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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)

CONTINUING CONNECTED TRANSACTIONS

On 9 December 2022, the Company (on behalf of the Group) and Conch Cement (on behalf of Conch Cement, its subsidiaries and associates) agreed to renew the 2022 Cement Kiln Co-treatment Framework Agreement. Due to commercial arrangement considerations, for the purpose of renewal, the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) agreed to enter into the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement in relation to, among other things, the cooperation in the industrial solid and hazardous waste treatment projects; the Company (on behalf of the Group) and Conch Design Institute agreed to enter into the 2023 Engineering Design Services Framework Agreement in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects; and the Company (on behalf of the Group) and Conch IT Engineering agreed to enter into the 2023 Information System Procurement Framework Agreement in relation to, among other things, the procurement of information technology systems for the industrial solid and hazardous waste treatment projects.

LISTING RULES IMPLICATIONS

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 Takeovers Code). Accordingly, Conch Cement is a connected person of the Company and the transactions contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement between the Group and the Conch Cement Group constitute continuing connected transactions of the Company as pursuant to Chapter 14A of the Listing Rules.

As of the date of this announcement, both Conch Design Institute and Conch IT Engineering are the wholly owned subsidiaries of Conch Holdings, the holding company of Conch Cement. Accordingly, Conch Design Institute and Conch IT Engineering are the associates of Conch Cement and the connected persons of the Company. The transactions contemplated under the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement constitute continuing connected transactions of the Company as pursuant to Chapter 14A of the Listing Rules.

As the engineering design services and/or technology modification services provided by Conch Design Institute and the information technology products provided by Conch IT Engineering are all supporting products or services for industrial solid and hazardous treatment projects, the proposed annual caps of the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement shall be aggregated. For clarification, the increase in the annual cap for the year ending 31 December 2022 under the 2022 Cement Kiln Co-treatment Framework Agreement and the Aggregated Proposed Annual Caps for the three years ending 31 December 2023, 2024, and 2025 is caused by (i) the calculation of the annual cap in 2022 starting from 4 April 2022, when Conch Cement became a connected person of the Company; (ii) the boosting of the cooperation scope and depth between the Group and Conch Cement, together with its subsidiaries and associates under synergy effect after the Company becoming a subsidiary of Conch Cement; and (iii) the improvement of production efficiency and the increase in treatment volume as a result of the technological transformation and modification in the Group.

As the highest applicable percentage ratio in respect of the Aggregated Proposed Annual Caps exceeds 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the transactions contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders; and (iv) notice of general meeting, is expected to be dispatched to Shareholders by no later than 4 January 2023.

INTRODUCTION

The Board is pleased to announce that the Company (on behalf of the Group) and Conch Cement (on behalf of Conch Cement, its subsidiaries and associates) agreed to renew the 2022 Cement Kiln Co-treatment Framework Agreement.

Due to commercial arrangement considerations, for the purpose of renewal, on 9 December 2022, the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) agreed to enter into the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement in relation to, among other things, the cooperation in the industrial solid and hazardous waste treatment projects; the Company (on behalf of the Group) and Conch Design Institute agreed to enter into the 2023 Engineering Design Services Framework Agreement in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects; and the Company (on behalf of the Group) and Conch IT Engineering agreed to enter into the 2023 Information System Procurement Framework Agreement in relation to, among other things, the procurement of information technology systems for the industrial solid and hazardous waste treatment projects.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 25 May 2022 (the “**Announcement**”) in relation to, among others, the 2022 Cement Kiln Co-treatment Framework Agreement, which, as disclosed in the Announcement, shall expire on 31 December 2022.

On 9 December 2022, the Company (on behalf of the Group) and Conch Cement (on behalf of Conch Cement, its subsidiaries and associates) agreed to renew the 2022 Cement Kiln Co-treatment Framework Agreement. Due to commercial arrangement considerations, for the purpose of renewal, the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) agreed to enter into the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement in relation to, among other things, the cooperation in the industrial solid and hazardous waste treatment projects; the Company (on behalf of the Group) and Conch Design Institute agreed to enter into the 2023 Engineering Design Services Framework Agreement in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects; and the Company (on behalf of the Group) and Conch IT Engineering agreed to enter into the 2023 Information System Procurement Framework Agreement in relation to, among other things, the procurement of information technology systems for industrial solid and hazardous waste treatment projects.

