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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Conch Environment Protection Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



The notice convening the first extraordinary general meeting of 2025 (the “EGM”) of China Conch Environment Protection Holdings Limited (the “Company”) to be held at the Meeting Room of the Company, No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC on Wednesday, 19 February 2025 at 10:00 a.m. (Hong Kong time) is set out on pages 38 to 39 this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company’s Branch Share Registrar in Hong Kong (the “Branch Share Registrar”), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Branch Share Registrar no later than Monday, 17 February 2025 at 10:00 a.m. (Hong Kong time). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.conchenviro.com).

24 January 2025

CONTENTS

| | <i>Page</i> |
|---|---------------|
| Definitions | 1 |
| Letter from the Board | |
| 1. Introduction | 4 |
| 2. Renewal of Continuing Connected Transactions | 5 |
| 3. Internal Control Measures | 10 |
| 4. Extraordinary General Meeting | 10 |
| 5. Opinion From the Board | 11 |
| 6. Recommendation | 12 |
| 7. Responsibility Statement | 13 |
| Appendix I — Letter from the Independent Board Committee | 14 |
| Appendix II — Letter from the Independent Financial Adviser | 15 |
| Appendix III — General Information | 30 |
| Notice of the First Extraordinary General Meeting of 2025 | 38 |

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “2023 Existing Framework Agreement” | the alternative fuel filling-up service framework agreement entered into on 26 June 2023 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 provision of alternative fuel filling-up service and ancillary products by the Group to the Conch Cement Group |
| “2024 Renewed Framework Agreement” | the alternative fuel filling-up service framework agreement entered into on 29 December 2023 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 provision of alternative fuel filling-up service and ancillary products by the Group to the Conch Cement Group |
| “2025 Renewed Framework Agreement with Conch Cement” | the alternative fuel filling-up service framework agreement entered into on 27 December 2024 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 provision of alternative fuel filling-up service and products by the Group to the Conch Cement Group |
| “Anhui Conch Environment Group” | Anhui Conch Environment Group Co., Ltd. (安徽海螺環保集團有限公司) |
| “Articles of Association” | the articles of association of the Company currently in force |
| “Associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors of the Company |
| “close associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 587 |

DEFINITIONS

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| “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 |
| “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 Venture” | 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, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 586 |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the annual caps for the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder |
| “Independent Financial Adviser” | Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 Renewed Framework Agreement with Conch Cement (including the proposed annual caps for the three years ending 31 December 2027) |

DEFINITIONS

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| “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 2025 Renewed Framework Agreement with Conch Cement |
| “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 |
| “Latest Practicable Date” | Monday, 20 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Model Code” | Model Code for Securities Transactions by Directors of Listed Issuers |
| “Parties Acting in Concert” | the parties acting in concert with Conch Cement under the Takeover Code, including but not limited to Conch Venture, QI Shengli (齊生立), LI Qunfeng (李群峰), WANG Chunjian (汪純健), GUO Dan (郭丹), YAN Zi (晏滋), JI Xian (紀憲), MA Wei (馬偉) and WANG Jingqian (王敬謙) |
| “PRC” | the People’s Republic of China (for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| “%” | per cent |



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)

Executive Directors:

Mr. WANG Chunjian

Ms. LIAO Dan

Mr. FAN Zhan

Non-executive Directors:

Mr. LI Qunfeng (Chairman)

Mr. JIANG Dehong

Mr. MA Wei

Independent Non-executive Directors:

Mr. DING Wenjiang

Ms. WANG Jiafen

Ms. LI Chen

Registered Office:

Campbells Corporate Services Limited

Floor 4, Willow House, Cricket Square

Grand Cayman, KY1-9010

Cayman Islands

*Head Office and Principal Place of
Business in the PRC:*

No. 39 Wenhua Road

Wuhu City, Anhui Province

PRC

*Principal Place of Business
in Hong Kong:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

24 January 2025

To the Shareholders

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025**

1. INTRODUCTION

The purpose of this circular is to give you the notice of the EGM and the proposal to be put forward at the EGM: the renewal of the continuing connected transactions contemplated under the 2025 Renewed Framework Agreement with Conch Cement.

LETTER FROM THE BOARD

2. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 29 December 2023 in relation to the entering into 2024 Renewed Framework Agreement, which shall expire on 31 December 2024. The Group intends to continue carrying out the transactions under the 2024 Renewed Framework Agreement in the ordinary and usual course of business of the Group. 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 2025 Renewed Framework Agreement with Conch Cement in relation to, among other things, the provision of alternative fuel filling-up service and products by the Group to the Conch Cement Group, with a term of three years from 1 January 2025 (subject to obtaining the Independent Shareholders' approval at the EGM) to 31 December 2027.

2025 Renewed Framework Agreement with Conch Cement

Principal terms of the 2025 Renewed Framework Agreement with Conch Cement are set out as follows:

| | |
|--------------------------------------|--|
| Date: | 27 December 2024 |
| Parties: | (1) The Company (on behalf of the Group), and (2) Conch Cement (on behalf of the Conch Cement Group) |
| Term: | From 1 January 2025 (subject to obtaining the Independent Shareholders' approval at the EGM) to 31 December 2027 |
| Subject matter: | The Group agreed to provide alternative fuel filling-up services and products to the Conch Cement Group, which primarily include filling up cement kilns with alternative fuels (including drying sludge), providing the channel service to transport alternative fuels into cements kilns, replacing coal fuel for cement kilns with alternative fuel products. Other details such as the precise scope of services and products, fee calculation, method of payment etc. will be agreed between the relevant parties separately. |
| Payment and settlement terms: | Payment and settlement terms under the 2025 Renewed Framework Agreement with Conch Cement shall be specified in each of the implementation agreements to be entered into under the 2025 Renewed Framework Agreement with Conch Cement in due course. |

LETTER FROM THE BOARD

Pricing Policy

With respect to the service fees payable for the alternative fuel filling-up services, the service fee payable by the Conch Cement Group shall be determined on the basis of market-based pricing principle, and by adding a reasonable profit over the cost. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of the operating cost and additional cost, including fees in relation to depreciation, auxiliary material costs and labor costs. The profits are mainly determined based on the costs above and a reasonable profit rate, and are ultimately determined based on the arm's length negotiations between the parties to the transactions in accordance with normal commercial terms. Based on previous transactions, the profit rate for such services generally ranged from 10% to 15%.

