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CONCH

**CONCH INTERNATIONAL
HOLDINGS (HK) LIMITED**
海螺國際控股(香港)有限公司
(Incorporated in Hong Kong
with limited liability)

CONCH

**ANHUI CONCH CEMENT
COMPANY LIMITED**
安徽海螺水泥股份有限公司
(A joint stock limited company incorporated
in the People's Republic of China)
(Stock Code: 914)



西部水泥

**WEST CHINA
CEMENT LIMITED**
中國西部水泥有限公司
(Incorporated in Jersey with limited liability,
with registered number 94796)
(Stock Code: 2233)

West China Cement Limited
US\$400 MILLION 6.50%
SENIOR NOTES DUE 2019
(Stock Code: 5800)

SUPPLEMENTAL JOINT ANNOUNCEMENT

THE SUPPLEMENTAL AGREEMENT TO THE ACQUISITION AGREEMENT AND THE NEW LETTER OF UNDERTAKING IN RELATION TO

- (1) MAJOR AND CONNECTED TRANSACTION OF WEST CHINA CEMENT
IN RELATION TO THE ACQUISITION OF TARGET COMPANIES**
- (2) DISCLOSEABLE TRANSACTION OF CONCH CEMENT IN RELATION TO
THE DISPOSAL OF TARGET COMPANIES AND
ACQUISITION OF SHARES IN WEST CHINA CEMENT**
- (3) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS BY
OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR FOR ALL THE ISSUED SECURITIES IN
WEST CHINA CEMENT (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT AND THOSE HELD BY PERSONS
WHO AGREED TO EXECUTE LETTERS OF UNDERTAKING)**
- (4) PROPOSED GRANT OF SPECIFIC MANDATE OF WEST CHINA CEMENT
TO ALLOT AND ISSUE THE CONSIDERATION SHARES AND**
- (5) RESUMPTION OF TRADING IN THE SHARES AND
SENIOR NOTES OF WEST CHINA CEMENT**

Reference is made to the joint announcement issued by West China Cement Limited (“**West China Cement**”), Anhui Conch Cement Company Limited (“**Conch Cement**”) and Conch International Holdings (HK) Limited (the “**Offeror**” or “**Conch International**”) dated 27 November 2015 (the “**Joint Announcement**”) in relation to, among other matters, the

Offers and the acquisition of the Target Companies by West China Cement pursuant to the Acquisition Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement unless the context requires otherwise.

It is noted that:

1. following the issuance of the Consideration Shares and assuming that no further Shares are issued or repurchased before the Acquisition Completion and taking into account the possibility of Share Options held by core connected persons as defined under the Listing Rules (“**core connected persons**”) of West China Cement being exercised, the public float of West China Cement will fall below 25% upon the Acquisition Completion and the number of Shares held by the public (as defined under the Listing Rules) upon the Acquisition Completion may be lower than what is required under Rule 8.08(1)(a) of the Listing Rules by up to a maximum of 159,762,080 Shares; and
2. in order to avoid the uncertainty regarding whether Mr. Zhang and Asia Gain would be regarded by the Stock Exchange as being required to abstain from voting as a Shareholder of West China Cement at the EGM in respect of the transactions contemplated under the Acquisition Agreement if they were to execute the letters of guarantee (the “**Letters of Guarantee**”) as disclosed in paragraph (iv) of the section headed “II. The Acquisition Agreement — Letters of Undertaking” in the Joint Announcement to guarantee, among other things, the timely and continued performance of West China Cement’s and Grand Winner’s obligations and undertakings under the Acquisition Agreement, as well as the additional time which may be required to resolve such uncertainty, the parties to the Acquisition Agreement considered it desirable to remove the relevant condition precedent to the Acquisition Completion and the relevant obligation on West China Cement which requires the delivery of the Letters of Guarantee (as detailed below).

The Supplemental Agreement

In the light of the above, on 28 December 2015, Grand Winner, West China Cement and Conch Cement entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and supplement certain terms and conditions in the Acquisition Agreement. The material terms of the Supplemental Agreement are as follows.

