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)

SUPPLEMENTAL ANNOUNCEMENT OF CONTINUING CONNECTED TRANSACTION: SUPPLYING PROCESSING SERVICES

Reference is made to the Company's announcement dated 30 July 2026 (the "**Announcement**") in relation to the continuing connected transactions involving the Shanghai Shanshan Framework Supply of Services Agreement. Unless otherwise stated, capitalised terms in this supplemental announcement shall have the same meanings as those defined in the Announcement.

As stated in the Announcement, (i) Conch Holdings (being a connected person of the Company) has entered into a series of reorganisation arrangements with Wanwei Group; and (ii) Wanwei Group has established de facto control over Shanshan as at 20 July 2026 and Shanghai Shanshan (being a subsidiary of Shanshan) has since then become a deemed connected person of the Company under Rule 14A.20 of the Listing Rules. Once the Company became aware of the establishment of de facto control by Wanwei Group over Shanshan from Shanshan's announcement issued on 21 July 2026, the Company approached Shanshan to identify the relevant continuing connected transactions, determine the applicable annual cap and negotiate the corresponding framework agreement (i.e. the Shanghai Shanshan Framework Supply of Services Agreement). After the necessary internal approvals from both parties were obtained, the Shanghai Shanshan Framework Supply of Services Agreement was entered into by the parties on 30 July 2026 and the Announcement was published on the same day.

In order to ensure timely compliance with Rule 14A.60(1) going forward, the Company will continuously reviewing, strengthening and monitoring the relevant internal control measures of the Group, in particular, the Group will, before entering into any contracts, strengthen its monitoring of counterparties to existing and proposed transactions, with a view to identifying any potential changes in the list of connected persons of the Company (including all associates of Conch Holdings) at the earliest opportunity. The Company will also enhance its internal communication channels with its connected persons to ensure that any anticipated changes in connected person status may be promptly brought to the attention of the Company for immediate assessment and action.

The Company would like to supplement on the (i) pricing policy (a) for the similar processing services provided by the Company to an Independent Third Party and (b) for processing services provided by the Company to connected persons; (ii) basis of determination of the annual cap in respect of the transactions contemplated under the Shanghai Shanshan Framework Supply of Services Agreement; and (iii) reasons and benefits of entering into the Shanghai Shanshan Framework Supply of Services Agreement with Shanghai Shanshan.

Pricing policy and pricing procedure

As stated in the paragraph headed "Shanghai Shanshan Framework Supply of Services Agreement — Pricing policy and pricing procedure" in the Announcement, the service fees receivable by CV Sunway under the individual supply of services agreements are determined through arm's length negotiations with reference to the fees charged by CV Sunway (as service provider) to at least one Independent Third Party for services of similar nature to ensure that the terms offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties.

The Company would like to supplement that, in addition to the usual pricing policy and pricing procedure adopted for provision of services to Independent Third Parties as stated below, when determining the fees charged by CV Sunway to connected persons, the Company will review the fees charged by CV Sunway to all existing clients (including Independent Third Parties) for FY2026 for the substantially similar processing services involving comparable work processes and complexity in accordance with the Company's internal procedures, which enables the Company to confirm that the service fees offered by the connected persons to the Group are no less favourable to the Group than those offered to such Independent Third Parties.

The Company's pricing policy for the provision of similar processing services to Independent Third Parties takes into account of the following factors: (i) estimated processing costs incurred in carrying out for each individual processing procedure, including labour costs, material costs and energy consumption costs, as well as other relevant cost elements, where applicable; (ii) prevailing average market prices for the relevant processing procedures published by independent industry information platforms through respective official websites which are updated on a daily basis; and (iii) specific circumstances of the relevant transactions, including delivery cycle, the scale of the business, the volume of services required, quality standards, supporting service requirements and the overall scope and complexity of the processing services.

Accordingly, the service fees charged by the Company to Independent Third Parties are determined with reference to both the underlying costs incurred and the prevailing market pricing levels, rather than being determined solely by reference to a fixed or unilateral pricing formula. This pricing approach enables the Company to assess and determine the processing service fees for each relevant transaction on a commercially reasonable basis.

