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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)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE

On 24 April 2024, the Company entered into i) Subscription Agreement A with Subscriber A, and ii) Subscription Agreement B with Subscriber B.

Pursuant to Subscription Agreement A, Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 4,000,000 Subscription Shares (“**Subscription Shares A**”) at the Subscription Price of HK\$0.500 per Subscription Share. Subscription Shares A represent approximately 1.79% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.59% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Pursuant to Subscription Agreement B, Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 25,000,000 Subscription Shares (“**Subscription Shares B**”) at the Subscription Price of HK\$0.500 per Subscription Share. Subscription Shares B represent approximately 11.20% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.91% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$0.500 per Subscription Share equals to the nominal value per Share, and represents (i) a premium of approximately 180.90% to the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on 24 April 2024, being the latest trading day immediately before the date of the Subscription Agreements; and (ii) a premium of approximately 174.12% to the average closing price of approximately HK\$0.1824 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 24 April 2024, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$14,500,000. The aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, will be approximately HK\$14,450,000, representing a net issue price of approximately HK\$0.498 per Subscription Share. The Company intends to apply the net proceeds of the Subscriptions in the manner set out in the paragraph headed “Reasons for the Subscriptions and use of proceeds” of this announcement.

Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Completion of each of the Subscriptions is subject to the fulfillment of the conditions precedent under the respective Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 24 April 2024, the Company entered into i) Subscription Agreement A with Subscriber A, pursuant to which Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 4,000,000 Subscription Shares at the Subscription Price of HK\$0.500 per Subscription Share; and ii) Subscription Agreement B with Subscriber B, pursuant to which Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 25,000,000 Subscription Shares at the Subscription Price of HK\$0.500 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Subscription Agreement A

Date: 24 April 2024
Parties: (1) the Company as issuer;
(2) Subscriber A as subscriber
Subscription shares: 4,000,000 shares
Subscription price: HK\$0.500 each
Consideration payable: HK\$2,000,000

Subscription Agreement B

Date: 24 April 2024
Parties: (1) the Company as issuer;
(2) Subscriber B as subscriber
Subscription shares: 25,000,000 shares
Subscription price: HK\$0.500 each
Consideration payable: HK\$12,500,000

Information of the Subscribers

Subscriber A is a CPA providing various management and consultancy services to the Group since 2019.

Subscriber B is a limited company incorporated in Hong Kong under the Companies Ordinance. Ms. Song Yi is the sole shareholder and director of Subscriber D, who is mainly engaged in the investments business in the People's Republic of China.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, both of the Subscribers are third parties independent of the Company and its connected persons and are not connected persons with each other. It is expected that, neither of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately upon Completion of the respective Subscription.

The Subscription Shares

Subscriber A has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 4,000,000 Subscription Shares representing approximately 1.79% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.59% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Subscriber B has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 25,000,000 Subscription Shares representing approximately 11.20% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.91% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Subscription Price

The Subscription Price is HK\$0.500 per Subscription Share, which equals to the nominal value per Share. The aggregate nominal value of the 29,000,000 Subscription Shares is HK\$14,500,000.

The Subscription Price represents:

- (i) a premium of approximately 180.90% to the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on 24 April 2024, being latest trading day immediately before the date of the Subscription Agreements; and
- (ii) a premium of approximately 174.12% to the average closing price of approximately HK\$0.1824 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 24 April 2024, being the trading day immediately preceding the date of the Subscription Agreements.

The net subscription price, after deduction of relevant expenses, is estimated to be approximately HK\$0.498 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers, with reference to the recent trading price and trading volume of the Shares. The Directors consider that the terms and conditions of each of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The consideration payable of HK\$2,000,000 and HK\$12,500,000 under Subscription Agreement A and Subscription Agreement B respectively, namely HK\$14,500,000 in total, will be payable by the respective Subscriber on the respective Completion Date.

Conditions of the Subscription Agreements

Completion of each Subscription is conditional upon

- (a) the related Subscription Agreement being duly executed by the Company and the respective Subscriber;
- (b) the listing of and permission to deal in the subject Subscription Shares on the Main Board being granted by the Stock Exchange (whether such grant is conditional or not); and
- (c) the consideration payable under this Subscription Agreement being fully paid by the Subscriber.

If the condition as set out in the above is not fulfilled on or before 30 May 2024, the obligations and liabilities of the related Subscriber and the Company under the respective Subscription Agreement shall cease and terminate, and this Subscriber and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

Completion of the Subscriptions

Under each Subscription Agreement, Completion of the Subscription of the subject Subscription Shares will take place on the respective Completion Date.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 43,803,587 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of all the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval. The General Mandate will be utilized as to 66.20% upon the allotment and issue of all the Subscription Shares.

