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CONCH VENTURE

海螺环保

China Conch Environment Protection Holdings Limited

中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

**CONNECTED TRANSACTION
ACQUISITIONS OF LAND USE RIGHT**

On 11 January 2023, Qingyuan CV, a non-wholly owned subsidiary of the Company, and Guangying Cement entered into the Property Rights Transaction Agreement, pursuant to which, Guangying Cement agreed to transfer its land use right of the Target Land to Qingyuan CV at a consideration of approximately RMB8.77 million.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Guangying Cement is a non-wholly owned subsidiary and associate of Conch Cement, and Conch Cement holds 80% of the equity interest in Guangying Cement. As of the date of this announcement, Conch Cement is the controlling shareholder of the Company which holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and its parties acting in concert (as defined in the Takeover Code). Accordingly, Guangying Cement is a connected person of the Company, and thus the transaction contemplated under the Property Rights Transaction Agreement between Qingyuan CV and Guangying Cement constitute connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the transaction contemplated under the Property Rights Transaction Agreement exceeds 0.1% but is less than 5%, the Property Rights Transaction Agreement and the transaction contemplated thereunder shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

BACKGROUND

On 11 January 2023, Qingyuan CV and Guangying Cement entered into the Property Rights Transaction Agreement, pursuant to which, Guangying Cement agreed to transfer its land use right of the Target Land to Qingyuan CV at a consideration of approximately RMB8.77 million.

The principal terms of the Property Rights Transaction Agreement are set out as follows:

Date: 11 January 2023

Parties: (1) Qingyuan CV; and
(2) Guangying Cement

Information of the Target Land: The Target Land contains five parcels of land at the village committee of Daluo Village of Shitan Town and Huangtian Village of Jintan Town, Qingxin District, Qingyuan City, Guangdong Province, the PRC, with an aggregated site area of approximately 12,425.50 sq.m.

The Target Land is permitted for industrial use. The Target Land was originally obtained by Guangying Cement by way of the auction for the state-owned land of the PRC at the consideration of approximately RMB2.27 million.

Consideration The consideration for the acquisition of the land use rights of the Target Land is approximately RMB8.77 million and the book value of the land use rights of the Target Land is approximately RMB1.91 million.

The consideration was determined by the auction price through an open public auction on the Anhui Changjiang Equity Exchange Company Limited* (安徽長江產權交易所有限公司) (the “**Changjiang Exchange**”) conducted in accordance with the relevant PRC laws and regulations, which is also the reserve price in the auction, being the appraisal value of the land use rights of the Target Land determined in the valuation report issued by an independent evaluation agency.

The consideration will be funded from the internal resources of Qingyuan CV.

- Payment: The consideration will be paid as follows:
- (1) a sum of RMB2 million as auction deposit has been paid by Qingyuan CV on 3 January 2023 to the account designated by the Changjiang Exchange, which will be used to satisfy part of the consideration;
 - (2) the remaining balance of the consideration of approximately RMB6.77 million is expected to be paid to the account designated by the Changjiang Exchange within five (5) working days from the effective date of the Property Rights Transaction Agreement.
- Delivery: Within three (3) working days from the date when the consideration has been fully paid by Qingyuan CV and the service fee to the Changjiang Exchange has been fully settled by the parties, the Changjiang Exchange will issue the transaction certificate for property rights. Within five (5) working days thereafter, given the transaction certificate for property rights, Qingyuan CV and Guangying Cement shall go through the registration procedures for the transfer of the land use right of the Target Land with the competent authorities in accordance with relevant regulations.

INFORMATION ON THE PARTIES

The Group is a leading enterprise in China that provides industrial solid and hazardous waste treatment in compliance with the principles of environmental protection and cost effectiveness. The Group has pioneered the use of cement kiln co-processing services to facilitate a safe, harmless and efficient industrial solid and hazardous waste treatment.

Qingyuan CV is a non-wholly owned subsidiary of the Company and is mainly engaged in the business of cement kiln co-treatment of industrial solid waste and hazardous waste. Qingyuan CV is owned as to approximately 54.9%, 11.7%, 11.7%, 11.7% and 10% by Wuhu Conch Venture Environmental Protection Technology Co., Ltd.* and four Independent Third Parties, being Lifu (Jiangmen) Environment Protection Technology Development Co., Ltd.* (勵福(江門)環保科技發展有限責任公司), Guangzhou Nansha Huihai No. 1 Environment Protection Technology Co., Ltd.* (廣州南沙徽海一號環保科技有限公司), Hangzhou Chenghui Industrial Co., Ltd.* (杭州誠慧實業有限公司) and Guangdong Guangying Industrial Investment Development Co., Ltd.* (廣東廣英實業投資發展有限公司). Wuhu Conch Venture Environmental Protection Technology Co., Ltd.* is owned by the Company and Anhui Conch Venture Green Energy Environmental Protection Group Co., Ltd.* (安徽海創綠能環保集團股份有限公司) as to approximately 99% and 1% respectively.

