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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 AN INVESTMENT AGREEMENT
IN RELATION TO THE WET DIAPHRAGM PROJECT**

This announcement is made by China Conch Venture Holdings Limited (“**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) on a voluntary basis to provide the shareholders and prospective investors of the Company with information on the latest business development of the Group.

GENERAL INFORMATION ABOUT THE COOPERATION

On 14 September 2021, Anhui Conch Venture New Energy-saving Building Material Co., Ltd.* (安徽海創新型節能建築材料有限責任公司) (a wholly-owned subsidiary of the Company, “**Conch Venture Green**”) entered into an investment agreement (the “**Investment Agreement**”) with Anhui Gaomu Venture Investment Co., Ltd.* (安徽高沐創業投資有限公司) (“**Gaomu Investment**”, together with Conch Venture Green, the “**Investors**”), Taizhou Hengchuan New Energy Material Technology Co., Ltd.* (泰州衡川新能源材料科技有限公司) (“**Hengchuan Technology**” or the “**Target Company**”) and the existing shareholders of the Target Company (the “**Original Shareholders**”) to regulate the acquisition of part of the equity interest in the Target Company by Conch Venture Green (the “**Equity Transfer**”) and the respective injection of capital into the Target Company by each of the Investors (the “**Capital Injection**”).

Upon completion of the Equity Transfer and the Capital Injection, the Investors will together hold an aggregate of 51% equity interest in the Target Company (of which Conch Venture Green will hold 41% equity interest in the Target Company and Gaomu Investment will hold 10% equity interest in the Target Company. Gaomu Investment is expected to set up investment platform(s) of which the main participants are the key employees of the Group. Conch Venture Green has entered into an acting-in-concert agreement with Gaomu Investment, pursuant to which it is agreed that from the date when the parties become shareholders of the Target Company, before the parties as shareholders of the Target Company and their respective appointed directors (if any) exercise their voting and proposal rights over the Target Company, the parties shall negotiate on relevant contents and reach a consensus on voting matters. If the parties cannot reach an agreement, the opinions of Gaomu Investment shall be subject to those of Conch Venture Green, which shall be

consistent with the opinions of Conch Venture Green. As a result, the Target Company will be accounted for and consolidated into the consolidated accounts of the Company as a subsidiary of the Company upon completion of the Equity Transfer and the Capital Injection.

The Investment Agreement is an indicative document for the long-term cooperation between the parties to the agreement. The relevant parties will separately enter into a specific equity transfer agreement and a capital injection agreement which set out the detailed terms of the Equity Transfer and the Capital Injection (including the transaction method and consideration) and their respective rights and obligations.

Hengchuan Technology is a company incorporated in the People's Republic of China (the "PRC") with limited liability and is a high-tech enterprise engaged in the production and sales of high-performance lithium-ion battery diaphragm materials by using wet process. Mr. Deng Bin (鄧斌), a key management personnel of Hengchuan Technology, graduated from the Department of Materials Science of Fudan University with a major in physical electronics and obtained a doctoral degree in Science. He joined the start-up team of Shanghai Enjie New Materials Technology Co., Ltd.* (上海恩捷新材料科技股份有限公司) in October 2010 and was in charge of its technology and product work. He joined Suzhou Jieli New Materials Technology Co., Ltd.* (蘇州捷力新材料科技有限公司) in November 2013 and successively served as deputy general manager and executive deputy general manager (acting on behalf of the general manager), responsible for the overall operation and management of the company.

The existing core product of Hengchuan Technology is high-performance lithium-ion battery wet diaphragm and coating film. Based on years of industry experience, current market demand and future development trend, its team has created a unique process technology system, which has improved the overall technology level of domestic lithium-ion battery diaphragm industry. Currently, Hengchuan Technology has applied for a number of invention patents and utility model patents. The planned production capacity of Hengchuan Technology is 1.2×200,000,000 sq.m./year. The first production line has commenced operation in September 2021 and the second production line is expected to commence operation in early 2022. Currently, the single-line production capacity of the new production line of Hengchuan Technology is at the cutting-edge level in the wet diaphragms industry. Hengchuan Technology is expected to become a leading enterprise in the field of new energy materials in the PRC, contributing to the advancement of the relatively backward situation of basic industrial products in the PRC.

To the best of the knowledge, information and belief of the directors of the Company (the "Directors"), having made all reasonable enquiries, each of Gaomu Investment, the Original Shareholders and the Target Company is an independent third party of the Company and is not a connected person (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) of the Company.

PURPOSE AND OBJECTIVE OF THE COOPERATION

According to the Investment Agreement, the parties to the agreement will, based on the principle of mutual trust, mutual benefit and joint development, give full play to the advantages of the Investors in capital and social resources, and the advantages of the Original Shareholders in terms of industry experience, technology and process system. They will jointly expand the new energy materials industry and will actively deploy the wet diaphragm production bases in Eastern China, Central China, Southwest China and other regions in the PRC and accelerate project construction, with an aim to satisfy the fast-growing market and build Hengchuan Technology into one of the leading enterprises in the lithium-ion battery diaphragm industry, helping the Group to enter the new energy materials business field and seize market share.

REASONS FOR ENTERING INTO THE INVESTMENT AGREEMENT

With the changes in the international situation and the growing concern over consumption of resources and energy security issues, the global new energy vehicle industry has been developing rapidly. The demand for lithium-ion battery materials being an important component of new energy vehicles is expected to grow rapidly, and the lithium-ion battery industry has a broad market prospect and great development potential in the future. Lithium-ion batteries mainly consist of four major materials, namely cathode materials, anode materials, diaphragm (as separator) and electrolyte. Lithium-ion battery diaphragm is an isolation material between the cathode and the anode of a lithium-ion battery, which is one of the key components of a lithium-ion battery.

The Group will seize the strategic opportunity brought about by the rapid development of the new energy industry in the PRC and actively plan for the new energy materials industry. Based on the Group's early development experience and advantages, the Group will seize the development opportunities of the new energy vehicle and energy storage industry chain, swiftly enter the upstream core lithium-ion battery wet diaphragm industry, and strive to open up a new stage of business development. The Directors are of the opinion that the entering into of the Investment Agreement represents an attractive investment opportunity for the Group and is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF LISTING RULES

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer and the Capital Injection (being the transactions contemplated under the Investment 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 Investment Agreement do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By Order of the Board
China Conch Venture Holdings Limited
SHU Mao
Company Secretary

Anhui Province, the People's Republic of China
23 September 2021

As at the date of this announcement, the Board of the Company comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. CHANG Zhangli as non-executive Director; 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*