

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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:
SUPPLEMENTAL AGREEMENT FOR THE REVISION OF CAP FOR THE
PROCUREMENT OF CEMENT GRINDING AIDS**

Revision of maximum transaction amount for the Procurement of Cement Admixtures (Grinding Aids) Contract

References are made to the January 2021 Announcement and the April 2021 Announcement in relation to, among other things, the relevant details of the continuing connected transactions contemplated under First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract.

As stated in the January 2021 Announcement and the April 2021 Announcement, the Company and Conch New Materials Company entered into the First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract for the Group's procurement of cement grinding aids with validity period from 15 January 2021 to 31 March 2021 and from 1 April 2021 to 31 December 2022, respectively. On 26 November 2021, the Company and Conch New Materials Company entered into the Supplemental Contract to revise the Existing Cap to the Revised Cap. Save for the revision of the Existing Cap to the Revised Cap, all other terms and conditions of the Procurement of Cement Admixtures (Grinding Aids) Contract as disclosed in the April 2021 Announcement remain the same and in full force and effect.

Listing Rules Implications

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch New Materials Company. Therefore, Conch New Materials Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated

under the Supplemental Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract thus constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the cap for a continuing connected transaction, the Company must re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

As certain applicable percentage ratios (excluding profits ratio) calculated pursuant to Chapter 14 of the Listing Rules based on the Revised 2021 Annual Cap are more than 0.1% but each of the applicable percentage ratios is less than 5%, the transactions contemplated under the Procurement of Cement Admixtures (Grinding Aids) Contract as supplemented by the Supplemental 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.

BACKGROUND

References are made to the January 2021 Announcement and the April 2021 Announcement in relation to, among other things, the relevant details of the continuing connected transactions contemplated under First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract.

As stated in the January 2021 Announcement, on 15 January 2021, the Company and Conch New Materials Company entered into the First Quarter Contract for the Group's procurement of cement grinding aids with a validity period from 15 January 2021 to 31 March 2021 and for an aggregate transaction amount of not more than RMB200,000,000. As stated in the April 2021 Announcement, on 1 April 2021, the Company and Conch New Materials Company entered into the Procurement of Cement Admixtures (Grinding Aids) Contract for the Group's procurement of cement grinding aids with a validity period from 1 April 2021 to 31 December 2022 and for an aggregate transaction amount of not more than RMB1,400,000,000, of which the maximum transaction amount for the period from 1 April 2021 to 31 December 2021 is RMB600,000,000 and the annual cap amount from 1 January 2022 to 31 December 2022 is RMB800,000,000.

On 26 November 2021, the Company and Conch New Materials Company entered into the Supplemental Contract to revise the Existing Cap to the Revised Cap.

THE SUPPLEMENTAL CONTRACT

The following is a summary of the principal terms of the Supplemental Contract:

Date of Supplemental Contract:

26 November 2021

Parties to the Supplemental Contract:**(1) The Company (the buyer)**

The Group is principally engaged in the production and sale of cement and commodity clinker.

(2) Conch New Materials Company (the seller)

Conch New Materials Company is an enterprise established in the PRC and is principally engaged in development, production and sales of cement additives and concrete admixtures, sales of chemical products, technology development, technology transfer, technical consulting and technical services in the field of new materials.

Conch New Materials Company is owned as to 50.72% by Conch Investment Company, 28.99% by Hubei Xintongling and 20.29% by Linyi Haihong New Material.

Conch Investment Company is a wholly-owned subsidiary of Conch Holdings, the controlling shareholder of the Company. Conch Investment Company is principally engaged in equity investment, venture capital, project investment, industrial investment, investment consulting (excluding securities and futures consulting), and entrusted investment management.

Conch Holdings is a limited liability company established in the PRC, it is mainly engaged in asset management, investment, financing, property rights transactions, production and sales of construction materials, chemical products (except dangerous goods), electronic instruments, meters, and general machinery and equipment. Conch Holdings is ultimately 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).

Hubei Xintongling is a limited liability company established in the PRC, it is principally engaged in non-securities equity investment activities and providing related consulting services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, it is ultimately beneficially owned as to 60% and 40% by Mr. Feng Fangbo and Mr. Ming Jinlong respectively, and each of Hubei Xintongling and its ultimate beneficial owners is an independent third party of the Company.

