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**CHINA ENVIRONMENTAL TECHNOLOGY
HOLDINGS LIMITED**

中國環保科技控股有限公司

*Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)*

**INSIDE INFORMATION
EXECUTION OF SALE AND PURCHASE AGREEMENT
IN RESPECT OF CONVERTIBLE BONDS DUE 2024**

This announcement is made by China Environmental Technology Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules).

References are made to the announcements of the Company dated (i) 29 December 2017 in relation to the proposed issue of convertible bonds due 2020 in the aggregate principal amount of US\$7,000,000 (the “**Convertible Bonds**”); (ii) 29 March 2019 in relation to the sale and purchase agreement in respect of Convertible Bonds; (iii) 19 July 2021 in relation to the completion of the transfer of the Convertible Bonds; (iv) 26 July 2021 in relation to amendments of the terms of the Convertible Bonds; (v) 8 September 2021 in relation to the circular to shareholders in relation to amendments of the terms of the Convertible Bonds; (vi) 27 September 2021 in relation to poll results of the amendments of the terms of the Convertible Bonds; (vii) 4 October 2021 in relation to issue of shares under general mandate; (viii) 13 October 2021 in relation to the completion of the issue of shares under general mandate; (ix) 5 and 8 December 2021 in relation to the transfer of portion of the Convertible Bonds from the Vendor to Mr. Shengbiao Zhang; (x) 8 July 2022 in relation to the purchase back of the Convertible Bonds from Mr. Shengbiao Zhang by the Vendor; and (xi) 30 January 2023

in relation to the transfer of portions of the Convertible Bonds from the Vendor to Classy Jade Limited and Mr. Hoshino Takayuki respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that on 27 September 2023 (after trading hours), a sale and purchase agreement (the “**S&P Agreement**”) was entered into by Mr. Zhang Zihong (“**Vendor**”), the holder of the Convertible Bonds of US\$3,500,000 principal amount (as the vendor), Classy Jade Limited (“**Purchaser**”), a company wholly owned by Mr. Xu Zhongping, executive Director of the Company (as the purchaser) and the Company (as the issuer), pursuant to which the Vendor has conditionally agreed to sale to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Convertible Bonds with aggregate principal of US\$3,500,000 (“**Convertible Bonds In Sale**”) free from all encumbrances, together with all rights and entitlements attaching to them on the completion date (including, without limitation, the rights to receive all interest payments declared, made or paid on or after completion, except for the due but unpaid interest as at the date of the S&P Agreement) for RMB 28,309,000 cash (the “**Transfer**”).

Taking into account that the Purchaser is likely to convert the Convertible Bonds In Sale into equity shares of the Company which will increase the equity and reduce liability of the Group, and at present, the Company does not have adequate liquidity to redeem the Convertible Bonds In Sale, the Board considers the Transfer is in the interest of the Company and its shareholders as a whole. Therefore, the Company, by execution of the S&P Agreement, has agreed to waive its right of first refusal to redeem the Convertible Bonds In Sale and give its consent to the Transfer in accordance with the terms and conditions of the Convertible Bonds.

The shareholding structures of the Company immediately before and immediately after completion of the Transfer are set out as follows:

Shareholders	Capacity / Nature of Interest	Immediately before completion of the Transfer		Immediately after completion of the Transfer		Immediately after completion of the Transfer and full conversion of the Convertible Bond	
		No. of shares	% of shareholding (approximately)	No. of shares	% of shareholding (approximately)	No. of shares	% of shareholding (approximately)
Xu Zhongping	Interest held by a controlled corporation (Note 1)	50,725,000	22.72	50,725,000	22.72	50,725,000	15.26
	Beneficial owner	2,204,921	0.99	2,204,921	0.99	2,204,921	0.66
	Interest held by a wholly owned corporation (Note 2)	-	-	-	-	<u>90,480,000</u>	<u>27.22</u>
		<u>52,929,921</u>	<u>23.71</u>	<u>52,929,921</u>	<u>23.71</u>	<u>143,409,921</u>	<u>43.14</u>
Yang Baodong (Note 3)	Beneficial owner	39,600	0.02	39,600	0.02	39,600	0.01
Hu Yueyue (Note 4)	Beneficial owner	400,000	0.18	400,000	0.18	400,000	0.12
Zhang Zihong	Beneficial owner	33,980,000	15.22	33,980,000	15.22	33,980,000	10.22
Public		<u>135,868,417</u>	<u>60.87</u>	<u>135,868,417</u>	<u>60.87</u>	<u>154,588,417</u>	<u>46.50</u>
		<u>223,217,938</u>	<u>100.00</u>	<u>223,217,938</u>	<u>100.00</u>	<u>332,417,938</u>	<u>100.00</u>

Notes:

1. These 50,725,000 shares are held under the name of Gentle International Holdings Limited ("Gentle"). Classy Jade owns 60% of the issued share capital of Gentle. Mr. Xu Zhongping, an executive Director, is the sole shareholder of Classy Jade. Mr. Xu Zhongping was therefore deemed to be interested in the said 50,725,000 shares held by Gentle under Part XV of the SFO.
2. Classy Jade holds Convertible Bonds with aggregate principal of US\$5,800,000 immediately after the Transfer.
3. Mr. Yang Baodong is an executive Director.
4. Ms. Hu Yueyue is a non-executive Director.
5. Certain figures may not add up due to rounding.

As of today, none of the Convertible Bonds were converted.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
China Environmental Technology Holdings Limited
Xu Jingping
Chairman

Hong Kong, 27 September 2023

As at the date of this announcement, the executive directors are Mr. Xu Jingping, Mr. Xu Zhongping and Mr. Yang Baodong; the non-executive directors are Ms. Hu Yueyue, Mr. Ma Tianfu and Mr. Wang Youming; the independent non-executive directors are Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun.