

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**AMENDMENTS TO THE TERMS AND CONDITIONS OF
CONVERTIBLE BONDS DUE 2021 IN THE AGGREGATE PRINCIPAL
AMOUNT OF US\$7,000,000**

Reference is made to the Convertible Bonds Issuance Announcements (as amended) in relation to, among other things, the issue of the Convertible Bonds in the aggregate principal amount of US\$7,000,000 due 2021.

**AMENDMENTS TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE
BONDS**

On 10 January 2021, the Company and the Bondholder verbally agreed to amend the Terms and Conditions of the Convertible Bond (the “**Amendments**”) in order to extend the Maturity Date and the Conversion Period (the “**Verbal Agreement**”).

Based on the Verbal Agreement, the Company and the Bondholder executed the deed of amendments on 16 March 2021 (after trading hours) to amend the Terms and Conditions of the Convertible Bonds (the “**Deed of Amendments**”). Details of the Deed of Amendments are set out as follows:

1. the Maturity Date shall be extended from 16 January 2021 (the “**Old Maturity Date**”) to 31 July 2021; and
2. the Conversion Period shall be the period commencing from the issue date of the Convertible Bonds, being 15 January 2021, up to 30 July 2021, the day immediately prior to the Maturity Date.

Save for the Amendments, all other Terms and Conditions (including but not limited to the Conversion Price) as disclosed in the Convertible Bonds Issuance Announcements (as amended) are unchanged and remain in full force and effect.

Pursuant to the Deed of Amendments, the Amendments are subject to the satisfaction of the following conditions:

- (i) approval from the Stock Exchange of the Amendments pursuant to the Listing Rules; and
- (ii) the Listing Committee granting listing of, and permission to deal in, the shares to be issued pursuant to the Convertible Bonds as amended by the Deed of Amendments.

Under the Deed of Amendments, the Bondholder has agreed to grant the Company a waiver in respect of any failure of the Company to pay the principal or interest on the Convertible Bonds when due under the Terms and Conditions to the extent necessary and solely to effect the Amendments.

The Amendments under the Deed of Amendments are subject to the approval of the Stock Exchange pursuant to Rule 28.05 of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

As previously announced by the Company, 265,048,543 conversion shares under the Convertible Bonds would be allotted and issued under the general mandate granted at the annual general meeting of the Company held on 29 May 2017. As at the date hereof, 265,048,543 conversion shares may still be issued under the Convertible Bonds and in view of the Amendments, the Company will issue 265,048,543 conversion shares under the general mandate granted to the Directors at the annual general meeting of the Company convened and held on 22 May 2020 and this utilized 36.3% of the said general mandate. Therefore, the Company has sufficient mandate to cover the issue of the Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds after the Amendments take effect. The Company has applied for the approval of the Stock Exchange for the Amendments under the Deed of Amendments pursuant to Rule 28.05 of the Listing Rules.

SUBSEQUENT EVENTS RELATED TO THE CONVERTIBLE BOND AFTER ITS ISSUANCE

The Company and the Bondholder entered into an Amendment and Early Redemption Agreement (the “**Amendment and Early Redemption Agreement**”) on 10 January 2019 in respect of early redemption as announced by the Company on 10 January 2019, which has been lapsed by now.

On 29 March 2019, a sale and purchase agreement (the “**S&P Agreement**”) was entered into by the Bondholder (as the vendor), Mr. Zhang Zihong (the “**Purchaser**”, an independent investor as well as the Company’s largest single creditor) and the Company (as the issuer), pursuant to which the Bondholder has conditionally agreed to sale to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Bondholder, the Convertible Bonds (the “**Transfer**”). In this connection, the Company, by execution of the S&P Agreement, has agreed to waive its right of first refusal to redeem the Convertible Bonds and give its consent to the Transfer in accordance with the terms and conditions of the Convertible Bonds (as amended by the Amendment and Early Redemption Agreement) (the “**Conditions**”). Further, as a condition precedent of the Transfer, the Bondholder has further agreed to waive all its rights, among others, under the Convertible Bonds, in particular, the right to require the Company to early redeem the Convertible Bonds in whole on or before 31 March 2019 from the date of the S&P Agreement to the date of completion (the “**Waiver**”). The Waiver was granted subject to the completion of the Transfer. In the event that the Transfer has not completed, the Waiver shall be deemed to have been withdrawn by the Bondholder and the Bondholder will be entitled to require the Company to immediately repay the principal amount of the Convertible Bonds together with the interest accrued thereon pursuant to the Conditions.

