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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; and (x) 8 July 2022 in relation to the purchase back of the Convertible Bonds from Mr. Shengbiao Zhang by the Vendor.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that on 30 January 2023 (after trading hours), a sale and purchase agreement (the “**S&P Agreement 1**”) was entered into by Mr. Zhang Zihong (“**Vendor**”), the holder of the Convertible Bonds (as the vendor), Mr. Hoshino Takayuki (“**Mr. Hoshino**”) (as the purchaser) and the Company (as the issuer), pursuant to which the Vendor has conditionally agreed to sale to Mr. Hoshino Takayu, and Mr. Hoshino has conditionally agreed to purchase from the Vendor, the Convertible Bonds with aggregate principal of US\$1,200,000 (“**Convertible Bond In Sale 1**”) 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 1) for RMB 11.39 million cash (the “**Transfer 1**”). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquire, Mr. Hoshinois independent third party of the Company and its connected persons.

In addition, the Board of Directors of the Company also hereby announces that on 30 January 2023 (after trading hours), a sale and purchase agreement (the “**S&P Agreement 2**”) was entered into by the Vendor (as the vendor), Classy Jade Limited (“**Classy Jade**”), 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 Classy Jade, and Classy Jade has conditionally agreed to purchase from the Vendor, the Convertible Bonds with aggregate principal of US\$2,300,000 (“**Convertible Bond In Sale 2**”) 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 2) for RMB 21.82 million cash (the “**Transfer 2**”).

Taking into account of Mr. Hoshino and Classy Jade are likely to convert the Convertible Bonds 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 1 and Convertible Bonds In Sale 2, the Board considers Transfer 1 and Transfer 2 are in the interest of the Company and its shareholders as a whole. Therefore, the Company, by execution of the S&P Agreement 1 and S&P Agreement 2, has agreed to waive its right of first refusal to redeem the Convertible Bonds In Sale 1 and the Convertible Bonds In Sale 2 and give its consent to the Transfer 1 and Transfer 2 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 1 and Transfer 2 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 (Note 1)	Interest held by a controlled corporation	50,725,000	23.16	50,725,000	23.16	50,725,000	15.46
	Beneficial owner	2,204,921	1.01	2,204,921	1.01	2,204,921	0.67
	Interest held by a wholly owned corporation	-	-	-	-	<u>35,880,000</u>	<u>10.93</u>
		52,929,921	24.17	52,929,921	24.17	88,809,921	27.06
Yang Baodong (Note 2)	Beneficial owner	39,600	0.02	39,600	0.02	39,600	0.01
Hu Yueyue (Note 3)	Beneficial owner	400,000	0.18	400,000	0.18	400,000	0.12
Zhang Zihong	Beneficial owner	33,980,000	15.51	33,980,000	15.51	88,580,000	26.99
Hoshino Takayuki	Beneficial owner	-	-	-	-	18,720,000	5.70
Public		<u>131,668,417</u>	<u>60.12</u>	<u>131,668,417</u>	<u>60.12</u>	<u>131,668,417</u>	<u>40.12</u>
		<u>219,017,938</u>	<u>100.00</u>	<u>219,017,938</u>	<u>100.00</u>	<u>328,217,938</u>	<u>100.00</u>

Notes:

1. 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.
2. Mr. Yang Baodong is an executive Director.
3. Ms. Hu Yueyue is a non-executive Director.
4. Certain figures may not add up due to rounding.

As of today, none of the Convertible Bonds were converted. In light of the fact that Mr. Zhang Zihong shareholdings will exceed 20% upon the completion of Transfer 1 and Transfer 2 and full conversion of the Convertible Bonds, the Company confirms that (i) Transfer 1 and Transfer 2 will have no impact on its existing business and (ii) it has no plan to dispose of and/or downsize its existing businesses.

**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, 30 January 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 director are Mr. Ma Tianfu and Ms. Hu Yueyue; and the independent non-executive directors are Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun.*