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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)**

**CONTINUING CONNECTED TRANSACTIONS:  
(1) FRAMEWORK SALES AGREEMENTS;  
(2) FRAMEWORK PROCUREMENT AGREEMENTS;  
(3) FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS;  
AND  
(4) FRAMEWORK SUPPLY OF SERVICES AGREEMENTS**

**BACKGROUND**

The Company was informed by Conch Holdings, following acquisitions by Conch Holdings of the Shares in open market, on 5 March 2024, the number of Shares held by Conch Holdings (together with Conch Cement Group (Conch Cement is owned as to 36.40% by Conch Holdings)) amounted to 181,306,000, representing approximately 10.00% of the issued share capital in the Company as of 5 March 2024. Accordingly, with effect from 5 March 2024, Conch Holdings became a substantial shareholder of the Company and hence a connected person of the Company under Rule 14A.07 of the Listing Rules.

The following entities are associates of Conch Holdings (for the reasons as set out below). As a result, with effect from 5 March 2024, they have become connected persons of the Company under Rule 14A.13 of the Listing Rules: (i) Conch Cement (being a 30%-controlled company (as defined under the Listing Rules) directly held by Conch Holdings) and its subsidiaries (including other members of Conch Cement Group, Conch Environment and other members of Conch Environment Group); (ii) Conch New Material (being a 30%-controlled company directly held by Conch Holdings); (iii) Conch Design Institute and Conch Investment (both of which are wholly-owned subsidiaries of Conch Holdings).

**(1) THE FRAMEWORK SALES AGREEMENTS**

On 27 June 2024, five separate Framework Sales Agreements were entered into between the Company (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (as suppliers) and (i) Conch Cement (for itself and on behalf of its subsidiaries); (ii) Conch Environment (for itself and on behalf of its subsidiaries); (iii) Conch New Material (for itself and on behalf of its subsidiaries); (iv) Conch Design Institute; and (v) Conch Investment (for itself and on behalf of its subsidiaries) respectively (as purchasers) in relation to the Sales Goods by the Group to the respective purchasers.

**(2) THE FRAMEWORK PROCUREMENT AGREEMENTS**

On 27 June 2024, three separate Framework Procurement Agreements were entered into between the Company (for itself and on behalf of its subsidiaries) (as purchasers) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group); (ii) Conch New Material (for itself and on behalf of its subsidiaries); and (iii) Conch Design Institute respectively (as suppliers) in relation to the procurement of the Procured Goods by the Group from the respective suppliers.

**(3) THE FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS**

On 27 June 2024, three separate Framework Technical and other Services Agreements were entered into between the Company (for itself and on behalf of its subsidiaries) (as receiving parties) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group); (ii) Conch Environment (for itself and on behalf of its subsidiaries); and (iii) Conch Design Institute respectively (as service providers) in relation to the receipt of the Technical Services by the Group from the respective service providers.

**(4) THE FRAMEWORK SUPPLY OF SERVICES AGREEMENTS**

On 27 June 2024, two separate Framework Supply of Services Agreements were entered into between the Company (for itself and on behalf of its subsidiaries) (as service providers) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) and (ii) Conch Environment (for itself and on behalf of its subsidiaries) respectively (as receiving parties) in relation to the provision of Supply Services by the Group to the respective receiving parties.

## **IMPLICATIONS OF THE LISTING RULES REGARDING THE CCT AGREEMENTS**

Since 5 March 2024 and as at the date of this announcement, as (i) Conch Cement (and its subsidiaries); (ii) Conch Environment (and its subsidiaries); (iii) Conch New Material (and its subsidiaries); (iv) Conch Design Institute; and (v) Conch Investment (and its subsidiaries) have become (and remain to be) connected persons of the Company under Chapter 14A of the Listing Rules, each of the CCT Agreements (i.e. the Framework Sales Agreements, the Framework Procurement Agreements; the Framework Technical and other Services Agreements and the Framework Supply of Services Agreements) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On the basis that (i) each of the Framework Sale Agreements, the Framework Procurement Agreements, the Framework Technical and other Services Agreements and Framework Supply of Services Agreements involve particular types of goods or services provided or procured by the Group to or from the respective parties, and (ii) all of the respective parties are associates of Conch Holdings, pursuant to Rule 14A.81 of the Listing Rules:

- (i) the transactions contemplated under each of the five Framework Sales Agreements are aggregated as if they were one transaction;
- (ii) the transactions contemplated under each of the three Framework Procurement Agreements are aggregated as if they were one transaction;
- (iii) the transactions contemplated under each of the three Framework Technical and other Services Agreements are aggregated as if they were one transaction; and
- (iv) the transactions contemplated under each of the two Framework Supply of Services Agreements are aggregated as if they were one transaction.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the annual caps for transactions contemplated under each of (i) the Framework Sales Agreements; (ii) the Framework Procurement Agreements; (iii) the Framework Technical and other Services Agreements; and (iv) the Framework Supply of Services Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the CCT Agreements are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## BACKGROUND

The Company was informed by Conch Holdings, following acquisitions by Conch Holdings of the Shares in open market, on 5 March 2024, the number of Shares held by Conch Holdings (together with Conch Cement Group (Conch Cement is owned as to 36.40% by Conch Holdings)) amounted to 181,306,000, representing approximately 10.00% of the issued share capital in the Company as of 5 March 2024. Accordingly, with effect from 5 March 2024, Conch Holdings became a substantial shareholder of the Company and hence a connected person of the Company under Rule 14A.07 of the Listing Rules.

The following entities are associates of Conch Holdings (for the reasons as set out below). As a result, with effect from 5 March 2024, they have become connected persons of the Company under Rule 14A.13 of the Listing Rules: (i) Conch Cement (being a 30%-controlled company (as defined under the Listing Rules) directly held by Conch Holdings) and its subsidiaries (including other members of Conch Cement Group, Conch Environment and other members of Conch Environment Group); (ii) Conch New Material (being a 30%-controlled company directly held by Conch Holdings); (iii) Conch Design Institute and Conch Investment (both of which are wholly-owned subsidiaries of Conch Holdings).

On 27 June 2024, the Company entered into the CCT Agreements, comprising:

- (1) five separate Framework Sales Agreements;
- (2) three separate Framework Procurement Agreements;
- (3) three separate Framework Technical and other Services Agreements; and
- (4) two separate Framework Supply of Services Agreements.

### (1) THE FRAMEWORK SALES AGREEMENT

On 27 June 2024, five separate Framework Sales Agreements were entered into respectively between the Company (for itself and on behalf of its subsidiaries) and:

- (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (“**Conch Cement FSA**”);
- (ii) Conch Environment (for itself and on behalf of its subsidiaries) (“**Conch Environment FSA**”);
- (iii) Conch New Material (for itself and on behalf of its subsidiaries) (“**Conch New Material FSA**”);
- (iv) Conch Design Institute (“**Conch Design Institute FSA**”); and
- (v) Conch Investment (for itself and on behalf of its subsidiaries) (“**Conch Investment FSA**”).

## Principal terms of the Framework Sales Agreements

The principal terms of Conch Cement FSA are summarised below. Save and except for the validity period and types of goods to be sold to the respective connected-person purchasers as specified below, the principal terms of Conch Environment FSA, Conch New Material FSA, Conch Design Institute FSA and Conch Investment FSA are essentially similar to those of Conch Cement FSA:

Date:	27 June 2024
Parties:	(i) The Company (for itself and on behalf of its subsidiaries) (as suppliers); and  (ii) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (as purchasers)
Validity period:	<i>For Conch Cement FSA and Conch New Material FSA:</i>  From 5 March 2024 to 31 December 2024  <i>For Conch Environment FSA, Conch Design Institute FSA and Conch Investment FSA:</i>  From 5 March 2024 to 31 December 2026
Goods to be sold by the Group (“Sales Goods”):	<i>Goods to be sold by the Group under Conch Cement FSA:</i>  Waste heat power generation equipment, boilers, vertical mills, electricity and steam, and other equipment and spare parts etc. involved in daily production and operation of the purchasers  <i>Goods to be sold by the Group under Conch Environment FSA:</i>  Equipment, spare parts, diesel oil and tons of barrels etc. involved in daily production and operation of the purchasers

*Goods to be sold by the Group under Conch New Material FSA and Conch Investment FSA:*

Storage tanks and accessories, and other equipment and spare parts etc. involved in daily production and operation of the purchasers

*Goods to be sold by the Group under Conch Design Institute FSA:*

Complete set of cement kiln equipment, waste heat power generation equipment and other equipment and spare parts etc. involved in daily production and operation of the purchasers

With respect to the sales of the Sales Goods, individual members of the Group (as suppliers) and individual purchasers will enter into individual sales agreements with specific terms and conditions, including but not limited to (i) the types and quality of the Sales Goods and the corresponding quantities and/or amount; (ii) sale price of the Sales Goods and the related payment terms and settlement method; and (iii) terms concerning delivery, shipping, packaging and acceptance.

