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If you have sold or transferred all your shares in **China Conch Environment Protection Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Conch Environment Protection Holdings Limited

中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

CONTINUING CONNECTED TRANSACTIONS

AND

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



红日资本有限公司
RED SUN CAPITAL LIMITED

The notice convening the first extraordinary general meeting of 2026 (the “EGM”) of China Conch Environment Protection Holdings Limited (the “Company”) to be held at the Meeting Room of the Company, No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC on Friday, 6 March 2026 at 10:00 a.m. (Hong Kong time) is set out on pages 60 to 62 this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company’s Branch Share Registrar in Hong Kong (the “Branch Share Registrar”), Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Branch Share Registrar no later than Wednesday, 4 March 2026 at 10:00 a.m. (Hong Kong time). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.conchenviro.com).

11 February 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2023 Engineering Design Services Framework Agreement”	the engineering design services framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch Design Institute in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects
“2023 Framework Agreements”	the 2023 Engineering Design Services Framework Agreement, the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement and 2023 Information System Procurement Framework Agreement
“2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement”	the industrial solid and hazardous waste treatment framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) in relation to, among other things, the cooperation in the industrial solid and hazardous waste treatment projects
“2023 Information System Procurement Framework Agreement”	the information system procurement framework agreement entered into on 9 December 2022 between the Company (on behalf of the Group) and Conch IT Engineering in relation to, among other things, the procurement of information technology systems for the industrial solid and hazardous waste treatment projects
“2026 Engineering Design Services Framework Agreement”	the engineering design services framework agreement entered into on 5 December 2025 between the Company (on behalf of the Group) and Conch Design Institute in relation to, among other things, the procurement of engineering design services and/or technology modification services for the industrial solid and hazardous waste treatment projects
“2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement”	the industrial solid and hazardous waste treatment comprehensive framework agreement entered into on 5 December 2025 between the Company (on behalf of the Group) and Conch Cement (on behalf of the Conch Cement Group) in relation to, among other things, the industrial solid and hazardous waste treatment services, the procurement of project equipment, and the entrusted production and operation management services
“Articles of Association”	the articles of association of the Company currently in force

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 2 March 2020, whose shares are listed on the Main Board of the Stock Exchange (stock code: 587)
“Conch Cement”	Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司), a joint stock company established in the PRC with limited liability on 1 September 1997, whose shares are listed on Shanghai Stock Exchange (stock code: 600585) and on the Main Board of the Stock Exchange (stock code: 914) and the controlling shareholder of the Company
“Conch Cement Group”	Conch Cement, its subsidiaries and associates, excluding Conch Design Institute
“Conch Design Institute”	Anhui Conch Building Materials Design and Research Institute Co., Ltd.* (安徽海螺建材設計研究院有限責任公司), a limited liability company incorporated on 10 August 1998 in the PRC, a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement
“Conch Holdings”	Anhui Conch Holdings Co., Ltd.* (安徽海螺集團有限責任公司), a limited liability company incorporated on 7 November 1996 in the PRC and the holding company of Conch Cement
“Conch Venture”	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, whose shares are listed on the Main Board of the Stock Exchange (stock code: 586)
“Conch IT Engineering”	Anhui Conch Information Technology Engineering Co., Ltd.* (安徽海螺信息技術工程有限責任公司), a limited liability company incorporated on 12 June 2008 in the PRC, a wholly owned subsidiary of Conch Cement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“holding company”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Independent Board Committee”	the independent committee of the Board, comprising Mr. DING Wenjiang (丁文江), Ms. WANG Jiafen (王嘉奮) and Ms. LI Chen (李琛), being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028)
“Independent Third Party(ies)”	entity(ies) or person(s) who is(are) not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules
“Independent Shareholder(s)”	the Shareholder(s), other than Conch Cement and its associates and Parties Acting in Concert as well as any other Shareholder who has a material interest in the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement and the 2026 Engineering Design Services Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital
“Latest Practicable Date”	5 February 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers

DEFINITIONS

“Parties Acting in Concert”	the parties acting in concert with Conch Cement under the Takeovers Code, including but not limited to Conch Venture, LI Qunfeng (李群峰), WANG Chunjian (汪純健), GUO Dan (郭丹), YAN Zi (晏滋), JI Xian (紀憲), MA Wei (馬偉) and WANG Jingqian (王敬謙)
“PRC” or “China”	the People’s Republic of China, and for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Ren Sun Capital”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute (including the proposed annual caps for the three years ending 31 December 2028)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, as amended, supplemented or otherwise modified from time to time
“%”	per cent

* For identification purpose only



China Conch Environment Protection Holdings Limited

中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

Executive Directors:

Mr. WANG Chunjian (*General Manager*)

Ms. LIAO Dan

Mr. FAN Zhan

Non-executive Directors:

Mr. LI Qunfeng (*Chairman*)

Mr. LYU Wenbin

Mr. MA Wei

Independent Non-executive Directors:

Mr. DING Wenjiang

Ms. WANG Jiafen

Ms. LI Chen

Registered Office:

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman, KY1-9010
Cayman Islands

*Head Office and Principal Place of
Business in the PRC:*

No. 39 Wenhua Road, Jinghu District
Wuhu City, Anhui Province
PRC

*Principal Place of Business
in Hong Kong:*

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

11 February 2026

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND**

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

1. INTRODUCTION

The purpose of this circular is to give you the notice of the EGM and the proposal to be put forward at the EGM: the continuing connected transactions contemplated under (i) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and (ii) the 2026 Engineering Design Services Framework Agreement with Conch Design Institute.

LETTER FROM THE BOARD

2. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 11 December 2022 (the “**Announcement**”) in relation to, among others, the 2023 Framework Agreements, which, as disclosed in the Announcement, expired on 31 December 2025.

The 100% equity interest in Conch IT Engineering was acquired by Conch Cement from Conch Holdings in January 2024 and Conch IT Engineering became a wholly owned subsidiary of Conch Cement. Therefore, the Company decided to combine and renew the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement and the 2023 Information System Procurement Framework Agreement, which were entered into with Conch Cement and Conch IT Engineering respectively, by entering into the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group which includes Conch IT Engineering). The scope of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement will cover the services contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement and the 2023 Information System Procurement Framework Agreement. It will also include the additional entrusted production and operation management services for industrial solid and hazardous treatment projects.

1. 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement

Principal terms of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement are set out as follows:

Date: 5 December 2025

Parties: (1) The Company (on behalf of the Group), and
(2) Conch Cement (on behalf of the Conch Cement Group)

Term: From 1 January 2026 to 31 December 2028, subject to the approval of the Independent Shareholders at the general meeting of the Company

LETTER FROM THE BOARD

Subject matter: The Conch Cement Group agreed to provide (i) comprehensive industrial solid and hazardous waste treatment services and ancillary products and services to the Group for certain industrial waste treatment projects, which primarily includes providing cement kiln system and cement kiln heat sources, technical modification service, as well as labor protection appliance and etc.; (ii) certain project equipment products to the Group, which primarily includes providing distributed control systems (“DCS”), security early warning systems and information management systems, etc.; and (iii) entrusted production and operation management services for certain industrial solid and hazardous waste treatment projects, which primarily includes project production operation and account management, as well as inspection, repair, maintenance and management of production equipment etc. The precise scope of service and products, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Payment and settlement terms: Payment and settlement terms under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement shall be specified in each of the definitive project implementation agreements to be entered into thereunder in due course.

In respect of project execution agreements under the industrial solid and hazardous waste treatment services, project companies typically pays the estimated disposal fee to the Conch Cement Group on a monthly or quarterly basis (depending on the specific project) based on the estimated unit price (usually with reference the unit price assessed from the previous year) and the actual disposal volume. In the following year, both parties will commission an independent cost audit, and the settlement unit price for the relevant year will be determined based on the audit results. The total fees payable for the year will be calculated based on the final settlement unit price and the actual total disposal volume for the year, and this will be compared against the total amount of prepaid fees for reconciliation (including adjustments).

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In connection with agreements pertaining to the procurement of project equipment, prepayments of approximately 20% of the contract sum is typically made upon the effective date of the procurement agreement (for contract sum of less than RMB100,000, the parties may mutually agree that no advance payment is required). Payment shall be rendered upon successful delivery and acceptance of the equipment, while commissioning fees will be paid following the completion of installation and debugging. Additionally, approximately 10% of the total payment will be withheld as a quality guarantee deposit, which will be released after the expiration of the warranty period. The specific payment schedule and percentages will be determined in the actual project equipment procurement agreement based on the actual circumstances of each project.

For agreements relating to entrusted production and operation management services, the settlement unit price, calculated based on the actual consumption of labour, auxiliary materials, and other costs incurred from the project assignment, will be clearly defined in the specific execution agreement to be entered into. Service fees will be confirmed based on the actual disposal volume and the settlement unit price, and payments will be made to the cement plant on a monthly or quarterly basis.

Pricing Policy

With respect to the comprehensive industrial solid waste and hazardous waste treatment services, the service fees payable by the Group are determined based on reasonable costs plus a reasonable profit. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of the amount and type of industrial solid and hazardous waste treated by the cement kiln, resulting in cost changes in respect of the fuel and electricity, etc. consumed. The profits are mainly determined based on the costs above and a reasonable profit margin, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. The profit margin is determined by referring to the average profit margin level of listed companies in the solid waste industry and is adjusted regularly. With respect to the purchase fees payable for ancillary products and services, these should be determined, after arm's length negotiation between the parties, based on the prevailing market rates of costs in the regions where the Group's existing cement kiln co-processing projects with Conch Cement are located, namely, across 13 provinces, municipalities, and autonomous regions nationwide.

LETTER FROM THE BOARD

With respect to the procurement of the project equipment, the purchase fees payable by the Group are determined based on the model, specifications, and quality of the equipment, with reference to the market prices of similar products. To ascertain fair market prices, the Group will compare prices for similar equipment obtained from two independent third-party suppliers. If there are no comparable market prices, reference is made to the sales prices of similar equipment supplied by Conch Cement Group to other independent third-party customers in recent years.

With respect to the entrusted production and operation management services for industrial solid and hazardous waste treatment projects, the service fees payable by the Group shall be determined by adding a reasonable profit over a reasonable cost. The relevant costs are mainly determined, after arm's length negotiation between the parties, on the basis of cost variation in respect of manpower and consumption of ancillary materials. The profits are mainly determined based on the costs above and a reasonable profit rate, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. The profit margin of such services is expected to be 2% to 10%.