Pursuant to the Supplemental Agreement,

- (i) the condition precedent to the Acquisition Completion that “*on the basis that Mr. Zhang and Asia Gain will not be regarded by the Stock Exchange and the SFC as being required to abstain from voting as shareholder of West China Cement at the EGM in respect of the transactions contemplated under the Acquisition Agreement as a result of having signed a letter of guarantee, West China Cement to obtain and deliver to Conch Cement the letters of guarantee from Mr. Zhang and Asia Gain three (3) Business Days prior to the Completion Date*” as disclosed in paragraph (xx) of the section headed “II. The Acquisition Agreement — Conditions precedent” in the Joint Announcement is deleted from the Acquisition Agreement;
- (ii) West China Cement shall no longer be required to deliver the Letters of Guarantee, and Conch Cement no longer has the right to obtain the Letters of Guarantee;

- (iii) the form of the Letter of Undertaking to be executed by Mr. Zhang and Asia Gain as disclosed in paragraph (i) of the section headed “II. The Acquisition Agreement — Letters of Undertaking” in the Joint Announcement has been amended to the effect that, commencing on the date of execution of such Letter of Undertaking and ending on the earlier of (x) the lapse of the Offers; and (y) closing date of the Offers (the “**Restricted Period**”), it/he will not, and will procure the companies controlled by each of it/him respectively not to, (a) purchase any Shares, unless having obtained prior written consent of Conch Cement and West China Cement; (b) sell or agree to sell any Shares held by such person or entity nor, for the avoidance of doubt, accept the Share Offer on any Shares held by such person or entity on the date of execution of the Letter of Undertaking or otherwise make any such Shares available for acceptance of the Share Offer; (c) accept the Option Offer on any Share Options held by such person or entity on the date of execution of the Letter of Undertaking which are not exercised during the Restricted Period or otherwise make any such Share Options available for acceptance of the Option Offer; and (d) accept the Share Offer on any Shares which have been issued to such person or entity during the Restricted Period following the exercise of any Share Options or otherwise make any such Shares available for acceptance of the Share Offer, except that: Asia Gain (and Mr. Zhang will procure Asia Gain to do so) will be allowed and has undertaken to dispose of a total of 159,762,080 Shares after the EGM and no later than five (5) business days before the Acquisition Completion to independent third party(ies) who are not core connected persons of West China Cement (the “**Public Float Placement**”) for the purpose of maintaining the public float of West China Cement upon the Acquisition Completion pursuant to the requirements of the Listing Rules;
- (iv) upon receipt by Conch Cement of the new Letter of Undertaking executed by Mr. Zhang and Asia Gain in the form as described in paragraph (iii) above (the “**New Letter of Undertaking**”) pursuant to the Supplemental Agreement, (a) Conch Cement shall return the Letters of Undertaking previously executed by Mr. Zhang and Asia Gain and received by Conch Cement (the “**Old Letters of Undertaking**”) to West China Cement, and (b) Conch Cement, West China Cement and Grand Winner agree that the Old Letters of Undertaking shall no longer be valid; and
- (v) West China Cement undertook to deliver to Conch Cement the New Letter of Undertaking no later than the day on which bulk printing of the Circular commences.

As at the date of this joint announcement, Mr. Zhang and Asia Gain have already executed the New Letter of Undertaking which has been received by Conch Cement already.

Save as disclosed in this joint announcement, all terms and conditions of the Acquisition Agreement as set out in the Joint Announcement remain unchanged.

Separate announcement(s) will be published by West China Cement in relation to the arrangement and status of the Public Float Placement.

Taking into account the Public Float Placement, the shareholding structure of West China Cement as at the date of this joint announcement and immediately after the Acquisition Completion is summarised as follows:

Shareholders	As at the date of this joint announcement		Immediately after the Acquisition Completion (assuming that no Shares are issued or repurchased before the Acquisition Completion other than the issue of the Consideration Shares)		Immediately after the Acquisition Completion (assuming that all the Share Options held by core connected persons of West China Cement are exercised, no other Share Options are exercised, and no Shares are issued or repurchased before the Acquisition Completion other than issue of the Consideration Shares and the Option Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
The Offeror and parties acting concert with it						
— Conch International (Note 1)	1,147,565,970	21.2	4,550,441,970	51.6	4,550,441,970	51.1
Sub-total	1,147,565,970	21.2	4,550,441,970	51.6	4,550,441,970	51.1
Asia Gain and Mr. Zhang (Note 2)	1,756,469,900	32.4	1,596,707,820	18.1	1,606,807,820	18.0
Central Glory Holdings Limited (Note 3)	229,072,000	4.2	229,072,000	2.6	229,072,000	2.6
Techno Faith Investments Limited and Mr. Ma (Note 4)	213,679,950	3.9	213,679,950	2.4	215,942,450	2.4
Red Day Limited (Note 4)	7,908,000	0.2	7,908,000	0.1	7,908,000	0.1
Other core connected persons of West China Cement	—	—	—	—	67,450,000	0.8
Alliance Bernstein, L.P.	271,122,000	5.0	271,122,000	3.1	271,122,000	3.0
Other public Shareholders	1,794,990,000	33.1	1,954,752,080	22.1	1,954,752,080	22.0
Total	5,420,807,820	100.0	8,823,683,820	100.0	8,903,496,320	100.0