1. 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement

Principal terms of the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement are set out as follows:

Date:	9 December 2022
Parties:	(1) The Company (on behalf of the Group), and (2) Conch Cement (on behalf of the Conch Cement Group)
Term:	From the date of the Independent Shareholders’ approval to 31 December 2025

Subject matter: The Conch Cement Group agreed to provide comprehensive industrial solid and hazardous waste treatment services and ancillary products and services to the Group for certain industrial waste treatment projects, which primarily includes providing cement kiln system and cement kiln heat sources, technical modification service, as well as labor protection appliance and etc. The precise scope of service and products, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Payment and settlement terms: Payment and settlement terms under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement shall be specified in each of the project implementation agreements to be entered into thereunder in due course.

Pricing Policy

With respect to the service fees payable for the cement kiln co-treatment, the service fees payable by the Group shall be determined by adding a reasonable profit over a reasonable cost. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of (i) the amount and type of industrial solid and hazardous waste treated by the cement kiln, resulting in cost variations in respect of the fuel, water and electricity, etc. consumed; and (ii) the prevailing market rates of cost in the geographical area where the project is located. The profits are mainly determined based on the costs above and a reasonable profit rate, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. Based on the historical transactions, the profit rate was generally ranging from 10% to 15%.

With respect to the service fees payable for the technical modification service, the service fees payable by the Group shall be determined on arm's length negotiation between the parties with reference to (i) the scale, investment amount, and complication of the project; (ii) the technical indicators and scope of technical modification; and (iii) the prevailing market prices for similar services provided by the Independent Third Parties in the ordinary course of business on normal commercial terms.

With respect to the purchase fees payable for the ancillary products, the purchase fees payable by the Group shall be determined on arm's length negotiation between the parties with reference to (i) the specification, model, unit price type and quality of such products; (ii) the operational costs (including material costs and administrative costs); and (iii) the prevailing market fee rates of similar products provided by the Independent Third Parties in the ordinary course of business on normal commercial terms.

Historical Amounts

The historical amounts of the fees paid by the Group to the Conch Cement Group in respect of the comprehensive industrial solid and hazardous waste treatment services and ancillary products and services for the two years ended 31 December 2021 and the six months ended 30 June 2022 are set out as follows:

	For the year ended 31 December		For the six months ended 30 June
	2020	2021	2022
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Fees incurred in relation to comprehensive industrial solid and hazardous waste treatment services and ancillary products and services provided by the Conch Cement Group to the Group	57.8	78.2	31.9

Annual Cap and Basis of Determination

The proposed annual caps for the fees to be incurred in relation to comprehensive industrial solid and hazardous waste treatment services and ancillary products and services under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement for the three years ending 31 December 2025 are set out as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Fees payable by the Group in relation to comprehensive industrial solid and hazardous waste treatment services and ancillary products and services provided by the Conch Cement Group	135	150	159

The above proposed annual caps for the three years ending 31 December 2025 were determined taking into account (i) the historical amounts for the two years ended 31 December 2021 and the six months ended 30 June 2022; (ii) the number of current projects for which the Group has engaged the Conch Cement Group to provide cement kiln co-treatment services and technical modification service; and (iii) based on the current negotiations with the Conch Cement Group, the Group's plan to expand the cooperation with the Conch Cement Group on comprehensive industrial solid and hazardous treatment service.

Reasons and Benefits for entering into the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement

Conch Cement has well-established existing cement kiln systems and possesses abundant cement production capacity. By leveraging the production capacity and waste heat of Conch Cement from the cement production process, the Group could implement co-treatment of the industrial solid and hazardous waste reliably and cost-effectively by utilizing their existing cement kiln facilities and equipment through cement kiln co-treatment business cooperation. Such a cooperation business model has been encouraged by a series of favourable policies promulgated by PRC governments and is in line with the general market practice in the environmental protection industry.