The profit margin range of 2% to 10% is based on an evaluation of the characteristics and risks of the entrusting services for solid waste disposal projects. The service provider does not bear the project investment and core market risks, but its primary value lies in ensuring the safe, stable, and environmentally compliant operation of the production line. As hazardous waste disposal industry currently faces an objective environment characterized by overcapacity and generally low utilization rates, the pricing of entrusting services should adequately reflect the reality of restricted overall profitability for the projects.

The 2% lower limit on the profit margin aims to cover basic service costs and generate minimal profit under extreme scenarios (such as where operations are at low-load level for prolonged period), ensuring the sustainability of the services. The 10% upper limit on the profit margin represents a reasonable return that can be achieved when the project operates stably at full capacity, and the service provider effectively manages costs and improves efficiency.

As part of the Group's internal approval and monitoring procedures relating to the transactions with the Conch Cement Group, the Group will, to the extent commercially practicable, seek quotations for similar services and products from independent suppliers. After taking into account the evaluation criteria (including location, price, quality, suitability, payment terms, and the time required for service delivery), the Group will only enter into any implementation agreements with connected persons when the terms of the relevant implementation agreements are on normal commercial terms or better, fair and reasonable and in the interest of the Company and the Shareholders as a whole. The relevant quotations, together with those obtained from connected persons, will be subject to review and approval by the Group's internal approval procedures. The Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including but not limited to the regular reporting of transaction amount to the

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Group's finance department for monitoring the annual cap of the relevant transactions. For details of the internal control measures, please refer to "Internal Control Measures" in this circular.

Historical Amounts

The historical amounts of the fees paid by the Group to the Conch Cement Group in respect of (i) the industrial solid and hazardous waste treatment services and ancillary products and services, (ii) the procurement of the project equipment (including the procurement of information technology systems for the industrial solid and hazardous waste treatment projects), (iii) the entrusted production and operation management services for industrial solid and hazardous waste treatment projects for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 are set out as follows:

	For the year ended		For the
	31 December		six months
	2023	2024	ended
	<i>(RMB in</i>	<i>(RMB in</i>	<i>30 June</i>
	<i>millions)</i>	<i>millions)</i>	<i>2025</i>
			<i>(RMB in</i>
			<i>millions)</i>
Fees incurred in relation to the industrial solid and hazardous waste treatment services and ancillary products and services	74.41	71.18	37.39
Fees incurred in relation to the procurement of the project equipment	11.17	3.32	0.05
Fees incurred in relation to the entrusted production and operation management services for industrial solid and hazardous waste treatment projects	—	—	—

In relation to the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement, the utilisation rate of the annual cap for year ended 31 December 2025 is approximately 23.5% as of 30 June 2025, calculated by the historical amount for six months ended 30 June 2025 (approximately RMB37.39 million) divided by the annual cap for year ended 31 December 2025 (RMB159 million). The Board expects that the actual transactions to be carried out in the year ended 31 December 2025 will not exceed such annual cap.

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For the 2023 Information System Procurement Framework Agreement, the utilisation rate of the annual cap for year ended 31 December 2025 is approximately 0.4% as of 30 June 2025, calculated by the historical amount for six months ended 30 June 2025 (approximately RMB0.05 million) divided by the annual cap for year ended 31 December 2025 (RMB13 million). The Board expects that the actual transactions to be carried out in the year ended 31 December 2025 will not exceed such annual cap.

The actual amount of fees incurred by the Group in relation to the procurement of project equipment decreased significantly from RMB3.32 million for the year ended 31 December 2024 to RMB0.05 million for the six months ended 30 June 2025 is primarily attributable to the Group's implementation of stringent efficiency evaluations and prudent selection processes, advancing only projects that demonstrate economic viability.

The Group recorded nil transaction for entrusted production and operation management services for industrial solid and hazardous waste treatment projects for the two years ended 31 December 2024 and the six months ended 30 June 2025 as no relevant connected transaction has occurred.

LETTER FROM THE BOARD

Annual Cap and Basis of Determination

The proposed annual caps for the fees to be incurred in relation to (i) the industrial solid and hazardous waste treatment services and ancillary products and services, (ii) the procurement of the project equipment, and (iii) the entrusted production and operation management services for projects under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement for the three years ending 31 December 2028 are set out as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Fees payable by the Group in relation to the comprehensive industrial solid and hazardous waste treatment services and ancillary products and services provided by Conch Cement Group	80.0	88.0	95.0
Fees payable in relation to the procurement of the project equipment	12.0	17.0	22.0
Fees payable by the Group in relation to the entrusted production and operation management services provided by Conch Cement Group for industrial solid and hazardous waste treatment projects	27.5	29.0	30.0

LETTER FROM THE BOARD

The proposed annual cap in relation to the comprehensive industrial solid and hazardous waste treatment services and ancillary products and services provided by Conch Cement Group for the three years ending 31 December 2028 was determined taking into account of the following factors:

- (i) The annual cap on the service fee payable for cement kiln co-treatment shall be the sum of item a and item b below:
 - a. the quantity of solid waste to be treated by the Group in cooperation with the Conch Cement Group x the estimated cost rate x (100% + profit margin)
 - b. the quantity of hazardous waste to be treated by the Group in cooperation with the Conch Cement Group x the estimated cost rate x (100% + profit margin)

The estimated cost rates will refer to historical costs for the two years ended 31 December 2024 and the six months ended 30 June 2025. Based on the historical transactions, the profit rate was generally ranging from 10% to 15%. The profit is primarily determined based on the aforementioned costs and a reasonable profit margin, and is ultimately agreed upon by the parties based on general commercial terms. The profit margin is set based on the average profit margin levels of listed companies engaged in the solid waste industry and is adjusted periodically.

- (ii) The formula for calculating the annual cap for the cement kiln ancillary products and services is as follows:

The estimated quantity of products to be purchased by the Group from Conch Cement Group x Unit price of products

The quantity of products expected to be purchased will refer to the past quantities for the two years ended 31 December 2024 and the six months ended 30 June 2025.

- (iii) Based on the cooperation with the Conch Cement Group and the business development trend of the Group, the Group expects that with the development of business, the volume of industrial solid and hazardous waste treatment will gradually increase in 2026, 2027 and 2028, resulting in an annual increase in the fees payable by the Group for comprehensive industrial solid and hazardous waste treatment services and ancillary products and services.

The proposed annual cap in relation to the procurement of project equipment for the three years ending 31 December 2028 was determined based on (i) the number of projects for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 is 29, 13 and 3, respectively, with procurement amounts for equipment ranging between RMB10,000 and RMB1.5 million; and (ii) the Group's anticipation

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that there will be 7, 12 and 14 new projects for the year ending 31 December 2026, 2027 and 2028, respectively, and the anticipated procurement amounts for each project are estimated at ranging between RMB500,000 and RMB2 million.

The proposed annual cap in relation to the entrusted production and operation management services provided by Conch Cement Group for industrial solid and hazardous waste treatment projects for the three years ending 31 December 2028 was determined based on the Group's anticipation that a total of 15 solid waste projects, two of which have commenced in the third quarter of the year ended 31 December 2025 and the remaining projects have either commenced in the fourth quarter of the year ended 31 December 2025 or will commence during the year ending 31 December 2026, will be entrusted to Conch Cement, with the expected management fees for each project ranging from RMB500,000 to RMB3 million. It is expected that two additional solid waste projects will be entrusted to Conch Cement during the year ending 31 December 2027. There were no transactions of the projects for the years ended 31 December 2023 and 2024.

As disclosed above, the historical fee incurred in relation to the procurement of the project equipment and engineering design services and/or technology modification services were in decreasing trend and no transaction was incurred for the entrusted production and operation management services for industrial solid and hazardous waste treatment projects during the two years ended 31 December 2024 and the six months ended 30 June 2025 due to the Group's implementation of stringent efficiency evaluations and prudent selection processes, advancing only projects that demonstrate economic viability. Nevertheless, in consideration of the Group's planning for multiple upcoming reserve projects, annual caps for the have determined primarily to address potential business demands of the Group.

Reasons and Benefits for entering into the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement

The comprehensive industrial solid and hazardous waste treatment services and ancillary products and services: Conch Cement has well-established existing cement kiln systems and possesses abundant cement production capacity. Through co-treatment business cooperation with Conch Cement, the Group can utilize its existing cement kiln facilities and equipment to conduct co-treatment of industrial solid and hazardous waste in a reliable and cost-effective manner. Such a cooperation business model has been encouraged by a series of favourable policies promulgated by the PRC government and is in line with the general market practice in the environmental protection industry.

The procurement of the project equipment: Conch Cement Group (including subsidiaries of Conch Cement such as Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.* (安徽海螺川崎裝備製造有限公司) and Anhui Zhizhi Engineering Technology Co., Ltd.* (安徽智質工程技術有限公司)) possesses professional qualifications and technological advantages in the field of intelligent systems and equipment manufacturing. By procuring key equipment such as

LETTER FROM THE BOARD

information management systems and DCS systems from them, the Company can achieve effective compatibility between project equipment and existing systems, further ensuring the stability and safety of the projects.

The entrusted production and operation management services for industrial solid and hazardous waste treatment projects: Conch Cement has mature experience in industrial enterprise management. By entrusting the production and operation of specific projects to Conch Cement for management, the Group can leverage its standardized operating procedures and sound safety and environmental protection management system to improve the operational efficiency and standardized management level of the projects, thereby meeting the Group's internal requirements for the long-term stable operation of the projects.

2. 2026 Engineering Design Services Framework Agreement

Principal terms of the 2026 Engineering Design Services Framework Agreement are set out as follows:

Date:	5 December 2025
Parties:	(1) The Company (on behalf of the Group), and (2) Conch Design Institute
Term:	From 1 January 2026 to 31 December 2028, subject to the approval of the Independent Shareholders at the general meeting of the Company
Subject matter:	Conch Design Institute agreed to provide engineering design services and/or technology modification services for industrial solid and hazardous treatment projects, which primarily includes designing the facilities for industrial waste treatment systems and developing technology modification for further demands upon existing cement kiln co-treatment systems. The precise scope of services, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.
Payment and settlement terms:	Payment and settlement terms under the 2026 Engineering Design Services Framework Agreement shall be specified in each of the definitive project implementation agreements to be entered into thereunder in due course.

LETTER FROM THE BOARD

For agreements relating to procurement of engineering design services and/or technology modification services, an advance payment shall be made upon the effective date of the contract. Subsequent progress payments will be disbursed in multiple instalments based on the project timeline. After project delivery, a certain percentage of the payment will be retained as a quality guarantee deposit, to be released upon the expiration of the agreed warranty period. The specific payment schedule and percentages will be determined in the project service agreement based on the actual circumstances of each project.

