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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)

**(A) CONTINUING CONNECTED TRANSACTIONS:
THE GREENING SERVICE AGREEMENTS
AND
(B) REVISION OF ANNUAL CAP**

THE GREENING SERVICE AGREEMENTS

On 30 December 2014, the Group (through certain subsidiaries of the Company) entered into the Greening Service Agreements with Conch Property Management (a wholly-owned subsidiary of CV Investment).

As at the date of this announcement, about 82.9% of the registered capital in CV Investment is registered in the name of SA Conch Group (for the benefit and on behalf of the relevant staff members of SA Conch Group), which is under the control of Mr. Liu Yi, a controlling shareholder of the Company. Accordingly, Conch Property Management is a connected person to the Company under Chapter 14A of the Listing Rules.

For such reasons, the transactions contemplated under the Greening Service Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

REVISION OF ANNUAL CAP

On 30 December 2014, pursuant to the 2015 PM Agreement, one of the Lease & PM Agreements in relation to property management services was renewed for a further term commencing from 1 January 2015 up to 31 December 2015. As the Group's factory premises in Huolonggang Town, Yijiang District, Wuhu City were expanded to include certain warehouses, the total gross floor area of the factory premises under the 2015 PM Agreement is increased from 86,939 square metres to 98,652 square metres with the same service fee per square metre, the annual service fee for the CCTs under the 2015 PM Agreement is increased from about RMB1.28 million to about RMB1.45 million.

Accordingly, the annual cap for the CCTs under the Lease & PM Agreements for the financial year ending 31 December 2015 will be revised to RMB4.5 million.

LISTING RULES IMPLICATIONS

Since (i) Conch Property Management is a wholly-owned subsidiary of CV Investment and both CV Investment and Conch Property Management are also parties to the Lease & PM Agreements; and (ii) the transactions contemplated under the Greening Service Agreements are of similar nature to those under the Lease & PM Agreements, the CCTs under the Greening Service Agreements and the Lease & PM Agreements should be aggregated for the financial year ending 31 December 2015 under Rule 14A.81 of the Listing Rules.

Upon such aggregation and taking the Revised Annual Cap into account, the relevant applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) do not exceed 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Greening Service Agreements and the Lease & PM Agreements (after such aggregation) are subject to the annual review and disclosure requirements but exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE GREENING SERVICE AGREEMENTS

On 30 December 2014, the Group (through certain subsidiaries of the Company) entered into the Greening Service Agreements with Conch Property Management (a wholly-owned subsidiary of CV Investment). The principal terms of the Greening Service Agreements are set out as follows:

Parties	Services rendered	Term	Payment terms	Total fixed service fee (RMB)
Conch Venture Green (as service receiving party)	Greening services and related site formation	5 months from the date of the agreement	— 30% of the service fee be paid upon signing of the agreement	About 490,000
Conch Property Management (as service provider)			— 60% of the service fee be paid upon inspection and acceptance	
			— 10% of the service fee be paid upon expiry of a one-year maintenance period	

Parties	Services rendered	Term	Payment terms	Total fixed service fee (RMB)
Bozhou CV Green (as service receiving party)	Greening services and related site formation	7 months from the date of the agreement	— 30% of the service fee be paid upon signing of the agreement	About 481,000
Conch Property Management (as service provider)			— 60% of the service fee be paid upon inspection and acceptance — 10% of the service fee be paid upon expiry of a one-year maintenance period	
CK Equipment (as service receiving party)	Greening services and related site formation	One month from the date of the agreement	The service fee shall be settled within 15 days of presentation of invoice by Conch Property Management after inspection and acceptance	About 46,000
Conch Property Management (as service provider)				

The Group has obtained preliminary quotations from Conch Property Management and two to three independent service providers in relation to the greening services contemplated under the Greening Service Agreements. The respective service fee under each of the Greening Service Agreements is determined on arms' length negotiation with reference to the prevailing market prices of identical and/or similar services which may be supplied by or sourced from Independent Third Parties.

