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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)

**CONNECTED TRANSACTION:
ACQUISITION OF 100% EQUITY
INTERESTS IN CONCH IT ENGINEERING**

THE EQUITY TRANSFER AGREEMENT

On 15 December 2023, the Company (as transferee) entered into the Equity Transfer Agreement with Conch Holdings (as transferor) and Conch IT Engineering (as target company), pursuant to which Conch Holdings agreed to sell and the Company agreed to acquire 100% equity interests in Conch IT Engineering owned by Conch Holdings at the Acquisition Consideration of RMB126.40 million. Upon completion of the Acquisition, Conch IT Engineering will become a direct wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

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. The Acquisition contemplated under the Equity Transfer Agreement thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules are more than 0.1% but each of the applicable percentage ratios is less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is subject to the annual review and disclosure requirements, and is exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

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The major terms of the Equity Transfer Agreement are summarized as follows:

Date of the Agreement:

15 December 2023

Parties to the Agreement:

(i) The Company (as transferee)

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

(ii) Conch Holdings (as transferor)

Conch Holdings, a company established in the PRC with limited liability, is a controlling shareholder of the Company. It is principally engaged in asset operation, investment, financing, property rights transactions, import and export trade, production and sales of construction materials, chemical products (excluding dangerous goods), electronic instruments and meters, and general machinery equipment, etc. Conch Holdings is beneficially 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, manufacturing and sales of new energy materials and new building materials, port logistics services.

(iii) Conch IT Engineering (as target company)

Conch IT Engineering is a company established in the PRC with limited liability, its principal business is set out in “**Information of Conch IT Engineering**” below. As at

the date of this announcement, Conch IT Engineering is directly wholly-owned by Conch Holdings.

Subject matter of the Acquisition:

Pursuant to the Equity Transfer Agreement, Conch Holdings (as transferor) agreed to sell and the Company (as transferee) agreed to acquire 100% equity interests in Conch IT Engineering owned by Conch Holdings. Upon completion of the Acquisition, Conch IT Engineering will become a direct wholly-owned subsidiary of the Company.

Acquisition Consideration and basis for its determination:

The Acquisition Consideration is RMB126.40 million, which is determined by the Company and Conch Holdings through negotiation on the basis of equality and the principle of fairness with reference to the appraised value of the total equity interest of Conch IT Engineering appraised by the Independent Valuer as at 31 July 2023 (“**Valuation Benchmark Date**”). According to the Valuation Report, as at the Valuation Benchmark Date, the appraised value of total equity interest of Conch IT Engineering adopting the income approach was RMB126.40 million.

The Acquisition Consideration is intended to be paid to Conch Holdings in cash by utilizing the internal source of funds of the Group.

Effective date of the Agreement:

The Equity Transfer Agreement was entered into by the Company with Conch Holdings and Conch IT Engineering on 15 December 2023, and was approved by the Board to become effective on the same date.

Completion and payment of Acquisition Consideration:

Completion of the Acquisition shall take place on the date (“**Date of Completion of Registration of Change in Equity Ownership**”) of completion of the registration of change in equity ownership of Conch IT Engineering in relation to the Acquisition. Conch Holdings shall cooperate with the Company and Conch IT Engineering for the application to the relevant industry and commerce registration authority regarding the change of business registration in respect of the said equity transfer.

The Company shall pay the entire amount of consideration for the Acquisition to Conch Holdings in cash in one lump sum within 10 business days after the Date of Completion of Registration of Change in Equity Ownership (i.e. the date of completion of the Acquisition).

INFORMATION OF CONCH IT ENGINEERING

Conch IT Engineering is a company incorporated in the PRC with limited liability in June 2008. As at the date of this announcement, the registered capital of Conch IT Engineering is RMB50 million. It is principally engaged in software development, technical service, intelligent control system integration, sales of industrial automation control system equipment, information system integration services, information system operation and maintenance services, etc.

