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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)

**VOLUNTARY ANNOUNCEMENT:
ENTERING INTO A JOINT VENTURE AGREEMENT
IN RELATION TO THE ESTABLISHMENT AND GOVERNANCE OF A
JOINT VENTURE COMPANY**

This is a voluntary announcement made by China Conch Venture Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide shareholders of the Company and potential investors on the Group’s latest business development.

On 12 February 2019, a joint venture company (i.e. the Joint Venture Company) was incorporated in Hong Kong, which is jointly set up by CV International (a wholly-owned subsidiary of the Company) and CBM Holdings (a wholly-owned subsidiary of CNBM, a joint stock limited company incorporated in the PRC, whose H shares are listed on the Stock Exchange (stock code: 3323)). In this connection, the board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 18 March 2019 (after trading hours), the Company entered into the JV Agreement with CNBM in relation to the management and governance of the affairs of the Joint Venture Company and the scope of cooperation between the Company and CNBM.

THE AIM AND SCOPE OF COOPERATION

Pursuant to the JV Agreement, the aim and scope of the cooperation among the Parties to the JV Agreement is for the Joint Venture Company to establish a limited liability company in the PRC (i.e. WFOE) for the principal purpose of engaging in solid waste disposal business in the PRC. The WFOE shall be solely responsible for investing in (whether by way of holding controlling interest (控股), equity interest (參股) or other ways of investment), operating and managing the existing and future solid waste disposal business with an estimated total planned disposal capacity of no less than 3 million tonnes per year of CNBM’s certain subsidiaries which engage in cement-related businesses (“**Associated Cement Entities**”):

1. in respect of the proposed cement kilns solid waste collaborative treatment projects to be constructed by CNBM’s Associated Cement Entities, the WFOE may, as the investing entity and with the assistance of CNBM’s Associated Cement Entities,

negotiate potential investments with local governments in the PRC and enter into investment agreements for the investment, construction, operation and management of the proposed projects;

2. in respect of the cement kilns solid waste collaborative treatment projects which CNBM's Associated Cement Entities have participated in their construction and put into operation in their respective current areas, if the WFOE so requests, CNBM shall enter into discussions with the WFOE with a view to transferring the Associated Cement Entities' equity interests in the project holding companies to the WFOE; and
3. in respect of the collaborative cement kilns solid waste treatment projects for which CNBM's Associated Cement Entities have entered into cooperation agreements with third parties or have applied for preliminary approval and have commenced their construction in their respective current areas, CNBM shall cause the Associated Cement Entities to coordinate with the relevant third parties with a view to transferring their rights and obligations to the WFOE. For the equity interests in the relevant project holding companies held by CNBM's Associated Cement Entities, CNBM shall enter into discussions with the WFOE with a view to transferring the Associated Cement Entities' equity interests to the WFOE.

MODE OF COOPERATION

Establishment of the Joint Venture Company and limited liability company

On 12 February 2019, the Joint Venture Company was established with an initial issued share capital of RMB10,000. Pursuant to the terms of the JV Agreement, the issued share capital shall be increased from RMB10,000 to RMB500 million, with the additional RMB499,990,000 to be contributed by JV Shareholders in equal shares according to timetable to be further agreed. The Joint Venture Company will inject all of its capital into the WFOE for implementing the future business plans of the Parties in the manner as set out in "The Aim and Scope of Cooperation" section above.

Upon completion of the capital injection as mentioned above, the shareholding and capital contribution in the Joint Venture Company are as follows:

Parties	Total Capital Contribution <i>(RMB million)</i>	Shareholding percentage
CV International	250	50%
CBM Holdings	250	50%
Total:	500	100%

Based on its existing shareholding structure and articles of association, the Joint Venture Company is and will be accounted for and consolidated in the consolidated accounts of the Company as its subsidiary, and the Joint Venture Company is and will not be accounted for and consolidated in the consolidated accounts of CNBM as its subsidiary.

