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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 COMBUSTION ACCELERANTS

COMBUSTION ACCELERANTS PROCUREMENT CONTRACT

On 19 January 2024, the Company (for itself and on behalf of the relevant members of the Group) entered into the Combustion Accelerants Procurement Contract with Conch Accelerants Manufacturing High-tech Company, pursuant to which, the Group intends to procure combustion accelerants from Conch Accelerants Manufacturing High-tech Company during the period from 19 January 2024 to 31 December 2024. The aggregate transaction amount (i.e. the annual cap for 2024) under the Combustion Accelerants Procurement Contract is estimated to be not more than RMB103 million.

LISTING RULES IMPLICATIONS

Conch Holdings, a controlling shareholder of the Company, holds 100% equity interests in Conch Tech Innovation Material. Conch Tech Innovation Material holds 100% equity interests in Conch Accelerants Manufacturing Company, which in turn holds 100% equity interests in Conch Accelerants Manufacturing High-tech Company. Therefore, Conch Accelerants Manufacturing High-tech Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Combustion Accelerants Procurement Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (excluding profits ratio) calculated pursuant to Chapter 14 of the Listing Rules based on the annual cap amount of RMB103 million under the Combustion Accelerants Procurement Contract are more than 0.1% but each of the applicable percentage ratios is less than 5%, the transactions contemplated under the Combustion Accelerants Procurement Contract are subject to the annual review and disclosure requirements, and are exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

COMBUSTION ACCELERANTS PROCUREMENT CONTRACT

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Date of the Contract:

19 January 2024

Parties to the Contract:

- (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, aggregate and commodity concrete.

- (2) Conch Accelerants Manufacturing High-tech Company (supplier)

Conch Accelerants Manufacturing High-tech Company is a company established in the PRC with limited liability, and is principally engaged in the manufacturing of new construction materials and the sales of new catalytic materials and auxiliaries, etc.

Conch Accelerants Manufacturing High-tech Company is owned as to 100% by Conch Accelerants Manufacturing Company. Conch Accelerants Manufacturing Company is a company established in the PRC with limited liability, and is owned as to 100% by Conch Tech Innovation Material. Conch Accelerants Manufacturing Company is principally engaged in the manufacturing of new construction materials and the sales of new catalytic materials and auxiliaries, etc.

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) research and development, production and sales of biomass fuel; (ii) production and sales of new catalytic materials and additives, and research and development of new materials; and (iii) research and development of emerging energy technology, 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 enterprise) 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.

Basic Information of the Contract:

The Group will purchase combustion accelerants from Conch Accelerants Manufacturing High-tech Company, and the purchase quantity shall be determined by the Company based on its actual production needs. Each relevant subsidiary of the Company will issue a procurement request to Conch Accelerants Manufacturing High-tech Company in advance, and Conch Accelerants Manufacturing High-tech Company shall supply combustion accelerants to the Group in accordance with the terms of the Contract covering the product requirements (including quality requirements and quality assessment), packaging standards and inspection standards. Conch Accelerants Manufacturing High-tech Company shall be responsible for the transportation of products to the locations designated by each relevant subsidiary of the Company, and shall bear the transportation and related expenses. The Group and Conch Accelerants Manufacturing High-tech Company will settle the quantities of products purchased on a monthly basis, and Conch Accelerants Manufacturing High-tech Company will issue invoices after parties shall have confirmed the settlement. The relevant subsidiary of the Company shall settle payment by means of telegraphic transfer, bank transfer or bank acceptance bill within one month after receiving the invoice from Conch Accelerants Manufacturing High-tech Company for each batch of products.

Validity of the Contract:

The Combustion Accelerants Procurement Contract was entered into between the Company and Conch Accelerants Manufacturing High-tech Company on 19 January 2024, and was approved by the Board and became effective on the same date, with a validity period from 19 January 2024 to 31 December 2024.

Contract Price (i.e. the Annual Cap for 2024) and Basis for its Determination:

The aggregate transaction amount (i.e. the annual cap for 2024) under the Combustion Accelerants Procurement Contract is estimated to be not more than RMB103 million, which was determined based on the following factors and assumptions:

- (i) the unit price of the combustion accelerant products as set out in “*Pricing Basis of the Unit Price*” below, which was determined with reference to the product unit price under the August 2022 Contract and the product unit selling price of

combustion accelerants offered by Conch Accelerants Manufacturing Group to its independent third party customers;

- (ii) the estimated total procurement quantity of combustion accelerants according to the Group's production plan for cement and clinker for the year of 2024 ;
- (iii) the historical transaction amounts for the combustion accelerants procured by the Group from Conch Accelerants Manufacturing Company under the Previous Contracts and the utilization plan of alternative fuel for the year of 2024, as disclosed 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 clinker products under the Group's production plan during the year of 2024.