### **Pricing policy and pricing procedure**

In respect of the Sales Goods to be sold by the Group to the respective connected-person purchasers under the Framework Sales Agreements, the sale prices of the Sales Goods are determined through arm's length negotiations with reference to the fees charged by the Group (as supplier) to at least one Independent Third Party for goods of similar nature to ensure that the terms offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties.

The prices of the Sales Goods sold by the Group to the respective connected-person purchasers under the Framework Sales Agreements will be determined on arm's length basis and on a cost-plus basis with reference to the procurement cost of the raw materials and parts for manufacture of the relevant goods and production overhead, plus a reasonable profit margin rate ranging from 10% to 20% to ensure that the prices offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties.

As part of the Group's pricing procedures, the prices charged by the Group to connected persons and the Independent Third Parties for goods of similar nature will be reviewed by the relevant business management department and submitted to the general manager for approval, in order to ensure that the quotations provided by the connected persons to the Group are no less favourable than those provided by the Independent Third Parties to the Group and that the terms are fair and reasonable.

## Historical transaction amounts

The historical transaction amounts in relation to the total sale prices received or receivable by the Group from (i) Conch Cement Group; (ii) Conch Environment Group; (iii) Conch New Material Group; (iv) Conch Design Institute; and (v) Conch Investment Group for the sales of the Sales Goods for each of FY2021, FY2022, FY2023 and the four months ended 30 April 2024 are set out below:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>Four months ended 30 April 2024</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement Group	357.3	502.5	348.9	71.2
Conch Environment Group	—	52.2	121.7	4.9
Conch New Material Group	—	—	4.7	2.5
Conch Design Institute	28.4	24.8	618.7	21.7
Conch Investment Group	<u>37.5</u>	<u>2.2</u>	<u>12.4</u>	<u>2.2</u>
<b>Total</b>	<u>423.2</u>	<u>581.7</u>	<u>1,106.4</u>	<u>102.5</u>

## Proposed annual caps and basis of determination of the proposed annual caps

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of the Framework Sales Agreements for each of PE2024, FY2025 and FY2026:

	<b>PE2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement FSA	320.0	N/A	N/A
Conch Environment FSA	17.0	17.0	17.0
Conch New Material FSA	8.0	N/A	N/A
Conch Design Institute FSA	43.0	40.0	45.0
Conch Investment FSA	<u>12.0</u>	<u>15.0</u>	<u>13.0</u>
<b>Total proposed annual caps</b>	<u>400.0</u>	<u>72.0</u>	<u>75.0</u>

The above estimated annual caps are determined with reference to the following factors:

- (1) historical transaction amounts for the Sales Goods sold by the Group to each of (i) Conch Cement Group; (ii) Conch Environment Group; (iii) Conch New Material Group; (iv) Conch Design Institute; and (v) Conch Investment Group;
- (2) the anticipated demand of (i) Conch Cement Group; (ii) Conch Environment Group; (iii) Conch New Material Group; (iv) Conch Design Institute; and (v) Conch Investment Group for the Sales Goods calculated based on their operation plans for each of PE2024, FY2025 and FY2026; and
- (3) the current trends of market price of the same, similar or alternative goods for the Sales Goods.

### **Implications of the Listing Rules regarding the Framework Sales Agreements**

Since 5 March 2024 and as at the date of this announcement, as (i) Conch Cement (and its subsidiaries); (ii) Conch Environment (and its subsidiaries); (iii) Conch New Material (and its subsidiaries); (iv) Conch Design Institute; and (v) Conch Investment (and its subsidiaries) have become (and remain to be) connected persons of the Company under Chapter 14A of the Listing Rules, the Framework Sales Agreements (i.e. Conch Cement FSA, Conch Environment FSA, Conch New Material FSA, Conch Design Institute FSA and Conch Investment FSA) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under Conch Cement FSA, Conch Environment FSA, Conch New Material FSA, Conch Design Institute FSA and Conch Investment FSA are aggregated as if they were one transaction, on the basis that (i) all of them involve the sale of Sales Goods by the Group, which are of similar nature and (ii) all the respective purchasers (namely, Conch Cement Group, Conch Environment Group, Conch New Material Group, Conch Design Institute and Conch Investment Group) are associates of Conch Holdings.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the annual caps for transactions contemplated under the Framework Sales Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Sales Agreements are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.