With respect to the purchase fees payable for the products, the purchase fees payable by the Conch Cement Group shall be determined based on arm's length negotiation between the parties with reference to (i) the market prices of such products. To identify the market prices, the Group will collect as much information as practicable on the price and terms of similar transactions, for example, the market price of alternative fuels quoted or sold by Independent Third Parties; and (ii) the unit price, the type and quality of such products. If there are no comparable market prices, the unit price of products shall be determined based on the production costs (including but not limited to material costs and administrative costs) and a reasonable profit rate, and are ultimately determined based on the arm's length negotiations between the parties to the transactions in accordance with normal commercial terms. Based on previous transactions, the profit rate for such products generally ranged from 6% to 10%.

The estimated profit rate for such services generally ranges from 10% to 15%, and for such products generally ranges from 6% to 10%, which are determined after arm's length negotiation between the parties with reference to the market prices of similar or comparable transactions with Independent Third Parties and the historical profit rates of the corresponding services and products. The estimated profit rates are expected to be within the historical profit rates of the corresponding services and products. The Group will also endeavour to follow up on the profit rates of similar and comparable services and products of peer companies in the industry to ensure that the fees are fair and reasonable. Having considered the aforesaid, the Board is of the view that the pricing basis and the percentage of profit rates are fair and reasonable, on the normal commercial terms and in the interest of the Company and its Shareholders as a whole.

As part of the Group's internal approval and monitoring procedures relating to the transactions with the Conch Cement Group, the Group will, to the extent commercially practicable, take into account the profit rates of similar and comparable transactions entered into with or carried out by Independent Third Parties in the corresponding period of reference and consider assessment criteria (including the location, price, quality, suitability, payment terms, and time required for the provision of the service and products) before it enters into any implementation agreement with the Conch Cement Group, and quotations, together with the offer to the Conch Cement Group, will be subject to review and approval by the Group's internal approval procedures. The Group

LETTER FROM THE BOARD

has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including but not limited to the regular reporting of transaction amount to the Group's finance department for monitoring the annual cap of the relevant transactions. For details of the internal control measures, please refer to "Internal Control Measures" in this circular.

Historical Amounts

The historical amounts of transactions for the year ended 31 December 2023 under the 2023 Existing Framework Agreement and the historical amounts of transactions for the year ended 31 December 2024 under the 2024 Renewed Framework Agreement were approximately RMB15.74 million and RMB60.24 million, respectively. The historical transaction amounts for the year ended 31 December 2024 are based on the unaudited consolidated management accounts of the Group for the same period.

Proposed Annual Cap and Basis of Determination

The proposed annual caps for the aggregate amounts of the fees payable by the Conch Cement Group to the Group in relation to alternative fuel filling-up services and products for the three years ending 31 December 2027 under the 2025 Renewed Framework Agreement with Conch Cement are set out as follows:

| | For the year ending 31 December | | |
|--|---------------------------------|------|------|
| | 2025 | 2026 | 2027 |
| | (RMB in millions) | | |
| Fees payable by the Conch Cement Group to the Group in relation to alternative fuel filling-up services and products | 189 | 259 | 282 |

The above proposed annual caps for the three years ending 31 December 2027 were determined after taking into account of: (i) the historical transaction amounts incurred in 2023, and the fact that the historical transaction amounts for 2024 has increased nearly three times as compared to the historical transaction amounts for 2023; (ii) the existing business cooperation with the Conch Cement Group, with 11 projects related to alternative fuel filling-up channel services and four projects related to alternative fuel products successfully put into operation as of the Latest Practicable Date; (iii) the expected increase in the scale of services and products to be provided by the Group to the Conch Cement Group based on current negotiation between the Group and the Conch Cement Group, for instance, it is expected that seven alternative fuel products projects will be in full operation in 2025; and (iv) the potential cooperation between the Group and the Conch Cement Group in another four, two and three pipeline projects in respect of alternative fuel filling-up services and products in the future three years ending 31 December 2027, based on current negotiation between the Group and the Conch Cement Group. The fees payable to be derived from the existing and future projects in 2025-2027 are estimated to be approximately 60% and 40% of the total estimated amount, respectively.

LETTER FROM THE BOARD

The significant increase in the proposed annual caps is primarily due to the expected increase in demand for alternative fuel products by the Conch Cement Group. With the promotion on the use of alternative fuels, Conch Cement Group plans to increase the proportion of alternative fuels to up to 15% by 2030, and the estimated consumption of alternative fuels for both existing and future projects of Conch Cement Group is expected to increase significantly. The estimated scale of alternative fuel products is determined after taking into account of: (i) the daily cement production output and the relevant fuel requirements; (ii) the estimated quantity of alternative fuels required; and (iii) the estimated unit price of alternative fuels.

Reasons and Benefits for entering into the 2025 Renewed Framework Agreement with Conch Cement

The construction of China's ecological civilization is entering a critical period in which carbon reduction is the key strategic direction. The research and use of alternative fuels and alternative fuel filling-up services will be a necessary path for traditional enterprises to achieve energy saving and carbon reduction. The Chinese government has introduced a series of favorable policies. For example, pursuant to the 'Special Action Plan for Energy Conservation and Carbon Reduction in the Cement Industry,' the proportion of cement kilns using alternative fuel technology production lines shall reach 30% by the end of 2025. The Group closely follows the pace of the national development of green and low-carbon industries, actively seize the new industry development opportunities driven by green development and "dual carbon" goals, and accelerate the layout of alternative fuel projects.

The main sources of alternative fuels in the cement industry are urban solid waste, industrial waste, and biomass. By leveraging the Group's market-leading position and advanced technology in solid and hazardous waste treatment, the Group can better assist Conch Cement Group in increasing the use of alternative fuels and achieving energy saving and carbon reduction goals. Furthermore, cooperation with Conch Cement Group in alternative fuel filling-up services and products will enable the Group to increase revenue in the alternative fuel business segment, accelerate the Group's layout in the alternative fuel industry, and further expand its market share. The Group is in the view that entering into the 2025 Renewed Framework Agreement with Conch Cement is conducive to enhancing the Group's profitability and further strengthening the Group's leading position in the industry.

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 the 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 Latest Practicable

LETTER FROM THE BOARD

Date, 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 Code). 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).

Listing Rules Implications

As of the Latest Practicable Date, Conch Cement is the controlling shareholder of the Company which holds and controls approximately 27% of the voting rights attached to the total 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 transaction contemplated under the 2025 Renewed Framework Agreement with Conch Cement between the Group and the Conch Cement Group constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the 2025 Renewed Framework Agreement with Conch Cement is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

General

Your attention is drawn to the letter from the Independent Board Committee set out on page 14 of this circular, which contains its recommendation to the Independent Shareholders in relation to the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for each of the three years ending 31 December 2027). Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 15 to 29 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for each of the three years ending 31 December 2027), and the principal factors and reasons taken into account in arriving at its recommendation.