On 31 May 2019, the Bondholder, the Purchaser and the Company entered into a supplemental agreement to the S&P Agreement whereby the parties agreed to, among other things, (i) increase the total consideration from US\$8.4 million to US\$8.61 million; (ii) extend the long stop date from 31 May 2019 to 31 August 2019; (iii) set out the conditions for any further extension of long stop date, which could be extended further from 31 August 2019 to 30 November 2019 by the Purchaser paying an additional fee; and (iv) vary the payment terms.

On 10 January 2021, the Company, the Purchaser and the Bondholder verbally agreed to extend the Long Stop Date to 5 April 2021. As of the date of this submission, the S&P Agreement has not been completed yet.

To the best of knowledge of the Board, the closing of the S&P Agreement was put on hold by both the Bondholder and the Purchaser due to the liquidation petition of the Company in 2020. Both the Bondholder and the Purchaser agreed to resume the closing of the S&P Agreement after the liquidation petition of the Company was struck out by the Courts of Hong Kong and the Board understands that both parties are re-negotiating certain terms in the S&P Agreement due to the delay of closing.

REASONS FOR AND BENEFITS OF THE AMENDMENTS

The extension of the Maturity Date under the Deed of Amendments provide the Group with flexibility in relation to the deployment of financial resources to fund its operations and development as well as planning of its working capital requirements. In the absence of such extension, the Company will have to deploy its cash reserves and/or other financial resources for the redemption of the outstanding Convertible Bonds in the principal amount of US\$7,000,000 on the Old Maturity Date, being 16 January 2021.

Further, since the Convertible Bond would have expired under the original maturity date and the Bondholder and Purchaser would be left empty-handed without a Convertible Bond to

transact, the Bondholder and the Company agreed for the extension of the Maturity Date. Further, the Purchaser orally agreed with the Company and subject to Hong Kong Stock Exchange and shareholders' approval (if appropriate), to further extend the Maturity Date of the Convertible Bond or to accept a new issue of convertible bond with a maturity date at least 2 years later than the extended Maturity Date to replace the Convertible Bond after the Purchaser completed the S&P Agreement.

For the reasons and benefits above, the Directors (including the independent non-executive Directors) consider that the terms of the Deed of Amendments are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Amendments” the amendments to the Terms and Conditions pursuant to the Deed of Amendments in relation to the Maturity Date and the Conversion Period of the Convertible Bonds

“Board” the board of directors of the Company

“Bondholder” the existing holder of the Convertible Bonds, being CEIAM International Capital Partners (I) LP, an Exempted Limited Partnership established under the laws of the Cayman Islands.

To the best of the Board knowledge, the Bondholder is a private equity fund, which CEIAM Capital Company (Cayman) Limited is the general partner of the Bondholder (“**CEIAM Capital**”) and 3 individuals, namely, Mr. LIU Yu, LI Yun Long (“**Mr. Li**”), and Mr. CHEN Yan, are the limited partners of the Bondholder. Beijing Qianyuan Dingtai Investment Management Company Limited, whose ultimate beneficial owner is Mr. LIU Gen, and Mr. Li holds 50% and 10% equity interest in CEIAM Capital, respectively. To the best of the Board knowledge, information and belief having made all inquiries, there is no controlling shareholder of CEIAM Capital and both general and limited partners of the Bondholder are independent third parties.

“Company”	China Environmental Technology Holdings Limited, a limited liability company incorporated under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 646)
“Convertible Bonds”	the convertible bonds in the principal amount of US\$7,000,000 due in 2021 issued by the Company to the Bondholder, further details of which are set out in the Convertible Bonds Issuance Announcements (as amended)
“Convertible Bonds Issuance Announcements (as amended)”	the announcements of the Company dated (i) 29 December 2017 in relation to the proposed issue and subscription of Convertible Bonds due 2020 in the aggregate principal amount of US\$7,000,000 (equivalent to HK\$54,600,000); (ii) 14 January 2018 in relation to the subscription of the Convertible Bonds; (iii) 16 January 2018 in relation to the completion of subscription of the Convertible Bonds; and (iv) 10 January 2019 in relation to the amendment and early redemption agreement.
“Conversion Period”	the period in which the Bondholder is entitled to convert the Convertible Bonds into Conversion Shares
“Conversion Price”	The price at which each Share shall be issued upon conversion which HK\$0.206, same as initially set in the terms and conditions of the Convertible Bond
“Conversion Shares”	means the Shares to be allotted and issued upon the exercise of the Bondholder’s right to convert any Convertible Bonds into Conversion Shares
“Deed of Amendments”	the deed of amendments dated 16 March 2021 executed by the Company in relation to the Amendments
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	the maturity date of the Convertible Bonds
“Share(s)”	ordinary share(s) of par value HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terms and Conditions”	the terms and conditions of the Convertible Bonds
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

By order of the Board

China Environmental Technology Holdings Limited

Li Wang Hing, Nelson

Company Secretary

Hong Kong, 16 March 2021

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