Guangying Cement is a non-wholly owned subsidiary of Conch Cement and is principally engaged in the business of manufacturing of cement production and sale. Guangying Cement is owned by Conch Cement, Zhang Zhijian and Zheng Congdao, two independent individuals, as to 80%, 10% and 10% respectively. Conch Cement is ultimately controlled by the State-owned Assets Supervisions Administration Commission of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會).

BENEFITS OF AND REASONS FOR ENTERING INTO THE PROPERTY RIGHTS TRANSACTION AGREEMENT

Qingyuan CV is located in the Guangdong area, where there is a large amount of waste producing and is economically developed. The acquisition of the land use rights of the Target Land by Qingyuan CV is useful to facilitate the promotion of project construction, improve the market strategy of the Group and thus further enhance the profitability of the Group.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Guangying Cement is a non-wholly owned subsidiary and associate of Conch Cement, and Conch Cement holds 80% of the equity interest in Guangying Cement. As of the date of this announcement, Conch Cement is the controlling shareholder of the Company which holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and its parties acting in concert (as defined in the Takeover Code). Accordingly, Guangying Cement is a connected person of the Company, and thus the transaction contemplated under the Property Rights Transaction Agreement between Qingyuan CV and Guangying Cement constitute connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the transaction contemplated under the Property Rights Transaction Agreement exceeds 0.1% but is less than 5%, the Property Rights Transaction Agreement and the transaction contemplated thereunder shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the terms of and the transaction contemplated under the Property Rights Transaction Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Li Qunfeng (李群峰), Mr. Li Xiaobo (李曉波), Ms. Liao Dan (廖丹) and Mr. Ma Wei (馬偉), all being the Directors of the Company and acting in concert with Conch Cement in exercising their voting rights in general meetings of the Company, and Mr. Fan Zhan (凡展), being a Director of the Company and a deputy head of financial department in Conch Cement as at the date of the Announcement, have therefore abstained from voting on the relevant Board resolutions approving the Property Rights Transaction Agreement and the transaction contemplated thereunder.

Save as disclosed above, none of the other Directors has material interests in the Property Rights Transaction Agreement and the transaction contemplated thereunder.

DEFINITIONS

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

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors of the Company |
| “Company” | China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 2 March 2020, whose shares are listed on the Main Board of the Stock Exchange (stock code: 587) |
| “Conch Cement” | Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司), a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600585) and on the Main Board of the Stock Exchange (stock code: 914) and the controlling shareholder of the Company |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Guangying Cement” | Guangdong Qingyuan Guangying Cement Co., Ltd., a company established in the PRC on 28 December 2001 and a non-wholly owned subsidiary and an associate of Conch Cement |
| “Hong Kong” | the Hong Kong Special Administrative Region of China |

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| “Independent Third Parties” | any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented, or otherwise modified from time to time |
| “PRC” or “China” | the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan |
| “Property Rights Transaction Agreement” | the property rights transaction agreement entered into between Qingyuan CV and Guangying Cement on 11 January 2023 in relation to, among others, the land use rights transfer of the Target Land |
| “Qingyuan CV” | Qingyuan Conch Venture Environment Protection Technology Development Co., Ltd.* (清遠海創環保科技發展有限責任公司), a company established in the PRC on 3 August 2020 and a non-wholly owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) in the share capital of the Company with a par value of HKD0.01 each |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “sq.m.” | square meters |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Takeover Code” | The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, as amended, supplemented or otherwise modified from time to time |
| “Target Land” | five parcels of land at the village committee of Daluo Village of Shitan Town and Huangtian Village of Jintan Town, Qingxin District, Qingyuan City, Guangdong Province, the PRC, with an aggregated site area of approximately 12,425.50 sq.m. |

“%”

Percent

For and on behalf of the Board
China Conch Environment Protection Holdings Limited
LIAO Dan
Joint Company Secretary

Anhui Province, the People's Republic of China
11 January 2023

As at the date of this announcement, the Board comprises Mr. LI Xiaobo (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors; Mr. LI Qunfeng (Chairman), Mr. XIAO Jiexiang and Mr. MA Wei as non-executive Directors; and Mr. HAO Jiming, Mr. DAI Xiaohu and Ms. WANG Jiafen as independent non-executive Directors.

* *For identification only*