## (2) THE FRAMEWORK PROCUREMENT AGREEMENTS

On 27 June 2024, three separate Framework Procurement Agreements were entered into respectively between the Company (for itself and on behalf of its subsidiaries) and:

- (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (“**Conch Cement FPA**”);
- (ii) Conch New Material (for itself and on behalf of its subsidiaries) (“**Conch New Material FPA**”); and
- (iii) Conch Design Institute (“**Conch Design Institute FPA**”).

### **Principal terms of the Framework Procurement Agreements**

The principal terms of Conch Cement FPA are summarised below. Save and except for the validity period and types of goods to be procured from the respective connected-person suppliers as specified below, the principal terms of Conch New Material FPA and Conch Design Institute FPA are essentially similar to those of Conch Cement FPA:

Date:	27 June 2024
Parties:	(i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (as suppliers); and  (ii) the Company (for itself and on behalf of its subsidiaries) (as purchasers)
Validity period:	<i>For both Conch Cement FPA and Conch New Material FPA:</i>  From 5 March 2024 to 31 December 2024  <i>For Conch Design Institute FPA:</i>  From 5 March 2024 to 31 December 2026
Goods to be procured by the Group (“ <b>Procured Goods</b> ”):	<i>Goods to be procured by the Group under Conch Cement FPA:</i>  Cement, labour safety equipment, heat power, network software equipment, and other equipment and spare parts etc. involved in daily production and operation of the Group

*Goods to be procured by the Group under Conch New Material FPA:*

Plastic, metal products and other related materials and goods etc. involved in daily production and operation of the Group

*Goods to be procured by the Group under Conch Design Institute FPA:*

Relevant equipment and spare parts etc. involved in daily production and operation of the Group

With respect to the procurement of the Procured Goods, individual members of the Group (as purchasers) and individual suppliers will enter into individual procurement agreements with specific terms and conditions, including but not limited to (i) the types and quality of the Procured Goods and the corresponding quantities and/or amount; (ii) purchase price of the Procured Goods and the related payment terms and settlement method; and (iii) terms concerning delivery, shipping, packaging and acceptance.

### **Pricing policy and pricing procedure**

In respect of the Procured Goods to be procured by the Group from the respective connected-person suppliers under the Framework Procurement Agreements, the purchase prices of the Procured Goods offered to the Group are determined through arm's length negotiations and taking into account the comparable market prices. The Group shall obtain quotations from at least two Independent Third Parties for the same and/or similar goods and the price to be finally agreed with the respective connected-person suppliers shall be no less favourable to the Group than the prices stated in such quotation.

The prices of the Procured Goods offered by the respective connected-person suppliers under the Framework Procurement Agreements to the Group will be determined on arm's length basis and on a cost-plus basis with reference to the trading costs of the Procured Goods (including the purchase price and other costs) plus a mark-up of not more than 20% to ensure that the prices offered by the connected persons to the Group are not higher than those offered by the Independent Third Parties to the Group.

As part of the Group's pricing procedures, quotations provided by the Independent Third Parties and the respective connected-person suppliers will be reviewed by the relevant business management department and submitted to the general manager for approval, in order to ensure that the quotations provided by the connected persons to the Group are no less favourable than those provided by the Independent Third Parties to the Group and that the terms are fair and reasonable.

## Historical transaction amounts

The historical transaction amounts in relation to the total purchase prices of the Procured Goods paid or payable by the Group to (i) Conch Cement Group; (ii) Conch New Material Group; and (iii) Conch Design Institute for the procurement of the Procured Goods for each of FY2021, FY2022, FY2023 and the four months ended 30 April 2024 are set out below:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>Four months ended 30 April 2024</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement Group	20.4	27.1	24.2	10.4
Conch New Material Group	1.4	—	0.3	0.2
Conch Design Institute	—	—	—	10.0
<b>Total</b>	<b>21.8</b>	<b>27.1</b>	<b>24.5</b>	<b>20.6</b>

## Proposed annual caps and basis of determination of the proposed annual caps

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of the Framework Procurement Agreements for PE2024:

	<b>PE2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement FPA	65.0	N/A	N/A
Conch New Material FPA	1.5	N/A	N/A
Conch Design Institute FPA	15.0	20.0	20.0
<b>Total proposed annual caps</b>	<b>81.5</b>	<b>20.0</b>	<b>20.0</b>

The above estimated annual caps are determined with reference to the following factors:

- (1) historical transaction amounts for the Procured Goods procured by the Group from each of (i) Conch Cement Group; (ii) Conch New Material Group; and (iii) Conch Design Institute;
- (2) the anticipated demand of the Group for the Procured Goods calculated based on the Group's operation plans for each of PE2024, FY2025 and FY2026; and
- (3) the current trends of market price of the same, similar or alternative goods for the Procured Goods.