Rights and responsibilities of the Parties

The JV Agreement provides, amongst other terms, the following in relation to the management and governance of the affairs of the Joint Venture Company:

1. the board of directors of the Joint Venture Company has (at incorporation) been comprised of five directors, of which three were nominated by CV International and two by CBM Holdings. The chairman of the board of the Joint Venture Company is to be appointed by CV International and the vice-chairman of its board is to be appointed by CBM Holdings. Save for certain matters which were reserved to be resolved at the shareholders' meetings, most of the Joint Venture Company's businesses and affairs shall be managed and resolved by its board of directors.
2. Each of the JV Shareholders has the right of first refusal, in the event that the other JV Shareholder intends to transfer any of its shares in the Joint Venture Company. If CNBM intends to sell all or most of its shares in the Joint Venture Company, the Company shall solely be the purchaser of such shares, the detailed terms of which sale and purchase shall be further negotiated by the parties, and the purchase price shall be further negotiated by the parties having regard to valuation to be made by an independent valuer.
3. Each of the JV Shareholders also has information rights regarding the books and other financial records of the Joint Venture Company.

In addition to the above, the JV Agreement also provides that CBM Holdings shall have the right to nominate a potential candidate to serve as a non-executive director of the Board of the Company. Upon such candidate having been appointed as a non-executive director of the Board of the Company, he/she shall be subject to retirement by rotation or retirement pursuant to the Listing Rules and other laws and rules applicable to the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

It is expected that the cooperation arrangement would strengthen the market presence of both the Group and CNBM Group by leveraging on their strength, resources and expertise in the business of solid waste treatment in the PRC. The Directors consider the entering into of the JV Agreement is a valuable investment opportunity for the Group and is in the interests of the Company and its shareholders taken as a whole.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in investment holding and the provision of energy preservation and environmental protection solutions. The Group's principal business segments include provision of solid waste solutions, waste incineration solutions, port logistics and manufacture and sales of energy saving equipment and new building materials.

CNBM Group is principally engaged in cement, light weight building materials, glass fibre, composite materials and engineering services businesses. For the reason that, as at the date of the JV Agreement, the Joint Venture Company was newly incorporated and has not commenced its business, it has minimal assets and has not generated any revenue or profit, and hence the Joint Venture Company is an insignificant subsidiary of the Company under

Rule 14A.09 of the Listing Rules. As a result, despite being the owner of over 10% of the equity interest of the Joint Venture Company, neither of CBM Holdings nor CNBM is considered as connected persons of the Company.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture Company and the injection of additional capital (being the transactions contemplated under the JV Agreement, and aggregated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules) are less than 5%, the transactions contemplated under the JV Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“CBM Holdings”	China Building Material Holdings Company Limited (中國建材控股有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of CNBM
“CNBM”	China National Building Material Company Limited (中國建材股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (stock code: 3323)
“CNBM Group”	CNBM and its subsidiaries
“CV International”	China Conch Venture Holdings International Limited* (中國海創控股國際有限公司), a limited liability company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“JV Agreement”	the joint venture agreement entered into between CNBM and the Company on 18 March 2019, regulating management and governance of the affairs of the Joint Venture Company
“JV Shareholders”	the shareholders of the Joint Venture Company
“Joint Venture Company”	Conch Venture CNBM Hong Kong Holdings Limited (海建香港控股有限公司), a joint venture company incorporated in Hong Kong on 12 February 2019

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited
“Parties”	parties to JV Agreement, being the Company and CNBM, and “Party” shall mean any of them
“PRC”	the People’s Republic of China and (except where the context otherwise requires) for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WFOE”	a limited liability company to be established by the Joint Venture Company pursuant to the JV Agreement
“%”	per cent

On Behalf of the Board
China Conch Venture Holdings Limited
GUO Jingbin
Chairman

Anhui Province, the People’s Republic of China

18 March 2019

As at the date of this announcement, the Board comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as 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.

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