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ZONQING Environmental Limited

中庆环境股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1855)

PROPOSED SUBDIVISION OF SHARES

PROPOSED SHARE SUBDIVISION

The Board proposes to subdivide each of the existing issued and unissued Shares of HK\$0.001 each in the share capital of the Company into three (3) Subdivided Shares of nominal value of HK\$0.0003 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out in the section headed “Conditions of the Share Subdivision” below.

The Shares are currently traded in board lot size of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading on the Stock Exchange will remain as 2,000 Subdivided Shares.

GENERAL

The Share Subdivision is subject to approval by Shareholders at the forthcoming AGM.

A circular containing, amongst others, further details of the Share Subdivision and notice of the AGM will be despatched to the Shareholders on or around 16 April 2024.

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Effects of the Share Subdivision

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 10,000,000,000 Shares of HK\$0.001 each, of which 275,000,000 Shares have been issued and are fully paid or credited as fully paid. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$10,000,000 divided into 30,000,000,000 Shares of nominal value of HK\$0.0003 each, of which 825,000,000 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are issued or repurchased prior to the Share Subdivision becoming effective.

All Subdivided Shares will rank pari passu with each other in all respects with the Shares in issue prior to the Share Subdivision and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

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The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 14 December 2020, which took effect upon the listing of the Shares on the Stock Exchange. Since then and up to the date of this announcement, no share option has been granted by the Company under the Share Option Scheme, and there is a total of 27,500,000 share options available for grant as at the date of this announcement. Upon the Share Subdivision becoming effective, adjustments will be made to the number of options available for grant under the Share Option Scheme in accordance with the terms of the Share Option Scheme and the Listing Rules.

Save as disclosed above, the Company has no outstanding warrants, convertibles, options or derivatives and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (a) the passing by the Shareholders at the AGM of an ordinary resolution approving the Share Subdivision;
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares, including the Subdivided Shares which may fall to be issued upon the exercise of share options to be granted from time to time under the Share Option Scheme; and
- (c) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Subdivision.

The Share Subdivision will become effective after the conditions of the Share Subdivision above are fulfilled.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares to be in issue.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchanges other than the Stock Exchange and no such listing permission to deal in is being or currently proposed to be sought from any other stock exchanges.

Exchange of Share Certificates

Subject to the Share Subdivision having become effective, the existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 4 September 2024 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one (1) Share for three (3) Subdivided Shares.

Upon the Share Subdivision becoming effective, the Shareholders can submit their existing certificates for the Shares to the Company's branch share registrar and transfer office, Boardroom Share Registrars (HK), Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, in exchange for the new share certificates for the Subdivided Shares free of charge between 9:00 a.m. and 4:30 p.m. on any Business Day from Thursday, 1 August 2024 to Friday, 6 September 2024 (both days inclusive). After the expiry of such period, the existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each existing share certificate cancelled or new share certificate issued (whichever number of share certificates involved is higher). It is expected that the new share certificates for the Subdivided Shares will be available for collection within a period of 10 Business Days after the submission of the existing share certificates for the Shares to Boardroom Share Registrars (HK) Limited for exchange.

The new share certificates will be steelblue in colour so as to be distinguished from the existing share certificates which are sky blue in colour.

REASON FOR THE SHARE SUBDIVISION

The proposed Share Subdivision will reduce the nominal value or par value and trading price of each Share and increase the number of Shares in issue. As a result, the Share Subdivision is expected to reduce the trading price of each Share in the Company and reduce the barriers to investment, correspondingly may attract more investors to trade in the Shares.

Based on the closing price of HK\$30.7 per Share as at 9 April 2024 (being the last trading day prior to the release of this announcement), (i) the market value per board lot of 2,000 Shares is HK\$61,400.0; and (ii) the value of each board lot of 2,000 Subdivided Shares, with a theoretical adjusted price of approximately HK\$20,466.667 per Subdivided Share assuming the Share Subdivision had already become effective, would be approximately HK\$10.233, and the theoretical share price calculated on ex-dividend basis assuming the final dividend proposed by the Board in the Company's annual results announcement dated 28 March 2024 is approved in AGM would be approximately HK\$10.207, whereas the value of each board lot of 2,000 Subdivided Shares would be approximately HK\$20,414.667. Although the Share Subdivision will result in downward adjustment to the trading price of the Shares, the Board believes that the Share Subdivision would reduce the trading spread as well as the volatility of the trading price of the Shares and enhance the liquidity in trading of Shares and thereby would enable the Company to attract more investors and broaden its Shareholder base. Accordingly, the Board considers that the Share Subdivision is in the interest of the Company and its Shareholders as a whole.