The audited consolidated financial information of Conch IT Engineering for the two financial years ended 31 December 2021 and 2022 prepared in accordance with the China Accounting Standards for Business for Enterprises is as follows:

	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ended 31 December 2021 <i>(RMB'000)</i>
Profit before tax	47,317	48,857
Profit after tax	46,428	44,180

As at 31 July 2023, the audited consolidated total asset value and net asset value of Conch IT Engineering amounted to approximately RMB290.03 million and RMB112.92 million respectively. According to the Valuation Report, as at 31 July 2023, the net asset value of Conch IT Engineering amounted to approximately RMB126.40 million. The original acquisition cost of the 100% equity interest in Conch IT Engineering by Conch Holdings from its wholly-owned subsidiary in 2019 was RMB54.47 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As Conch IT Engineering's principal business includes software development, technical

service, intelligent control system integration, sales of industrial automation control system equipment, information system integration services, information system operation and maintenance services, etc., and it has been providing equipment supply, comprehensive solutions and operation maintenance services for the intelligent and informatization projects of the Group for a long time, Conch IT Engineering is relatively familiar with the Group's businesses and our Group has been satisfied with its service quality, therefore the Board is of the view that:

- (1) the Acquisition is conducive to the promotion of digitalization and intelligentization transformation and upgrade of the Group's production and operation management, thereby improving the Group's operation efficiency, reducing costs of production and operation, optimizing the allocation of resources, and enhancing the quality of its products and services;
- (2) after completion of the Acquisition, the Group will be able to consolidate the technical expertise and human resources accumulated by Conch IT Engineering in the areas of intelligent cement manufacturing and system operation and maintenance, which will create synergy with the Group's existing digital and intelligent enterprises to promote technological innovation, promoting high quality and sustainable development of the Group; and
- (3) as Conch IT Engineering will become a wholly-owned subsidiary of the Company after completion of the Acquisition and no longer a connected person of the Company, the Acquisition will reduce the connected transactions of the Group with Conch IT Engineering.

LISTING RULES IMPLICATIONS

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. The Acquisition contemplated under the Equity Transfer Agreement thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules are more than 0.1% but each of the applicable percentage

ratios is less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is subject to the annual review and disclosure requirements, and is exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

According to the SSE Listing Rules, Conch Holdings is also a connected party of the Company. Therefore, the Acquisition constitutes a connected transaction. However, since the consideration of the transaction does not exceed 0.5% of the latest audited net assets of the Company, the Company is not required to publish a provisional announcement on the SSE's website in relation to the Acquisition according to the SSE Listing Rules.

DIRECTORS' APPROVAL AND OPINIONS

The Equity Transfer Agreement and the Acquisition contemplated thereunder were approved unanimously by the Directors (including the independent non-executive Directors). During the Board meeting, Mr. Yang Jun, Mr. Wang Jianchao, Mr. Zhou Xiaochuan (by virtue of their positions as director or senior management of Conch Holdings) abstained from voting in respect of the resolutions in connection with the Equity Transfer Agreement and the Acquisition contemplated thereunder. Save as disclosed above, none of the other Directors has any material interests in the Equity Transfer Agreement and the Acquisition 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 terms and conditions of the Equity Transfer Agreement and the Acquisition contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole;

(2) the determination and approval procedure of the Equity Transfer Agreement and the Acquisition 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; and

(3) the terms and conditions of the Equity Transfer Agreement and the Acquisition 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.

DEFINITIONS

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

“Acquisition”	the Company’s proposed acquisition of 100% equity interests in Conch IT Engineering owned by Conch Holdings pursuant to the Equity Transfer Agreement
“Acquisition Consideration”	the consideration of RMB126.40 million payable by the Company to Conch Holdings for the Acquisition
“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 the controlling shareholder of the Company
“Conch IT Engineering”	Anhui Conch Information Technology Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Conch Holdings as at the date of this announcement
“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
“Equity Transfer Agreement”	the equity transfer agreement in respect of Anhui Conch Information Technology Engineering Co., Ltd. 《安徽海螺信息技術工程有限責任公司股權轉讓協議》 entered into between the Company (as transferee), Conch Holdings (as transferor) and Conch IT Engineering (as target company) on 15 December 2023

“Group”	the Company and its subsidiaries
“Independent Valuer”	Anhui Zhonglian Guoxin Assets Valuation Company Limited (安徽中聯國信資產評估有限責任公司), an independent valuer in the PRC
“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
“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
“Valuation Report”	the asset valuation report prepared by the Independent Valuer, in respect of the total equity interest of Conch IT Engineering for the purpose of the Acquisition (Wan Zhonglian Guoxin Ping Bao Zi [2023] No. 242) with valuation benchmark date as at 31 July 2023
“%”	per cent

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

Wuhu City, Anhui Province, the PRC
15 December 2023

As at the date of this announcement, the Board comprises (i) Mr. Yang Jun, Mr. Wang Jianchao, Mr. Zhou Xiaochuan, Mr. Li Qunfeng 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.