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CONCH VENTURE
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 586)

**CONNECTED TRANSACTION:
ESTABLISHMENT OF A JOINT VENTURE**

JOINT VENTURE AGREEMENT

The Board is pleased to announce that, on 10 February 2023, Wuhu Conch Venture (a wholly-owned subsidiary of the Company) and Shanghai Conch (a wholly-owned subsidiary of CV Investment) entered into the Joint Venture Agreement in relation to the establishment of the JV Company with joint contribution, to jointly develop logistics business and bulk materials business.

Pursuant to the Joint Venture Agreement, the total registered capital of the JV Company amounts to RMB100 million, to which Wuhu Conch Venture will contribute RMB55 million (representing 55% of the registered capital) in cash and Shanghai Conch will contribute RMB45 million (representing 45% of the registered capital) in cash.

Upon the establishment of the JV Company, the Company and CV Investment will indirectly hold 55% and 45% of the equity interest in the JV Company, respectively, and the JV Company will become a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CV Investment is a substantial shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. As Shanghai Conch (being a wholly-owned subsidiary of CV Investment) is an associate of CV Investment, it is a connected person of the Company under Rule 14A.13(1) of the Listing Rules. Therefore, the Joint Venture Agreement entered into between Wuhu Conch Venture and Shanghai Conch constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Joint Venture Agreement are summarised below:

Date:	10 February 2023
Parties:	(i) Wuhu Conch Venture; and (ii) Shanghai Conch
Amount of capital contribution:	(i) Wuhu Conch Venture will contribute RMB55 million in cash, representing 55% of the registered capital; and (ii) Shanghai Conch will contribute RMB45 million in cash, representing 45% of the registered capital.

The amount of capital contribution of both parties under the Joint Venture Agreement are determined after arm's length negotiation between both parties and with reference to various factors, including nature of the businesses, demand for working capital and future development plans of the JV Company.

In the event of any corporate reorganisation undertaken by the parties, if both parties agree, the party undertaking reorganisation may nominate its subsidiaries or associated companies to make the capital contribution.

Corporate governance of the JV Company:

The JV Company is proposed to set up a board of directors consisting of five directors, among which, Wuhu Conch Venture is proposed to nominate three directors and Shanghai Conch is proposed to nominate two directors. The board of directors is proposed to have one chairman, who shall be a director nominated by Wuhu Conch Venture.

The JV Company is proposed to set up a supervisory committee consisting of two supervisors, among which, each of Wuhu Conch Venture and Shanghai Conch is proposed to nominate one supervisor.

Save for certain matters relating to, among others, the investment in other entities and other capital expenditure plans, merger, division, dissolution of the JV Company and change of the form of the JV Company which shall be approved by a two-thirds majority at the shareholders' meetings, other matters to be resolved at the shareholders' meetings require only the approval of simple majority.

REASONS AND BENEFITS FOR ENTERING INTO THE JOINT VENTURE AGREEMENT

The Group is principally engaged in provision of comprehensive integrated solutions for energy-saving and environmental protection, it has accumulated rich experience and possesses advanced technology and operation management resources in the waste-to-energy and port logistics industries. The Group aims to further increase market share, enhance market influence, and consolidate its position in the port logistics industry. While CV Investment Group has long been committed to the operation of the industrial chain in bulk materials, energy products and logistics services, and has an in-depth understanding and reputable position in the upstream and downstream supply chain in bulk materials and energy products industries.

The Group and CV Investment Group plan to actively explore opportunities for cooperation and carry out all-round, multi-field cooperation in the bulk materials and logistics service industries based on the principle of “mutual advantages, mutual benefit, and develop together”.

The Directors are of the view that the establishment of the JV Company through joint investment by Wuhu Conch Venture and Shanghai Conch, and developing logistics business and bulk materials business, which is in line with the Group's long-term development strategy, are conducive to strengthening the Group's dominant position in the industry, improving the comprehensive competitiveness, and has positive significance to the Group's future development.

The Directors (excluding the Directors who are materially interested in the transactions contemplated under the Joint Venture Agreement, but including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement are entered into on normal commercial terms, which are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole, notwithstanding that the transactions contemplated under the Joint Venture Agreement is not conducted in the ordinary and usual course of business of the Company.

