts shall be in line with those of the Framework Agreement, and the aggregate transaction amount under the individual sub-contracts shall not exceed the annual cap set under the Framework Agreement.

Validity of the Framework Agreement:

The Framework Agreement was entered into between the Company and Conch Technology on 2 January 2024, and was approved by the Board on the same date, with a validity period from 1 January 2024 to 31 December 2024.

Annual Cap and Basis for its Determination: The annual cap for the transactions under the Framework Agreement shall be RMB860 million, which was determined based on the following factors and assumptions:

- (i) the unit prices of the admixture products, which will be determined based on the results of the tender or price enquiry and comparison and upon arm's length negotiation between the Parties, as set out in "*Pricing Basis of the Unit Price*" below;
- (ii) the estimated total procurement quantity of admixture products according to the Group's cement and concrete production plan for the year of 2024;
- (iii) the historical transaction amounts of (a) cement admixtures under the Previous Contracts and (b) concrete admixtures procured by the Group from Conch Technology Group for the three years ended 31 December 2023, as set out in "*Historical Transaction Amounts*" below; and
- (iv) the assumptions that there will be no material changes to (a) the general socio-economic environment of the PRC; and (b) the demand of the Group's cement and concrete products under the Group's production plans during the year of 2024.

Pricing Basis of the Unit Price:

The unit prices of the admixture products to be procured by the Group under the individual sub-contracts of the Framework Agreement shall be determined by the Parties by one of the following manners:

- (i) **by tender:** the Group shall conduct open tenders or invite tenders from at least three potential suppliers (including Conch Technology and Independent Third Parties) offering similar admixture products in accordance with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and the Implementing Regulations on the

Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》). It is expected that the tenders will be rated based on technical evaluation and commercial evaluation. Technical evaluation will include ratings on the operations results, credibility of contract performance, financial status, credit status, overall strengths, and after-sales service of the tenderers; commercial evaluation will include ratings on the price quotations of the products, ranking from the lowest to the highest. The successful tenderer shall achieve the highest or best overall rating results based on the technical evaluation and commercial evaluation. The unit prices of the admixture products under the individual sub-contracts of the Framework Agreement shall be determined with reference to the results of the tenders; or

- (ii) **by price enquiry and comparison and upon negotiation:** the Group shall obtain fair market prices of the products by conducting price inquiry and comparison from at least four potential suppliers (including Conch Technology and Independent Third Parties) offering similar admixture products. It is expected that the potential suppliers will be comprehensively reviewed based on, among other factors, their price quotations (taking into consideration the production costs, the complexity level of the technology and procedures required for the production of products with specified quality and the required amount of resources input), financial and corporate performance, credit status, credibility of contract performance, financial status, production craftsmanship and technology, project management capabilities and overall strengths. The supplier will be selected based on its optimal overall price-performance ratio and its reliability in terms of secured supply. The Group and Conch Technology shall determine the unit prices of the products after arm's length negotiations on normal commercial terms, and such unit prices shall not be higher than the prices of similar admixture products procured by the Group from Conch Technology Group for the year 2023 by way of tender, and not higher than the prices of similar admixture products procured by the Group from Independent Third Party suppliers for the year 2023.

Historical Transaction Amounts:

When determining the annual cap of the Framework Agreement, the Company has made reference to the historical transaction amounts of cement admixtures and concrete admixtures procured by the Group from Conch Technology Group, as set out below:

- (i) Cement admixtures

References are made to the Previous Announcements in relation to the procurement of cement admixtures (i.e. cement grinding aids) under the Previous Contracts by the Group from Conch Technology Group from 15 January 2021 to 31 December 2023. The annual caps and the actual transaction amounts during the respective period or year under the Previous Contracts are as follows:

	15 January 2021 to 31 December 2021 <i>(audited)</i> <i>(RMB million)</i>	For the year of 2022 <i>(audited)</i> <i>(RMB million)</i>	For the year of 2023 <i>(unaudited)</i> <i>(RMB million)</i>
Annual cap	970	800	850
Actual transaction amounts of cement admixtures procured under the Previous Contracts	813	796	822

The transactions occurred during the period from 15 January 2021 to 31 December 2021 and for the year of 2022 did not exceed the respective annual caps for the respective period or year. Based on the unaudited accounting records of the Company, the actual transaction amounts under the 2023 Cement Admixtures Procurement Contract was approximately RMB822 million for the year ended 31 December 2023, which have not exceeded the annual cap for the year of 2023.