LETTER FROM THE BOARD

3. INTERNAL CONTROL MEASURES

The Group will establish the following internal review procedures to ensure that the pricing under the above continuing connected transactions is fair and reasonable:

- the Group has adopted and implemented a management system on connected transactions. Based on the system, the Board and the various internal departments of the Company (including the finance, legal and internal control departments) will be responsible for the control and daily management in respect of the continuing connected transactions;
- the Board and various internal departments of the Company (including the finance, legal and internal control departments) will be jointly responsible for evaluating the terms under the 2025 Renewed Framework Agreement with Conch Cement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- when considering fees for the products and services to be charged by the Group to the connected persons, the Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between the Group and the Independent Third Parties for similar transactions, to ensure that the pricing and terms offered to the connected persons are fair, reasonable and are no more favorable than those to be offered to the Independent Third Parties, for example, the Group will seek quotations from not less than three Independent Third Parties for similar services and products;
- the Board and various internal departments of the Company will regularly monitor the fulfillment status and the transaction updates under the 2025 Renewed Framework Agreement with Conch Cement. In addition, the management of the Company will also regularly review the pricing policies of the 2025 Renewed Framework Agreement with Conch Cement; and
- the independent non-executive Directors and auditors will conduct an annual review of the continuing connected transactions under the 2025 Renewed Framework Agreement with Conch Cement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the 2025 Renewed Framework Agreement with Conch Cement, on normal commercial terms and in accordance with the pricing policy.

4. EXTRAORDINARY GENERAL MEETING

The notice of the EGM is set out on pages 38 to 39 of this circular at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve the 2025 Renewed Framework Agreement with Conch Cement.

Conch Cement, together with its subsidiaries and its Parties Acting in Concert are required under the Listing Rules to abstain from voting on the resolutions on approving the 2025 Renewed Framework Agreement with Conch Cement at the EGM. Accordingly, Conch

LETTER FROM THE BOARD

Cement, Conch International Holdings (HK) Limited, Dazzling Star Investments Limited, Golden Convergence Limited, Fortune Gold Limited, Qi Shengli, Li Qunfeng, Wang Chunjian, Ma Wei and Wang Jingqian will abstain from voting on the aforesaid resolutions at the EGM. Please refer to the Appendix III to this circular for further details. Save as disclosed above, the Board is not aware of any other Shareholder who has any material interest that is required under the Listing Rules to abstain from voting on the aforementioned resolution.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 February 2025 (Hong Kong time).

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.conchenviro.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Branch Share Registrar no later than Monday, 17 February 2025 at 10:00 a.m. (Hong Kong time). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

5. OPINION FROM THE BOARD

The Directors (excluding the independent non-executive Directors whose views have been included in the section headed “Letter from the Independent Board Committee” of this circular) are of the view that the terms of the 2025 Renewed Framework Agreement with Conch Cement were determined after arm's length negotiation, and the transaction contemplated thereunder (including the proposed annual caps for the three years ending 31

LETTER FROM THE BOARD

December 2027 thereunder) 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.

The independent non-executive Directors have formed the Independent Board Committee for the purposes of advising the Independent Shareholders in respect of the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2027) and whose views and recommendation have been included in the section headed “Letter from the Independent Board Committee” of this circular.

As Mr. Li Qunfeng, Mr. Wang Chunjian, Ms. Liao Dan and Mr. Ma Wei, 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, being a Director of the Company and an executive deputy head of financial department in Conch Cement as at the Latest Practicable Date, have therefore abstained from voting on the relevant Board resolutions approving the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has abstained from voting on the relevant resolutions at the Board meeting.

6. RECOMMENDATION

The Directors consider that the proposed resolutions for the 2025 Renewed Framework Agreement with Conch Cement are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of EGM on pages 38 to 39 of this Circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2027 thereunder) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution in respect of the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2027 thereunder) at the EGM.

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| LETTER FROM THE BOARD |
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7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

For and on behalf of the Board

China Conch Environment Protection Holdings Limited

LIAO Dan

Joint Company Secretary

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the 2025 Renewed Framework Agreement with Conch Cement.



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)

24 January 2025

To the Independent Shareholders

Dear Sirs or Madams,

We refer to the circular dated 24 January 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 13 of the Circular and the “Letter from Independent Financial Advisor” set out on pages 15 to 29 of the Circular.

After taking into account the advice of Gram Capital Limited as set out in the Circular, we consider that the 2025 Renewed Framework Agreement with Conch Cement (including the proposed annual caps for the three years ending 31 December 2027 thereunder) is in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed as the EGM to approve the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2027).

Yours faithfully,

The Independent Board Committee

Mr. Ding Wenjiang Ms. Wang Jiafen Ms. Li Chen
Independent Non-executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in the Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

24 January 2025

*To: The independent board committee and the independent shareholders
of China Conch Environment Protection Holdings Limited*

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2025 Renewed Framework Agreement with Conch Cement (including the proposed annual caps) (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 January 2025 (the “**Circular**”) issued by the Company to the holders of shares of the Company (the “**Shareholders**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 December 2024, the Company (on behalf of the Group) and Conch Cement (on behalf of Conch Cement Group) agreed to renew the 2024 Renewed Framework Agreement by entering into the 2025 Renewed Framework Agreement with Conch Cement for a term of three years from 1 January 2025 (subject to obtaining the Independent Shareholders’ approval at the EGM) to 31 December 2027.

With reference to the Board Letter, the Transaction constitutes continuing connected transactions of the Company and are subject to the annual review, reporting, announcement, and the independent shareholders’ approval requirement under the Listing Rules.

The Independent Board Committee comprising Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the Company's continuing connected transactions, details of which are set out in the Company's circular dated 17 February 2023. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

Besides, apart from the advisory fee and expenses payable to us in connection with the aforesaid engagement, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company, their subsidiaries and/or associates.

Having considered the above, in particular (i) none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the past engagement was only independent financial advisory engagement, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors/management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have

also assumed that all statements of belief, opinion, expectation and intention made by the Directors and/or the Management in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management, which have been provided to us. Our opinion is based on the Directors' and the Management's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Conch Cement, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, 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 the safe, harmless and efficient industrial solid and hazardous waste treatment.

