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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 RESPECT OF
LITHIUM FERROUS PHOSPHATE CATHODE MATERIAL PROJECT**

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

BASIC INFORMATION OF THE COOPERATION

On 8 October 2021, with a view to rapidly developing in new energy sector, the Company entered into an investment agreement in respect of a lithium ferrous phosphate cathode material project with Wuhu Economic and Technological Development Zone Management Committee* (蕪湖經濟技術開發區管理委員會) (the “**Wuhu ETDZ Committee**”). Wuhu Economic and Technological Development Zone is a national-level economic and technological development zone established with the approval of the State Council in April 1993 and the first national-level economic and technological development zone in Anhui Province.

For the purpose of implementing such project, on 29 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 “**Anhui New Material**”) and Anhui Gaomu Venture Investment Co., Ltd.* (安徽高沐創業投資有限公司) (“**Gaomu Investment**”) jointly set up a joint venture company, namely Anhui Conch Venture New Energy Material Co., Ltd.* (安徽海創新能源材料有限公司) (“**Conch Venture New Energy Material**”, a company incorporated in the People’s Republic of China with limited liability). The registered capital of Conch Venture New Energy Material amounted to RMB500 million, of which Anhui New Material contributed RMB400 million and Gaomu Investment contributed RMB100 million, representing 80% and 20% of its registered capital respectively. Gaomu Investment is expected to set up investment platform(s) of which the main participants are the key employees of the Group.

THE PURPOSE AND OBJECTIVE OF COOPERATION AND DEVELOPMENT PLAN

With the intent of pursuing mutual benefits, combining complementary advantages and achieving mutual development, both parties shall fully utilize the Group's advantages in capital, management and branding, as well as the geographical advantage of Wuhu Economic and Technological Development Zone's excellent investment environment, in order to conduct in-depth research of the industry, consolidate the features of the market and ensure the high quality and high production capacity of products with a high starting point and high standards, and at the same time, accelerate in market expansion and focus on technological research, for the purpose of driving the Group's rapid development in new material sector.

The project will be carried out with one-off planning with its construction to be in phases. It is planned that the first phase of the construction will be consisted of a lithium ferrous phosphate cathode material project, together with ancillary facilities, with annual production volume of 50,000 tonnes, the investment amount of which will be approximately RMB1.0 billion. The construction is expected to commence within this year and complete and put into production by the end of next year. At a later stage, the Group plans to achieve an annual production volume of 500,000 tonnes of highly effective lithium ferrous phosphate cathode material for new energy battery, subject to the actual development of the market and the approval process of the project. It is expected that the project, upon completion, will be a new profit driver of the Group and will substantially enhance the overall strength of the Group.

METHOD OF COOPERATION

The cooperation between both parties is guided by, including but not limited to, "the 14th Five-Year Plan and Long-Range Objectives through the Year 2035" and "the Guiding Opinions in relation to Accelerating the Development of New Energy Storage". The Wuhu ETDZ Committee will provide policy support in several aspects, including land, gas supply, electricity supply and drainage for the project. Conch Venture New Energy Material, as the company carrying out the project, will take charge of the construction of the production base and accelerate the launch of the project so as to make profits as soon as possible.

REASONS OF ENTERING INTO THE AGREEMENT

Given the ambitious objective of "Reaching Peak Carbon Dioxide Emissions Before 2030 and Carbon Neutrality by 2060" set by the central government, development of new energy has become a critical strategy in the next stage of energy reform. As an important component of the new energy sector, the lithium-ion battery industry has a broad market prospect and great development potential in the future with excellent development opportunities. Lithium-ion batteries consist of four main components, namely cathode materials, anode materials, separator and electrolyte. Cathode material directly affects the energy density and performance of the battery and accounts for the highest proportion of the cost among the four major materials.

To further expand the business into a new sector, the Group grasps the development opportunity in new energy vehicle and energy storage industry chain, rapidly enters the upstream and core sector of lithium ferrous phosphate cathode material for new energy

battery, engages in new energy development and strives to become a leading enterprise in the industry, thereby achieving stable long-term development of the Group. The directors of the Company are of the view that entering into the aforesaid investment agreement represents a valuable investment opportunity for the Group and is in the interests of the Company and its shareholders as a whole.

The Company will make further announcement(s) in relation to the above project in accordance with all applicable requirements under the Listing Rules as and when appropriate.

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

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

Anhui Province, the People's Republic of China
10 October 2021

As at the date of this announcement, the Board of the Company 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.

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