## **Implications of the Listing Rules regarding the Framework Procurement Agreements**

As stated above, each of (i) Conch Cement (and its subsidiaries, other than Conch Environment Group); (ii) Conch New Material (and its subsidiaries); and (iii) Conch Design Institute are connected persons of the Company under Chapter 14A of the Listing Rules, the Framework Procurement Agreements (i.e. Conch Cement FPA, Conch New Material FPA and Conch Design Institute FPA) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under Conch Cement FPA, Conch New Material FPA and Conch Design Institute FPA are aggregated as if they were one transaction, on the basis that (i) all of them involve the procurement of Procured Goods by the Group, which are of similar nature and (ii) all of the respective suppliers (namely, Conch Cement Group, Conch New Material Group and Conch Design Institute) are associates of Conch Holdings.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the annual caps for transactions contemplated under the Framework Procurement Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Procurement Agreements are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **(3) THE FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS**

On 27 June 2024, three separate Framework Technical and other Services Agreements were entered into respectively between the Company (for itself and on behalf of its subsidiaries) and:

- (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) ("**Conch Cement FTSA**");
- (ii) Conch Environment (for itself and on behalf of its subsidiaries) ("**Conch Environment FTSA**"); and
- (iii) Conch Design Institute ("**Conch Design Institute FTSA**").

## Principal terms of the Framework Technical and other Services Agreements

The principal terms of Conch Cement FTSA are summarised below. Save and except for the validity period and types of services to be procured from the respective connected-person service providers as specified below, the principal terms of Conch Environment FTSA and Conch Design Institute FTSA are essentially similar to those of Conch Cement FTSA:

Date:	27 June 2024
Parties:	(i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (as service providers); and  (ii) the Company (for itself and on behalf of its subsidiaries) (as receiving parties)
Validity period:	<i>For Conch Cement FTSA:</i>  From 5 March 2024 to 31 December 2024  <i>For Conch Environment FTSA and Conch Design Institute FTSA:</i>  From 5 March 2024 to 31 December 2026
Services to be procured by the Group (“ <b>Technical Services</b> ”):	<i>Services to be procured by the Group under Conch Cement FTSA:</i>  Collaborative disposal service, material management system and other technical services etc.  <i>Services to be procured by the Group under Conch Environment FTSA:</i>  Solid and hazardous waste and fly ash disposal services and other technical services etc.  <i>Services to be procured by the Group under Conch Design Institute FTSA:</i>  Design and construction services, and other technical services etc.

With respect to the procurement of the Technical Services, individual members of the Group (as receiving parties) and individual service providers will enter into individual technical and other services agreements with specific terms and conditions, including but not limited to (i) details of the Technical Services (including applicable industrial standards (if any), inspection and acceptance procedure); and (ii) service fees for the Technical Services and the related payment terms and settlement method.

### **Pricing policy and pricing procedure**

In respect of the Technical Services to be provided by the respective connected-person service providers under the Framework Technical and other Services Agreements, the service fees payable by the Group under the individual technical and other services agreements are determined through arm's length negotiations and taking into account comparable market prices. The Group shall obtain quotations from at least two Independent Third Parties for the same and/or similar services and the price to be finally agreed with the respective connected-person service providers shall be no less favourable to the Group than the prices stated in such quotation.

As part of the Group's pricing procedures, quotations provided by the Independent Third Parties and the respective connected-person service providers; and (iv) Conch Design Institute will be reviewed by the relevant business management department and submitted to the general manager for approval, in order to ensure that the quotations provided by the connected persons to the Group are no less favourable than those provided by the Independent Third Parties to the Group and that the terms are fair and reasonable.