Pricing Policy

The service fees payable by the Group shall be determined after arm's length negotiation between the parties on the basis of open tender or with reference to the Engineering Survey Design Fee Standards (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)), jointly promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as the National Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會)) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部, previously known as Ministry of Construction of the PRC (中華人民共和國建設部)), and Interim Provisions on Consulting Charges for Preliminary Work of Construction Projects (Ji Jia Ge [1999] No. 1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as National Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會)), as well as the project scale, investment amount, scope of design and technological indicators, and the prevailing market price for similar services provided by independent third parties in the ordinary course of business on normal commercial terms. The Group will compare the prices of similar services obtained from two independent third-party suppliers.

LETTER FROM THE BOARD

Historical Amounts

The historical amounts of the fees paid by the Group to Conch Design Institute in respect of the engineering design services and/or technology modification services for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 are set out as follows:

	For the year ended		For the
	31 December		six months
	2023	2024	ended
	(RMB in	(RMB in	30 June
	millions)	millions)	2025
			(RMB in
			millions)
Fees incurred in relation to engineering design services and/or technology modification services provided by Conch Design Institute	5.97	3.42	1.05

In relation to the 2023 Engineering Design Services Framework Agreement, the utilisation rate of the annual cap for year ended 31 December 2025 is approximately 7% as of 30 June 2025, calculated by the historical amount for six months ended 30 June 2025 (approximately RMB1.05 million) divided by the annual cap for year ended 31 December 2025 (RMB15 million). The Board expects that the actual transactions to be carried out in the year ended 31 December 2025 will not exceed such annual cap.

Annual Cap and Basis of Determination

The proposed annual caps for the fees to be incurred in relation to the engineering design services and/or technology modification services under the 2026 Engineering Design Services Framework Agreement for the three years ending 31 December 2028 are set out as follows:

	For the year ending 31 December		
	2026	2027	2028
	(RMB in	(RMB in	(RMB in
	millions)	millions)	millions)
Fees payable by the Group in relation to engineering design services and/or technology modification services provided by Conch Design Institute	8.0	9.0	15.0

LETTER FROM THE BOARD

The above proposed annual caps for the three years ending 31 December 2028 were determined taking into account (i) the anticipated scale of projects under construction or to be launched by the Group; (ii) the number of projects for which the Group planned to engage Conch Design Institute to provide engineering design services and/or technology modification services. The Group had 12, 18 and 10 projects for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, respectively, with procurement amounts for each project ranging between RMB20,000 and RMB750,000; and anticipates that there will be 7, 12 and 14 new projects for the year ending 31 December 2026, 2027 and 2028, respectively, and the anticipated procurement amounts for each project are estimated at ranging between RMB500,000 and RMB1.5 million.

Reasons and Benefits for entering into 2026 Engineering Design Services Framework Agreement

Conch Design Institute has extensive experience in building materials industry design and cement technology development and possesses Grade A qualification in the relevant industry. It is relatively familiar with the general factory layout, structures and set-up of the Group and had previously undertaken the design of most of the Group's environmental protection projects. Certain industrial solid and hazardous waste treatments of the Group designed or modified by Conch Design Institute have been successfully put into operation. The Company believes that commissioning Conch Design Institute to undertake the engineering design or technology modification of industrial waste treatment projects of the Company will be conducive to the coordination and implementation of the projects and hence ensure that the progress and quality of the projects will be under control.

Information on the Parties

The Group is a leading enterprise in China that provides industrial solid and hazardous waste treatment in compliance with the principles of environmental protection and cost effectiveness. The Group has pioneered the use of cement kiln co-processing services to facilitate a safe, harmless and efficient industrial solid and hazardous waste treatment.

Conch Cement is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the Latest Practicable Date, Conch Cement is the controlling shareholder of the Company and holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and Parties Acting in Concert (as defined in the Takeovers Codes). Conch Cement is ultimately controlled by the State-owned Assets Supervisions Administration Commission of Anhui Provincial People's Government (安徽省人民政府國有資產監督管理委員會).

LETTER FROM THE BOARD

Conch Design Institute is an enterprise established in the PRC and a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement. It is principally engaged in design services for the building materials industry and cement technology development. It possesses a Grade A qualification in the relevant industry.

Listing Rules Implications

As of the Latest Practicable Date, Conch Cement is the controlling shareholder of the Company which holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and its Parties Acting in Concert. Accordingly, Conch Cement is a connected person of the Company and the transactions contemplated under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement between the Group and the Conch Cement Group constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As of the Latest Practicable Date, Conch Design Institute is the wholly owned subsidiary of Conch Holdings, the holding company of Conch Cement. Accordingly, Conch Design Institute is the associate of Conch Cement and a connected person of the Company. The transactions contemplated under the 2026 Engineering Design Services Framework Agreement constitute continuing connected transactions of the Company as pursuant to Chapter 14A of the Listing Rules.

As the project equipment and entrusted production and operation management services provided by Conch Cement and the engineering design services and/or technology modification services provided by Conch Design Institute are all supporting products or services for industrial solid and hazardous treatment projects, the proposed annual caps of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement and the 2026 Engineering Design Services Framework Agreement shall be aggregated (the “**Aggregated Proposed Annual Caps**”).

As the highest applicable percentage ratio in respect of the Aggregated Proposed Annual Caps exceeds 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and Independent Shareholders’ approval under Chapter 14A of the Listing Rules.

General

Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular, which contains its recommendation to the Independent Shareholders in relation to the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute, (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 27 to 51 of this circular, which contains its advice to the Independent Board Committee and

LETTER FROM THE BOARD

the Independent Shareholders in relation to the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder, and the principal factors and reasons taken into account in arriving at its recommendation.

3. INTERNAL CONTROL MEASURES

The Group will establish the following internal review procedures to ensure that the pricing under the above continuing connected transactions is fair and reasonable:

- the Group has adopted and implemented a management system on connected transactions. Based on the system, the Board and the various internal departments of the Company (including the finance, legal and internal control departments) will be responsible for the control and daily management in respect of the continuing connected transactions;
- in respect of internal control measures in monitoring the transaction amounts, the Group's subsidiaries will report the transaction amounts of connected transactions to the Group on regular basis. In the event that such transaction amounts exceed the approved annual cap(s), the Company shall re-comply the relevant requirement under Chapter 14A of the Listing Rules before the annual caps are exceeded;
- the Board and various internal departments of the Company (including the finance, legal and internal control departments) will be jointly responsible for evaluating the terms under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- when considering fees for the products and services to be charged by the Group to the connected persons, the Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between the Group and the Independent Third Parties for similar transactions, to ensure that the pricing and terms offered to the connected persons are fair, reasonable and are no more favourable than those to be offered to the Independent Third Parties, for example, the Group will seek quotations from not less than two Independent Third Parties for similar services and products;
- the Board and various internal departments of the Company will regularly monitor the fulfilment status and the transaction updates under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute. In addition, the management of the Company will also regularly review the pricing policies of the

LETTER FROM THE BOARD

2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute; and

- the independent non-executive Directors and auditors will conduct an annual review of the continuing connected transactions under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute, and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute, on normal commercial terms and in accordance with the pricing policy.

4. EXTRAORDINARY GENERAL MEETING

The notice of the EGM is set out on pages 60 to 62 of this circular at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve (i) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and (ii) the 2026 Engineering Design Services Framework Agreement with Conch Design Institute.

Conch Cement, together with its subsidiaries and its Parties Acting in Concert are required under the Listing Rules to abstain from voting on the resolutions on approving the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute at the EGM. Accordingly, Conch Venture, Conch Cement, Conch International Holdings (HK) Limited, Dazzling Star Investments Limited, Golden Convergence Limited, Fortune Gold Limited, Li Qunfeng, Wang Chunjian, Ma Wei and Wang Jingqian will abstain from voting on the aforesaid resolutions at the EGM. Please refer to the Appendix III to this circular for further details. Save as disclosed above, the Board is not aware of any other Shareholder who has any material interest that is required under the Listing Rules to abstain from voting on the aforementioned resolution.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

LETTER FROM THE BOARD

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 3 March 2026 to Friday, 6 March 2026, both dates inclusive. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 March 2026 (Hong Kong time).

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.conchenviro.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Branch Share Registrar no later than Wednesday, 4 March 2026 at 10:00 a.m. (Hong Kong time). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

5. OPINION FROM THE BOARD

The Directors (excluding the independent non-executive Directors whose views have been included in the section headed “Letter from the Independent Board Committee” of this circular) are of the view that the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) are conducted in the ordinary and usual course of business of the Group and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors have formed the Independent Board Committee for the purposes of advising the Independent Shareholders in respect of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder and whose views and recommendation have been included in the section headed “Letter from the Independent Board Committee” of this circular.

As Mr. Li Qunfeng (李群峰), Mr. Wang Chunjian (汪純健), Mr. Ma Wei (馬偉) and Ms. Liao Dan (廖丹), all being the Directors of the Company, act in concert with Conch Cement in exercising their voting rights in general meetings of the Company, and Mr. Fan Zhan (凡展), being a Director of the Company, is the employee director, the director of the finance department in Conch Cement as at the Latest Practicable Date, they have therefore abstained

LETTER FROM THE BOARD

from voting on the relevant Board resolutions approving the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement and the 2026 Engineering Design Services Framework Agreement and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors has material interests in the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement and the 2026 Engineering Design Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has abstained from voting on the relevant resolutions at the Board meeting.

6. RECOMMENDATION

The Directors consider that the proposed resolutions for (i) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and (ii) the 2026 Engineering Design Services Framework Agreement with Conch Design Institute are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of EGM on pages 60 to 62 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions in respect of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

On behalf of the Board

China Conch Environment Protection Holdings Limited

LIAO Dan

Company Secretary

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to (i) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and (ii) the 2026 Engineering Design Services Framework Agreement with Conch Design Institute.



China Conch Environment Protection Holdings Limited

中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

11 February 2026

To the Independent Shareholders

Dear Sirs or Madams,

We refer to the circular dated 11 February 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 24 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 27 to 51 of the Circular.

After taking into account the advice of the Independent Financial Adviser as set out in the Circular, we consider that the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) are in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed as the EGM to approve the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the 2026 Engineering Design Services Framework Agreement (including the proposed annual caps for the three years ending 31 December 2028) and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee

Mr. Ding Wenjiang Ms. Wang Jiafen Ms. Li Chen
Independent Non-executive Directors

Set out below is the text of a letter received from Red Sun Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in the Circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

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11 February 2026

*To: The independent board committee and the independent shareholders of
China Conch Environment Protection Holdings Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the transactions contemplated under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement (the “**Industrial Solid and Hazardous Waste Treatment Transaction**”); (ii) the transactions contemplated under the 2026 Engineering Design Services Framework Agreement (the “**Engineering Design Transaction**”, together with the Industrial Solid and Hazardous Waste Treatment Transaction, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 11 February 2026 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 11 December 2022 (the “**Announcement**”) in relation to, among others, the 2023 Framework Agreements, which, as disclosed in the Announcement, shall expire on 31 December 2025.