Annual cap for 2015

The annual cap for the CCTs under the Greening Service Agreements in 2015 is RMB1.02 million.

REVISION OF ANNUAL CAP

Reference is made to the prospectus (“**Prospectus**”) of the Company dated 9 December 2013. It is disclosed in the Prospectus that the Group entered into certain lease agreements and property management service agreements (collectively, “**Lease & PM Agreements**”) with CV Investment and/or Conch Property Management on various dates in 2013. A waiver was granted by the Stock Exchange to the Company under the then Rule 14A.42(3) of the Listing Rules from compliance with the requirements under the then Rule 14A.47 to Rule 14A.54 of the Listing Rules in respect of, among other transactions, the CCTs contemplated under the Lease & PM Agreements. Such CCTs are subject to an annual cap of RMB4.3 million for each of the financial years ended or ending 31 December 2013, 2014 and 2015.

On 30 December 2014, pursuant to an agreement (“**2015 PM Agreement**”) dated 30 December 2014 and entered into between CK Equipment (as service receiving party) and Conch Property Management (as service provider), one of the Lease & PM Agreements in relation to property management services (i.e. agreement numbered (9) as referred to in page 189 of the Prospectus) was renewed for a further term commencing from 1 January 2015 up to 31 December 2015. As the Group’s factory premises in Huolonggang Town, Yijiang District, Wuhu City were expanded to include certain warehouses, the total gross floor area of the factory premises under the 2015 PM Agreement is increased from 86,939 square metres to 98,652 square metres with the same service fee per square metre, the annual service fee for the CCTs under the 2015 PM Agreement is increased from about RMB1.28 million to about RMB1.45 million. The service fee shall be paid on a quarterly basis. Save for the aforementioned adjustment, no changes are made to the terms of any of the Lease & PM Agreements.

The Group has obtained preliminary quotations from the Conch Property Management and two independent service providers in respect of the property management services under the 2015 PM Agreement. The service fee under the 2015 PM Agreement is determined in accordance with the prevailing market price of identical or similar property management services which may be available from Independent Third Parties.

Accordingly, the annual cap for the CCTs under the Lease & PM Agreements for the financial year ending 31 December 2015 will be revised from RMB4.3 million to RMB4.5 million (“**Revised Annual Cap**”).

REASONS AND BENEFITS FOR ENTERING INTO THE GREENING SERVICE AGREEMENTS AND REVISION OF ANNUAL CAP

The Group entered into the Lease & PM Agreements with (among other party) Conch Property Management on various dates in 2013, and has established a sound cooperation relationship with Conch Property Management. The Directors consider that the greening services and property management services to be rendered by Conch Property Management under the Greening Service Agreements and the 2015 PM Agreement respectively will be of higher quality as compared to other service providers.

The Directors also consider that by entering into the Greening Service Agreements, the Group will be able to provide a greener and more pleasant working environment to its employees in its factory and office premises. It will also serve to promote a harmonious corporate culture of the Group and to improve the corporate image of the Group.

The Directors, including the independent non-executive Directors, are of the view that

- (a) the terms of each of the Greening Service Agreements and the 2015 PM Agreement are negotiated between the parties on an arm’s length basis and are on normal commercial terms that are fair and reasonable and are no less favourable to the Company than terms available from Independent Third Parties;
- (b) the transactions contemplated under each of the Greening Service Agreements and the 2015 PM Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the shareholders of the Company as a whole; and

(c) the annual cap for the transactions contemplated under the Greening Service Agreements for the year ending 31 December 2015 and the Revised Annual Cap are fair and reasonable.

GENERAL

The principal activities of the Group are investment holding and provision of energy preservation and environmental protection solutions. Each of CK Equipment, Conch Venture Green and Bozhou CV Green is an operating subsidiary of the Company.

Conch Property Management is a company established in the PRC and is principally engaged in office and residential property management.