### **Historical transaction amounts**

The historical transaction amounts in relation to the total service fees paid or payable by the Group to (i) Conch Cement Group; (ii) Conch Environment Group; and (iii) Conch Design Institute for the provision of the Technical Services for each of FY2021, FY2022, FY2023 and the four months ended 30 April 2024 are set out below:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>Four months ended 30 April 2024</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement Group	91.1	14.7	12.4	2.4
Conch Environment Group	—	2.8	29.6	8.8
Conch Design Institute	16.5	15.8	13.1	0.3
<b>Total</b>	<u>107.6</u>	<u>33.3</u>	<u>55.1</u>	<u>11.5</u>

## Proposed annual caps and basis of determination of the proposed annual caps

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of the Framework Technical and other Services Agreements for each of PE2024, FY2025 and FY2026:

	<b>PE2024</b> <i>(RMB million)</i>	<b>FY2025</b> <i>(RMB million)</i>	<b>FY2026</b> <i>(RMB million)</i>
Conch Cement FTSA	15.3	N/A	N/A
Conch Environment FTSA	30.0	50.0	60.0
Conch Design Institute FTSA	<u>30.0</u>	<u>30.0</u>	<u>35.0</u>
<b>Total proposed annual caps</b>	<u><u>75.3</u></u>	<u><u>80.0</u></u>	<u><u>95.0</u></u>

The above estimated annual caps are determined with reference to the following factors:

- (1) historical transaction amounts for the service fees paid or payable by the Group to each of (i) Conch Cement Group; (ii) Conch Environment Group; and (iii) Conch Design Institute;
- (2) the anticipated demand of the Group for the Technical Services calculated based on the Group's operation plans for each of PE2024, FY2025 and FY2026; and
- (3) the current trends of market price of the same, similar or alternative services for the Technical Services.

## Implications of the Listing Rules regarding the Framework Technical and other Services Agreements

As stated above, each of (i) Conch Cement (and its subsidiaries); (ii) Conch Environment (and its subsidiaries); and (iii) Conch Design Institute are connected persons of the Company under Chapter 14A of the Listing Rules, the Framework Technical and other Services Agreements (i.e. Conch Cement FTSA, Conch Environment FTSA and Conch Design Institute FTSA) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under Conch Cement FTSA, Conch Environment FTSA and Conch Design Institute FTSA are aggregated as if they were one transaction, on the basis that (i) all of them involve the procurement of Technical Services by the Group, which are of similar nature and (ii) all of the respective service providers (namely, Conch Cement Group, Conch Environment Group and Conch Design Institute) are all associates of Conch Holdings.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the annual caps for transactions contemplated under the Framework Technical and other Services Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Technical and other Services Agreements are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **(4) THE FRAMEWORK SUPPLY OF SERVICES AGREEMENTS**

On 27 June 2024, two separate Framework Supply of Services Agreements were entered into respectively between the Company (for itself and on behalf of its subsidiaries) and:

- (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (“**Conch Cement FSSA**”); and
- (ii) Conch Environment (for itself and on behalf of its subsidiaries) (“**Conch Environment FSSA**”).

#### **Principal terms of the Framework Supply of Services Agreements**

The principal terms of Conch Cement FSSA are summarised below. Save and except for the validity period and types of services to be provided to the respective connected-person receiving parties as specified below, the principal terms of Conch Environment FSSA are essentially similar to those of Conch Cement FSSA:

Date:	27 June 2024
Parties:	(i) The Company (for itself and on behalf of its subsidiaries) (as service providers); and  (ii) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group) (as receiving parties)
Validity period:	<i>For Conch Cement FSSA:</i>  From 5 March 2024 to 31 December 2024  <i>For Conch Environment FSSA:</i>  From 5 March 2024 to 31 December 2026



Services to be provided by the Group (“**Supply Services**”):

*Services to be provided by the Group under Conch Cement FSSA:*

Cargo loading and unloading, software debugging and installation services involved in production and operation of the receiving parties etc.

*Services to be provided by the Group under Conch Environment FSSA:*

Solid and hazardous waste disposal services and installation services involved in production and operation of the receiving parties etc.

With respect to the provision of the Supply Services, individual members of the Group (as service providers) and individual receiving parties will enter into individual supply of services agreements with specific terms and conditions, including but not limited to (i) details of the Supply Services; and (ii) service fees for the Supply Services and the related payment terms and settlement method.

### **Pricing policy and pricing procedure**

In respect of the Supply Services to be provided by the Group to the respective connected-person receiving parties under the Framework Supply of Services Agreements, the service fees receivable by the Group under the individual supply of services agreements are determined through arm’s length negotiations with reference to the fees charged by the Group (as service provider) to at least one Independent Third Party for services of similar nature to ensure that the terms offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties.

