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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: RECEIVING SUPPLY CHAIN LOGISTIC TRANSPORTATION SERVICE**

### **Supply Chain Logistic Transportation Service Contract**

On 29 December 2023, the Company (for itself and on behalf of its relevant subsidiaries) and Haihui Company entered into the Supply Chain Logistic Transportation Service Contract, pursuant to which Haihui Company will provide supply chain logistic transportation service for the Group's cement, clinker, aggregate, coal and other products. The term of the Contract will commence from 1 January 2024 to 31 December 2024 and the aggregate transaction amount (i.e. the annual cap) is estimated to be not more than RMB2.3 billion.

### **Listing Rules Implications**

Haihui Company is a non wholly-owned subsidiary of the Company. As at the date of this announcement, the Company, Conch New Material and Conch IT Engineering hold 65.6%, 20% and 10% of the registered capital of Haihui Company respectively, while Beijing Huitong holds 4.4% of the registered capital of Haihui Company. As at the date of this announcement, both Conch New Material and Conch IT Engineering are subsidiaries of Conch Holdings (a controlling shareholder of the Company). Accordingly, each of Conch New Material and Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. Pursuant to Rule 14A.16 of the Listing Rules, Haihui Company is a connected subsidiary of the Company and hence a connected person of the Company. The transactions contemplated under the Supply Chain Logistic Transportation

Service Contract 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 estimated aggregate transaction amount (i.e. the annual cap for the year of 2024) under the Supply Chain Logistic Transportation Service Contract is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Supply Chain Logistic Transportation Service Contract are subject to the annual review and disclosure requirements, and are exempt from the independent shareholders' approval requirement.

### **Supply Chain Logistic Transportation Service Contract**

On 29 December 2023, the Company (for itself and on behalf of its relevant subsidiaries) and Haihui Company entered into the Supply Chain Logistic Transportation Service Contract, pursuant to which Haihui Company will provide supply chain logistic transportation service for the Group's cement, clinker, aggregate, coal and other products.

#### **Date of the Contract:**

29 December 2023

#### **Parties to the Contract:**

(1) The Company (for itself and on behalf of its relevant subsidiaries) (consignor)

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

(2) Haihui Company (supply chain logistic freighter)

Haihui Company is an enterprise established in the PRC with limited liability, whose principal businesses include supply chain management services, software development, technical services, technology development, technical consulting, domestic cargo transportation agency, data processing services, internet data services, road cargo transportation (network cargo transportation), etc.

Haihui Company is a non wholly-owned subsidiary of the Company. As at the date of this announcement, the Company, Conch New Material and Conch IT Engineering hold 65.6%,

20% and 10% of the registered capital of Haihui Company respectively, while Beijing Huitong holds 4.4% of the registered capital of Haihui Company.

Conch New Material is a non wholly-owned subsidiary of Conch Holdings and is a joint stock limited company listed on the main board of Shenzhen Stock Exchange (stock code: 000619). It is principally engaged in the production, sales and research and development of mid to high-end plastic profiles, plates, doors and windows, as well as sales of new catalytic materials and auxiliaries.

Conch IT Engineering is a company established in the PRC with limited liability. As at the date of this announcement, it is a wholly-owned subsidiary of Conch Holdings. It is principally engaged in software development, technical service, intelligent control system integration, sales of industrial automation control system equipment, information system integration services and information system operation and maintenance services. Pursuant to an equity transfer agreement in respect of Anhui Conch Information Technology Engineering Co., Ltd. dated 15 December 2023 and entered into between the Company (as transferee), Conch Holdings (as transferor) and Conch IT Engineering (as target company), the Company agreed to acquire 100% equity interests in Conch IT Engineering owned by Conch Holdings (the “**Acquisition**”). As at the date of this announcement, the Acquisition has not yet been completed and upon completion of the Acquisition, Conch IT Engineering will become a wholly-owned subsidiary of the Company. Please refer to the announcement dated 15 December 2023 published by the Company for details of the Acquisition.

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 construction and operation of waste-to-energy projects, manufacturing and sales of new energy materials and new building materials and port logistics services.