Set out below are the Group's consolidated financial information for the two years ended 31 December 2023 and the six months ended 30 June 2024 (together with comparative figures), as extracted from the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") and the Company's interim report for the six months ended 30 June 2024 (the "**2024 Interim Report**"):

| | For the six months ended 30 June 2024 RMB'000 (unaudited) | For the six months ended 30 June 2023 RMB'000 (unaudited) | Year- on-year change % | For the year ended 31 December 2023 RMB'000 (audited) | For the year ended 31 December 2022 RMB'000 (audited) | Year- on-year change % |
|---|---|---|---------------------------------|---|---|---------------------------------|
| Revenue | 804,007 | 970,784 | (17.18) | 1,881,556 | 1,729,598 | 8.79 |
| — Industrial hazardous waste treatment services | 558,627 | 631,658 | (11.56) | 1,220,163 | 1,241,852 | (1.75) |
| — Industrial solid waste treatment services | 197,293 | 293,516 | (32.78) | 568,674 | 463,153 | 22.78 |
| — Comprehensive resource utilization | 48,087 | 45,610 | 5.43 | 92,719 | 24,593 | 277.01 |
| Gross profit | 359,651 | 486,357 | (26.05) | 893,570 | 910,140 | (1.82) |
| Profit for the year/period | 92,304 | 224,439 | (58.87) | 304,013 | 360,463 | (15.66) |

As illustrated in the above table, the Group's revenue was approximately RMB1,881.6 million for the year ended 31 December 2023 (“**FY2023**”), representing an increase of approximately 8.79% as compared to that for the year ended 31 December 2022 (“**FY2022**”). The aforesaid increases in the Group's revenue were mainly attributable to the increase in revenue from industrial solid waste treatment services and comprehensive resource utilization. The increase in the Group's revenue from industrial solid waste treatment services was primarily due to the Group's projects in Chaohu, Shaoguan and Qingyuan being put into operation; while the increase in the Group's revenue from comprehensive resource utilization was primarily due to the improvement in the operating quality of the project in Ninghai, and the operation of alternative fuel injection services and ancillary product projects in Qingyuan, Chizhou, Wuhu and Fanchang.

Notwithstanding the aforesaid increase in the Group's revenue, the Group's gross profit decreased from approximately RMB910.1 million for FY2022 to approximately RMB893.6 million for FY2023, representing a decrease of approximately 1.82%; while the Group's gross profit margin decreased from approximately 52.62% for FY2022 to approximately 47.49% for FY2023, representing a decrease of approximately 5.13 percentage points. With reference to the 2023 Annual Report, the decrease in the Group's gross profit was primarily due to (i) decrease in gross profit margin of general hazardous waste services (under industrial hazardous waste treatment services) as a result of the intensified competition in the market, thereby resulting in decrease in prices; and (ii) decrease in gross profit margin of oil sludge treatment services (under industrial hazardous waste treatment services) as a result of the insufficient oil sludge for treatment.

Along with the decrease in the Group's gross profit, other income and share of profit of associates; and the increase in impairment loss on trade and bills receivables and finance costs, the Group's profit for FY2023 decreased by approximately 15.66% as compared to that for FY2022.

The Group's revenue was approximately RMB804.0 million for the six months ended 30 June 2024 (“**1H2024**”), representing a decrease of approximately 17.18% as compared to that for the corresponding period in 2023. With reference to the 2024 Interim Report, such decrease was primarily due to (i) decrease in prices of general hazardous waste treatment services (under industrial hazardous waste treatment services) as a result of the intensified market competition, the decrease in emergency response business and the additional time of shifting suspension of cement kiln, affecting the treatment of hazardous waste; (ii) decrease in revenue from industrial solid waste treatment services as a result of the delays in the implementation of some intended orders for disposal of contaminated soil. As a result of the foregoing, the Group's gross profit for 1H2024 decreased by approximately 26.05%; the Group's gross profit margin for 1H2024 decreased by approximately 5.37 percentage points; and the Group's profit for 1H2024 decreased by approximately 58.87%, as compared to those for the corresponding period in 2023.

With reference to the 2024 Interim Report, with focus on the development of the Group's major business, the Group will further improve its diversified industrial layout by fully leveraging the opportunities for industrial consolidation, and making efforts in merger and acquisition as well as establishment of new companies simultaneously, so as to focus on the advancement on extension and supplement to industrial chains. In terms of comprehensive resource utilization and other business, the Group will continue to expand the business scope to create new growth in revenue. The Group will, among other things, make deployment of alternative fuel projects in region where cement kilns are relatively concentrated with relatively short transportation distance, and accelerate the implementation of green sorting center projects.

Information on Conch Cement

With reference to the Board Letter, 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 at the Latest Practicable Date, 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 Code). 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).

Reasons for and benefit of the Transaction

With reference to the Board Letter, the construction of China's ecological civilization is entering a critical period in which carbon reduction is the key strategic direction. The research and use of alternative fuels and alternative fuel filling-up services will be a necessary path for traditional enterprises to achieve energy saving and carbon reduction. The Group closely follows the pace of the national development of green and low-carbon industries, actively seize the new industry development opportunities driven by green development and "dual carbon" goals, and accelerate the layout of alternative fuel projects.

Furthermore, as stated in the Board Letter, the main sources of alternative fuels in the cement industry are urban solid waste, industrial waste, and biomass. By leveraging the Group's market-leading position and advanced technology in solid and hazardous waste treatment, the Group can better assist Conch Cement Group in increasing the use of alternative fuels and achieving energy saving and carbon reduction goals. Furthermore, cooperation with Conch Cement Group in alternative fuel filling-up services and products will enable the Group to increase revenue in the alternative fuel business segment, accelerate the Group's layout in the alternative fuel industry, and further expand its market share.

On the supply side, we noted from the 2024 Interim Report that the Group actively sought market opportunities and conducted extensive market research on alternative fuels, taking into account the actual needs of cement enterprises. As at 30 June 2024, the Group had three alternative fuel processing projects in operation, with treatment capacity of 230,000 tonnes per annum in aggregate. As further advised by the Management, the Group also in the progress of construction new alternative fuel processing projects.

On the demand side, we noted from Conch Cement's environmental, social and governance report for FY2023 that, driven by the national "carbon peaking and carbon neutrality" strategic goals, the Conch Cement Group strove to deeply integrate the modern cement industry with the environmental protection industry and actively led the industry's low-carbon operation practice. Conch Cement Group had continuously increased its investment in the exploration of clean energy and the use of alternative fuels, and promote the transformation of its energy structure. As at 31 December 2023, Conch Cement Group had completed the construction of alternative fuel projects in 10 subsidiaries and advanced the technological improvement of alternative fuel in 17 subsidiaries in an orderly manner. A total of 53 companies of Conch Cement used alternative fuels and the total consumption of alternative fuels reached 2.42 million tons, accounted for approximately 8% of its coal consumption. In addition, Conch Cement had set a target for the use of alternative fuels with the plan of the percentage of alternative fuels to raw coal reaching 15% by 2030.

As advised by the Management, the Transaction will be entered into in the ordinary and usual course of business of the Group and on a frequent basis. Therefore, the Management consider that it would be less burdensome for the Company to enter into the Transaction than to make separate disclosure of each relevant transactions and to obtain the approvals from the Independent Shareholders, as required by the Listing Rules.