Notes:

- (1) Conch International is a wholly-owned subsidiary of Conch Cement.
- (2) Asia Gain is beneficially and wholly-owned by Mr. Zhang, an executive director and therefore a core connected person of West China Cement. Asia Gain has undertaken to dispose of a total of 159,762,080 Shares after the EGM and no later than five (5) business days before the Acquisition Completion pursuant to the Public Float Placement. Mr. Zhang currently held Share Options which entitle him to subscribe for 10,100,000 Option Shares.
- (3) Central Glory Holdings Limited is beneficially and wholly-owned by Ms. Zhang Lili, the daughter of Mr. Zhang.
- (4) Techno Faith Investments Limited and Red Day Limited are beneficially and wholly-owned by Mr. Ma, a non-executive director and therefore a core connected person of West China Cement. Mr. Ma currently held Share Options which entitle him to subscribe for 2,262,500 Option Shares.

Possible Mandatory Unconditional Cash Offers

As a result of the Public Float Placement, the total consideration of the Offers is revised as follows.

Total consideration of the Offers

Assuming no outstanding Share Options have been exercised, based on the Share Offer Price of HK\$1.69 per Offer Share and 8,823,683,820 Shares to be in issue immediately after the Acquisition Completion, the entire issued share capital of West China Cement will be valued at HK\$14,912,025,655.80.

Assuming all outstanding Share Options entitling the holders thereof to subscribe for a total of 104,100,000 Option Shares as at the date of the Acquisition Agreement have been exercised, there would be 8,927,783,820 Shares in issue immediately after the Acquisition Completion. Based on the Share Offer Price of HK\$1.69 per Offer Share, the entire issued share capital of West China Cement will be valued at HK\$15,087,954,655.80.

Pursuant to the Acquisition Agreement, the obtaining of all Letters of Undertaking by West China Cement from each of Mr. Zhang, Asia Gain, Ms. Zhang Lili, Mr. Ma, Dr. Ma Weiping and those Optionholders listed in the Acquisition Agreement who in aggregate hold not less than 80% of all Share Options granted (excluding Share Options held by Mr. Zhang, Mr. Ma and Dr. Ma Weiping) and the delivery of such Letters of Undertaking to Conch Cement is one of the conditions precedent to the Acquisition Completion. Pursuant to the Letters of Undertaking, the aforesaid parties shall undertake and shall procure the companies controlled by each of them respectively to undertake, among other things, not to sell any Shares during the Restricted Period (the “**Sale Restriction**”), and not to accept the Share Offer on any Shares held by them on the date of execution of the Letters of Undertaking or during the Restricted Period or otherwise make any such Shares available for acceptance of the Share Offer, and not to accept the Offers on any Share Options held by them on the date of execution of the Letters of Undertaking or any Shares which have been issued to them during the Restricted Period following the exercise of any Share Options or otherwise make any such Share Options or Shares available for acceptance of the Offers. As mentioned above, Mr. Zhang and Asia Gain has executed the New Letter of Undertaking in favour of Conch Cement and West China Cement pursuant to the Supplemental Agreement to the effect that the Public Float Placement shall not be subject to the Sale Restriction.

Taking into account (i) the 8,823,683,820 Shares to be in issue immediately after the Acquisition Completion; (ii) the 4,550,441,970 Shares to be held by the Offeror immediately after the Acquisition Completion; (iii) the 2,207,129,850 Shares beneficially owned by Asia Gain, Ms. Zhang Lili, and Mr. Ma which are subject to the Sale Restriction under the Letters of Undertaking; and (iv) 159,762,080 Shares to be disposed by Mr. Zhang and Asia Gain under the Public Float Placement, there are a total of 2,225,874,080 Shares subject to the Share Offer.

Taking into account (i) the outstanding Share Options entitling the holders thereof to subscribe for a total of 104,100,000 Option Shares as at the date of the Acquisition Agreement; (ii) the Share Options held by Mr. Zhang, Mr. Ma and Dr. Ma Weiping entitling them to subscribe for a total of 21,850,000 Option Shares which are subject to the Sale Restriction under the Letters of Undertaking; and (iii) the Letters of Undertaking to be executed by holders of Share Options carrying rights to subscribe for not less than 65,800,000 Option Shares as a condition precedent to the Acquisition Completion, the outstanding Share Options subject to the Option Offer would carry subscription rights to subscribe for a maximum of 16,450,000 Option Shares.