As part of the Group’s pricing procedures, the fees charged by the Group to connected persons and the Independent Third Parties for services of similar nature will be reviewed by the relevant business management department and submitted to the general manager for approval, in order to ensure that the quotations provided by the connected persons to the Group are no less favourable than those offered by the Independent Third Parties to the Group and that the terms are fair and reasonable.

## Historical transaction amounts

The historical transaction amounts in relation to the total service fees received or receivable by the Group from (i) Conch Cement Group; and (ii) Conch Environment Group for the provision of the Supply Services for each of FY2021, FY2022, FY2023 and the four months ended 30 April 2024 are set out below:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>Four months ended 30 April 2024</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement Group	78.4	181.5	128.2	34.0
Conch Environment Group	<u>—</u>	<u>—</u>	<u>15.6</u>	<u>8.8</u>
<b>Total</b>	<u><u>78.4</u></u>	<u><u>181.5</u></u>	<u><u>143.8</u></u>	<u><u>42.8</u></u>

## Proposed annual caps and basis of determination of the proposed annual caps

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of the Framework Supply of Services Agreements for each of PE2024, FY2025 and FY2026:

	<b>PE2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Conch Cement FSSA	190.0	N/A	N/A
Conch Environment FSSA	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
<b>Total proposed annual caps</b>	<u><u>225.0</u></u>	<u><u>35.0</u></u>	<u><u>35.0</u></u>

The above estimated annual caps are determined with reference to the following factors:

- (1) historical transaction amounts for the Supply Services provided by the Group to each of (i) Conch Cement Group; and (ii) Conch Environment Group;
- (2) the anticipated demand of (i) Conch Cement Group; and (ii) Conch Environment Group for the Supply Services calculated based on their operation plans for each of PE2024, FY2025 and FY2026; and
- (3) the current trends of market price of the same, similar or alternative services for the Supply Services.

## **Implications of the Listing Rules regarding the Framework Supply of Services Agreements**

As stated above, each of (i) Conch Cement (and its subsidiaries); and (ii) Conch Environment (and its subsidiaries) are connected persons of the Company under Chapter 14A of the Listing Rules, the Framework Supply of Services Agreements (i.e. Conch Cement FSSA and Conch Environment FSSA) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under Conch Cement FSSA and Conch Environment FSSA are aggregated as if they were one transaction, on the basis that (i) all of them involve the provision of Supply Services by the Group, which are of similar nature and (ii) all of the respective receiving parties (namely, Conch Cement Group and Conch Environment Group) are associates of Conch Holdings.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the annual caps for transactions contemplated under the Framework Supply of Services Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Supply of Services Agreements are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REASONS AND BENEFITS FOR ENTERING INTO THE CCT AGREEMENTS**

In previous years, the Group (i) sold the Sales Goods; (ii) procured the Procured Goods; (iii) received the Technical Services; and (iv) provided the Supply Services to or from the relevant parties. The Board believes that the continuation of the relevant transactions with the relevant parties, by entering into the CCT Agreements (i.e. the Framework Sales Agreements, the Framework Procurement Agreements; the Framework Technical and other Services Agreements and the Framework Supply of Services Agreements), would ensure operational continuity and minimise any disruptions to the operations and business of the Group.

Furthermore, in respect of the Framework Procurement Agreement and the Framework Technical and other Services Agreements, based on the established long-term cooperation relationship between the Group and the relevant parties, a stable supply of quality Procured Goods and quality Technical Services can be ensured; in respect of the Framework Sales Agreements and Framework Supply of Services Agreements, the transactions contemplated thereunder are expected to provide consistent source of revenue to the Group.

The Directors (including the independent non-executive Directors) consider that each of the CCT Agreements is entered into in the ordinary and usual course of the Group's business and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the shareholders of the Company taken as a whole.

None of the Directors has a material interest in the transactions contemplated under each of the CCT Agreements and is required to abstain from voting on the relevant resolution at the Board meeting.

## **INFORMATION ON THE PARTIES**

The principal activities of the Group are construction and operation of waste-to-energy projects, the manufacturing and sales of new energy materials and new building materials, port logistics services.

Conch Cement is a joint stock limited company established in the PRC, with its A-shares listed on the Shanghai Stock Exchange of the PRC (stock Code: 600585) and H-shares listed on the Stock Exchange (Stock Code: 00914). It is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete.

Conch Environment is a company incorporated in the Cayman Islands, with its shares listed on the Stock Exchange (stock code: 00587). It is principally engaged in the provision of industrial solid and hazardous waste treatment services.