In light of the above, we consider that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transaction

Set out below are the principal terms of the Transaction, details of which are set out under the section headed "2025 Renewed Framework Agreement with Conch Cement" of the Board Letter.

| | |
|----------|--|
| Date: | 27 December 2024 |
| Parties: | (1) The Company (on behalf of the Group); and (2) Conch Cement (on behalf of the Conch Cement Group) |
| Term: | From 1 January 2025 (subject to obtaining the Independent Shareholders' approval at the EGM) to 31 December 2027 |

| | |
|-----------------|--|
| Subject matter: | The Conch Cement Group agreed to provide alternative fuel filling-up services and products by the Group, which primarily include filling up cement kilns with alternative fuels (including drying sludge), providing the channel service to transport alternative fuels into cements kilns, replacing coal fuel for cement kilns with alternative fuel products. Other details such as the precise scope of services and products, fee calculation, method of payment etc. will be agreed between the relevant parties separately. |
|-----------------|--|

| | |
|-------------------------------|--|
| Payment and settlement terms: | Payment and settlement terms under the 2025 Renewed Framework Agreement with Conch Cement shall be specified in each of the implementation agreements to be entered into under the 2025 Renewed Framework Agreement with Conch Cement in due course. |
|-------------------------------|--|

Pricing policy

With respect to the service fees payable for the alternative fuel filling-up services, the service fee payable by the Conch Cement Group shall be determined on the basis of market-based pricing principle, and by adding a reasonable profit over the cost. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of the operating cost and additional cost, including fees in relation to depreciation, auxiliary material costs and labor costs. 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 previous transactions, the profit rate for such services generally ranged from 10% to 15%.

With respect to the purchase fees payable for the products, the purchase fees payable by the Conch Cement Group shall be determined based on arm's length negotiation between the parties with reference to (i) the market prices of such products; and (ii) the unit price, type and quality of such products. If there are no comparable market prices, the unit price of products shall be determined based on the production costs (including but not limited to material costs and administrative costs) and a reasonable profit rate, and are ultimately determined based on the arm's length negotiations between the parties to the transactions in accordance with normal commercial terms. Based on previous transactions, the profit rate for such products generally ranged from 6% to 10%.

As noted from the Board Letter, the estimated ranges of profit rate for both product and services were determined after arm's length negotiation between the parties with reference to the market prices of similar or comparable transaction with Independent Third Parties and the historical profit rates of the corresponding services and products. The estimated profit rates are expected to be within the historical profit rates of the corresponding services and products. The Group will also endeavour to follow up on the profit rates of similar and comparable services and products of peer companies in the industry to ensure that the fees are fair and reasonable.

We understood from the Management that the Group currently only provide alternative fuel and the ancillary filling-up services to Conch Cement Group and the revenue from such activities accounted for a small portion of the Group's total revenue. In determining the selling price of alternative fuels, the Group had made and will make reference to the market price of alternative fuels quoted/sold by Independent Third Parties. Given the aforesaid and that the Group would be able to realise reasonable profits after considering the associated costs of providing the products and services, we consider the existing pricing policy is on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

We understood from the Management that there were limited transaction volume and cooperated projects between the Group and the Conch Cement Group, as evidenced by the transaction amount of approximately RMB15.74 million for FY2023, which we considered to be insufficient for us to assess the effectiveness of the internal control procedures for the Transaction. As such, for our due diligence purpose, we obtained a list of projects which transactions under the 2024 Renewed Framework Agreement were conducted between the Group and the Conch Cement Group during the nine months ended 30 September 2024, being an exhaustive list of projects available to the Management at the time the 2024 Renewed Framework Agreement was entered into. From the aforesaid list, we randomly selected three projects in respect of alternative fuel filling-up services and three projects in respect of sale of alternative fuel. We consider the samples size are sufficient for our analyses purposes given that (i) the number of selected projects accounted for approximately 27% of total number of alternative fuel filling-up services conducted between the Group and the Conch Cement Group for the nine months ended 30 September 2024; and (ii) the number of selected projects in respect of sale of alternative fuel is three out of four projects for the nine months ended 30 September 2024 and is in line with the number of selected projects in respect of alternative fuel filling-up services. Upon our further request, we obtained (i) three sets of transaction documents in respect of the provision of alternative fuel filling-up services, together with the underlying cost breakdown (primarily consisted of staff costs, electricity costs, depreciation and material costs); and (ii) three sets of transaction documents in respect of the sale of alternative fuel, together with the relevant production cost breakdown (primarily consisted of alternative fuel costs, value-added tax, depreciation and staff costs), for comparison. Based on the transaction documents reviewed, we noted that the pricing basis for alternative fuel filling-up services and alternative fuels were based on cost-plus profit margin and the profit margins were within the aforementioned profit margin range for products and services respectively.

The Group established certain internal control procedures to ensure that the pricing of the Transaction is fair and reasonable, in particular (i) the Board and various internal department of the Company (including finance, legal and internal control department) are responsible for the control and daily management of the continuing connected transactions (including the Transaction); (ii) the Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between the Group and the Independent Third Parties for similar transactions to ensure that the pricing and terms offered to the Conch Cement Group are fair, reasonable and are no more favourable than those to be offered to Independent Third Parties; and (iii) the Management will also regularly review the pricing policies of the Transaction. Details of the internal control measures are set out under the section headed “Internal Control Measures” of the Board Letter. We consider the effective implementation of the internal control procedures will ensure the fair pricing of the Transaction.

With reference to the 2023 Annual Report, the auditor of the Company performed agreed-upon procedures regarding the continuing connected transactions (including the Transaction) entered into by the Group for FY2023, in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules (the “**Auditor’s Confirmation**”). Furthermore, the independent non-executive Directors had also reviewed the Group’s continuing connected transactions (including the Transaction) for FY2023 and confirmed that these transactions had been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing the transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole (the “**INEDs’ Confirmation**”).

Based on the due diligence on the historical transaction for the nine months ended 30 September 2024 (and that no abnormal items were observed from the relevant costs breakdown), the Auditor’s Confirmation and the INEDs’ Confirmation, we do not doubt the effectiveness of the internal control procedures for the Transaction.

