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

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF CHINA CONCH ENVIRONMENT PROTECTION HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**THE PROPOSED SPIN-OFF**

The Company proposes to spin-off and separately list the shares of Conch Environment on the Main Board of the Stock Exchange by way of introduction, which will be implemented through a distribution in specie by the Company of all the Conch Environment Shares to the Shareholders, in proportion to their respective shareholding in the Company as at the Record Date.

The separate listing of the Conch Environment Shares on the Main Board of the Stock Exchange constitutes a spin-off of Conch Environment by the Company under the Practice Note 15 to the Listing Rules. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

**CONCH ENVIRONMENT APPLICATION FOR LISTING**

On 28 September 2021, Conch Environment submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Conch Environment Shares on the Main Board of the Stock Exchange. A redacted version of the application proof of the listing document of Conch Environment is expected to be available for viewing and downloading on the Stock Exchange's website.

## **GENERAL**

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

**As the Listing is conditional upon, among other things, the approvals of the Listing Committee, the final decision of the Board and the board of Conch Environment, market and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.**

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## **THE SPIN-OFF GROUP**

Conch Environment is an exempted company incorporated with limited liability in the Cayman Islands in March 2020 and is a wholly owned subsidiary of the Company as at the date of this announcement. Upon completion of the Proposed Spin-off, Conch Environment will cease to be a subsidiary of the Company. The Spin-off Group is principally engaged in providing the industrial solid and hazardous waste treatment business in the PRC.

## **REASONS AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Company considers that the Proposed Spin-off is in the interests of the Group and the Shareholders taken as a whole and the Proposed Spin-off will position each of the Retained Group and the Spin-off Group better for growth in their respective businesses and deliver clear benefits to both groups due to the following reasons:

- a. The Proposed Spin-off would enable more focused development and strategic planning, as well as better allocation of resources for the Retained Group and the Spin-off Group with respect to their respective businesses given their distinctive business models and cost structures.
- b. The Proposed Spin-off will strengthen the operational management ability of both the Retained Group and the Spin-off Group, where their management teams can focus more efficiently and effectively on their respective businesses and improve their abilities to recruit, motivate and retain key management personnel for each line of business as well as to expediently and effectively capitalize on any business opportunities that may arise.
- c. The Proposed Spin-off will enable the Spin-off Group to build its identity as a separate listed group, and provide a direct and additional platform for Conch Environment to secure funding to support its faster growth and expansion plan and allows Conch Environment to react promptly to market conditions. After the Proposed Spin-off, both the Retained Group and the Spin-off Group will have separate fundraising platforms that have direct access to both equity and debt capital markets, which will increase their respective financial flexibility and enhance their ability to maintain stable cash flow to support sustainable growth.
- d. The Proposed Spin-off will increase the operational and financial transparency and improve the corporate governance of the Spin-off Group and allow investors to appraise and assess Conch Environment's performance and potential. In particular, the size of Spin-off Group is relatively smaller as compared to that of the Retained Group, and therefore its value might not be fully realized, the Proposed Spin-off will enable the Spin-off Group to be valued as separate entity and reflecting its intrinsic values on a standalone basis. It will also create an independent platform for a potentially new investor base for the Spin-off Group after Conch Environment listed on the Main Board of the Stock Exchange as it will be able to attract new investors who are seeking focused investments specifically in the industrial solid and hazardous waste treatment sector. Investor will have the choice to invest in either one or both of the businesses and shareholders will have the opportunity to realize the value of their investment in the Group. The overall value of both the Spin-off Group and the Retained Group will be enhanced with a clear standalone valuation of Spin-off Group, and the Proposed Spin-off will provide the shareholders of the Company an opportunity to ascribe a market value of its investment in the Spin-off Group.
- e. By way of a distribution in specie, the existing shareholders of the Company will therefore continue to enjoy the benefits from the future development and growth of the Spin-off Group.

- f. In addition, the Proposed Spin-off will enhance the brand value and market influence of Conch Environment and promote the sustainable development of Conch Environment. As a separately listed group, the Spin-off Group will be in a better position to negotiate and solicit more businesses, and the shareholders of the Company will in turn be able to benefit from the growth of the Spin-off Group through their shareholdings in Conch Environment.

## **ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT**

The Board will give due regard to the interests of the Shareholders by providing the Shareholders with an assured entitlement to the Conch Environment Shares through a distribution in specie by the Company of all of the Conch Environment Shares to the Shareholders. There will not be any offering of new Conch Environment Shares to the public under the Proposed Spin-off. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

## **INFORMATION OF THE GROUP**

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange since December 2013. The Group is a large integrated provider of energy preservation and environment protection solutions in the PRC and is principally engaged in the business of waste-to-energy projects, port logistics and new building materials.

## **LISTING RULES IMPLICATIONS**

Upon completion of the Proposed Spin-off, the Company will not retain any interest in Conch Environment and Conch Environment will cease to be a subsidiary of the Company. As the Proposed Spin-off will be implemented by way of distribution in specie of the Conch Environment Shares alone, the Proposed Spin-off will not constitute a transaction for the Company under Chapter 14 of the Listing Rules and accordingly, there will be no requirement for the Company to comply with the shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

A redacted version of the Application Proof is expected to be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/app/sehkappmainindex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

**As the Listing is conditional upon, among other things, the approvals of the Listing Committee, the final decision of the Board and the board of Conch Environment, market and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Application Proof”	the redacted version of the application proof of the listing document of Conch Environment
“Board”	the board of Directors
“Company”	China Conch Venture Holdings Limited (中國海螺創業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 586)
“Conch Environment”	China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 2, 2020
“Conch Environment Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each of Conch Environment
“Director(s)”	the director(s) of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of the Conch Environment Shares on the Main Board of the Stock Exchange
“Record Date”	the record date for ascertaining the Shareholders who shall be entitled to the distribution in specie

“Retained Group”	the Company and its subsidiaries (excluding the Spin-off Group)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spin-off Group”	Conch Environment and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

For and on behalf of the Board  
**China Conch Venture Holdings Limited**  
**Guo Jingbin**  
*Chairman*

Anhui Province, the People’s Republic of China  
28 September 2021

*As at the date of this announcement, the Board comprises Mr. Ji Qinying (Chief Executive Officer), Mr. Li Jian and Mr. Li Daming as executive Directors; Mr. Guo Jingbin (Chairman), Mr. Chang Zhangli and Mr. Shu Mao as non-executive Directors; and Mr. Chan Chi On (alias Derek Chan), Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex. as independent non-executive Directors.*