2. 2023 Engineering Design Services Framework Agreement

Principal terms of the 2023 Engineering Design Services Framework Agreement are set out as follows:

Date:	9 December 2022
Parties:	(1) The Company (on behalf of the Group), and (2) Conch Design Institute
Term:	From the date of the Independent Shareholders' approval to 31 December 2025
Subject matter:	Conch Design Institute agreed to provide engineering design services and/or technology modification services for industrial solid and hazardous treatment projects, which primarily includes designing the facilities for industrial waste treatment systems and developing technology modification for further demands upon existing cement kiln co-treatment systems. The precise scope of services, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.
Payment and settlement terms:	Payment and settlement terms under the 2023 Engineering Design Services Framework Agreement shall be specified in each of the implementation agreements to be entered into thereunder in due course.

Pricing Policy

The service fees payable by the Group shall be determined with reference to the Engineering Survey Design Fee Standards (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)), jointly promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as the National Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會)) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部, previously known as Ministry of Construction of the PRC (中華人民共和國建設部)), and Interim Provisions on Consulting Charges for Preliminary Work of Construction Projects (Ji Jia Ge [1999] No. 1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as National Planning Commission of the PRC (中華人民共和國國家計劃委員會)), as well as the project scale, investment amount, scope of design, complication of the project, technology indicators and the prevailing market rates and prices for similar services provided by the Independent Third Parties in the ordinary course of business on normal commercial terms after arm's length negotiation.

Historical Amounts

The historical amounts of the fees paid by the Group to Conch Design Institute in respect of the engineering design services and/or technology modification services for the two years ended 31 December 2021 and the six months ended 30 June 2022 are set out as follows:

	For the year ended		For the
	31 December		six months ended
	2020	2021	30 June
	<i>(RMB in</i>	<i>(RMB in</i>	<i>(RMB in</i>
	<i>millions)</i>	<i>millions)</i>	<i>millions)</i>
Fees incurred in relation to the engineering design services and/or technology modification services provided by Conch Design Institute to the Group	6.9	6.4	4.7

Annual Cap and Basis of Determination

The proposed annual caps for the fees to be incurred in relation to the engineering design services and/or technology modification services under the 2023 Engineering Design Services Framework Agreement for the three years ending 31 December 2025 are set out as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Fees payable by the Group in relation to the engineering design services and/or technology modification services provided by Conch Design Institute	19	16	15

The above proposed annual caps for the three years ending 31 December 2025 were determined taking into account (i) the anticipated scale of projects under construction or to be launched by the Group; and (ii) the number of projects for which the Group has engaged Conch Design Institute to provide engineering design services and/or technology modification services.

Reasons and Benefits for entering into 2023 Engineering Design Services Framework Agreement

Conch Design Institute has extensive experience in building materials industry design and cement technology development and possesses Grade A qualification in the relevant industry. It is relatively familiar with the general factory layout, structures and set-up of the Group and had previously undertaken the design of most of the Group's environmental protection projects. Certain industrial solid and hazardous waste treatments of the Group designed or modified by Conch Design Institute have been successfully put into operation. The Company believes that commissioning Conch Design Institute to undertake the engineering design or technology modification of certain industrial waste treatment projects of the Company will be conducive to the coordination and implementation of the projects and hence ensure that the progress and quality of the projects will be under control.

3. 2023 Information System Procurement Framework Agreement

Principal terms of the 2023 Information System Procurement Framework Agreement are set out as follows:

Date: 9 December 2022

Parties: (1) The Company (on behalf of the Group), and
(2) Conch IT Engineering

Term:	From the date of the Independent Shareholders' approval to 31 December 2025
Subject matter:	Conch IT Engineering agreed to provide certain information technology systems to the Group for certain industrial solid and hazardous waste treatment projects, which primarily includes providing DCS (i.e., distributed control system), central control system and security early warning system and etc. The type of information technology products, fee calculation, method of payment and other details of the products will be agreed between the relevant parties separately.
Payment and settlement terms:	Payment and settlement terms under the 2023 Information System Procurement Framework Agreement shall be specified in each of the procurement agreements to be entered into thereunder in due course.