Proposed annual caps

Set out below are (i) the historical amounts of the Transaction for each of the year ended 31 December 2023 and 2024; and (ii) the proposed annual cap for the Transaction for the three years ending 31 December 2027:

| | For the year ended 31 December 2023 RMB million | For the year ended 31 December 2024 ("FY2024") RMB million |
|-------------------------------|--|---|
| Historical transaction amount | 15.74 | 60.24 (<i>Note</i>) |
| Existing annual caps | 28.50 | 79.00 |
| Utilisation rate | 55.23% | 76.25% |

| | For the year ending 31 December 2025 ("FY2025") RMB million | For the year ending 31 December 2026 ("FY2026") RMB million | For the year ending 31 December 2027 ("FY2027") RMB million |
|----------------------|--|--|--|
| Proposed annual caps | 189 | 259 | 282 |

Note: Based on the unaudited management accounts of the Group for FY2024.

With reference to the Board Letter, the proposed annual caps for the Transaction for the three years ending 31 December 2027 were determined with reference to various factors. Details of the determination basis of the proposed annual caps are set out under the sub-section headed "Proposed Annual Cap and Basis of Determination" of the section headed "2025 Renewed Framework Agreement with Conch Cement" of the Board Letter.

According to the above table, the utilisation rates of the existing annual caps were approximately 55.23% and 76.25% for FY2023 and FY2024, respectively. Although the historical transaction amounts for FY2023 and FY2024, in terms of monetary value, is relatively low as compared to the proposed annual caps for the three years ending 31 December 2027, we understood from the Management that with the promotion of green and low-carbon transformation of the cement production industry, and based on Conch Cement Group's plans for accelerating the promotion of using alternative fuels, it is expected that the use of the Group's alternative fuels and the alternative fuel filling-up channel services by Conch Cement Group will greatly increase.

Upon our request, we obtained a calculation for the proposed annual cap for the three years ending 31 December 2027, setting out details of the estimated transaction amount for the three years ending 31 December 2027 (the “**Calculation**”). We noted that:

- the proposed annual caps were formulated based on the estimated transaction amounts of the Transaction, primarily comprised of (a) the estimated procurement amount of alternative fuel by Conch Cement Group (accounting for approximately 78.5%, 82.4% and 83.6% of the total estimated transaction amount for FY2025, FY2026 and FY2027, respectively); and (b) the estimated amount of alternative fuel filling-up channel services to be provided by the Group (accounting for approximately 21.5%, 17.6% and 16.4% of the total estimated transaction amount for FY2025, FY2026 and FY2027, respectively).
- a round-up buffer of approximately 3% was also incorporated in the proposed annual caps for each of the three years ending 31 December 2027.

We also understood from the Management that the procurement amount of alternative fuel accounted for no less than 55% of the historical transaction amount for FY2024. The significant increase in the annual caps amount was primarily to cater for the estimated procurement amount of alternative fuel by Conch Cement Group.

We noted that there are four existing projects which the Group had supplied alternative fuels to Conch Cement Group for 9M2024. With the promotion on the use of alternative fuels, backed by a series of favourable policies issued by the Chinese government to promote green and low-carbon industries, including energy conservation and carbon reduction in the cement industry, the Conch Cement Group planned to increase the usage of alternative fuels to up to 15% by 2030 and the estimated consumption of alternative fuels by the existing and new projects of Conch Cement Group is expected to drastically increase. The estimated procurement amounts of these projects are formulated based on (i) the daily cement production output of these projects and the relevant fuel requirement; (ii) the estimated quantity of alternative fuels required based on the conversion ratio between coal and alternative fuel and the assumption that 15% of the fuels requirement shall be met by alternative fuels; and (iii) the estimated unit price of alternative fuels.

We understood from the Management that Conch Cement Group’s fuel consumption for each tonne of cement is approximately 82kg of standard coal (i.e. coal with 7,000 kilocalories per kilogram) for each tonne cement as disclosed by Conch Cement during one of its investors’ interactions; while alternative fuel contains energy of 4,000 kilocalories per kilogram on average. As noted from Conch Cement’s annual report for FY2023, Conch Cement Group’s clinker (being the raw material for the production of cement that uses alternative fuels) production capacity was 272 million tonnes as at 31 December 2023. Based on the aforesaid fuel consumption of Conch Cement Group and on the basis that alternative fuel shall account 15% of Conch Cement Group’s fuel consumption, Conch Cement Group’s demand for alternative fuel was approximately 5.9 million tonnes (the “**Implied Annual Demand**”).

For our due diligence purpose, we obtained a list of Conch Cement Group's projects which the Group cooperate and will cooperate with in providing alternative fuels and filling-up services (the **"Cooperate Projects"**), showing their location and daily cement production capacity (**"Project List"**). After cross-checking the Project List against the estimated quantity of alternative fuels to be procured for each individual projects as set out in the Calculation, we noted that Conch Cement Group's demand for alternative fuels under the Cooperate Projects (calculated based on their daily production capacity of not less than 200,000 tonnes of cement in aggregate) only accounted for a small portion of the Implied Annual Demand and is far greater than the estimated procurement quantity of alternative fuel for each of the three years ending 31 December 2027 as set out in the Calculation.

We also noted from the 2024 Interim Report that, as at 30 June 2024, the Group had three alternative fuel processing projects in operation, with production capacity of 230,000 tonnes per annum in aggregate. The Group's annual alternative fuel treatment capacity is insufficient to supply the estimated quantity of alternative fuel under the Transaction for the three years ending 31 December 2027. Despite the aforesaid, we understood from the Management that the Group has three alternative fuel processing projects that are expected to commence operation in 2025, with production capacity of 250,000 tonnes per annum in aggregate, thus the Management is of the view that Group is able to supply the estimated quantity of alternative fuel for each of the three years ending 31 December 2027.

Based on the aforesaid, we do not doubt the reasonableness of the estimated quantity of alternative fuel to be supplied by the Group to Conch Cement Group for the three years ending 31 December 2027.

In respect of the estimated unit prices of alternative fuel, we noted that the estimated unit prices are different among different geographical regions within the PRC. In addition, we also noted that estimated unit prices of alternative fuel for each of the three years ending 31 December 2027 were formulated based on those for FY2024, with estimated annual growth rate of approximately 5% adopted (as the case may be) to cater for any possible price fluctuation. As such, we do not doubt the reasonableness of the estimated unit prices of alternative fuel for each of the three years ending 31 December 2027.

We understood from the Management that the estimated amounts of alternative fuel filling-up channel services for the three years ending 31 December 2027 were formulated based on the estimated quantity of alternative fuel to be filled into the relevant cement kiln by the Group; with estimated unit price for the three years ending 31 December 2027 being the same as the historical unit price of the relevant projects.

Having considered the above factors, we are of the view that the proposed annual caps for the three years ending 31 December 2027 are fair and reasonable.

Shareholders should note that as the proposed annual caps for the three years ending 31 December 2027 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2027, and they do not represent forecasts of costs to be incurred from the Transaction. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Transaction will correspond with the proposed annual caps.

