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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 OF CONTINUING CONNECTED TRANSACTIONS: PROCUREMENT OF COMBUSTION ACCELERANTS**

Reference is made to the Company's announcement dated 25 August 2022 (the "Announcement") in relation to the continuing connected transactions involving the Combustion Accelerants Procurement Contract and the Combustion Accelerants Trial 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 supplement on (i) the basis for determination of the final unit price under the Combustion Accelerants Procurement Contract, and (ii) the annual caps and basis for their determination under the Combustion Accelerants Procurement Contract and the Combustion Accelerants Trial Contract.

### **Basis for determination of the final unit price under the Combustion Accelerants Procurement Contract**

As stated in the paragraph headed "Combustion Accelerants Procurement Contract - Basis for Determination of Contract Price" in the Announcement, Conch Accelerants Manufacturing Company became one of the Group's suppliers as a winning bidder out of the four suppliers participating in the public tender for the procurement of combustion accelerants. The unit price of the combustion accelerants under the Combustion Accelerants Procurement Contract was determined based on the price of the winning bids of the open tender, and upon negotiations between the Company and the winning bidders, the final unit price was adjusted downward to a certain extent from the unit price quoted in the winning bids.

The Company would like to supplement that, in order to maximize the Group's benefits from the procurement of combustion accelerants by striving for any possible discount, upon arm's length negotiations between the Company and Conch Accelerants Manufacturing Company, Conch Accelerants Manufacturing Company agreed to reduce the final unit price of the

combustion accelerants under the Combustion Accelerants Procurement Contract by about 1% of the unit price quoted in its winning bid in the open tender.

Given that (i) the suppliers of combustion accelerants as well as the unit price (before adjustment) were determined by way of public tenders which were conducted in accordance with applicable PRC laws in an independent and impartial manner; (ii) the final unit price was determined largely on the basis of and as a slight discounted price to the price of the winning bids of the open tender; and (iii) the discount was negotiated on arm's length basis between the Company and Conch Accelerants Manufacturing Company with a view to maximize the Group's benefits from the procurement by lowering its procurement cost, the Directors (including the independent non-executive Directors) consider that the final unit price is fair and reasonable, and that it is on normal commercial terms and is in the interest of the Company and its shareholders as a whole.

### **The annual caps and basis for their determination under the Combustion Accelerants Procurement Contract and the Combustion Accelerants Trial Contract**

As stated in the Announcement, the annual caps for the transactions contemplated under the Combustion Accelerants Procurement Contract and the Combustion Accelerants Trial Contract are as follows:

	<b>Year 2022</b> <b>(RMB'million)</b>	<b>Year 2023</b> <b>(RMB'million)</b>
<b>Total procurement cost of combustion accelerants</b>	199.5 <sup>(note 1)</sup>	337 <sup>(note 2)</sup>

Notes:

1. RMB199.5 million being the annual cap for year 2022 (which is the aggregated amount of the maximum transaction amount under the Combustion Accelerants Trial Contract of RMB59.5 million and the maximum transaction amount under Combustion Accelerants Procurement Contract for the period from 25 August 2022 to 31 December 2022 of RMB140 million); and
2. RMB337 million being the annual cap for year 2023 under the Combustion Accelerants Procurement Contract.

The Company would like to supplement on the basis of determination for the annual caps under the Combustion Accelerants Trial Contract and the Combustion Accelerants Procurement Contract as below:

#### **1. Combustion Accelerants Trial Contract**

The maximum transaction amount (i.e. RMB59.5 million) under the Combustion Accelerants Trial Contract (with a term from 1 January 2022 to 31 July 2022) were

determined based on the following factors and assumptions:

- (i) the unit price of the combustion accelerants under the Combustion Accelerants Trial Contract, which was determined after comparing the price quotations of three suppliers of combustion accelerants, as disclosed in the paragraph headed “Combustion Accelerants Trial Contract - Basis for Determination of Contract Price” in the Announcement;
- (ii) the estimated total procurement quantity of combustion accelerants according to the Group’s production plans during the period from January to July 2022, which was determined in consideration of the planned amount and proportion of the combustion accelerants to be used in the production lines of 23 subsidiaries of the Company for trial purpose; and
- (iii) the assumptions that there will be no material changes to (a) the general socio-economic environment of the PRC; and (b) demand of the Group’s cement and clinker products under the Group’s production plans during the term of the Combustion Accelerants Trial Contract.

No historical transaction amounts are available as basis for determining the transaction amount of the Combustion Accelerants Trial Contract as there were no previous transactions between the Company and Conch Accelerants Manufacturing Company as far as procurement of combustion accelerants is concerned prior to the entering into of Combustion Accelerants Trial Contract.

## **2. Combustion Accelerants Procurement Contract**

The caps (i.e. the maximum transaction amount for the period from 25 August 2022 to 31 December 2022 of RMB140 million; and the annual cap for year 2023 of RMB337 million) under the Combustion Accelerants Procurement Contract were determined based on the following factors and assumptions:

- (i) the final unit price of the combustion accelerants, which was determined mainly by way of public tender, as described in the paragraphs headed “Combustion Accelerants Procurement Contract - Basis for Determination of Contract Price” in the Announcement and “Basis for determination of the final unit price under the Combustion Accelerants Procurement Contract” in this supplemental announcement above;
- (ii) the estimated total procurement quantity of combustion accelerants according to the Group’s production plans during the period from 25 August 2022 to 31 December 2023, which was determined (a) in consideration of the planned amount and proportion of the combustion accelerants to be used in the productions lines of

an estimate of 51 subsidiaries of the Company, and (b) relying on the trial results of the combustion accelerants procured by the Company under the Combustion Accelerants Trial Contract and used in the production lines of certain subsidiaries of the Company;

- (iii) the expected inflation rate of the PRC during the term of the Combustion Accelerants Procurement Contract; and
- (iv) the assumptions that there will be no material changes to (a) the general socio-economic environment of the PRC; and (b) demand of the Group's cement and clinker products under the Group's production plans during the term of the Combustion Accelerants Procurement Contract.

As the unit price of procuring the combustion accelerants under the Combustion Accelerants Procurement Contract was determined by way of public tender as described in the Announcement and this supplemental announcement above, the historical transaction amount under the Combustion Accelerants Trial Contract did not form the basis for determining the contract price under the Combustion Accelerants Procurement Contract.

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

Wuhu City, Anhui Province, the PRC  
2 September 2022

*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.*