Pricing Basis of the Unit Price:

The unit price for procurement of the combustion accelerant products under the Combustion Accelerants Procurement Contract was determined based on the following factors:

- (i) with reference to the product unit price of the August 2022 Contract (such product unit price was determined based on the results of the open tender and was adjusted downward upon negotiations), and in order to maximise the Group's benefits from the procurement by lowering its procurement costs, after arm's length negotiation between the Company and Conch Accelerants Manufacturing High-tech Company, the parties agreed that the final unit price under the Combustion Accelerants Procurement Contract would be adjusted downward by approximately 25% of the product unit price under the August 2022 Contract; and
- (ii) with reference to the selling prices of similar products offered by Conch Accelerants Manufacturing Group to two of its independent third party customers during the year of 2024, which shall not be lower than the unit price of the combustion accelerant products offered to the Group by Conch Accelerants Manufacturing High-tech Company.

Historical Transaction Amounts:

Reference is made to the Previous Announcements in relation to the continuing connected transactions regarding the Group's procurement of combustion accelerants from Conch Accelerants Manufacturing Company (being the sole shareholder of Conch Accelerants Manufacturing High-tech Company) during the years of 2022 and 2023 under the Previous Contracts.

In determining the annual cap of the Combustion Accelerants Procurement Contract, the Company has made reference to the historical transaction amounts of the combustion accelerants procured by the Group from Conch Accelerants Manufacturing Company. The annual cap and actual transaction amount during the respective year under the Previous

Contracts are set out below:

	For the year of 2022	For the year of 2023
	<i>(Audited)</i> <i>(RMB million)</i>	<i>(Unaudited)</i> <i>(RMB million)</i>
Annual cap	199.5 ^{Note 1}	337
Actual transaction amount for the procurement of combustion accelerants under the Previous Contracts	94 ^{Note 2}	61

Notes:

1. The annual cap for the year 2022 of RMB199.5 million, is the sum of the maximum transaction amount of RMB59.5 million during the transaction period of the January 2022 Trial Contract (i.e. 1 January 2022 to 31 July 2022) and the maximum transaction amount of RMB140 million during the transaction period of the August 2022 Contract in the year 2022 (i.e. 25 August 2022 to 31 December 2022).
2. The actual transaction amount for the year 2022 of approximately RMB94.0 million, is the sum of the actual transaction amount of RMB58,695,900 during the transaction period of the January 2022 Trial Contract and the actual transaction amount of RMB35,366,600 during the transaction period of the August 2022 Contract in the year 2022.

The actual transaction amount of the transactions occurred during the year of 2022 did not exceed the annual cap for that year. Based on the unaudited accounting records of the Company, the actual transaction amounts for the procurement of combustion accelerants by the Group from Conch Accelerants Manufacturing Company during the year of 2023 was approximately RMB61 million, which was far below the annual cap set for the year of 2023 under the August 2022 Contract. The main reason was due to the Group's promoted trial of alternative fuel in its production lines during the year of 2023 and it suspended the use of combustion accelerants during the trial period of the alternative fuel in order to test the effectiveness of the use of alternative fuel. During the year of 2024, the Company will continue the trial of alternative fuel in relevant subsidiaries. The annual cap of the Combustion Accelerants Procurement Contract was determined with reference to the actual quantities of combustion accelerants used by the Group in the year of 2023, the actual transaction amount for procurement of related products by the Group from Conch Accelerants Manufacturing Company under the August 2022 Contract in that year, and the alternative fuel utilization plan in 2024. Please refer to the Previous Announcements for details of the previous transactions regarding the Group's procurement of combustion accelerants from Conch Accelerants Manufacturing Company under the Previous Contracts.

REASONS FOR THE TRANSACTION

During clinker production process, the use of combustion accelerants helps to facilitate coal combustion in full capacity and reduce coal consumption, thereby lowering production costs and enhancing operational efficiency. Moreover, using combustion accelerants can indirectly reduce carbon dioxide emissions during the cement production process, therefore achieving energy saving and environmental protection results. Since 2022, the Company has been promoting the use of combustion accelerants in the production lines of certain subsidiaries, after which the coal consumption indicator was lowered and production costs were optimized. As such, the Company intends to continue using combustion accelerants in its subsidiaries to further reduce the Company's production costs and enhance its production and operational quality.