In light of the above, we are of the view that the terms of Transaction are on normal commercial terms and are fair and reasonable.

Listing Rules implication

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the amounts of the Transaction must be restricted by the annual caps for the period concerned under the 2025 Renewed Framework Agreement with Conch Cement; (ii) the terms of the Transaction must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transaction must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transaction (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the amounts of the Transaction are anticipated to exceed the annual caps, or that there is any proposed material amendment to the terms of the Transaction, as confirmed by the Management, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transaction and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,826,765,059 Shares of nominal value of HK\$0.01 each which have been fully paid.

3. EXPERT AND CONSENTS

The following are the qualification of the expert who has given opinions and advice contained in this circular:

| Name | Qualification |
|----------------------|---|
| Gram Capital Limited | a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance |

As at the Latest Practicable Date, Gram Capital Limited:

- a. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 24 January 2025 (as set out on pages 15 to 29 of this circular) and references to its name, in the form and context in which it appears.
- b. neither had any shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.
- c. did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited annual financial statements of the Company were made up.

5. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder).

7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

8. DISCLOSURE OF INTERESTS

Interests of Directors and Chief Executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules were as follows:

| Directors | Nature of interests | Number of shares | Long/short positions | Approximate percentage of shareholdings ⁽¹⁾ |
|----------------------------------|--|--------------------|----------------------|--|
| Mr. Li Qunfeng ⁽²⁾ | Beneficial owner | 2,050,000 | Long positions | 0.11% |
| | Interests held jointly with another person | 479,345,879 | Long positions | 26.24% |
| | Subtotal | 481,395,879 | | 26.35% |
| Mr. Wang Chunjian ⁽²⁾ | Beneficial owner | 100,000 | Long positions | 0.01% |
| | Interests held jointly with another person | 481,295,879 | Long positions | 26.35% |
| | Subtotal | 481,395,879 | | 26.35% |
| Mr. Ma Wei ⁽²⁾ | Beneficial owner | 2,541,127 | Long positions | 0.14% |
| | Interests held jointly with another person | 478,854,752 | Long positions | 26.21% |
| | Subtotal | 481,395,879 | | 26.35% |
| Ms. Liao Dan ⁽³⁾ | Interest of spouse | 481,395,879 | Long positions | 26.35% |

Notes:

1. The calculation is based on the total number of 1,826,765,059 Shares in issue as of Latest Practicable Date.
2. Mr. Li Qunfeng, Mr. Wang Chunjian and Mr. Ma Wei are Parties Acting in Concert. Accordingly, Mr. Li Qunfeng, Mr. Wang Chunjian and Mr. Ma Wei are deemed to be interested in the Shares in which (i) Conch Cement and its wholly owned subsidiary Conch International Holdings (HK) Limited hold 387,523,500 Shares in aggregate, (ii) Qi Shengli holds 9,412,500 Shares, (iii) Li Qunfeng holds 2,050,000 Shares, (iv) Wang Chunjian holds 100,000 Shares, (v) Guo Dan holds 32,725,000 Shares, (vi) Yan Zi holds 35,033,752 Shares, (vii) Ji Xian holds 10,080,000 Shares, (viii) Ma Wei holds 2,541,127 Shares and (ix) Wang Jingqian holds 1,930,000 Shares are interested.
3. Ms. Liao Dan is deemed to be interested in the Shares held by Mr. Wang Jingqian, the spouse of Ms. Liao Dan and one of the Parties Acting in Concert. Mr. Wang Jingqian is deemed to be interested in the Shares in which (i) Conch Cement and its wholly owned subsidiary Conch International Holdings (HK) Limited hold 387,523,500 Shares in aggregate, (ii) Qi Shengli holds 9,412,500 Shares, (iii) Li Qunfeng holds 2,050,000 Shares, (iv) Wang Chunjian holds 100,000 Shares, (v) Guo Dan holds 32,725,000 Shares, (vi) Yan Zi holds 35,033,752 Shares, (vii) Ji Xian holds 10,080,000 Shares, (viii) Ma Wei holds 2,541,127 Shares and (ix) Wang Jingqian holds 1,930,000 Shares are interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders

As at Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO:

| Name of shareholders | Nature of interests | Number of shares | Long/short positions | Approximate percentage of shareholdings ⁽¹⁾ |
|----------------------|---|--------------------|----------------------|--|
| Conch Venture | Beneficial owner | 13,900,000 | Long positions | 0.76% |
| | Interest of controlled corporation ⁽²⁾ | 481,395,879 | Long positions | 26.35% |
| | Subtotal | 495,295,879 | | 27.11% |

| Name of shareholders | Nature of interests | Number of shares | Long/short positions | Approximate percentage of shareholdings ⁽¹⁾ |
|--|---|--------------------|----------------------|--|
| China Conch Venture Holdings International Limited | Interest of controlled corporation ⁽²⁾ | 481,395,879 | Long positions | 26.35% |
| Conch Cement | Beneficial owner | 101,389,500 | Long positions | 5.55% |
| | Interest of controlled corporation ⁽³⁾ | 286,134,000 | Long positions | 15.66% |
| | Interests held jointly with another person ⁽⁴⁾ | 93,872,379 | Long positions | 5.14% |
| | Subtotal | 481,395,879 | | 26.35% |
| Conch International Holdings (HK) limited | Beneficial owner | 286,134,000 | Long positions | 15.66% |
| Conch Holdings | Interest of controlled corporation ⁽²⁾ | 481,395,879 | Long positions | 26.35% |
| Wuhu Conch Venture Property Co., Ltd. | Interest of controlled corporation ⁽²⁾ | 481,395,879 | Long positions | 26.35% |
| Staff Association of Anhui Conch Holdings Co., Ltd. (安徽海螺集團有限責任公司工會委員會) (“SA Conch”) | Interest of controlled corporation ⁽⁵⁾ | 109,178,000 | Long positions | 5.98% |
| Anhui Conch Venture Group Co., Ltd. (安徽海創集團股份有限公司) (“CV Group”) | Interest of controlled corporation ⁽⁶⁾ | 109,178,000 | Long positions | 5.98% |
| Qi Shengli | Beneficial owner | 9,412,500 | Long positions | 0.52% |
| | Interests held jointly with another person ⁽⁴⁾ | 471,983,379 | Long positions | 25.84% |
| | Subtotal | 481,395,879 | | 26.35% |

| Name of shareholders | Nature of interests | Number of shares | Long/short positions | Approximate percentage of shareholdings ⁽¹⁾ |
|----------------------|---|--------------------|----------------------|--|
| Guo Dan | Interest of controlled corporation ⁽⁷⁾ | 32,725,000 | Long positions | 1.79% |
| | Interests held jointly with another person ⁽⁴⁾ | 448,670,879 | Long positions | 24.56% |
| | Subtotal | 481,395,879 | | 26.35% |
| Yan Zi | Interest of controlled corporation ⁽⁸⁾ | 35,033,752 | Long positions | 1.92% |
| | Interests held jointly with another person ⁽⁴⁾ | 446,362,127 | Long positions | 24.43% |
| | Subtotal | 481,395,879 | | 26.35% |
| Ji Xian | Interest of controlled corporation ⁽⁹⁾ | 10,080,000 | Long positions | 0.55% |
| | Interests held jointly with another person ⁽⁴⁾ | 471,315,879 | Long positions | 25.80% |
| | Subtotal | 481,395,879 | | 26.35% |
| Wang Jingqian | Beneficial owner | 1,930,000 | Long positions | 0.11% |
| | Interests held jointly with another person ⁽⁴⁾ | 479,465,879 | Long positions | 26.25% |
| | Subtotal | 481,395,879 | | 26.35% |