Linyi Haihong New Material is a limited liability company established in the PRC, it is principally engaged in providing promotion services of new material technology, technology transfer, technical consultation, research and development of production technology of and sales of cement products, composite materials and wood products. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, it is ultimately beneficially owned as to 88% and 12% by Mr. Zhao Hongyi and Mr. Chen Jun respectively, and each of Linyi Haihong New Material and its ultimate beneficial owners is an independent third party of the Company.

Major Terms of the Supplemental Contract:

Under the Supplemental Contract, the aggregate transaction amount for the Group's procurement of cement grinding aids from Conch New Materials Company is adjusted from not more than RMB1,400,000,000 to not more than RMB1,570,000,000, of which the maximum transaction amount for the period from 1 April 2021 to 31 December 2021 is RMB770,000,000 and the annual cap amount from 1 January 2022 to 31 December 2022 is RMB800,000,000.

Revision of the aggregate transaction amount as contemplated under the Supplemental Contract relate only to the revision of the maximum transaction amount for the period from 1 April 2021 to 31 December 2021 from RMB600,000,000, i.e. the Existing Cap, to RMB770,000,000, i.e. the Revised Cap. The proposed annual cap amount for year 2022 of RMB800,000,000 remains unchanged.

Save for the revision of the Existing Cap to the Revised Cap, all other terms and conditions of the Procurement of Cement Admixtures (Grinding Aids) Contract as disclosed in the April 2021 Announcement remain the same and in full force and effect.

Validity of the Supplemental Contract:

The Supplemental Contract was entered into between the Company and Conch New Materials Company on 26 November 2021, and was approved by the Board of the Company to become effective on the same date. It is valid from 26 November 2021 to 31 December 2022.

REVISION OF ANNUAL CAP

Existing Annual Caps for 2021

As stated in the January 2021 Announcement and the April 2021 Announcement, the existing annual caps in respect of the transactions contemplated under the First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract for the two

years ending 31 December 2021 and 2022 are set out as follows:

	For the year ending 31 December 2021	2022
	(RMB million)	(RMB million)
Maximum transaction amount under the First Quarter Contract	200	--
Existing maximum transaction amount under the Procurement of Cement Admixtures (Grinding Aids) Contract	600	800
Total	800 (note 1)	800

Note 1: As stated in the April 2021 Announcement, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the First Quarter Contract and those under the Procurement of Cement Admixtures (Grinding Aids) Contract have been aggregated as if they were one transaction, as both contracts were entered into between the Company and the same party within 12 months.

*The existing annual cap for the Group's procurement of cement grinding aids from Conch New Materials Company for year 2021 of RMB800 million ("**Existing 2021 Annual Cap**") is calculated as the aggregate amount of (1) the maximum transaction amount of RMB200 million for the period from 15 January 2021 to 31 March 2021 under the First Quarter Contract and (2) the existing maximum transaction amount of RMB600 million for the period from 1 April 2021 to 31 December 2021 under the Procurement of Cement Admixtures (Grinding Aids) Contract.*

Actual Transaction Amounts

As stated in the April 2021 Announcement, the First Quarter Contract was completed. Based on the unaudited accounting records of the Company, the actual transaction amount under the First Quarter Contract was approximately RMB191 million, which did not exceed the estimated aggregate maximum transaction amount of RMB200,000,000 for the period from 15 January 2021 to 31 March 2021. Based on the unaudited accounting records of the Company, the actual transaction amounts under the Procurement of Cement Admixtures (Grinding Aids) Contract was approximately RMB596 million since 1 April 2021 up to the date of this announcement, which have not exceeded the estimated aggregate maximum transaction amount of RMB600,000,000 for the period from 1 April 2021 to 31 December 2021. As of the date of this announcement, the total actual transaction amounts of approximately RMB787 million under the First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract have not exceeded the Existing 2021 Annual Cap.

Contract Price, Basis for its Determination and the Reason for the Revised Cap

As disclosed in the April 2021 Announcement, after taking into account the stability and adaptability of grinding aid products and the availability of secured supply, the Company

conducted price inquiry and comparison of current top tier domestic suppliers of cement grinding aids through a comprehensive review of a number of factors, upon which, Conch New Materials Company was finally selected as the Group’s domestic supplier of cement grinding aid products in consideration of its optimal overall price-performance ratio and its reliability in terms of secured supply.