As at the date of this announcement, the Directors confirm that the Company (i) does not have any agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) on any potential equity fund raising activities; and (ii) has no intention to carry out other corporate action which may have an effect of undermining or negating the intended purpose of the Share Subdivision in the coming twelve (12) months. The Company currently has no definitive plan to conduct any equity fund-raising activities for the next 12 months. In the event that any future opportunity of equity fundraising for the Group's business development arises, the Company will make further announcement(s) as and when appropriate.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interest of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Subdivision is set out below:

2024

Expected date of despatch of the Circular
(including the notice of the AGM) and
the related form of proxy to the Shareholders On or before Tuesday, 16 April

Latest date and time for lodging transfer documents
in order to qualify for attending and
voting at the AGM. 4:30 p.m. on Friday, 7 June

Register of members of the Company closed for
determining entitlements to attend and
vote at the AGM Tuesday, 11 June to Friday, 14 June
(both days inclusive)

Latest time for the lodging of the form of
proxy for the AGM 10:00 a.m. on Wednesday, 12 June

Expected date and time of the AGM 10:00 a.m. on Friday, 14 June

Announcement of voting results of the AGM Friday, 14 June

**The following events are conditional upon the fulfilment of the conditions for the
implementation of the Share Subdivision as set out in the section headed
“Conditions of the Share Subdivision” above.**

The effective date for the Share Subdivision Thursday, 1 August

Dealings in Subdivided Shares commence 9:00 a.m. on
Thursday, 1 August

Original counter for trading in board lots of
2,000 Shares temporarily closes 9:00 a.m. on
Thursday, 1 August

Temporary counter for trading in board lots of
6,000 Subdivided Shares
(in form of existing share certificates) opens 9:00 a.m. on
Thursday, 1 August

First day of free exchange of existing share certificates
for the new share certificates for the Subdivided
Shares commences Thursday, 1 August

Original counter for trading in board lots of
2,000 Subdivided Shares (in the form of
new shares certificates) re-opens 9:00 a.m. on
Thursday, 15 August

Parallel trading in Subdivided Shares
(in the form of new share certificates) and
Shares (in form of existing share certificates)
Commences 9:00 a.m. on
Thursday, 15 August

Temporary counter for trading in Subdivided
Shares in board lots of 6,000 Subdivided Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Wednesday, 4 September

Parallel trading in Subdivided Shares
(in the form of new share certificates) and
Shares (in form of existing share certificates) ends 4:10 p.m. on
Wednesday, 4 September

Free exchange of existing share certificates for
new certificates ends 4:30 p.m. on
Friday, 6 September

Note: all times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

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A circular containing, amongst others, further details of the Share Subdivision and notice of the AGM will be despatched to the Shareholders on or around 16 April 2024.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“AGM”	the annual general meeting of the Company to be convened to consider, if thought fit, approve, among others, the Share Subdivision
“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	ZONQING Environmental Limited 中庆环境股份有限公司, a company incorporated in the Cayman Islands with limited liability, the issued shares are listed on the Main Board of the Stock Exchange (stock code: 1855)
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Subdivision”	the proposed subdivision of each issued and unissued Share into three (3) Subdivided Shares
“Share(s)”	existing ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) or Subdivided Share(s), as the case may be

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Subdivided Share(s)” ordinary share(s) of nominal value of HK\$0.0003 each in the share capital of the Company upon the Share Subdivision becoming effective

By order of the Board
ZONQING Environmental Limited
Sun Juqing
Chairman and non-executive Director

Hong Kong, 10 April 2024

As at the date of this announcement, the Board of the Company comprises Mr. Liu Haitao (vice-chairman) and Ms. Wang Yan as executive Directors, Mr. Sun Juqing (chairman), Ms. Lyu Hongyan and Mr. Shao Zhanguang as non-executive Directors, and Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis as independent non-executive Directors.