Each of Mr. Guo Jingbin, Mr. Ji Qinying, Mr. Shu Mao, Mr. Li Jian and Mr. Li Daming holds, directly or indirectly, not more than 5% of the equity interest in CV Investment. Therefore, they are deemed to have material interest in the transactions contemplated under the Joint Venture Agreement, and thus have abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in such transactions and is required to abstain from voting on the relevant resolution at the Board meeting.

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GENERAL

Information about the Group

Wuhu Conch Venture is a company established in the PRC with limited liability and it is a wholly-owned subsidiary of the Company. Wuhu Conch Venture is principally engaged in the business of industrial engineering design, engineering management services and import and export of goods and technology. The principal activities of the Group are provision of comprehensive integrated solutions for energy-saving and environmental protection. Its scope of business includes construction and operation of waste-to-energy projects, port logistics services, the manufacturing and sales of new building materials and investments.

Information about Shanghai Conch and CV Investment Group

Shanghai Conch is a company established in the PRC with limited liability and it is a wholly-owned subsidiary of CV Investment. Shanghai Conch is principally engaged in the business of expansion of modern logistics, oil products and energy, plastic pipe industry and other real industries based on the trading and operation of bulk materials.

CV Investment is a company established in the PRC with limited liability and is owned as to approximately 82.93%, 6.67%, 5.47% and 2.05% by SA Conch, SA Ningguo, SA Baimashan and SA Profiles respectively, and the remaining equity interest is held by several individuals (each directly holds less than 1% of the equity interest in CV Investment). Each of the above mentioned staff associations has been holding equity interests in CV Investment for the benefit of respective staff association members and on behalf of respective staff association members. CV Investment Group is principally engaged in the business of trade logistics, high-end equipment manufacturing, financial investment, medical care, hotels and other industries in the PRC.

DEFINITIONS

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

“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Conch Venture Holdings Limited (中國海螺創業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 586)
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“CV Investment”	Anhui Conch Venture Investment Co., Ltd.* (安徽海螺創業投資有限責任公司), a company established in the PRC and a substantial shareholder of the Company as at the date of this announcement
“CV Investment Group”	the group of companies comprising CV Investment and its subsidiaries from time to time, which are connected persons of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“Joint Venture Agreement”	the cooperation agreement entered into between Wuhu Conch Venture and Shanghai Conch on 10 February 2023, in relation to the establishment of the JV Company with joint contribution
“JV Company”	Shanghai Baishitong Technology Development Co., Ltd* (上海百仕通科技發展有限公司) (tentative name), a company intended to be established in the PRC with limited liability in accordance with the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SA Baimashan”	The Staff Association of Anhui Baimashan Cement Plant* (安徽省白馬山水泥廠工會委員會), a social organisation legal entity (社會團體法人) and one of the shareholders of CV Investment
“SA Conch”	The Staff Association of Anhui Conch Holdings Co., Ltd.* (安徽海螺集團有限責任公司工會委員會), a social organisation legal entity (社會團體法人) and one of the shareholders of CV Investment
“SA Ningguo”	The Staff Association of Anhui Ningguo Cement Plant* (安徽省寧國水泥廠工會委員會), a social organisation legal entity (社會團體法人) and one of the shareholders of CV Investment
“SA Profiles”	The Staff Association of Wuhu Conch Profiles Technology Co., Ltd.* (蕪湖海螺型材科技股份有限公司工會委員會), a social organisation legal entity (社會團體法人) and one of the shareholders of CV Investment
“Shanghai Conch”	Shanghai Conch International Investment Development Co., Ltd.* (上海海螺國際投資發展有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of CV Investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules

“Wuhu Conch Venture”

Wuhu Conch Venture Enterprise Limited* (蕪湖海創實業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company

“%”

per cent.

By Order of the Board
China Conch Venture Holdings Limited
CHEN Xingqiang
Joint Company Secretary

Anhui Province, the People’s Republic of China

13 February 2023

As at the date of this announcement, the Board comprises Mr. JI Qinying (Vice-Chairman and Chief Executive Officer), Mr. SHU Mao, Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. GUO Jingbin (Chairman) and Mr. YU Kaijun as non-executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex as independent non-executive Directors.

* *English translation or transliteration of Chinese name for identification purpose only*