Ranking and application for listing

The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of completion of the Subscriptions. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

On 21 May 2023, the Company entered into a subscription and settlement agreement with Subscriber A, pursuant to which the Company conditionally agreed to issue and Subscriber A conditionally agreed to subscribe for 4,200,000 Shares at the issue price of HK\$0.6075 per Share. The aggregate gross proceeds of the subscription were approximately HK\$2.55 million. The aggregate net proceeds of the subscription, after the deduction of the related expenses, were approximately HK\$2.52 million, representing a net issue price of approximately HK\$0.600 per Share. This subscription has been completed on 1 June 2023. For and details, please refer to the Company's announcements dated on 21 May 2023 and 1 June 2023.

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

CHANGES TO THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	Capacity / Nature of Interest	Immediately before completion of the Subscription		Immediately after completion of the Subscription	
		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	20.11
	Beneficial owner	2,204,921	0.99	2,204,921	0.88
	Interest held by a wholly owned corporation	-	-	-	-
		<u>52,929,921</u>	<u>23.71</u>	<u>52,929,921</u>	<u>20.99</u>
Yang Baodong (Note 2)	Beneficial owner	39,600	0.02	39,600	0.02
Hu Yueyue (Note 3)	Beneficial owner	400,000	0.18	400,000	0.16
Zhang Zihong	Beneficial owner	33,980,000	15.22	33,980,000	13.47
Subscriber A	Beneficial owner	4,200,000	1.88	8,200,000	3.25
Subscriber B	Beneficial owner	-	-	25,000,000	9.91
Other public shareholders		<u>131,668,417</u>	<u>58.99</u>	<u>131,668,417</u>	<u>52.20</u>
		<u>223,217,938</u>	<u>100.00</u>	<u>252,217,938</u>	<u>100.00</u>

Notes:

- These 50,725,000 shares were held under the name of Gentle International Holdings Limited ("Gentle"). Classy Jade Limited 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.
- Mr. Yang Baodong is an executive Director.
- Ms. Hu Yueyue is a non-executive Director.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the environmental related business in the PRC including the provision of environmental technologies, products, equipment and system integration relating to water treatment, conservation, purification, recycling and management, and wastewater treatment.

The Directors consider that the Subscriptions will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial position of the Group. The Directors consider that the terms and conditions of the Subscription Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Subscription will be HK\$14,500,000 and the aggregate net proceeds of the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$14,450,000, representing a net issue price of approximately HK\$0.498 per Subscription Share. The Company intends to use the net proceeds from the Subscription for its general working capital.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 31 May 2023
“Board”	the Board of the Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (if applicable)
“Company”	China Environmental Technology Holdings Limited (Stock Code: 646), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the respective Subscription Agreement

“Completion Date”	the date on which all the Conditions as set out in a Subscription Agreement are satisfied in full being the date on which Completion occurs in accordance with the terms and conditions of this Subscription Agreement
“Conditions”	the conditions precedent for the Completion as set out in a Subscription Agreement
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“CPA”	Certified Public Accountant
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM, pursuant to which a maximum of 43,803,587 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party who is independent of, and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board stock market operated by the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Wong Yu Shan Eugene, an Independent Third Party and a CPA providing various management and consultancy services to the Group since 2019
“Subscriber B”	Clicfield Holdings Limited, a company incorporated in Hong Kong under the Companies Ordinance, and wholly owned by Ms. Song Yi, an Independent Third Party

“Subscriber(s)”	Subscriber A and/or Subscriber B
“Subscription(s)”	the subscription by Subscriber A for, and the allotment and issue by the Company of, the Subscription Shares A under the terms and subject to the conditions of the Subscription Agreement A; and/or the subscription by Subscriber B for, and the allotment and issue by the Company of, the Subscription Shares B
“Subscription Agreement A”	the share subscription agreement entered into between the Company and Subscriber A dated 24 April 2024 in relation to the Subscription by Subscriber A
“Subscription Agreement B”	the share subscription agreement entered into between the Company and Subscriber B dated 24 April 2024 in relation to the Subscription by Subscriber B
“Subscription Agreement(s)”	Subscription Agreement A and/or Subscription Agreement B
“Subscription Price”	HK\$0.500 per Subscription Share
“Subscription Shares”	29,000,000 new Shares in total to be subscribed by the Subscribers pursuant to the Subscription Agreements
“Subscription Shares A”	4,000,000 new Shares to be subscribed by Subscriber C pursuant to Subscription Agreement C
“Subscription Shares B”	25,000,000 new Shares to be subscribed by Subscriber D pursuant to Subscription Agreement D
“subsidiary(ies)”	subsidiary(ies) of the Company
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

Completion of each of the Subscriptions is subject to the fulfillment of the conditions precedent under the respective Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 24 April 2024

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