The 100% equity interest in Conch IT Engineering was acquired by Conch Cement from Conch Holdings in January 2024 and Conch IT Engineering became a wholly owned subsidiary of Conch Cement. Therefore, the Company decided to combine and renew the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement and the 2023 Information System Procurement Framework Agreement, which were entered with Conch Cement and Conch IT Engineering respectively, by entering into the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group which includes Conch IT Engineering). The scope of the 2026 Industrial

Solid and Hazardous Waste Treatment Comprehensive Framework Agreement will cover the services contemplated under the 2023 Industrial Solid and Hazardous Waste Treatment Framework Agreement and the 2023 Information System Procurement Framework Agreement. It will also include the additional entrusted production and operation management services for industrial solid and hazardous treatment projects.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the annual review, reporting, announcement, and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve Transactions at the EGM. We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

In the last two years from the date of our appointment we did not provide any services to and had no other relationships with or interests in the Group and any other parties that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees paid/payable to us in connection with our appointment, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Transactions, therefore we consider such relationship would not affect our independence. Accordingly, we are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Transactions.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and managements of the Company (the “**Managements**”). We have assumed that all information and representations that have been provided by the Directors and the Managements, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and/or the Managements in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Managements, which have been provided to us. Our opinion

is based on the Directors' and the Managements' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Conch Cement, Conch Design Institute or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Red Sun Capital to ensure that such information has been correctly extracted from the relevant sources we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

With reference to the Board Letter, the Group is a leading enterprise in China that provides industrial solid and hazardous waste treatment in compliance with the principles of environmental protection and cost effectiveness. The Group has pioneered the use of cement kiln co-processing services to facilitate a safe, harmless and efficient industrial solid and hazardous waste treatment.

A. THE INDUSTRIAL SOLID AND HAZARDOUS WASTE TREATMENT TRANSACTION**Information on Conch Cement**

With reference to the Board Letter, Conch Cement is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the Latest Practicable Date, Conch Cement is the controlling shareholder of the Company and holds and controls approximately 27% of the voting rights attached to all issued shares of the Company together with its subsidiaries and Parties Acting in Concert (as defined in the Takeovers Codes). Conch Cement is ultimately controlled by the State-owned Assets Supervisions Administration Commission of Anhui Provincial People's Government (安徽省人民政府國有資產監督管理委員會).

Reasons for and benefit of the Industrial Solid and Hazardous Waste Treatment Transaction***The comprehensive industrial solid and hazardous waste treatment services and ancillary products and services***

With reference to the Board Letter, Conch Cement has well-established existing cement kiln systems and possesses abundant cement production capacity. Through co-treatment business cooperation with Conch Cement, the Group can utilize its existing cement kiln facilities and equipment to conduct co-treatment of industrial solid and hazardous waste in a reliable and cost-effective manner. Such cooperation business model has been encouraged by a series of favourable policies promulgated by the PRC government and is in line with the general market practice in the environmental protection industry.

During our studies of the related policies promulgated by PRC government, we discovered that the Ministry of Ecology and Environment of the PRC published "Technical Policy for Pollution Prevention from Co-processing Solid Wastes in Cement Kilns" (水泥窯協同處置固體廢物污染防治技術政策) in 2016 to provide fundamental guidance and principals for the cement kiln co-treatment of the industrial solid and hazardous waste. Additionally, relevant PRC national standard was updated and implemented in 2024, namely "Technical Specification for Co-processing of Solid Waste in Cement Kiln (GB/T 30760-2024)" (水泥窯協同處置固體廢物技術規範), to specify the environmental protection technical requirements for facility selection, equipment construction and modification, operation and pollution control in the co-processing of solid wastes in cement kilns. The cement kiln co-treatment of the solid waste was also encouraged in the "Guiding Opinions on the Comprehensive Utilization of Bulk Solid Waste during the 14th Five-Year Plan Period" (關於“十四五”大宗固體廢棄物綜合利用的指導意見) published by the National Development and Reform Commission and other relevant government authorities. More recently, on 25 February 2025, the Ministry of Ecology and Environment issued the "Guiding Opinions on Further Strengthening Environmental Management of Hazardous Waste and Strictly Preventing and Controlling Environmental Risks" (關於進一步加強危險廢物環境治理嚴密防控環境風險的指導意

見) and proposed that newly constructed centralized incineration facilities for hazardous waste should, in principle, have a single-line disposal capacity of primarily greater than 30,000 tons per year. It also guided co-processing facilities using cement kilns to better serve as a valuable supplement to hazardous waste disposal capacity, focusing on treating hazardous waste that has large stockpiles, significant landfill volumes, and belongs to single waste categories.

The procurement of the project equipment

With reference to the Board Letter, Conch Cement Group (including subsidiaries of Conch Cement such as Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.* (安徽海螺川崎裝備製造有限公司) and Anhui Zhizhi Engineering Technology Co., Ltd.* (安徽智質工程技術有限公司) possesses professional qualifications and technological advantages in the field of intelligent systems and equipment manufacturing. By procuring key equipment such as information management systems and DCS systems from them, the Company can achieve effective compatibility between project equipment and existing systems, further ensuring the stability and safety of the projects.

As further advised by the Managements, certain intelligent systems/equipment, which are used for the Group's operation for the treatment of industrial solid and hazardous waste, are connected to Conch Cement's relevant systems and equipment. Relevant subsidiaries of Conch Cement also supplied equipment and provided system development services for the intelligent and informatization projects of certain subsidiaries of Conch Cement. Therefore, there will be synergy effect by procuring relevant systems/equipment from the subsidiaries of Conch Cement.

The entrusted production and operation management services for industrial solid and hazardous waste treatment projects

With reference to the Board Letter, Conch Cement has mature experience in industrial enterprise management. By entrusting the production and operation of specific projects to Conch Cement for management, the Company can leverage its standardized operating procedures and sound safety and environmental protection management system to improve the operational efficiency and standardized management level of the projects, thereby meeting the Company's internal requirements for the long-term stable operation of the projects.

As advised by the Managements, additional manpower and spare parts will be required if the Group conduct the works in house. It would also be more efficient and cost-effective for the Group to entrust the production and operation management to Conch Cement. Additionally, we obtained from the Company a cost analysis conducted by the Company indicating that entrusting production and operation management services to Conch Cement Group would save costs for the Group and create synergy between the parties.

Furthermore, as advised by the Managements, the Industrial Solid and Hazardous Waste Treatment Transaction will be entered into in the ordinary and usual course of business of the Group and on a frequent basis. Therefore, the Managements consider that it would be less burdensome for the Company to enter into the Industrial Solid and Hazardous Waste Treatment Transaction than to make separate disclosure of each relevant transaction and to obtain the approvals from the Independent Shareholders, as required by the Listing Rules.

As advised by the Managements, as the Group's cement kiln waste treatment technologies use cement kiln to co-process waste during the cement production process, the Group therefore cooperates with cement suppliers in possessing cement kiln resources, and if the Group is unable to maintain its business relationship with the Group's cement suppliers or if any of them otherwise ceases to cooperate with the Group at same or similar terms, or at all, the Group's business, results of operations and financial condition will be materially and adversely affected. The entering into of the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement will enable the Group to have a stable possessing cement kiln resource.

Having also reviewed the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement, we concur with the Managements that the service scope of the Industrial Solid and Hazardous Waste Treatment Transaction are related to the Group's principal activities.

In light of the above, we consider that the Industrial Solid and Hazardous Waste Treatment Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Industrial Solid and Hazardous Waste Treatment Transaction

Set out below are the key terms of the Industrial Solid and Hazardous Waste Treatment Transaction.

Date: 5 December 2025

Parties: (1) The Company (on behalf of the Group); and
(2) Conch Cement (on behalf of the Conch Cement Group)

Term: From 1 January 2026 to 31 December 2028, subject to the approval of the Independent Shareholders at the general meeting of the Company

Subject matter: The Conch Cement Group agreed to provide (i) comprehensive industrial solid and hazardous waste treatment services and ancillary products and services to the Group for certain industrial waste treatment projects, which primarily includes providing cement kiln system and cement kiln heat sources, technical modification service, as well as labor protection appliance and etc.; (ii) certain project equipment products to the Group for certain industrial solid and hazardous waste treatment projects, which primarily includes providing distributed control system (“DCS”), security early warning systems and information management systems, etc.; (iii) entrustment production and operation management services for certain industrial solid and hazardous waste treatment projects, which primarily includes product production and operation and account management, as well as inspection, repair, maintenance and management of production equipment etc. The precise scope of service and products, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Details of the key terms of the Industrial Solid and Hazardous Waste Treatment Transaction are set out under the section headed “2026 Industrial Solid and Hazardous Waste Comprehensive Treatment Framework Agreement” from the Board Letter.

Pricing Policy:

With respect to the comprehensive industrial solid and hazardous waste treatment services, the service fees payable by the Group shall be determined by based on reasonable cost plus a reasonable profit. The costs are mainly determined, after arm’s length negotiation between the parties, on the basis of the amount and type of industrial solid and hazardous waste treated by the cement kiln, resulting in cost changes in respect of the fuel and electricity, etc. consumed. The profits are mainly determined based on the costs above and a reasonable profit margin, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. The profit margin is determined by referring to the average profit margin level of listed companies in the solid waste industry and is adjusted regularly. With respect to the purchase fees payable for ancillary products and services, these should be determined, after arm’s length negotiation between the parties, based on the prevailing market rates of costs in the regions where the Group’s existing cement kiln co-processing projects with Conch Cement are located, namely, across 13 provinces, municipalities, and autonomous regions nationwide.

With respect to the procurement of project equipment, the purchase fees payable by the Group shall be determined based on the model, specifications and quality of the equipment, with reference to the market prices of similar products. To determine a fair market price, the Group shall compare the prices of similar equipment obtained from two independent third party suppliers. Where no comparable market price is available, reference shall be made to the prices of similar equipment supplied by Conch Cement Group to other independent third party customers in recent years.