Pricing Policy

The purchase fees payable for the information technology products by the Group shall be determined by adding a reasonable profit over a reasonable cost. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of (i) specification, upgraded version and quality of such products; (ii) the open tender or reference to the market prices of similar products, which were conducted by Conch IT Engineering; and (iii) the prevailing market rates of cost and fees charged for similar products in the industry. The profits are mainly determined based on the costs above and a reasonable profit rate, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. Based on the historical transactions, the base profit rate is approximately 10%.

Historical Amounts

The historical amounts of the fees paid by the Group to the Conch IT Engineering in respect of the procurement of information technology products for the two years ended 31 December 2021 and the six months ended 30 June 2022 are set out as follows:

	For the year ended		For the
	31 December		six months ended
	2020	2021	30 June
	<i>(RMB in</i>	<i>(RMB in</i>	<i>2022</i>
	<i>millions)</i>	<i>millions)</i>	<i>(RMB in millions)</i>
Fees incurred in relation to the provision of information technology systems provided by Conch IT Engineering to the Group	1.0	6.4	2.5

Annual Cap and Basis of Determination

The proposed annual caps for the fees to be incurred in relation to the information technology systems under the 2023 Information System Procurement Framework Agreement for the three years ending 31 December 2025 are set out as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Fees payable by the Group in relation to the provision of information technology systems provided by Conch IT Engineering	22	15	13

The above proposed annual caps for the three years ending 31 December 2025 were determined taking into account (i) the anticipated scale of projects under construction or to be launched by the Group; and (ii) the number of current projects for which the Group has engaged Conch IT Engineering to provide information technology products.

Reasons and Benefits for entering into the 2023 Information System Procurement Framework Agreement

Conch IT Engineering has extensive experience in the development and design, as well as operation and maintenance of industrial automation and enterprise informatization in the cement and building materials industry, and has obtained level-3 qualification for information system integration granted by China Information Technology Industry Federation (中國電子信息行業聯合會). The Group believes that the procurement of information technology products from Conch IT Engineering could ensure safe and stable operation of the industrial solid and hazardous waste treatment projects of the Group.

INTERNAL CONTROL MEASURES

As part of the Group's internal approval and monitoring procedures relating to the transactions with the connected persons, the Group will, to the extent commercially practicable, seek to obtain quotations from independent suppliers for similar services and products and consider assessment criteria (including the location, price, quality, suitability, payment terms, and time required for the provision of the services) before it enters into any implementation agreement with the connected persons, and such quotations, together with the offer from the connected persons, will be reviewed and passed by the Group's internal approval procedures. The Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including but not limited to the regular reporting of transaction volume to the Group's finance department for monitoring the annual cap of the relevant transactions.

OPINION FROM THE BOARD

The Directors (excluding the independent non-executive Directors, who will form the view after obtaining the advice from the independent financial adviser) are of the view that the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement (including the proposed annual caps for the three years ending 31 December 2025), the 2023 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2025) and the 2023 Information System Procurement Framework Agreement (including the proposed annual caps for the three years ending 31 December 2025) are conducted in the ordinary and usual course of business of the Group and 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 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors has material interests in the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement and the transactions contemplated thereunder.

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.

Conch Cement is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, Conch Cement is the controlling shareholder of the Company and holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and Parties Acting in Concert (as defined in the Takeovers Codes). Conch Cement is ultimately controlled by the State-owned Assets Supervisions Administration Commission of Anhui Province (安徽省國有資產監督管理委員會).

Conch Design Institute is an enterprise established in the PRC and a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement. It is principally engaged in design services for the building materials industry and cement technology development. It possesses a Grade A qualification in the relevant industry.

Conch IT Engineering is an enterprise established in the PRC and a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement. It is principally engaged in software development, technical service, intelligent control system integration, installation and sales of industrial automatic control system, information system integration services and information system operation and maintenance services, etc..

LISTING RULES IMPLICATIONS

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 Takeovers Code). Accordingly, Conch Cement is a connected person of the Company and the transactions contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement between the Group and the Conch Cement Group constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As of the date of this announcement, both Conch Design Institute and Conch IT Engineering are the wholly owned subsidiaries of Conch Holdings, the holding company of Conch Cement. Accordingly, Conch Design Institute and Conch IT Engineering are the associates of Conch Cement and the connected persons of the Company. The transactions contemplated under the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement constitute continuing connected transactions of the Company as pursuant to Chapter 14A of the Listing Rules.

As the engineering design services and/or technology modification services provided by Conch Design Institute and the information technology products provided by Conch IT Engineering are all supporting products or services for industrial solid and hazardous treatment projects, the proposed annual caps of the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement shall be aggregated (the “**Aggregated Proposed Annual Caps**”). For clarification, the increase in the annual cap for the year ending 31 December 2022 under the 2022 Cement Kiln Co-treatment Framework Agreement and the Aggregated Proposed Annual Caps for the three years ending 31 December 2023, 2024, and 2025 is caused by (i) the calculation of the annual cap in 2022 starting from 4 April 2022, when Conch Cement became a connected person of the Company; (ii) the boosting of the cooperation scope and depth between the Group and Conch Cement, together with its subsidiaries and associates under synergy effect after the Company becoming a subsidiary of Conch Cement; and (iii) the improvement of production efficiency and the increase in treatment volume as a result of the technological transformation and modification in the Group.

As the highest applicable percentage ratio in respect of the Aggregated Proposed Annual Caps exceeds 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and independent Shareholders’ approval under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the transactions contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders; and (iv) notice of general meeting, is expected to be dispatched to Shareholders by no later than 4 January 2023.

DEFINITIONS

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

“2022 Cement Kiln Co-treatment Framework Agreement”	the cement kiln co-treatment framework agreement entered into on 25 May 2022 between the Company (on behalf of the Group) and Conch Cement (on behalf of Conch Cement and its subsidiaries and associates) in relation to, among other things, the cooperation in the cement kiln co-treatment projects
“2023 Engineering Design Services Framework Agreement”	the engineering design services framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch Design Institute in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects
“2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement”	the industrial solid and hazardous waste treatment framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) in relation to, among other things, the cooperation in the industrial solid and hazardous waste treatment projects
“2023 Information System Procurement Framework Agreement”	the information system procurement framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch IT Engineering in relation to, among other things, the procurement of information technology systems for the industrial solid and hazardous waste treatment projects
“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 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
“Conch Cement Group”	Conch Cement, its subsidiaries and associates, excluding Conch Design Institute and Conch IT Engineering
“Conch Design Institute”	Anhui Conch Building Materials Design and Research Institute Co., Ltd. (安徽海螺建材設計研究院有限責任公司), a limited liability company incorporated on 10 August 1998 in the PRC, a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement
“Conch Holdings”	Anhui Conch Holdings Co., Ltd. (安徽海螺集團有限責任公司), a limited liability company incorporated on 7 November 1996 in the PRC and the holding company of Conch Cement
“Conch IT Engineering”	Anhui Conch Information Technology Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司), a limited liability company incorporated on 12 June 2008 in the PRC, a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement
“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
“holding company”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of China

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Hao Jiming (郝吉明), Mr. Dai Xiaohu (戴曉虎) and Ms. Wang Jiafen (王嘉奮), being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement (including the proposed annual caps for the three years ending 31 December 2025)
“Independent Third Party(ies)”	entity(ies) or person(s) who is(are) not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules
“Independent Shareholder(s)”	the Shareholder(s), other than Conch Cement and its associates and Parties Acting in Concert (as defined in the Takeovers Code) as well as any other Shareholder who has a material interest in the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the 2023 Engineering Design Services Framework Agreement and the 2023 Information System Procurement Framework Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, 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
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers 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

“%”

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 December 2022

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.