Based on the above pricing procedures, the Group ensures that the quotations provided by the connected persons to the Group are no less favourable than those offered by the Independent Third Parties to the Group and that the terms are fair and reasonable.

Basis of determination of the Shanghai Shanshan FSSA Annual Cap

The Company would like to supplement on the basis of the annual cap in respect of the transactions contemplated under the Shanghai Shanshan Framework Supply of Services Agreement as follows:

The annual cap of RMB100 million ("**Shanghai Shanshan FSSA Annual Cap**") was determined based on a forward-looking assessment of the anticipated transaction volume, the expected production capacity and utilisation rate of CV Sunway, the production plans of the parties and the prevailing market pricing for the processing services.

In 2026, the global anode materials market has been growing and is expected to grow significantly, while domestic anode material shipments increased substantially during the first half of the year. Shanshan is a leading enterprise in the anode materials industry, its customers' orders are reaching saturation and its demand for production capacity is expected to remain strong throughout 2026. Before entering into the Shanghai Shanshan Framework Supply of Services Agreement, CV Sunway and Shanshan entered into a contract in October 2025 for the purpose of onboarding the Group as one of Shanshan's suppliers on a trial basis. Since then until June 2026, Shanshan performed trial tests on the quality of the processing services provided by CV Sunway. After this stage, CV Sunway's production lines were calibrated and it has progressively improved its production capacity utilisation, which enabled it to undertake production orders of greater volume from Shanshan for the remaining period in 2026.

Although the historical transaction amount (less than RMB1.0 million for the one month ended 30 June 2026) represented less than 1% of the Shanghai Shanshan FSSA Annual Cap, the Company considers that the historical transaction amount does not reflect the anticipated future transaction level, as it was incurred during CV Sunway's commissioning and trial-production stage when its production capacity had not been fully developed or utilised. Accordingly, after taking into account the expected production volume, available capacity, production plans and market pricing, the Company considers that the Shanghai Shanshan FSSA Annual Cap has been reasonably determined and provides appropriate headroom for the anticipated level of transactions.

Board's assessment of the pricing policy and basis of determination of the Shanghai Shanshan FSSA Annual Cap

In respect of the pricing policy, the Board notes that the service fees payable by Shanghai Shanshan are not determined by reference to a fixed or unilateral pricing formula. Instead, the Company will determine the fees for each processing procedure after taking into account the estimated processing costs, prevailing market price range for comparable processing services and specific circumstances of the relevant transactions. The Board therefore considers that the pricing policy enables the Company to determine the service fees on a transaction-by-transaction basis by reference to both cost-based and market-based factors, and as the service fees payable by Shanghai Shanshan will also be compared to the fee charged by CV Sunway to at least one Independent Third Party, as such the fees payable by Shanghai Shanshan will be no less favourable to the Company than the fees charged by the Company to Independent Third Parties for comparable processing services.

In respect of the Shanghai Shanshan FSSA Annual Cap, it was determined on the basis of a forward-looking assessment of the anticipated transaction volume, the expected production capacity and utilisation rate of CV Sunway, the operation plans of Shanghai Shanshan Group, and the prevailing market prices for the processing services. The Board considers that the limited historical transaction amount does not provide an appropriate basis for assessing the anticipated transaction level, as such historical transactions were conducted during CV Sunway's commissioning and trial-production stage, when its production capacity had not been fully developed or utilised. Following completion of the relevant trial tests, calibration of the production lines and progressive improvement in production capacity utilisation, CV Sunway is expected to be capable of undertaking processing orders from Shanghai Shanshan Group of a substantially greater volume from 20 July 2026 to 31 December 2026. The Board is therefore of the view that the Shanghai Shanshan FSSA Annual Cap allows adequate flexibility for the anticipated transactions, having been determined with reference to the parties' operation plans, expected production capacity and prevailing market conditions.