Conch Accelerants Manufacturing High-tech Company is an enterprise engaged in research and development, production, operation and provision of services of combustion accelerants and related products. Leveraging on the advantages of Conch Accelerants Manufacturing Group's scale of production and technological level in the industry, Conch Accelerants Manufacturing High-tech Company will be able to continuously provide the Group with combustion accelerant products in consistent quality under favourable price. The above transactions between the Company and Conch Accelerants Manufacturing High-tech Company 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% equity interests in Conch Tech Innovation Material. Conch Tech Innovation Material holds 100% equity interests in Conch Accelerants Manufacturing Company, which in turn holds 100% equity interests in Conch Accelerants Manufacturing High-tech Company. Therefore, Conch Accelerants Manufacturing High-tech Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Combustion Accelerants Procurement Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (excluding profits ratio) calculated pursuant to Chapter 14 of the Listing Rules based on the annual cap amount of RMB103 million under the Combustion Accelerants Procurement Contract are more than 0.1% but each of the applicable percentage ratios is less than 5%, the transactions contemplated under the Combustion Accelerants Procurement Contract are subject to the annual review and disclosure requirements, and are exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

According to the SSE Listing Rules, Conch Accelerants Manufacturing High-tech Company is a connected party of the Company, and the transactions contemplated under the Combustion Accelerants Procurement Contract constitute connected transactions for the Company. However, since the transaction amount had not reached 0.5% of the latest audited

net assets of the Company, the Company is not required to publish an ad hoc announcement for the aforesaid transactions on the SSE website.

DIRECTORS' APPROVAL AND OPINIONS

The Combustion Accelerants Procurement Contract 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 senior management of Conch Holdings, which would render deemed connected relationships with Conch Accelerants Manufacturing High-tech Company) and Mr. Wu Tiejun (by virtue of his position as a director of Conch Tech Innovation Material, which would render deemed connected relationship with Conch Accelerants Manufacturing High-tech Company) abstained from voting in respect of the relevant resolutions. Save as disclosed above, none of the other Directors has any material interests in the Combustion Accelerants Procurement Contract 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 Combustion Accelerants Procurement Contract 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 Combustion Accelerants Procurement Contract 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 Combustion Accelerants Procurement Contract 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 (i.e. the annual cap for 2024) and payment methods under the Combustion Accelerants Procurement Contract are in compliance with the relevant regulations of the PRC, the connected transactions 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 Combustion Accelerants Procurement Contract and the transactions contemplated thereunder are beneficial to the business development of both parties and are in their mutual benefit.

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
“August 2022 Contract”	the Combustion Accelerants Procurement Contract (《燃燒促進劑採購合同》) entered into between the Company and Conch Accelerants Manufacturing Company on 25 August 2022, with a validity period from 25 August 2022 to 31 December 2023
“Board”	the board of Directors of the Company
“Combustion Accelerants Procurement Contract” or the “Contract”	the Combustion Accelerants Procurement Contract (《燃燒促進劑採購合同》) entered into between the Company (for itself and on behalf of the relevant members of the Group) and Conch Accelerants Manufacturing High-tech Company on 19 January 2024, with a validity period from 19 January 2024 to 31 December 2024
“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 Accelerants Manufacturing Company”	Anhui Conch Accelerants Manufacturing Engineering Technology Company Limited (安徽海螺製劑工程技術有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Conch Tech Innovation Material and a connected person of the Company
“Conch Accelerants Manufacturing Group”	Conch Accelerants Manufacturing Company and its subsidiaries
“Conch Accelerants Manufacturing High-tech Company”	Anhui Conch Accelerants Manufacturing High-tech Company Limited (安徽海螺製劑高新技術有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Conch Accelerants Manufacturing Company and a connected person of the Company
“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, a controlling shareholder of the Company and a connected person 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
“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 and its subsidiaries
“independent third party (parties)”	third party or parties independent of the Company and the Company’s connected persons and not connected person(s) of the Company
“January 2022 Trial Contract”	the Combustion Accelerants Trial Contract (《燃燒促進劑試用合同》) entered into between the Company and Conch Accelerants Manufacturing Company on 1 January 2022, with a validity period from 1 January 2022 to 31 July 2022
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 published by the Company dated 25 August 2022 and 2 September 2022 in relation to the transactions regarding the procurement of combustion accelerants by the Group from Conch Accelerants Manufacturing Company during the period from 1 January 2022 to 31 July 2022, and the period from 25 August 2022 to 31 December 2023 under the Previous Contracts
“Previous Contracts”	January 2022 Trial Contract and the August 2022 Contract
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	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
19 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.