LISTING RULES IMPLICATIONS

Conch Property Management is a wholly-owned subsidiary of CV Investment. As at the date of this announcement, about 82.9% of the registered capital in CV Investment is registered in the name of SA Conch Group (for the benefit and on behalf of the relevant staff members of SA Conch Group), which is under the control of Mr. Liu Yi, a controlling shareholder of the Company. Accordingly, Conch Property Management is a connected person to the Company under Chapter 14A of the Listing Rules.

For such reasons, the transactions contemplated under the Greening Service Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since (i) both CV Investment and Conch Property Management are also parties to the Lease & PM Agreements; and (ii) the transactions contemplated under the Greening Service Agreements are of similar nature to those under the Lease & PM Agreements, the CCTs under the Greening Service Agreements should be aggregated with the CCTs under the Lease & PM Agreements for the financial year ending 31 December 2015 under Rule 14A.81 of the Listing Rules.

As disclosed above, the annual cap for the transactions contemplated under the Lease & PM Agreements for the financial year ended 31 December 2015 would be increased to RMB4.5 million.

Upon such aggregation and taking the Revised Annual Cap into account, the relevant applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) do not exceed 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Greening Service Agreements and the Lease & PM Agreements (after such aggregation) are subject to the annual review and disclosure requirements but exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

Messrs. Guo Jingbin, Ji Qinying, Li Jian and Li Daming are directors of CV Investment, and the spouse of Ms. Zhang Mingjing is a director of CV Investment, the said Directors abstained from voting on the relevant board resolution(s) approving the Greening Service Agreements and the Revised Annual Cap. Save as disclosed above, none of the Directors

have any material interest in the Greening Service Agreements and the 2015 PM Agreement nor are any of them required to abstain from voting in respect of the relevant board resolution(s).

DEFINITIONS

“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Bozhou CV Green”	亳州海創新型節能建築材料有限責任公司 (Bozhou Conch Venture New Energy-saving Building Material Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“CCT(s)”	continuing connected transaction(s)
“CK Equipment”	安徽海螺川崎節能設備製造有限公司 (Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.*), a company established in the PRC and held as to 51% equity interest by the Company indirectly
“Company”	China Conch Venture Holdings Limited 中國海螺創業控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Conch Property Management”	蕪湖海螺物業管理有限公司 (Wuhu Conch Property Management Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of CV Investment
“Conch Venture Green”	安徽海創新型節能建築材料有限責任公司 (Anhui Conch Venture New Energy-saving Building Material Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	having the meaning ascribed to it under the Listing Rules
“CV Investment”	安徽海螺創業投資有限責任公司 (Anhui Conch Venture Investment Co. Ltd.*), a limited liability company established in the PRC
“Director(s)”	the director(s) of the Company

“Greening Service Agreements”	the agreements all dated 30 December 2014 and entered into between Conch Venture Green, Bozhou CV Green and CK Equipment on the one part and Conch Property Management on the other part in relation to provision of certain greening services by Conch Property Management, details of which are set out under the paragraph headed “The Greening Service Agreements” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SA Conch Group”	安徽海螺集團有限責任公司工會委員會 (The Staff Association of Anhui Conch Holdings Company Limited*), a social organization legal entity (社會團體法人) and one of the shareholders of CV Investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Conch Venture Holdings Limited
GUO Jingbin
Chairman

Anhui Province, the People’s Republic of China

30 December 2014

As at the date of this announcement, the board of Directors comprises Messrs. GUO Jingbin, JI Qinying, LI Jian and LI Daming as executive Directors; Ms. ZHANG Mingjing as non-executive Director and Messrs. CHAN Chi On (alias Derek CHAN), CHAN Kai Wing and LAU Chi Wah, Alex as independent non-executive Directors.

** The English transliteration of the Chinese names in this announcement is included for identification purpose only, and should not be regarded as the official English names of such Chinese names.*