Having considered the above factors, the Board is of the view that the pricing policy and the basis of determination of the Shanghai Shanshan FSSA Annual Cap are fair and reasonable, on normal commercial terms and no less favourable than the price offered to Independent Third Parties, and in the interests of the Company and the shareholders of the Company as a whole.

Reasons and benefits of entering into the Shanghai Shanshan Framework Supply of Services Agreement

The Company would like to supplement on the reasons and benefits of entering into the Shanghai Shanshan Framework Supply of Services Agreement as follows:

(1) The anode materials market is currently experiencing strong demand, while Shanghai Shanshan's own production lines are operating at full capacity, resulting in a shortfall in its production capacity and a corresponding outsourcing demand. By cooperating with Shanghai Shanshan, CV Sunway would be able to utilise its currently idle anode material production capacity, hence improving the utilisation rate of its production facilities.

(2) The transactions under the Shanghai Shanshan Framework Supply of Services Agreement would also enable CV Sunway to pass on and partially offset its fixed operating costs, including factory and equipment depreciation, over a greater volume of production. This is expected to enhance the Group's revenue and operating cash flow, improve the profitability and promote more efficient utilisation of the Group's existing production assets. In addition, the Shanghai Shanshan Framework Supply of Services Agreement would establish a basis for the parties to cooperate in an orderly manner, while allowing individual transactions to be conducted in accordance with the agreed terms and applicable regulatory requirements.

In considering the decision to enter into the Shanghai Shanshan Framework Supply of Services Agreement, the Board was also aware of the Group's ongoing discussions and communications in relation to the Contemplated Disposal. However, the Contemplated Disposal remains inconclusive as at the date of the Announcement, and whether it will ultimately proceed and be completed remains subject to uncertainty. Accordingly, the Contemplated Disposal, being an uncertain transaction, does not affect the Group's immediate operational need to utilise its available production capacity.

The Board considered that entering into the Shanghai Shanshan Framework Supply of Services Agreement would provide the Group with immediate and independent commercial benefits, while preserving flexibility in respect of the Contemplated Disposal. The Shanghai Shanshan Framework Supply of Services Agreement is therefore not intended to prejudge, constitute a commitment to, or otherwise determine the Board's decision on whether the Contemplated Disposal will ultimately proceed. However, the Board has borne in mind the possible implications of the Contemplated Disposal in determining the duration of the Shanghai Shanshan Framework Supply of Services Agreement (i.e. 20 July 2026 to 31 December 2026).

Assuming and upon completion of the Contemplated Disposal, CV Sunway would become a subsidiary of Shanshan and cease to be a subsidiary of the Company. Accordingly, the transactions contemplated under the Shanghai Shanshan Framework Supply of Services Agreement would no longer constitute continuing connected transactions between the Group and a connected person. As such, the continuing connected transaction requirements under Chapter 14A of the Listing Rules would cease to apply following the completion of the Contemplated Disposal (assuming such completion). The relevant processing services would instead be provided as part of Shanshan's own internal operations.

From the Company's perspective, the completion of the Contemplated Disposal would enable the Group to further implement its strategy of integrating and optimising its resources, dispose of the relevant non-core assets and focus more closely on its principal waste-to-energy business. The Company does not expect the completion of the Contemplated Disposal to affect the Group's principal business adversely. The Contemplated Disposal remains subject to ongoing discussions and negotiations, and whether it will ultimately proceed and be completed remains uncertain.

The Listing Rules implications arising from the Contemplated Disposal on whether it is subject to the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules would be assessed based on the final terms of the Contemplated Disposal (if proceeding). The Company will make further announcement in relation to the Contemplated Disposal (if proceeding) as and when appropriate in compliance with the Listing Rules.

By Order of the Board
China Conch Venture Holdings Limited
CHEN Xingqiang
Company Secretary

Anhui Province, the People's Republic of China
27 August 2026

As at the date of this announcement, the Board comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Vice-Chairman and Chief Executive Officer), Mr. WANG Xuesen, Mr. HE Guangyuan and Mr. WAN Changbao as executive Directors; Mr. LYU Wenbin as non-executive Director; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Ms. CHENG Yanlei as independent non-executive Directors.