Beijing Huitong is a company established in the PRC with limited liability. It is principally engaged in computer system services, data processing, basic software services, application software services, and technology development, etc. After making all reasonable inquiries, to the best of the Directors' knowledge, information and belief, as at the date of this announcement, Zhai Xuehun, Shenzhen Litong Asset Investment Fund Co., Ltd. and Eastern Bell (Shanghai) Venture Capital Management Co., Ltd. hold approximately 32%, 20% and 12% respectively of the registered capital of Beijing Huitong, while the remaining approximately 36% of the registered capital is held by eight individuals or enterprises (each of such shareholders holding not more than 10% of the registered capital).

Shenzhen Litong Asset Investment Fund Co., Ltd. is principally engaged in equity investment, venture investment, entrusted management of equity investment, venture capital funds, investment and financing advisory, and management advisory, etc. It is beneficially owned as to 25% by each of the four individuals, namely Zhu Jinsong, Chen Fei, Li Huimin and Hu Min.

Eastern Bell (Shanghai) Venture Capital Management Co., Ltd. is principally engaged in industrial investment, assets management, investment advisory, corporate management advisory, corporate finance advisory, etc. It is beneficially owned as to 82% by Yan Li, and the remaining 18% of the registered capital is owned by Ningbo Dingpu Venture Capital Joint Enterprise (limited partnership) and an individual (each holding not more than 10% of the registered capital).

After making all reasonable inquiries, as at the date of this announcement, to the best of the Directors' knowledge, information and belief, each of Beijing Huitong and its ultimate beneficial owners is an Independent Third Party.

#### **Basic Information of the Contract:**

Haihui Company, through its self-developed and operated Haihui Supply Chain Logistic Platform, integrates and consolidates logistic resources and provides supply chain logistic transportation service for the Group's cement, clinker, aggregate, coal and other products.

The Group as the consignor, operates through Haihui Supply Chain Logistic Platform to manage freight orders, waybill, payment and despatch waybill, upon which, Haihui Company shall provide supply chain logistic transportation service in accordance with the waybill information by contracting out the transportation service to qualified carriers. Carriers who provide the transportation service shall be registered with Haihui Supply Chain Logistic Platform and can only undertake Haihui Company's consignment business after being reviewed and approved by Haihui Company through its supply chain logistic platform. Haihui Company requires the carriers to deliver goods to the designated places as specified by the Group in a safe and timely manner.

The Group and Haihui Company will conduct monthly settlements. Haihui Company will issue an invoice for the freight charges of the previous month on the Haihui Supply Chain Logistic Platform at the beginning of each month. The Group is required to confirm the electronic invoice within three working days after receiving thereof from Haihui Company, and complete the payment of the freight charges on the Haihui Supply Chain Logistic Platform within five working days thereafter.

The relevant subsidiaries of the Company will enter into individual sub-contracts with Haihui Company with respect to supply chain logistic transportation business. The major terms of these individual sub-contracts shall be in line with those of the Supply Chain Logistic Transportation Service Contract, and the aggregate amounts under these individual sub-contracts shall not exceed the total maximum contract amount of the Supply Chain Logistic Transportation Service Contract.

**Validity Period of the Contract:**

The Supply Chain Logistic Transportation Service Contract was entered into between the Company and Haihui Company on 29 December 2023, and was approved by the Board of the Company on the same date, with a validity period from 1 January 2024 to 31 December 2024.

**Contract Price and Basis for its Determination:**

**Basis of determination of the aggregate transaction amount (the annual cap):** The aggregate transaction amount (i.e. the annual cap) of not more than RMB2.3 billion under the Supply Chain Logistic Transportation Service Contract is determined based on the

following factors and assumptions:

- (i) the reasonable estimation of the required transportation volume (with reference to the production and transportation volume of various products in the previous year) according to the Group’s production plans for cement, clinker, aggregate, coal and other products for the year of 2024;
- (ii) the transportation unit price of various types of products, as determined through open tender to be conducted by the relevant subsidiaries of the Company through Haihui Company. During the process of open tender through Haihui Company, the relevant subsidiaries of the Company shall, based on factors including the quantity of consigned products, mode of transportation and transportation distance, review and compare the transportation quotations offered by not less than three Independent Third Party qualified carriers who submitted a bid; and the bidder who offered the lowest price shall be selected. The relevant subsidiaries of the Company may further negotiate with the successful bidder on an arm’s length basis, with the aim to further lower the transportation unit price as quoted in the successful bid;
- (iii) (a) the historical transaction amount under the Previous Contracts, as disclosed in “**Historical transaction amount**” below; and (b) as the functions and business capacity of the Haihui Supply Chain Logistic Platform have become more mature, and the Group is satisfied with the supply chain logistic transportation service provided by Haihui Company under the Previous Contracts, the Company expects to increase the use of the supply chain logistic transportation service provided by Haihui Company in the year of 2024 in terms of both product types and product volume; 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 and transportation volume of cement, clinker, aggregate, coal and other products under the Group’s production plans during the year of 2024.

**Historical transaction amount:** Reference is made to the Previous Announcements in relation to the continuing connected transactions regarding the provision of supply chain logistic transportation service by Haihui Company to the Group for the period from 28 January 2022 to 31 December 2023 under the Previous Contracts. The maximum transaction amount or annual cap and the actual transaction amounts during the respective period or year

under the Previous Contracts are set out below:

	<b>From 28 January 2022 to 31 December 2022</b>	<b>For the year of 2023</b>
	<i>(Audited)</i> <i>(RMB billion)</i>	<i>(Unaudited)</i> <i>(RMB billion)</i>
Estimated maximum transaction amount or annual cap	0.6	2.0
Actual transaction amount	0.421	1.674 (Note)

Note: The transaction amount is the actual transaction amount from 1 January 2023 to 30 November 2023 (unaudited).

Pursuant to the Previous Contracts, the actual transaction amount occurred between the Group and Haihui Company for the period from 28 January 2022 to 31 December 2022 did not exceed the aforementioned estimated maximum transaction amount for such period; based on the unaudited accounting records of the Company, the actual transaction amount occurred between the Group and Haihui Company for the period from 1 January 2023 to 30 November 2023 did not exceed the aforementioned annual cap for the year of 2023, and it is expected that the transactions which have occurred and will occur for the year of 2023 up to 31 December 2023 will not exceed the annual cap for the current year. In determining the estimated aggregate transaction amount (i.e. annual cap) under the Supply Chain Logistic Transportation Service Contract, the Company also made reference to the actual historical transaction amounts under the Previous Contracts. For details about the transactions regarding the provision of supply chain logistic transportation service by Haihui Company to the Group, please refer to the Previous Announcements.

**Reasons for and Benefits of the Transaction:**

Haihui Company is an intelligent logistic supply chain platform jointly formed by the Company, Conch New Material, Conch IT Engineering and Beijing Huitong in response to the intelligentization and digitalization development trend of the cement industry. Through Haihui Supply Chain Logistic Platform, Haihui Company integrates and consolidates logistic resources, and provides customers with supply chain logistic transportation service through utilization of available freight vehicles in the community in an efficient manner. On the one hand, the Group would be able to further reduce its transportation costs and enhance market

competitiveness by attracting more transportation service providers to participate in the bidding and tender for transportation service through Haihui Company. On the other hand, the Group would be able to further strengthen its management and control over the cargo transportation process through Haihui Company, so as to reduce the transportation risks while ensuring safety and efficiency of product delivery.

The aforementioned transactions between the Group and Haihui Company will not have significant impact on the financial position and operating results of the Group.

**Listing Rules Implications:**

Haihui Company is a non wholly-owned subsidiary of the Company. As at the date of this announcement, the Company, Conch New Material and Conch IT Engineering hold 65.6%, 20% and 10% of the registered capital of Haihui Company respectively, while Beijing Huitong holds 4.4% of the registered capital of Haihui Company. As at the date of this announcement, both Conch New Material and Conch IT Engineering are subsidiaries of Conch Holdings (a controlling shareholder of the Company). Accordingly, each of Conch New Material and Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. Pursuant to Rule 14A.16 of the Listing Rules, Haihui Company is a connected subsidiary of the Company and hence a connected person of the Company. The transactions contemplated under the Supply Chain Logistic Transportation Service Contract 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 estimated aggregate transaction amount (i.e. the annual cap for the year of 2024) under the Supply Chain Logistic Transportation Service Contract is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Supply Chain Logistic Transportation Service Contract are subject to the annual review and disclosure requirements, and are exempt from the independent shareholders' approval requirement.