With respect to the entrusted production and operation management services for industrial solid and hazardous waste treatment projects, the service fees payable by the Group shall be determined on the basis of reasonable costs plus a reasonable profit. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of cost variation in respect of manpower and consumption of ancillary materials. The profits are mainly determined based on the costs above and a reasonable profit rate, and are ultimately determined based on the negotiations between the parties to the transactions in accordance with normal commercial terms. The Group expects that the profit margin for the relevant services will be approximately 2% to 10%.

For our due diligence purpose, we have discussed with the Managements in respect of the basis for determining of profit rate (i.e. generally ranging from 10% to 15%) under the service fees payable for the cement kiln co-treatment. We noted that the profit rate was determined with reference to the listed companies which engaged in the provision of solid waste treatment services. To assess the fairness of the profit rate of 10% to 15%, we identified 5 listed companies which (i) were engaged in solid waste treatment services (with gross profit or gross profit margin of such segment clearly stated in their financial reports) by using cement kiln co-treatment technical (which was explicitly stated in their annual reports); (ii) included in the industry category of waste disposal under Wind Industry Research of Wind Financial Terminal; and (iii) listed on the Stock Exchange, Shenzhen Stock Exchange and/or Shanghai Stock Exchange. The aforesaid companies are exhaustive as far as we were aware of. Although the listed companies involved are listed on different stock exchanges, have different market capitalisations as compared to those of the Company, we consider that these companies involved the same services segment can provide a general reference to the margins of the segment under the current market conditions as well as a sufficient sample size for comparison purpose, so as to determine whether the profit rate of 10% to 15% is fair and reasonable. Set out below are our findings:

Company name (stock code)	Segment	Financial report date	Margins of the segment (Note)
Gansu Shangfeng Cement Co., Ltd. (000672.SZ)	Cement kiln co-treatment disposal	30 June 2025	13%
Guangdong Tapai Group Co., Ltd. (002233.SZ)	Cement kiln co-treatment of solid waste disposal	30 June 2025	106%

Company name (stock code)	Segment	Financial report date	Margins of the segment (Note)
BBMG Corporation (601992.SH)	Solid waste disposal	30 June 2025	38%
Jinyuan EP Co., Ltd (000546.SZ)	Harmless disposal solid waste and hazardous waste	30 June 2025	11%
China Boqi Environmental (Holding) Co., Ltd. (02377.HK)	Disposal of solid and hazardous waste	30 June 2025	59%
Maximum	106%		
Minimum	11%		
Average	30%		
Median	25%		

Sources: Wind Financial Terminal & interim reports of the comparable companies

Note: Margins were calculated by revenue/(revenue — gross profit) — 1, i.e. gross profit over cost of sales.

Based on information obtained from Wind Financial Terminal and interim reports (being the latest available published financial information) of the comparable companies, the margins of the relevant segments of comparable companies for six months ended 30 June 2025 ranged from approximately 11% to approximately 106%. The average and median of the profit margin of the comparable companies (excluding the outlier of 106%) are 30% and 25% respectively. We noted that the average and median figures are higher than the profit rate under the Industrial Solid and Hazardous Waste Treatment Transaction.

As the five comparable companies were exhaustive, we consider the results would be fair and representative. Excluding the outlier of 106% (which was extremely larger than other four margins), the profit rate under the Industrial Solid and Hazardous Waste Treatment Transaction (i.e. generally ranging from 10% to 15%) generally fell between the margins of the relevant segments of aforesaid five companies (i.e. 11% to 59%).

With respect to the purchase fees payable for ancillary products and services, we have discussed with the Managements and noted that those are mainly cost of personal protective equipment and auxiliary materials supporting the production and operation of solid and hazardous waste treatment projects, the costs are based on prevailing market rates and the Company will obtain quotations from two independent third parties. Therefore, we have further obtained the list of comprehensive industrial solid and hazardous waste treatment services during 2023 to 2025, selected on random basis, and obtained twenty samples from the Company for each of the year during 2023 to 2025. We

consider the sample size to be sufficient and representative for the purpose of our analysis given it already accounts for more than half of the total number of projects for each year during 2023 to 2025. We noted from the samples that the Company obtained quotations from two independent third parties and compare the prices, therefore we consider those were match with the discussion with the Managements mentioned above. Therefore we are of the view that determining the costs based on the prevailing market rate is fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Based on the above analyses, we consider the profit rate (i.e. generally ranging from 10% to 15%) under the service fees payable for the cement kiln co-treatment to be fair.

In respect of purchase fees payable for the procurement of the project equipment, the basis for the determination of the aforesaid fees included the prevailing market prices for similar services provided by the independent third parties. As (i) the comparing prices offered by independent third parties for same/similar products/services were one of the commonly adopted pricing policies adopted in the continuing connected transactions and there will be quotations from not less than two independent third parties for similar equipment; (ii) the supplier with the lowest quotation will be selected as supplier for the equipment should the suppliers' other conditions (such as model, specifications and quality) are the same/similar as confirmed by the Managements; and (iii) if no comparable market price is available, reference will be made to the prices at which similar equipment were sold to other independent third-party customers in recent years.

For our due diligence purpose on the purchase fees payable for the procurement of the project equipment, we have selected sampled transactions, including transactions between the Group and each of (i) the independent third parties and (ii) Conch Cement Group, based on the following criteria, namely (a) the nature and work scope of the transaction are similar to procurement of the project equipment; and (b) the subject transaction was entered into by the Group during 2023 to 2025. We have obtained and reviewed a total of 23 randomly selected sample transactions which comprised of 22 transactions with Conch Cement Group and 1 transaction with independent third party. We consider such sample size to be sufficient and representative for the purpose of our analysis given it already accounts for more than half of the total number of transactions in relation to the procurement of the project equipment. We noted from the sample transactions that the Company followed the pricing policies of obtaining not less than two quotations from independent third parties and selected the lowest quotation. Based on the above analysis, we consider the service fees payable for the project equipment to be fair.

In respect of service fees payable for the entrusted production and operation management services, the basis for the determination of the service fees will be reasonable costs plus a reasonable profit. As confirmed by the Managements, during the provision of entrusted production and operation management services, Conch Cement Group would bear the costs of manpower and consumption of ancillary materials which were supposed to be borne by the Group, hence the Group would make reference to the historical costs that used to be borne by the Group during the arm's length negotiation with Conch Cement Group. As for the reasonable profit for the service fees payable for

the entrusted production and operation management services, as advised by the Managements, the Group and Conch Cement Group would determine based on an evaluation of the characteristics and risks of the entrusting services for solid waste disposal projects. The service provider does not bear the project investment and core market risks, but its primary value lies in ensuring the safe, stable, and environmentally compliant operation of the production line. As hazardous waste disposal industry currently faces an objective environment characterized by overcapacity and generally low utilization rates, the pricing of entrusting services should adequately reflect the reality of restricted overall profitability for the projects. The 2% lower limit on the profit margin aims to cover basic service costs and generate minimal profit under extreme scenarios (such as where operations are at low-load level for prolonged period), ensuring the sustainability of the services. The 10% upper limit on the profit margin represents a reasonable return that can be achieved when the project operates stably at full capacity, and the service provider effectively manages costs and improves efficiency.

For our due diligence purpose on the service fees payable for the entrusted production and operation management services, we have reviewed a cost analysis prepared by the Company, comparing the costs of operations conducted internally with those incurred when engaging Conch Cement Group. Based on the Company's calculation, operations undertaken internally would involve additional expenses, including costs for extra workers, electricity, auxiliary materials, and spare parts. Given that such additional costs would arise if the services were conducted by the Company itself, we consider the service fees payable for the entrusted production and operation management services, with a profit margin of 2% to 10%, to be fair and reasonable.

Based on the above, we are of the view that the pricing policy of the Industrial Solid and Hazardous Waste Treatment Transaction is fair and reasonable.

Proposed annual caps

Set out below are (i) the historical amounts of the fees paid by the Group in respect of (a) the comprehensive industrial solid and hazardous waste treatment services and ancillary products and services, (b) the procurement of the project equipment and (c) the entrusted production and operation management services for industrial solid and hazardous waste treatment projects for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025; and (ii) the proposed annual caps for the Industrial Solid and Hazardous Waste Treatment Transaction for the three years ending 31 December 2028:

	For the year ended 31 December 2023 ("FY2023") (in RMB'million)	For the year ended 31 December 2024 ("FY2024") (in RMB'million)	For the six months ended 30 June 2025 (in RMB'million)
Historical transaction amounts			
Fees incurred in relation to the industrial solid and hazardous waste treatment services and ancillary products and services	74.41	71.18	37.39
Fees incurred in relation to the procurement of the project equipment	11.17	3.32	0.05
Fees incurred in relation to the entrusted production and operation management services for industrial solid and hazardous waste treatment projects	—	—	—

	For the year ending 31 December 2026 ("FY2026") (in RMB'million)	For the year ending 31 December 2027 ("FY2027") (in RMB'million)	For the year ending 31 December 2028 ("FY2028") (in RMB'million)
Fees payable by the Group in relation to the comprehensive industrial solid and hazardous waste treatment and ancillary products and services provided by Conch Cement Group	80.0	88.0	95.0
Fees payable in relation to the procurement of the project equipment	12.0	17.0	22.0
Fees payable by the Group in relation to the entrustment production and operation management services provided by Conch Cement Group for industrial solid and hazardous waste treatment projects	27.5	29.0	30.0

Details of the bases for determining the proposed annual caps are set out under the sub-section headed "Annual Cap and Basis of Determination" under the section headed "2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement" of the Board Letter.

Upon our further request, we obtained a calculation for the proposed annual cap for FY2026 (the "**Cap Calculation Table**") and noted the following:

- The proposed annual cap was calculated by (a) the estimated demand of the Industrial Solid and Hazardous Waste Treatment Transaction of approximately RMB116 million for FY2026 (including (i) industrial solid and hazardous waste treatment services and ancillary products and services; (ii) procurement of the project equipment; and (iii) entrustment production and operation management); and (b) a buffer of approximately RMB3.5 million in addition to the estimated demand of the Industrial Solid and Hazardous Waste Treatment Transaction for FY2026.

Industrial solid and hazardous waste treatment services

- The estimated demand of industrial solid and hazardous waste treatment services, being approximately RMB77 million was determined based on (i) estimated unit prices of; and (ii) estimated volume (in ten thousand tonnes) of such services.

A. Estimated unit prices

In respect of the estimated unit prices, as advised by the Managements, in return for the provision of cement kiln resources, the Group pay fixed amounts of service fees for the industrial solid and hazardous waste the Group treated using cement kilns per tonne to the cement company suppliers. We noted from the Cap Calculation Table that the unit prices used for the calculation of the proposed annual cap for FY2026 are in the same range for the historical unit prices implemented for FY2025. During the nine months ended 30 September 2025, the average service fee the Group paid for industrial solid waste and industrial hazardous waste per tonne was approximately RMB30 and RMB60 respectively, and same fee level were used in the estimation for FY2026. In light of the above, we consider the estimated unit prices to be justifiable.

B. Estimated volume

As advised by the Managements, cement kiln waste treatment technologies are designed to incinerate pre-treated waste in cement kilns during the cement production process. Therefore, the utilisation of cement kiln waste treatment technologies (being the services to be provided under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement) will be directly related to the cement production and manufacturing or related works of cement company suppliers (i.e. the Conch Cement Group in this case). When determining the estimated volume for FY2026, the Managements considered the historical transaction volume of approximately 2,200,000, 2,100,000 and 1,550,000 tonne respectively with Conch Cement Group for FY2023, FY2024 and nine months ended 30 September 2025 as well as the projected transaction volume of approximately 600,000 tonne for the three months ending 31 December 2025.

According to the statistics published by National Bureau of Statistics of the PRC, the production quantity of cement recorded a period-on-period decrease of 4.3% for the six months ended 30 June 2025.

With reference to Conch Cement's interim report for the six months ended 30 June 2025, in the first half of 2025, the investment in infrastructure increased by 4.6% period-on-period, providing support to the demand for cement. The investment in the real estate development decreased by 11.2% period-on-period, continuing to undergo deep adjustment and drag down the cement market. As for the outlook of second half of 2025, on the demand side, the promotion of major strategic engineering projects and urban renewal initiatives is expected to lead to more quantifiable outputs, and the infrastructure sector will continue to support the demand for cement. However, real estate market is still bottoming out, and the pressure on investment and construction persists, which is expected to continue to drag down the cement market demand.

In addition, we also noted that the Conch Cement Group realized an aggregate net sales volume of cement and clinker of 127 million tonnes, representing a period-on-period decrease of 0.09% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 128 tonnes). According to the Conch Cement's previous annual reports, the Conch Cement Group recorded decreases in the aggregate net sales volume of cement and clinker of approximately 5.60% from 2022 to 2023; approximately 7.46% from 2023 to 2024. The aggregate sales volume of cement and clinker became stale and the decrease slowed down recently as a result of increasing demand from infrastructure side and decreasing demand of the bottoming out real estate side.

The historical volume (in ten thousand tonnes) of both industrial solid and hazardous waste from 2023 to 2024 were moved in a decreasing trend. The estimated volume (in ten thousand tonnes) of industrial solid waste for FY2026 was in line with its historical volume (in ten thousand tonnes) for FY2025.

Based on the above, we consider the estimated volume (in ten thousand tonnes) of industrial solid and hazardous waste for FY2026 to be justifiable.

Based on the above, we are of the view that the estimated demand of industrial solid and hazardous waste treatment services for FY2026 to be reasonable.

Procurement of project equipment

As advised by the Managements, the estimated demand of procurement of project equipment for FY2026, being approximately RMB11.7 million, was determined based on the new pipeline projects the Company has planned.

In addition, as also advised by the Managements, the Company plans to enhance the development of new projects that requires procurement of project equipment in FY2026. We obtained a list of pipeline projects in 2026 and noticed that there will be two cement kiln co-treatment projects, three fly ash projects, one metal resources utilization project, and one skid-mounted kiln dust treatment project. The Managements also provided us the internal project initiation documents supporting the plans. The demand of new equipment for the new projects are justified by the project initiation documents.

Based on the above, we are of the view that the estimated demand of procurement of project equipment for FY2026 to be reasonable.

Entrusted production and operation management services

As advised by the Managements, the estimated demand of entrusted production and operation management services for FY2026, being approximately RMB26.62 million, was determined based on the service to be provided to 15 existing projects which two of them started in the first three quarters of FY2025 and the rest are expected to commence in fourth quarter of FY2025 and FY2026.

We obtained the project lists and noticed that the disposal amount is approximately 869,600 tonnes in aggregate with an average service fee of approximately RMB30 per tonne.

Buffer

As aforementioned, a buffer of approximately RMB3.5 million was applied to the estimated demand of the Industrial Solid and Hazardous Waste Treatment Transaction for FY2026. We understood that the purpose of the adoption of buffer is to cover unexpected increase in (1) potential new projects the parties are exploring; and (2) the projects that are planned to commence soon.

Having considered that the purpose of buffer is to cover unexpected circumstances, and is only approximately 3% of the estimated transaction amount, we are of the view that the buffer of approximately RMB3.5 million to be justifiable.

Having considered the above factors, we are of the view that the proposed annual cap of the Industrial Solid and Hazardous Waste Treatment Transaction for FY2026 is fair and reasonable.

In addition, the proposed annual cap of the Industrial Solid and Hazardous Waste Treatment Transaction (i) for FY2027 represented an increase of approximately 10% as compared to that for FY2026; and (ii) for FY2028 represented an increase of approximately 8% as compared to that for FY2027. As the aforesaid increases were mild and mainly due to the potential increase in the number of new projects, we consider the proposed annual caps of the Industrial Solid and Hazardous Waste Treatment Transaction for FY2027 and FY2028 to be fair and reasonable.

Shareholders should note that as the proposed annual caps for the three years ending 31 December 2028 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of costs to be incurred from the Industrial Solid and Hazardous Waste Treatment Transaction. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Industrial Solid and Hazardous Waste Treatment Transaction will correspond with the proposed annual caps.

In light of the above, we are of the view that the terms of Industrial Solid and Hazardous Waste Treatment Transaction (together with the annual caps) are on normal commercial terms and are fair and reasonable.

B. THE ENGINEERING DESIGN TRANSACTION**Information on Conch Design Institute**

With reference to the Board Letter, Conch Design Institute is an enterprise established in the PRC and a wholly owned subsidiary of Conch Holdings and an associate of Conch Cement. It is principally engaged in design services for building materials industry and cement technology development. It possesses a Grade A qualification in the relevant industry.

Reasons for and benefit of the Engineering Design Transaction

With reference to the Board Letter, Conch Design Institute has extensive experience in building materials industry design and cement technology development and possesses Grade A qualification in the relevant industry. It is relatively familiar with the general factory layout, structures and set-up of the Group and had previously undertaken the design of most of the Group's environmental protection projects. Certain industrial solid and hazardous waste treatments of the Group designed or modified by Conch Design Institute have been successfully put into operation. The Company believes that commissioning Conch Design Institute to undertake the engineering design or technology modification of industrial waste treatment projects of the Company will be conducive to the coordination and implementation of the projects and hence ensure that the progress and quality of the projects will be under control.

As advised by the Managements, detailed solution design is one of the major steps of the Group's typical business operational process. Under the detailed solution design step, the Group requires cement companies to provide the electricity and water supply plans of their cement plants and the design specifications of their cement kilns for the Group's detailed solution design. There would be synergy effect as Conch Design Institute also provided engineering design services for subsidiaries of Conch Cement. We noted from Conch Cement's annual report for FY2024 that on 31 May 2024, Conch Cement and Conch Design Institute entered into the Engineering Project Design and Technology Service Contract, pursuant to which Conch Design Institute would provide engineering design and/or technology modification services for projects such as aggregate, manufactured sand, commodity concrete, dry mix mortar, grinding stations, slag powder transit project and comprehensive projects of certain subsidiaries of Conch Cement, as well as large-scale special modification projects and engineering consulting service of Conch Cement.

In light of the above, we consider that the Engineering Design Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Engineering Design Transaction

Set out below are the key terms of the Engineering Design Transaction.

Date:	5 December 2025
Parties:	(1) The Company (on behalf of the Group); and (2) Conch Design Institute
Term:	From 1 January 2026 to 31 December 2028, subject to the approval of the Independent Shareholders at the general meeting of the Company
Subject matter:	Conch Design Institute agreed to provide engineering design services and/or technology modification services for industrial solid and hazardous treatment projects, which primarily includes designing the facilities for industrial waste treatment systems and developing technology modification for further demands upon existing cement kiln co-treatment systems. The precise scope of services, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Details of the key terms of the Engineering Design Transaction, details of which are set out under the section headed “2026 Engineering Design Services Framework Agreement” of the Board Letter.

Pricing policy:

The service fees payable by the Group shall be determined after arm’s length negotiation between the parties on the basis of open tender or with reference to the Engineering Survey Design Fee Standards (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)), jointly promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as the National Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會)) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部, previously known as Ministry of Construction of the PRC (中華人民共和國建設部)), and Interim Provisions on Consulting Charges for Preliminary Work of Construction Projects (Ji Jia Ge [1999] No. 1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會, previously known as National Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會)), as well as the project scale, investment amount, scope of design and technological indicators, and the prevailing market prices for similar service provided by

the independent third parties in the ordinary course of business on normal commercial terms. The Group shall compare the prices of similar services obtained from two independent third party suppliers.

As (i) the service fees will be determined with reference to the relevant standards, provisions and prevailing market prices for similar services provided by the independent third parties (not less than two); and (ii) the supplier with the lowest quotation will be selected as supplier for the technical modification service and/or engineering design services should the suppliers' other conditions are the same/similar as confirmed by the Managements, we are of the view that the pricing policy of the Engineering Design Transaction is fair and reasonable.

The proposed annual caps

Set out below are (i) the historical amounts of the fees paid by the Group to Conch Design Institute in respect of the engineering design services and/or technology modification services for the two years ended 31 December 2024 and the six months ended 30 June 2025; and (ii) the proposed annual caps for the Engineering Design Transaction for the three years ending 31 December 2028:

	For the year ended 31 December 2023 <i>(in RMB'million)</i>	For the year ended 31 December 2024 <i>(in RMB'million)</i>	For the six months ended 30 June 2025 <i>(in RMB'million)</i>
Historical transaction amounts			
Fees incurred in relation to the engineering design services and/or technology modification services provided by Conch Design Institute	5.97	3.42	1.05
	For the year ending 31 December 2026 <i>(in RMB'million)</i>	For the year ending 31 December 2027 <i>(in RMB'million)</i>	For the year ending 31 December 2028 <i>(in RMB'million)</i>
Proposed annual caps	8.0	9.0	15.0

Details of the bases for determining the proposed annual caps are set out under the sub-section headed “*Annual Cap and Basis of Determination*” under the section headed “2026 Engineering Design Services Framework Agreement” of the Board Letter.

