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## **CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED**

### **中科生物控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1237)**

### **DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 25 May 2021, Kimura and Zhangzhou Senwen entered into the Agreement in relation to the formation of the JV Company in the PRC to be engaged in the sourcing and sales of construction and decoration materials, forestry products and timber in the PRC.

Pursuant to the Agreement, the registered capital of the JV Company shall be RMB30,000,000, which will be contributed as to RMB15,300,000 by Kimura and RMB14,700,000 by Zhangzhou Senwen, representing 51% and 49% of the total registered capital of the JV Company respectively.

#### **LISTING RULES IMPLICATIONS**

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 25 May 2021, Kimura and Zhangzhou Senwen entered into the Agreement in relation to the formation of the JV Company in the PRC to be engaged in the sourcing and sales of construction and decoration materials, forestry products and timber in the PRC.

## **THE AGREEMENT**

### **Date**

25 May 2021

### **Parties**

(1) Kimura; and

(2) Zhangzhou Senwen

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Zhangzhou Senwen, together with its respective ultimate beneficial owner(s), are independent third parties of the Company and its connected persons (as defined in the Listing Rules).

### **Formation**

The parties to the Agreement agreed that JV Company will be established in Zhangzhou, Fujian Province, the PRC. The JV Company will be owned as to 51% by Kimura and 49% by Zhangzhou Senwen.

### **Business scope**

The JV Company will be principally engaged in the sourcing and sales of construction and decoration materials, forestry products and timber in the PRC.

### **Capital contribution**

Pursuant to the Agreement, the registered capital of the JV Company is RMB30,000,000, which will be contributed as to RMB15,300,000 by Kimura and RMB14,700,000 by Zhangzhou Senwen.

The Group intends to finance its share of the capital contribution to the JV Company of RMB15,300,000 by internal resources.

## **Financial impact to the Group**

The registered capital of the JV Company is RMB30,000,000, of which RMB15,300,000 shall be contributed by the Group. Upon the establishment of the JV Company, the JV Company will become a non wholly-owned subsidiary of the Company and the financial information of the JV Company will be consolidated into the accounts of the Group.

## **INFORMATION ABOUT THE PARTIES**

The Group specialises in wood processing technology. Holding over 90 registered patents, the Group has a leading position in the innovation of wood modification technology. Via advanced wood processing technology, the Group provides one-stop services on home building materials, leisure furniture and tourism facilities to customers in over 35 countries and regions. The customer base of the Group covers large home improvement chains, tourism industry developers, builders and end consumers.

Zhangzhou Senwen is principally engaged in the sourcing and sales of construction and decoration materials, forestry products and timber in the PRC.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

Zhangzhou is one of major production base for wooden products in China and is one of the major coastal cities in Fujian Province, China. Located at the coast of Zhangzhou, Zhangzhou Port is one of the top ten ports for timber imports and the largest timber distribution center along the southeast coast in China.

The directors believe that the establishment of a joint venture company will help the Group take advantage of Zhangzhou's mature wood product industry chain and the geographical advantages of its neighboring ports, enrich the Group's product portfolio to meet the growing needs of the Group's customers, and to maintain its price advantage, safeguarding the Group's competitiveness.

The Directors consider that the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group and the terms of the Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agreement”	the agreement entered into by Kimura and Zhangzhou Senwen on 25 May 2021
“Board”	the board of Directors
“Company”	China Environmental Technology and Bioenergy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1237)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“JV Company”	a company to be established in the PRC with limited liability in accordance with the terms and conditions of the Agreement
“King Wood”	Fujian Zhangping Kimura Forestry Products Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Agreement, being Kimura and Zhangzhou Senwen
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhangzhou  
Senwen”

漳州森蘊國際貿易有限公司 (Zhangzhou Senwen International Trading Co., Ltd.), a limited liability company established in the PRC

By order of the Board  
**China Environmental Technology and  
Bioenergy Holdings Limited**  
**Xie Qingmei**  
*Chairlady*

Hong Kong, 25 May 2021

*As at the date of this announcement, the executive Directors are Ms. Xie Qingmei and Mr. Wu Zheyang and the independent non-executive Directors are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.*