Notes:

1. The calculation is based on the total number of 1,826,765,059 Shares in issue as of the Latest Practicable Date.
2. As of the Latest Practicable Date, among the above Shares, (i) 195,261,879 Shares are owned by Conch Cement and its Parties Acting in Concert; and (ii) 286,134,000 Shares are owned by Conch International Holdings (HK) Limited which is a wholly owned subsidiary of Conch Cement. Conch Holdings is the holding company of Conch Cement. As 49% of the issued share capital of Conch Holdings is held by Wuhu Conch Venture Property Co., Ltd., Wuhu Conch Venture Property Co., Ltd. is wholly owned by China Conch Venture Holdings International Limited, and China Conch Venture Holdings International Limited is ultimately wholly owned by Conch Venture. By virtue of the SFO, Conch Holdings, Wuhu Conch Venture Property Co., Ltd., China Conch Venture Holdings International Limited and Conch Venture are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert and Conch International Holdings (HK) Limited are interested.
3. 286,134,000 Shares are held by Conch International Holdings (HK) Limited, which is a wholly-owned subsidiary of Conch Cement. Accordingly, by virtue of the SFO, Conch Cement is deemed to be interested in the Shares in which Conch International Holdings (HK) Limited is interested.
4. by virtue of the SFO, Conch Cement and its Parties Acting in Concert are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert are interested, namely (i) 387,523,500 Shares held by Conch Cement and its wholly-owned subsidiary Conch International Holdings (HK) Limited, (ii) 9,412,500 Shares held by Qi Shengli, (iii) 2,050,000 Shares held by Li Qunfeng, (iv) 100,000 Shares held by Wang Chunjian, (v) 32,725,000 Shares held by Guo Dan, (vi) 35,033,752 Shares held by Yan Zi, (vii) 10,080,000 Shares held by Ji Xian, (viii) 2,541,127 Shares held by Ma Wei and (ix) 1,930,000 Shares held by Wang Jingqian.
5. among the above Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 Shares are owned respectively by (i) Conch Venture Holdings (Zhuhai) Co., Ltd.* (海螺創投控股(珠海)有限公司) (“**CV Holdings Zhuhai**”), (ii) Anhui Conch Venture Medical Investment Management Co., Ltd.* (安徽海螺創業醫療投資管理有限責任公司) (“**CV Medical**”) and (iii) Conch Venture International Limited* (海螺創業國際有限公司) (“**CVI**”), all of which are wholly owned by CV Group. CV Group is deemed to be interested in the Shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested by virtue of the SFO. As 82.93% of CV Group’s registered capital is held by SA Conch, SA Conch is deemed to be interested in the Shares in which CV Group is interested by virtue of the SFO.
6. among these Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 Shares are owned by CV Holdings (Zhuhai), CV Medical and CVI, respectively. CV Group is deemed to be interested in the Shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested by virtue of the SFO.
7. these Shares are owned by Dazzling Star Investments Limited. Dazzling Star Investments Limited is wholly owned by Guo Dan. Guo Dan is deemed to be interested in the Shares held by Dazzling Star Investments Limited by virtue of the SFO.
8. these Shares are owned by Fortune Gold Limited. Fortune Gold Limited is wholly owned by Yan Zi. Yan Zi is deemed to be interested in the Shares held by Fortune Gold Limited by virtue of the SFO.
9. these Shares are owned by Golden Convergence Limited. Golden Convergence Limited is wholly owned by Ji Xian. Ji Xian is deemed to be interested in the Shares held by Golden Convergence Limited by virtue of the SFO.

According to Section 336 of the SFO, Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons (not being Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

9. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.conchenviro.com>) for a period of 14 days from the date of this circular:

- (a) the 2025 Renewed Framework Agreement with Conch Cement;
- (b) letter from the Independent Board Committee;
- (c) letter from the Independent Financial Adviser;
- (d) letter of consent from the Independent Financial Adviser; and
- (e) this circular.



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)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting (the “**EGM**”) of China Conch Environment Protection Holdings Limited (the “**Company**”) of 2025 will be held at the Meeting Room of the Company, No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC on Wednesday, 19 February 2025 at 10:00 a.m. (Hong Kong time) for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve, if thought fit, the following resolutions:
 - (a) the 2025 Renewed Framework Agreement with Conch Cement and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated 24 January 2025 (the “**Circular**”), be and is hereby approved, ratified and confirmed;
 - (b) the proposed annual caps for the continuing connected transactions contemplated under the 2025 Renewed Framework Agreement with Conch Cement for the three years ending 31 December 2027 as set out in the Circular be and are hereby approved, ratified and confirmed; and
 - (c) any one executive Director be and is hereby authorized for and on behalf of the Company to execute, and where required, to affix the common seal of the Company to, any documents, instruments or agreements, and to do any acts and things deemed by him or her to be necessary, expedient or appropriate in order to give effect to and implement the transactions contemplated under the 2025 Renewed Framework Agreement with Conch Cement (including the proposed annual caps thereunder for the three years ending 31 December 2027).

Yours faithfully,

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,
24 January 2025

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025

Notes:

1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder presents in person or by proxy shall be entitled to one vote for each share held by him.
3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if it/he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Company’s Branch Share Registrar in Hong Kong no later than Monday, 17 February 2025 at 10:00 a.m. (Hong Kong time). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4: 30 p.m. on Thursday, 13 February 2025 (Hong Kong time).
6. A circular containing further details concerning item 1 set out in the above notice will be sent to all shareholders of the Company.
7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Mr. Wang Chunjian (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors; Mr. LI Qunfeng (Chairman), Mr. JIANG Dehong and Mr. MA Wei as non-executive Directors; and Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen as independent non-executive Directors.