Assuming no outstanding Share Options have been exercised prior to the close of the Offers and based on the Share Offer Price of HK\$1.69 per Share and the Option Offer Price of HK\$0.78 (being the highest Option Offer Price for cancellation of each Share Option with an exercise price of HK\$0.91 per Option Share), the maximum value of the Share Offer and the Option Offer would amount to approximately HK\$3,761.73 million and HK\$12.83 million respectively.

Assuming all the Share Options are exercised and 104,100,000 Option Shares are issued prior to the Acquisition Completion, there would be a total of 8,927,783,820 Shares in issue immediately after the Acquisition Completion. Taking into account (i) the 8,927,783,820 Shares to be in issue immediately after the Acquisition Completion; (ii) the 4,550,441,970 Shares to be held by the Offeror immediately after the Acquisition Completion; (iii) the 2,207,129,850 Shares and 21,850,000 Option Shares beneficially owned by Asia Gain and Mr. Zhang, Ms. Zhang Lili, Mr. Ma and Dr. Ma Weiping which are subject to the Sale Restriction under the Letters of Undertaking; (iv) the 159,762,080 Shares to be disposed by Mr. Zhang and Asia Gain under the Public Float Placement; and (v) the Letters of Undertaking to be executed by holders of the Share Options carrying rights to subscribe for not less than 65,800,000 Option Shares as a condition precedent to the Acquisition Completion, there are a total of 2,242,324,080 Shares subject to the Share Offer. Based on the Share Offer Price of HK\$1.69 per Share, the maximum value of the Share Offer would amount to approximately HK\$3,789.53 million.

Financial resources available for the Offers

Based on the above, the maximum amount of cash payable by the Offeror in respect of the Offers is approximately HK\$3,789.53 million. The Offeror intends to finance the cash consideration payable under the Offers with the Facility granted by the Bank of China Anhui Branch. Optima Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

Maintenance of listing status of West China Cement

As disclosed in the Joint Announcement, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

In the event that the public float of West China Cement falls below 25% after the close of the Offers, the then directors of the Offeror and West China Cement will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares. No application will be made to the Stock Exchange for discretion to accept a lower percentage of public float between 15% to 25% pursuant to Rule 8.08(1)(d) of the Listing Rules as referred to in the Joint Announcement. According to the Listing Rules, if, the public float of West China Cement falls below 25% after the close of the Offers, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Resumption of trading

At the request of West China Cement, trading in the Shares (stock code: 2233) and the senior notes of West China Cement (stock code: 5800) on the Stock Exchange was halted with effect from 9:00 a.m. on 29 December 2015 pending the publication of this joint announcement. West China Cement has applied to the Stock Exchange for the resumption of trading in its Shares and its senior notes on the Stock Exchange with effect from 9:00 a.m. on 30 December 2015.

By order of the board of
directors of
**Conch International
Holdings (HK) Limited**
Zhang Mingjing
Director

By order of the board of
directors of
**Anhui Conch Cement
Company Limited**
Wang Jianchao
Vice-chairman

By order of the board of
directors of
**West China Cement
Limited**
Zhang Jimin
Chairman

Hong Kong, 29 December 2015

As at the date of this joint announcement, the Conch Cement Board comprises:

Executive directors

Mr. Wang Jianchao
Ms. Zhang Mingjing
Mr. Zhou Bo

Non-executive director

Mr. Guo Jingbin

Independent non-executive directors

Mr. Wong Kun Kau
Mr. Tai Kwok Leung
Mr. Zhao Jianguang

As at the date of this joint announcement, the board of directors of the Offeror comprises:

Ms. Zhang Mingjing
Mr. Zhou Bo
Mr. Yang Kaifa

As at the date of this joint announcement, the West China Cement Board comprises:

Executive directors

Mr. Zhang Jimin (*Chairman*)
Dr. Ma Weiping (*Chief Executive Officer*)

Non-executive directors

Mr. Ma Zhaoyang
Mr. Qin Hongji
Ms. Liu Yan

Independent non-executive directors

Mr. Lee Kong Wai, Conway
Mr. Wong Kun Kau
Mr. Tam King Ching, Kenny

The directors of West China Cement jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror or any of its associates and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Offeror or any of its associates and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

The directors of the Offeror and the directors of Conch Cement jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the West China Cement Group, Mr. Zhang and parties acting in concert with him), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the West China Cement Group, Mr. Zhang and the parties acting in concert with him) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.