Upon our further request, we obtained a calculation for the proposed annual cap for FY2026 and noted the following:

- The proposed annual cap was calculated by (i) the estimated demand of the Engineering Design Transaction for FY2026 of approximately RMB7.6 million (including (a) the estimated amounts derived from signed contracts of approximately RMB2.6 million; and (b) the estimated amounts of engineering design services and technical modification services for potential projects of approximately RMB5.0 million); and (ii) a buffer of approximately RMB0.5 million in addition to the estimated demand of the Engineering Design Transaction for FY2026.
- Estimated amounts derived from two signed contract (i.e. RMB2.6 million): We understood that the estimated amounts derived from the signed contract of approximately RMB2.6 million were mainly unpaid services fees. The Managements also advised us that the estimated amounts derived from the contract which was already signed by the Group with Conch Design Institute is the same as the remaining contract values of such contracts which were expected to be paid in FY2026.
- Estimated amounts of engineering design services and technical modification services for potential projects (i.e. RMB5.0 million): based on our discussion with the Managements, we understood that there will be seven projects in total in respect of the engineering design services and technical modification services. The Managements further advised us the details of the potential projects, such as the project name, project location, treatment capacity, expected completion date.

The Managements advised that for the two signed engineering design service projects, the service contracts were entered into between relevant party in the second quarter of 2025 and fourth quarter of 2021 respectively. We obtained the aforesaid service contracts and noted that the estimated amount for the engineering design services represented the contract value of the aforesaid service contract. Due to changes in the production process and further discussions required, the two design service projects mentioned above were delayed and relevant parties will enter into supplemental contract for further services for the latter. As also confirmed by the Managements, the Company did not make any payment according to the aforesaid service contract entered into in the second quarter of 2025, thus, the two design service projects mentioned above did not utilise the historical annual cap for the period ended 31 December 2025. As mentioned in the section headed “3. Internal Control Measures” in the Broad Letter and section headed “Internal Control” in this letter below, the Company adopted and implemented a management system on connected transactions for the control and daily management in respect of the continuing connected transactions, we have reviewed the system and confirm the control and daily management, therefore the recognition of the amount of utilisation of existing annual caps are fair and reasonable.

In respect of the remaining five industrial solid waste treatment projects and fly ash washing projects, we understood that Conch Design Institute will provide engineering design services. In addition, the Managements also advised us the total estimated engineering design service fee will be approximately RMB5 million. We also understood that such service fees were determined based on the latest historical fee quotes. Upon our request, we obtained from the Company two latest executed contracts for similar services among the Group and connected persons (the “**Individual Contracts**”) and acknowledged that the estimated contract values of engineering design services for each remaining five projects were close (with a difference of 10% or less) to the midpoints of the contract values of the signed contracts in respect of the engineering design services for the same type of projects. Considering the services fees were determined based on the latest historical fee quotes, other historical fee quotes earlier for more than twelve months may not be such relevant, therefore we considered two individual contracts already sufficient for comparison purpose are fair, reasonable and representative.

Having considered that (i) the services contemplated under the Individual Contracts were engineering design services or included engineering design services (in this case, only services fees for engineering design services were considered) for the designing of industrial solid waste treatment projects and fly ash washing projects respectively; (ii) the designed treatment capacity of the underlying projects of almost all Individual Contracts were the same to the designed treatment capacity of potential five industrial solid waste treatment projects and fly ash washing projects; and (iii) our aforesaid analyses were made reference to the midpoints of the contract values of the signed contracts in respect of the engineering design services for the same type of projects such that the different values of the Individual Contracts were considered, we are of the view that estimated contract value of potential industrial solid waste treatment projects and fly ash washing projects could be made with reference to the contract values of the Individual Contracts.

- As aforementioned, a buffer of approximately RMB0.5 million was applied to the estimated demand of the Engineering Design Transaction for FY2026. We understand that the purpose of the adoption of buffer is to cover unexpected increase in surging demand of the Engineering Design Transaction or relevant costs for the Engineering Design Transaction. In addition, the engineering design services is for engineering construction projects, any earlier request for engineering design services for additional projects originally planned in 2027 (normally 10% of the total contract value will be required to settle upon signing the individual contracts, which means approximately RMB0.9 million according to the estimated contract values for FY2027) may lead to the increase in demand of the Engineering Design Transaction for FY2026. As explained by the Managements, historically, the commencement date of the construction of the Group’s industrial solid and hazardous treatment projects may be postponed or advanced due to different factors. Therefore, we consider the buffer of approximately RMB0.5 million for FY2026 to be justifiable.

Having considered the above factors, we are of the view that the proposed annual cap of the Engineering Design Transaction for FY2026 is fair and reasonable.

In addition, the proposed annual caps of the Engineering Design Transaction for FY2027 and FY2028 are in an increasing trend. The Managements advised that the aforesaid increasing trend is mainly due to more projects were expected to be completed in both FY2027 and FY2028.

Based on the above, we consider the total estimated amounts of engineering design services for FY2027 and FY2028 to be fair and reasonable.

Buffers of approximately RMB0.3 million and approximately RMB0.6 million were adopted in addition to the total estimated amounts of engineering design services for FY2027 and FY2028 respectively. Having considered (i) in respect of the buffer for FY2027, the unexpected increase in the fees to be paid in FY2027 (such as engineering design services is for engineering construction projects), any delay in completion of the works in FY2026 (which may cause the postponement of the settlement of services fees) or the earlier request for engineering design services for additional projects originally planned in 2028 (normally 10% of the total contract value will be required to settle upon signing the individual contracts, which means approximately RMB0.9 million according to the estimated contract values for FY2028) may lead to the increase in demand of the Engineering Design Transaction for FY2027; and (ii) in respect of the buffer for FY2028, the possible increase in the proportions of quality guarantee fees for projects for FY2027 may lead to the increase in such guarantee amounts to be settled in FY2028 (i.e. increased from 5% to 10% of total contract value, being approximately RMB1.4 million), we are of the view that the buffers for FY2027 and FY2028 are justifiable and the proposed annual caps for FY2027 and FY2028 are fair and reasonable.

Shareholders should note that as the proposed annual caps for the three years ending 31 December 2028 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of costs to be incurred from the Engineering Design Transaction. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Engineering Design Transaction will correspond with the proposed annual caps.

In light of the above, we are of the view that the terms of Engineering Design Transaction are on normal commercial terms and are fair and reasonable.

The Company has established comprehensive internal control system and has formulated a series of internal control measures and procedures in order to ensure the pricing under the continuing connected transactions is fair and reasonable and no less favourable to the Company than those available to independent third parties, and in the interest of the Company and its Shareholders as a whole, details of which are included in the section headed “3. INTERNAL CONTROL MEASURES” in the Broad Letter. We (i) have reviewed such internal control measures and procedures of the Company, including but not limited to the related transaction management measures formulated and implemented by the Group for its subsidiaries, as well as obtained and reviewed the

approval documents for the framework agreement on continuing related transactions from the Company's finance department, legal department and the internal control department, in the internal approval system prior to entering the agreements with connected persons; and (ii) understand from the Managements that the Company's finance department monitors the aggregate transaction amounts under the continuing connected transactions from time to time and confirms that the Group has sufficient annual caps for carrying out relevant continuing connected transactions, and we are of the view that such internal control measures and procedures are sufficient to ensure that the transactions contemplated under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the 2026 Engineering Design Services Framework Agreement with Conch Design Institute ("**CCT Agreements**") are on normal commercial terms and do not exceed the respective proposed annual caps.

Further to the above, in respect of pricing policy, we have obtained and reviewed a total of 104 randomly selected service projects entered into by the Group with Conch Cement Group and Conch Design Institute, covering different types of services under the CCT Agreements (i.e. 60 sample projects of industrial solid and hazardous waste treatment projects with Conch Cement Group, 22 sample projects of project equipment procurement with Conch Cement Group, two sample projects of entrusted production and operation management services with Conch Cement Group (given there were no transactions before 2024), 20 sample projects of engineering design services with Conch Design Institute) and four randomly selected service projects entered into by the Group with independent third parties during 2023 to 2025. The number of samples reviewed already represents more than half of the full sample size of the total number of each type of transaction, and is therefore considered sufficient and representative for the purpose of analyzing the Group's pricing policy. We have compared the key terms in such contracts and note that the commercial terms in the projects between the Group and Conch Cement Group/Conch Design Institute are not less favourable to the Group than those between the Group and the independent third parties. Based on our review of the abovementioned documents, including but not limited to, the approval documents for the framework agreement on continuing related transactions from the Company's legal department, finance department and internal control departments in respect of the framework agreement on continuing connected transactions and the service contracts entered into by the Group with Conch Cement Group/Conch Design Institute, we are not aware of any internal control deficiency under the Transactions.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the non-exempt continuing connected transactions of the Company each year. We noted from the annual reports for the year ended 31 December 2024 and 31 December 2023 that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions and provided their relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

Based on the above, we concur with the Company that the Group has effective internal control policies in place to continue to monitor the Transactions, and therefore the interests of the Company and its Shareholders would be safeguarded.

Listing Rules implication

The Managements confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by their respective annual caps for the period concerned under the relevant framework agreements; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Transactions are anticipated to exceed the their respective proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Managements, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 26 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,826,765,059 Shares of nominal value of HK\$0.01 each which have been fully paid.

3. EXPERT AND CONSENT

The following are the qualification of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Red Sun Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Red Sun Capital:

- a. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 11 February 2026 (as set out on pages 27 to 51 of this circular) and references to its name, in the form and context in which it appears.
- b. neither had any shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.
- c. did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up.

5. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder).