According to the SSE Listing Rules, Haihui Company is not a connected party of the Group, and hence the aforementioned transactions do not constitute connected transactions for the Company as prescribed under the SSE Listing Rules.



### **Directors' Approval and Opinions:**

The Supply Chain Logistic Transportation Service Contract and the transactions contemplated thereunder were approved unanimously by the Directors (including the independent non-executive Directors). None of the Directors of the Company has any material interests in the Supply Chain Logistic Transportation Service Contract and the transactions contemplated thereunder, nor is required to abstain from voting in respect of the resolution mentioned below. The Directors (including the independent non-executive Directors) are of the view that:

- (1) the Supply Chain Logistic Transportation Service 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 Supply Chain Logistic Transportation Service Contract and the transactions contemplated thereunder were in compliance with the Company Law of the PRC, the Listing Rules and the articles of association of the Company;
- (3) the terms and conditions of the Supply Chain Logistic Transportation Service 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 and payment method of the Supply Chain Logistic Transportation Service Contract is in compliance with the relevant regulations of the PRC, the connected transaction rules as prescribed under the Listing Rules and the applicable legal procedures. They reflect the principles of integrity, fairness and impartiality, and do not constitute any act that will prejudice the interests of the Company and its shareholders as a whole. In addition, the Supply Chain Logistic Transportation Service Contract 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:

<b>“associate”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Beijing Huitong”</b>	Beijing Huitong Tianxia IOT Technology Co., Ltd. (北京匯通天下物聯科技有限公司), a limited company established in the PRC and an Independent Third Party
<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	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 Shanghai Stock Exchange
<b>“Conch Holdings”</b>	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
<b>“Conch IT Engineering”</b>	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, a wholly-owned subsidiary of Conch Holdings and a connected person of the Company as at the date of this announcement
<b>“Conch New Material”</b>	Conch (Auhui) Energy Saving and Environment Protection New Material Company Limited (海螺(安徽)節能環保新材料股份有限公司), formerly known as Wuhu Conch Profiles and Science Co. Ltd. (蕪湖海螺型材科技股份有限公司), a joint stock limited company established in the PRC, a non wholly-owned subsidiary of Conch Holdings and a connected person of the Company
<b>“connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Contract” or “Supply”</b>	the Supply Chain Logistic Transportation Service Contract

<b>Chain Logistic Transportation Service Contract</b>	entered into between the Company (for itself and on behalf of its relevant subsidiaries) and Haihui Company on 29 December 2023
<b>“controlling shareholder”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Haihui Company”</b>	Anhui Haihui Supply Chain Technology Co., Ltd. (安徽海慧供應鏈科技有限公司), a limited company established in the PRC and a connected subsidiary of the Company
<b>“Independent Third Party” or “Independent Third Parties”</b>	third party or parties independent of the Company and the Company’s connected persons and not connected person(s) of the Company
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	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
<b>“Previous Announcements”</b>	announcements published by the Company dated 28 January 2022, 29 December 2022 and 26 September 2023 respectively, in relation to the transactions regarding the provision of supply chain logistic transportation service by Haihui Company to the Group for the period from 28 January 2022 to 31 December 2023 under the Previous Contracts respectively

<b>“Previous Contracts”</b>	<p>(i) the Network Cargo Transportation Service Contract entered into between the Company and Haihui Company on 28 January 2022, with validity period from 28 January 2022 to 31 December 2022;</p> <p>(ii) the Supply Chain Logistic Transportation Service Contract (“<b>December 2022 Contract</b>”) entered into between the Company and Haihui Company on 29 December 2022, with validity period from 1 January 2023 to 31 December 2023; and</p> <p>(iii) the Supplemental Contract to the December 2022 Contract entered into between the Company and Haihui Company on 26 September 2023</p>
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SSE Listing Rules”</b>	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“%”</b>	per cent

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

Wuhu City, Anhui Province, the PRC  
29 December 2023

*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.*