For details about the previous transactions in relation to the procurement of cement admixtures (i.e. cement grinding aids) under the Previous Contracts, please refer to the Previous Announcements.

(ii) Concrete admixtures

The Group has been procuring insignificant amount of concrete admixtures from Conch Technology Group in the amount of approximately RMB4.5 million for year 2021, RMB19.6 million for year 2022 and RMB30.66 million for year 2023.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The use of cement admixtures helps to reduce the usage of clinker resources and energy consumption during cement production and increase production efficiency. The use of concrete admixtures can reduce the amount of water used in concrete, improve the strength of concrete as well as its impermeability and frost resistance properties, and help to improve the fluidity of concrete and reduce the amount of cement used. The use of cement admixtures and concrete admixtures can both reduce the cost of production and enhance operation efficiency. Since the Company has promoted the use of cement admixtures and concrete admixtures in its subsidiaries, cement and concrete product quality and production indicators were optimized. Therefore, the Company intends to continue to promote the use of cement admixtures and concrete admixtures among its subsidiaries.

Conch Technology is a key national high-tech enterprise engaged in the chain of production, operation and service of admixtures and possesses a national-level enterprise technology center. Its production scale and comprehensive strength for admixture products rank among the top in the domestic industry. The aforesaid transactions between the Company and Conch Technology will not bring significant impact on the financial position and operating results of the Company.

LISTING RULES IMPLICATIONS

Conch Holdings, a controlling shareholder of the Company, holds 100% shares in Conch Tech Innovation Material. Conch Tech Innovation Material holds 48.62% shares in Conch Technology. Therefore, Conch Technology is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Framework Agreement thus constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Chapter 14 of the Listing Rules in connection with the annual cap under the Framework Agreement of RMB860 million is more than 0.1% but less than 5%, the proposed transactions contemplated under the Framework Agreement are subject to the annual review and disclosure requirements, and are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

According to the SSE Listing Rules, Conch Technology is also a connected party of the Group

and the transactions under the Procurement of Admixtures Framework Agreement also constitute connected transactions, and the Company has made an ad hoc announcement in relation to the aforesaid transactions on the website of the SSE on the date of this announcement.

DIRECTORS' APPROVAL AND OPINIONS

The Framework Agreement and the transactions contemplated thereunder were approved unanimously by the Directors (including the independent non-executive Directors). During the Board meeting, Mr. Yang Jun, Mr. Wang Jianchao and Mr. Zhou Xiaochuan (by virtue of their positions as a director or a senior management member of Conch Holdings, which would render deemed connected relationships with Conch Technology), as well as Mr. Wu Tiejun (by virtue of his position as a director of Conch Tech Innovation Material, which would render deemed connected relationship with Conch Technology) abstained from voting in respect of the relevant resolutions. Save as disclosed above, none of the other Directors has any material interests in the Framework Agreement and the transactions contemplated thereunder, or is required to abstain from voting in respect of the aforesaid resolutions. The Directors (including the independent non-executive Directors) are of the view that:

- (1) the Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms or better and are in the interests of the Company and its Shareholders as a whole;
- (2) the procedures for determining and approving the Framework Agreement and the transactions contemplated thereunder are in compliance with the Company Law of the PRC, the Listing Rules, the SSE Listing Rules and the articles of association of the Company;
- (3) the terms and conditions of the Framework Agreement and the transactions contemplated thereunder, are agreed between the Parties on the basis of equality and mutual benefits and are in accordance with the principle of fair and equal consideration, which are fair and reasonable; and
- (4) the basis for the determination of the contract price (being the annual cap for the year of 2024) and the payment method under the Framework Agreement are in compliance with the relevant regulations of the PRC, the connected transaction rules as prescribed