The unit price of composite type cement grinding aid products under the Procurement of Cement Admixtures (Grinding Aids) Contract was determined based on the results of the price inquiry and comparison as described above, and upon further competitive negotiations between the Company and Conch New Materials Company (the price is lower than the unit price under the First Quarter Contract). The prices of the production-increasing type and the enhanced type grinding aid products are settled on the basis of the price of the composite type grinding aids products, with upward and downward adjustment of 3%. In addition, in order to protect the rights and interests of the Parties, during the validity period of the Procurement of Cement Admixtures (Grinding Aids) Contract, both Parties have adjusted and will continue to adjust the purchase price quarterly according to the market price fluctuations (if there are major changes) of the key raw materials for the production of grinding aids.

The prices of the cement grinding aid products under the Procurement of Cement Admixtures (Grinding Aids) Contract, as supplemented by the Supplemental Contract, have been and will continue to be arrived at after arm’s length negotiations between the Parties as determined under the above mechanism.

As (1) the market price for certain key raw materials for the production of cement grinding aids products has increased significantly in 2021 leading to the increase in the average price of the Group’s procurement of grinding aids; (2) the Group has constantly optimized the composition of types of grinding aids being used through assessing and analyzing the effect of using such products, thereby causing an increase in the procurement volume of cement grinding aids products as compared with that of the previous year and (3) the actual transaction amounts under the Procurement of Cement Admixtures (Grinding Aids) Contract up to the date of this announcement is close to reaching the Existing Cap, the Board anticipates that the actual transaction amounts for the period from 1 April 2021 to 31 December 2021 shall exceed the Existing Cap.

Therefore, the Company entered into the Supplemental Contract for the revision of the Existing Cap as set out below:

	For the year ending 31 December	
	2021	2022
	<i>(RMB million)</i>	<i>(RMB million)</i>
Maximum transaction amount under the First Quarter Contract	200	--

Revised maximum transaction amount under the Supplemental Contract	770	800
Total	970 (note 2)	800 (note 3)

Notes 2: The revised annual cap for the Group's procurement of cement grinding aids from Conch New Materials Company for year 2021 of RMB970 million ("Revised 2021 Annual Cap") is calculated as the aggregate amount of (1) the maximum transaction amount of RMB200 million for the period from 15 January 2021 to 31 March 2021 under the First Quarter Contract and (2) the revised maximum transaction amount of RMB770 million for the period from 1 April 2021 to 31 December 2021 under the Supplemental Contract.

Notes 3: The proposed annual cap amount for year 2022 of RMB800,000,000 remains unchanged under the Supplemental Contract.

Basis of the Revised Cap

In determining the basis of the Revised Cap, the Company has also taken into account the following factors:

- (a) the actual amounts of the transactions under the First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract up to the date of this announcement;
- (b) the expected purchases for the cements grinding aids products up to 31 December 2021; and
- (c) the extent of increase in the price of certain key raw material for the production of cement grinding aids products up to October 2021.

REASONS FOR THE TRANSACTIONS CONTEMPLATED UNDER THE PROCUREMENT OF CEMENT ADMIXTURES (GRINDING AIDS) CONTRACT AND THE SUPPLEMENTAL CONTRACT

As stated in the April 2021 Announcement, as the PRC government continues to tighten the relevant environmental protection policies, clinker resources supply is tight in the cement industry. The use of cement grinding aids helps to reduce the usage of clinker resources and energy consumption during cement production and increase output capacity, thus reducing production costs. The Company has been promoting the use of cement grinding aid products among its subsidiaries since 2019, after which, the quality and the production indicators of Group's cement product were optimised. Therefore, the Company intended to continue the use of grinding aid products among its subsidiaries.

Conch New Materials Company is a key national high-tech enterprise engaged in the chain of production, operation and service of cement grinding aids and possesses a national-level enterprise technology centre. The production scale and comprehensive capability ranking of

its grinding aid products were among the top in the domestic industry. The above transactions between the Company and Conch New Materials Company will not bring significant impact on the financial position and operating results of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch New Materials Company. Therefore, Conch New Materials Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Supplemental Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract thus constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the cap for a continuing connected transaction, the Company must re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

Since the First Quarter Contract and the Procurement of Cement Admixtures (Grinding Aids) Contract (as supplemented by the Supplemental Contract) were entered into between the Company and the same party within 12 months, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the First Quarter Contract and those under the Procurement of Cement Admixtures (Grinding Aids) Contract (as supplemented by the Supplemental Contract) shall be aggregated as if they were one transaction. Therefore, the revised annual cap amount for the Group's procurement of cement grinding aids from Conch New Materials Company for 2021 shall be RMB970 million.