7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in the director service contract and this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

8. DISCLOSURE OF INTERESTS

Interests of Directors and Chief Executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules were as follows:

Name	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings ⁽¹⁾
Mr. Li Qunfeng ⁽²⁾	Beneficial owner	2,050,000	Long positions	0.11%
	Interests held jointly with another person	469,933,379	Long positions	25.72%
	Subtotal	471,983,379		25.84%
Mr. Wang Chunjian ⁽²⁾	Beneficial owner	100,000	Long positions	0.01%
	Interests held jointly with another person	471,883,379	Long positions	25.83%
	Subtotal	471,983,379		25.84%
Mr. Ma Wei ⁽²⁾	Beneficial owner	2,541,127	Long positions	0.14%
	Interests held jointly with another person	469,442,252	Long positions	25.70%
	Subtotal	471,983,379		25.84%
Ms. Liao Dan ⁽³⁾	Interest of spouse	471,983,379	Long positions	25.84%

Notes:

1. The calculation is based on the total number of 1,826,765,059 Shares in issue as of the Latest Practicable Date.

2. Mr. Li Qunfeng, Mr. Wang Chunjian and Mr. Ma Wei are Parties Acting in Concert. Accordingly, Mr. Li Qunfeng, Mr. Wang Chunjian and Mr. Ma Wei are deemed to be interested in the Shares in which (i) Conch Cement and its wholly owned subsidiary Conch International Holdings (HK) Limited hold 387,523,500 Shares in aggregate, (ii) Li Qunfeng holds 2,050,000 Shares, (iii) Wang Chunjian holds 100,000 Shares, (iv) Guo Dan holds 32,725,000 Shares, (v) Yan Zi holds 35,033,752 Shares, (vi) Ji Xian holds 10,080,000 Shares, (vii) Ma Wei holds 2,541,127 Shares and (viii) Wang Jingqian holds 1,930,000 Shares are interested.
3. Ms. Liao Dan is deemed to be interested in the Shares held by Mr. Wang Jingqian, the spouse of Ms. Liao Dan and one of the Parties Acting in Concert. Mr. Wang Jingqian is deemed to be interested in the Shares in which (i) Conch Cement and its wholly owned subsidiary Conch International Holdings (HK) Limited hold 387,523,500 Shares in aggregate, (ii) Li Qunfeng holds 2,050,000 Shares, (iii) Wang Chunjian holds 100,000 Shares, (iv) Guo Dan holds 32,725,000 Shares, (v) Yan Zi holds 35,033,752 Shares, (vi) Ji Xian holds 10,080,000 Shares, (vii) Ma Wei holds 2,541,127 Shares and (viii) Wang Jingqian holds 1,930,000 Shares are interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, (i) Mr. Li Qunfeng was an executive director of Conch Cement; (ii) Mr. Fan Zhan was the employee director and the director of the finance department in Conch Cement; and (iii) Mr. Ma Wei was the head of the strategic development department of Conch Cement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial shareholders

As at Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings ⁽¹⁾
Conch Venture	Beneficial owner	13,900,000	Long positions	0.76%
	Interest of controlled corporation ⁽²⁾	471,983,379	Long positions	25.84%
	Subtotal	485,883,379		26.60%
China Conch Venture Holdings International Limited	Interest of controlled corporation ⁽²⁾	471,983,379	Long positions	25.84%
Wuhu Conch Venture Property Co., Ltd.	Interest of controlled corporation ⁽²⁾	471,983,379	Long positions	25.84%
Conch Holdings	Interest of controlled corporation ⁽²⁾	471,983,379	Long positions	25.84%
Conch Cement	Beneficial owner	101,389,500	Long positions	5.55%
	Interest of controlled corporation ⁽³⁾	286,134,000	Long positions	15.66%
	Interests held jointly with another person ⁽⁴⁾	84,459,879	Long positions	4.62%
	Subtotal	471,983,379		25.84%
Conch International Holdings (HK) limited	Beneficial owner	286,134,000	Long positions	15.66%
Staff Association of Anhui Conch Holdings Co., Ltd. (安徽海螺集團有限責任公司工會委員會) (“SA Conch”)	Interest of controlled corporation ⁽⁵⁾	109,178,000	Long positions	5.98%

Name	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings ⁽¹⁾
Anhui Conch Venture Group Co., Ltd. (安徽海創集團股份有限公司) (“CV Group”)	Interest of controlled corporation ⁽⁶⁾	109,178,000	Long positions	5.98%
Guo Dan	Interest of controlled corporation ⁽⁷⁾	32,725,000	Long positions	1.79%
	Interests held jointly with another person ⁽⁴⁾	439,258,379	Long positions	24.05%
	Subtotal	471,983,379		25.84%
Yan Zi	Interest of controlled corporation ⁽⁸⁾	35,033,752	Long positions	1.92%
	Interests held jointly with another person ⁽⁴⁾	436,949,627	Long positions	23.92%
	Subtotal	471,983,379		25.84%
Ji Xian	Interest of controlled corporation ⁽⁹⁾	10,080,000	Long positions	0.55%
	Interests held jointly with another person ⁽⁴⁾	461,903,379	Long positions	25.29%
	Subtotal	471,983,379		25.84%
Wang Jingqian	Beneficial owner	1,930,000	Long positions	0.11%
	Interests held jointly with another person ⁽⁴⁾	470,053,379	Long positions	25.73%
	Subtotal	471,983,379		25.84%

Notes:

1. The calculation is based on the total number of 1,826,765,059 Shares in issue as of the Latest Practicable Date.
2. As of the Latest Practicable Date, among the above Shares, (i) 185,849,379 Shares are owned by Conch Cement and its Parties Acting in Concert; and (ii) 286,134,000 Shares are owned by Conch International Holdings (HK) Limited which is a wholly owned subsidiary of Conch Cement. Conch Holdings is the holding company of Conch Cement. As 49% of the issued share capital of Conch Holdings is held by Wuhu Conch Venture Property Co., Ltd., Wuhu Conch Venture Property Co., Ltd. is wholly owned by China Conch Venture Holdings International Limited, and China Conch Venture Holdings International Limited is ultimately wholly owned by Conch Venture. By virtue of the SFO, Conch Holdings, Wuhu Conch Venture Property Co., Ltd., China Conch Venture Holdings International Limited and Conch Venture are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert and Conch International Holdings (HK) Limited are interested.
3. 286,134,000 Shares are held by Conch International Holdings (HK) Limited, which is a wholly-owned subsidiary of Conch Cement. Accordingly, by virtue of the SFO, Conch Cement is deemed to be interested in the Shares in which Conch International Holdings (HK) Limited is interested.
4. By virtue of the SFO, Conch Cement and its Parties Acting in Concert are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert are interested, namely (i) 387,523,500 Shares held by Conch Cement and its wholly-owned subsidiary Conch International Holdings (HK) Limited, (ii) 2,050,000 Shares held by Li Qunfeng, (iii) 100,000 Shares held by Wang Chunjian, (iv) 32,725,000 Shares held by Guo Dan, (v) 35,033,752 Shares held by Yan Zi, (vi) 10,080,000 Shares held by Ji Xian, (vii) 2,541,127 Shares held by Ma Wei and (viii) 1,930,000 Shares held by Wang Jingqian.
5. Among the above Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 Shares are owned respectively by (i) Conch Venture Holdings (Zhuhai) Co., Ltd.* (海螺創投控股(珠海)有限公司) (“**CV Holdings Zhuhai**”), (ii) Anhui Conch Venture Medical Investment Management Co., Ltd.* (安徽海螺創業醫療投資管理有限責任公司) (“**CV Medical**”) and (iii) Conch Venture International Limited* (海螺創業國際有限公司) (“**CVI**”), all of which are wholly owned by CV Group. CV Group is deemed to be interested in the Shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested by virtue of the SFO. As 82.93% of CV Group’s registered capital is held by SA Conch, SA Conch is deemed to be interested in the Shares in which CV Group is interested by virtue of the SFO.
6. Among these Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 Shares are owned by CV Holdings (Zhuhai), CV Medical and CVI, respectively. CV Group is deemed to be interested in the Shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested by virtue of the SFO.
7. These Shares are owned by Dazzling Star Investments Limited. Dazzling Star Investments Limited is wholly owned by Guo Dan. Guo Dan is deemed to be interested in the Shares held by Dazzling Star Investments Limited by virtue of the SFO.
8. These Shares are owned by Fortune Gold Limited. Fortune Gold Limited is wholly owned by Yan Zi. Yan Zi is deemed to be interested in the Shares held by Fortune Gold Limited by virtue of the SFO.
9. These Shares are owned by Golden Convergence Limited. Golden Convergence Limited is wholly owned by Ji Xian. Ji Xian is deemed to be interested in the Shares held by Golden Convergence Limited by virtue of the SFO.

According to Section 336 of the SFO, Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons (not being Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

9. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.conchenviro.com>) for a period of 14 days from the date of this circular:

- (a) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement;
- (b) the 2026 Engineering Design Services Framework Agreement;
- (c) letter from the Independent Board Committee;
- (d) letter from the Independent Financial Adviser;
- (e) letter of consent from the Independent Financial Adviser; and
- (f) this circular.



China Conch Environment Protection Holdings Limited

中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting (the “**EGM**”) of China Conch Environment Protection Holdings Limited (the “**Company**”) of 2026 will be held at the Meeting Room of the Company, No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC on Friday, 6 March 2026 at 10:00 a.m. (Hong Kong time) for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve, if thought fit, the following resolutions:
 - (a) the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated 11 February 2026 (the “**Circular**”), be and is hereby approved, ratified and confirmed;
 - (b) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) for the three years ending 31 December 2028 as set out in the Circular be and are hereby approved, ratified and confirmed; and
 - (c) any one executive Director be and is hereby authorized for and on behalf of the Company to execute, and where required, to affix the common seal of the Company to, any documents, instruments or agreements, and to do any acts and things deemed by him or her to be necessary, expedient or appropriate in order to give effect to and implement the transactions contemplated under the 2026 Industrial Solid and Hazardous Waste Treatment Comprehensive Framework Agreement with Conch Cement (on behalf of the Conch Cement Group) (including the proposed annual caps for the three years ending 31 December 2028).

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

2. To consider and approve, if thought fit, the following resolutions:

- (a) the 2026 Engineering Design Services Framework Agreement with Conch Design Institute and the transactions contemplated thereunder, details of which are more particularly described in the Circular be and is hereby approved, ratified and confirmed;
- (b) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Engineering Design Services Framework Agreement with Conch Design Institute for the three years ending 31 December 2028 as set out in the Circular be and are hereby approved, ratified and confirmed; and
- (c) any one executive Director be and is hereby authorized for and on behalf of the Company to execute, and where required, to affix the common seal of the Company to, any documents, instruments or agreements, and to do any acts and things deemed by him or her to be necessary, expedient or appropriate in order to give effect to and implement the transactions contemplated under the 2026 Engineering Design Services Framework Agreement with Conch Design Institute, (including the proposed annual caps for the three years ending 31 December 2028).

Yours faithfully,

On behalf of the Board

China Conch Environment Protection Holdings Limited

LIAO Dan

Company Secretary

Anhui Province, the People's Republic of China

11 February 2026

Notes:

1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him. A proxy needs not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder presents in person or by proxy shall be entitled to one vote for each share held by him.
3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if it/he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Company's Branch Share Registrar in Hong Kong no later than Wednesday, 4 March 2026 at 10:00 a.m. (Hong Kong time). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed from Tuesday, 3 March 2026 to Friday, 6 March 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 March 2026 (Hong Kong time).
6. A circular containing further details concerning items 1 and 2 set out in the above notice will be sent to shareholders of the Company who have indicated their wish to receive a printed copy.
7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Mr. WANG Chunjian (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors; Mr. LI Qunfeng (Chairman), Mr. LYU Wenbin and Mr. MA Wei as non-executive Directors; and Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen as independent non-executive Directors.