under the SSE Listing Rules and the Listing Rules, which has been implemented under legal procedures and has reflected the principles of integrity, fairness and impartiality, and does not constitute any act that will prejudice the interests of the Company and its Shareholders as a whole. In addition, the Framework Agreement and the transactions contemplated thereunder are beneficial to the business development of the Parties and are in their mutual benefits.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司), a joint stock limited company established in the PRC, with its H shares listed on the Stock Exchange and its A shares listed on the SSE
“Conch Holdings”	Anhui Conch Holdings Company Limited (安徽海螺集團有限責任公司), a company established in the PRC with limited liability and a controlling shareholder of the Company
“Conch Tech Innovation Material”	Anhui Conch Technology Innovation Material Co., Ltd (安徽海螺科創材料有限責任公司) (formerly known as Anhui Conch Investment Co., Ltd (安徽海螺投資有限責任公司)), a company established in the PRC with limited liability, a wholly-owned subsidiary of Conch Holdings and a connected person of the Company
“Conch Technology”	Anhui Conch Material Technology Co., Ltd (安徽海螺材料科技股份有限公司) (formerly known as Anhui Conch New Material Technology Co., Ltd (安徽海螺新材料科技股份有限公司)), a company established in the PRC with limited liability and a connected person of the Company
“Conch Technology”	Conch Technology, its branches and its subsidiaries

Group”	
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company, its branches and its subsidiaries
“Hubei Xintongling”	Hubei Xintongling Equity Investment Co., Ltd. (湖北鑫統領股權投資有限公司), a company established in the PRC with limited liability
“Independent Third Party(ies)”	third party or parties independent of the Company and the Company’s connected persons and not connected person(s) of the Company
“Linyi Haihong New Material”	Linyi Haihong New Material Technology Co., Ltd. (臨沂海宏新型材料科技有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Procurement of Admixtures Framework Agreement, namely the Company and Conch Technology
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Previous Announcements”	the announcements of the Company dated 15 January 2021, 1 April 2021, 26 November 2021, 13 May 2022 and 29 December 2022 in relation to the transactions regarding the procurement of cement admixtures (i.e. cement grinding aids) by the Group from Conch Technology during the period from 15 January 2021 to 31 December 2023 under the Previous Contracts
“Previous Contracts”	(i) the Renewed Procurement of Cement Admixtures

(Grinding Aids) Contract entered into between the Company and Conch Technology on 15 January 2021, with a validity period from 15 January 2021 to 31 March 2021;

- (ii) the Procurement of Cement Admixtures (Grinding Aids) Contract (“**April 2021 Contract**”) entered into between the Company and Conch Technology on 1 April 2021, with a validity period from 1 April 2021 to 31 December 2022;
- (iii) the Supplemental Contract to the April 2021 Contract entered into between the Company and Conch Technology on 26 November 2021;
- (iv) the Supplemental Contract to the April 2021 Contract entered into between the Company and Conch Technology on 13 May 2022; and
- (v) the Procurement of Cement Admixtures (Grinding Aids) Contract (“**2023 Cement Admixtures Procurement Contract**”) entered into between the Company and Conch Technology on 29 December 2022, with a validity period from 1 January 2023 to 31 December 2023

“Procurement of Admixtures Framework Agreement” or “Framework Agreement”

Procurement of Admixtures Framework Agreement (《外加劑採購框架協議》) entered into between the Company (for itself and on behalf of the relevant members of the Group) and Conch Technology (for itself and on behalf of the relevant members of the Conch Technology Group) on 2 January 2024, with a validity period from 1 January 2024 to 31 December 2024

“RMB”

Renminbi, the lawful currency of the PRC

“Shareholders”

registered holder(s) of A shares and/or H shares of the Company

“SSE”

Shanghai Stock Exchange

“SSE Listing Rules”

the Rules Governing the Listing of Stocks on SSE

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Wuhu City, Anhui Province, the PRC

2 January 2024

As at the date of this announcement, the Board comprises (i) Mr. Yang Jun, 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.