Conch New Material is a joint stock limited company established in the PRC with its shares listed on the Shenzhen Stock Exchange of the PRC (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, etc.

Conch Design Institute is a limited liability company established in the PRC, and is principally engaged in the design services for building materials industry and cement technology development. It possesses a Grade A qualification in the relevant industry.

Conch Investment is a limited liability company established in the PRC, and is principally engaged in research and development of new material technology, manufacturing and sales of special chemical products (excluding hazardous chemicals), manufacturing of ecological and environmental materials, as well as investment activities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, (i) Conch Cement is owned as to 36.40% by Conch Holdings; (ii) Conch Environment is a subsidiary of Conch Cement; (iii) Conch New Material is owned as to 45.69% by Conch Holdings; and (iv) Conch Design Institute and Conch Investment are wholly-owned subsidiaries of Conch Holdings.

Conch Holdings is a limited liability company established in the PRC. It is principally engaged in asset operation, investment, financing, property rights transactions, import and export trade, production and sale of construction materials, chemical products (excluding hazardous products), 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 enterprise) and 49% by the Group.

## 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
“CCT Agreements”	collectively, the Framework Sales Agreements, the Framework Procurement Agreements; the Framework Technical and other Services Agreements and the Framework Supply of Services Agreements
“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: 00586)
“Conch Cement”	安徽海螺水泥股份有限公司 (Anhui Conch Cement Co. Ltd.), a joint stock limited company established in the PRC, with its A-shares listed on the Shanghai Stock Exchange of the PRC (stock code: 600585) and H-shares listed on the Stock Exchange (stock code: 00914), it is owned as to 36.40% by Conch Holdings, and a connected person of the Company as at the date of this announcement
“Conch Cement Group”	Conch Cement and its subsidiaries, other than Conch Environment Group
“Conch Design Institute”	安徽海螺建材設計研究院有限責任公司 (Anhui Conch Building Materials Design and Research Institute*), a company established in the PRC which is a wholly-owned subsidiary of Conch Holdings and a connected person of the Company as at the date of this announcement
“Conch Environment”	China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), a company incorporated in the Cayman Islands, with its shares listed on the Stock Exchange (stock code: 00587), which is a subsidiary of Conch Cement and a connected person of the Company as at the date of this announcement
“Conch Environment Group”	Conch Environment and its subsidiaries
“Conch Holdings”	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co. Ltd.*), a company established in the PRC, it is owned as to 49% by the Group, and a connected person of the Company as at the date of this announcement

“Conch Investment”	安徽海螺科創材料有限責任公司 (Anhui Conch Investment Co., Ltd.*), a company established in the PRC which is a wholly-owned subsidiary of Conch Holdings and a connected person of the Company as at the date of this announcement
“Conch Investment Group”	Conch Investment and its subsidiaries
“Conch New Material”	海螺(安徽)節能環保新材料股份有限公司 (Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd.*) (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, with its shares listed on the Shenzhen Stock Exchange of the PRC (stock code: 000619), it is owned as to 45.69% by Conch Holdings, and it is a connected person of the Company as at the date of this announcement
“Conch New Material Group”	Conch New Material and its subsidiaries
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Procurement Agreements”	collectively, Conch Cement FPA; Conch New Material FPA and Conch Design Institute FPA
“Framework Sales Agreements”	collectively, Conch Cement FSA, Conch Environment FSA, Conch New Material FSA, Conch Design Institute FSA and Conch Investment FSA
“Framework Supply of Services Agreements”	collectively, Conch Cement FSSA and Conch Environment FSSA
“Framework Technical and other Services Agreements”	collectively, Conch Cement FTSA, Conch Environment FTSA and Conch Design Institute FTSA
“FY2021”, “FY2022” and “FY2023”	each financial year ended 31 December 2021, 2022 and 2023, respectively
“FY2025” and “FY2026”	each financial year ending 31 December 2025 and 2026, respectively
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“PE2024”	the period commencing from 5 March 2024 and ending 31 December 2024
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“%”	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  
27 June 2024

*As at the date of this announcement, the Board comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Vice-Chairman and Chief Executive Officer), Mr. WANG Xuesen, Mr. HE Guangyuan and Mr. WAN Changbao as executive Directors; Mr. LIU Yan as non-executive Director; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing, Mr. PENG Suping and Ms. CHENG Yanlei as independent non-executive Directors.*

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