As certain applicable percentage ratios (excluding profits ratio) calculated pursuant to Chapter 14 of the Listing Rules based on the Revised 2021 Annual Cap are more than 0.1% but each of the applicable percentage ratios is less than 5%, the transactions contemplated under the Procurement of Cement Admixtures (Grinding Aids) Contract as supplemented by the Supplemental 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 New Materials Company is also a connected party of the Group. Therefore, the transactions contemplated under the Supplemental Contract constitute connected transactions. Therefore, the Company also issued a provisional announcement on the SSE's website in relation to the above transactions.

DIRECTORS' APPROVAL OF AND OPINIONS

The Supplemental Contract and the transactions as contemplated thereunder were approved unanimously by the Directors (including the independent non-executive Directors). During the Board meeting, Mr. Wang Cheng, Mr Wang Jianchao, Mr. Wu Bin and Mr. Zhou Xiaochuan (by virtue of his positions as a director or senior management of Conch Holdings, which would render deemed connected relationships with Conch New Materials Company) and Mr Li Qunfeng (a director of Conch New Materials Company) abstained from voting in respect of the relevant resolutions. Save as disclosed above, none of the Directors of the Company has any material interests in the Supplemental Contract and the transactions contemplated thereunder, or is required to abstain from voting in respect of the aforesaid resolution. The Directors (including the independent non-executive Directors) are of the view that:

- (1) the Supplemental Contract and the transactions contemplated thereunder (including the Revised Cap) are in the ordinary and usual course of business of the Company and on normal or better commercial terms and are in the interests of the Company and its Shareholders as a whole;
- (2) the procedures for determining and approving the Supplemental Contract and the transactions contemplated thereunder (including the Revised Cap) were 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 Supplemental Contract and the transactions as contemplated thereunder (including the Revised Cap) 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 is not prejudicial to the interests of the Group and the Shareholders.

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
“April 2021 Announcement”	announcement of the Company dated 1 April 2021 in relation to the entering into of the Procurement of Cement Admixtures (Grinding Aids) Contract
“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), the controlling shareholder of the Company
“Conch Investment Company”	Anhui Conch Investment Company Limited (安徽海螺投資有限責任公司), a wholly-owned subsidiary of Conch Holdings and a connected person of the Company
“Conch New Materials Company”	Anhui Conch New Materials Technology Company Limited (安徽海螺新材料科技有限公司), a majority-owned subsidiary of Conch Investment Company 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
“Existing Cap”	the existing maximum transaction amount of RMB600,000,000 for the period from 1 April 2021 to 31 December 2021 under the Procurement of Cement Admixtures (Grinding Aids) Contract
“First Quarter Contract”	the Renewed Procurement of Cement Admixtures (Grinding Aids) Contract signed between the Company and Conch New Materials Company on 15 January 2021, with a validity period from 15 January 2021 to 31 March 2021
“Group”	the Company and its subsidiaries
“Hubei Xintongling”	Hubei Xintongling Equity Investment Co., Ltd. (湖北鑫統領股權投資有限公司)
“January 2021 Announcement”	announcement of the Company dated 15 January 2021 in relation to the entering into of the First Quarter Contract
“Linyi Haihong New Material”	Linyi Haihong New Material Technology Co., Ltd. (臨沂海宏新型材料科技有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Supplemental Contract, namely the Company and Conch New Materials Company

“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
“Procurement of Cement Admixtures (Grinding Aids) Contract”	the Procurement of Cement Admixtures (Grinding Aids) Contract entered into between the Company and Conch New Materials Company on 1 April 2021
“Revised Cap”	the revised maximum transaction amount of RMB770,000,000 for the period from 1 April 2021 to 31 December 2021 under the Supplemental 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 Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Contract”	the supplemental contract to the Procurement of Cement Admixtures (Grinding Aids) Contract entered into between the Company and Conch New Materials Company on 26 November 2021
“%”	per cent

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

Wuhu City, Anhui Province, the PRC
26 November 2021

As at the date of this announcement, the Board comprises (i) Mr. Wang Cheng, Mr. Wang Jianchao, Mr. Wu Bin, Mr. Li Qunfeng and Mr. Zhou Xiaochuan as executive Directors; (ii) Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong as independent non-executive Directors.