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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **China Environmental Technology Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**(1) PROPOSED AMENDMENTS OF THE TERMS OF  
THE CONVERTIBLE BONDS AND  
GRANT OF SPECIFIC MANDATE TO ISSUE NEW SHARES;  
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(3) PROPOSED SHARE CONSOLIDATION;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 8 to 24 of this circular.

A notice convening the EGM of China Environmental Technology Holdings Limited to be held at Room 2709, Block A, Pengrun Building, 26 Xiaoyun Road, Chaoyang District, Beijing on Monday, 27 September 2021 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

#### PRECAUTIONARY MEASURES FOR THE EGM

Please see page EGM-5 of this circular for measures being taken by the Company aiming to safeguard the health of the shareholders and to prevent the spreading of COVID-19 at the EGM, including:

- compulsory body temperature checks
- submission of health declaration
- wearing of surgical face mask throughout the meeting
- no distribution of corporate gift or refreshment
- maintaining an appropriate social distancing between seats

**Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue, at the absolute discretion of the Company as permitted by law. Shareholders are strongly encouraged to exercise their rights and indicate how they would like the proxy to vote on their behalves by submitting a form of proxy to appoint the Chairman of the EGM as their proxy for voting, and to return their form of proxy by the time specified above, instead of attending the EGM in person.**

8 September 2021

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected Timetable</b> .....	5
<b>Letter from the Board</b> .....	8
<b>Notice of the EGM</b> .....	EGM-1
<b>Precautionary measures for the EGM</b> .....	EGM-5

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## DEFINITIONS

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*Unless otherwise specified, the following terms have the following meanings in this circular:*

“2010 Share Option Scheme”	the share option scheme of the Company adopted on 10 September 2010 and expired on 10 September 2020
“Adjusted Conversion Price”	HK\$0.025, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds
“Announcements”	the announcements of the Company dated 29 December 2017, 16 January 2018, 29 March 2019, 31 May 2019, 31 March 2020, 16 March 2021, 28 June 2021 and 19 July 2021
“Board”	the board of Directors
“Bondholder” or “Subscriber”	Mr. Zhang Zihong, an Independent Third Party and the bondholder of the Convertible Bonds subsequent to the completion of the Sale and Purchase Agreement
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by a super typhoon is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 Date”	completion date of the Subscription Agreement, being 15 January 2018
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.5 each in the share capital of Company immediately upon the Share Consolidation becoming effective
“Convertible Bonds”	the convertible bonds in the principal amount of US\$7,000,000 (equivalent to HK\$54.6 million) issued by the Company on 16 January 2018 pursuant to the Subscription Agreement

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## DEFINITIONS

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“Conversion Shares”	the new Shares to be allotted and issued to the Bondholder by the Company upon exercise of the conversion rights attached to the Convertible Bonds (as amended by the Deed of Amendments)
“Deed of Amendments”	the deed of amendments dated 26 July 2021 entered into between the Company and the Bondholder in respect of the Proposed Amendments
“Director(s)”	the director(s) of the Company
“Early Redemption”	has the meaning as defined in the announcement of the Company dated 29 December 2017
“Early Redemption Date”	has the meaning as defined in the announcement of the Company dated 29 December 2017
“Early Redemption Notice”	has the meaning as defined in the announcement of the Company dated 29 December 2017
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the proposals in relation to (i) the Deed of Amendments and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; (ii) the Increase in Authorised Share Capital; and (iii) the Share Consolidation
“Existing Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company prior to the Share Consolidation becoming effective
“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
“HKSCC”	the Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$200,000,000 divided into 8,000,000,000 Existing Shares of HK\$0.025 each to HK\$500,000,000 divided into 20,000,000,000 Existing Shares of HK\$0.025 each (or 1,000,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective) by the creation of an additional 12,000,000,000 unissued Existing Shares of HK\$0.025 each (or 600,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective)
“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
“Issue Date”	15 January 2018, being the issue date of the Convertible Bonds
“Latest Practicable Date”	1 September 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	31 July 2024
“Proposed Amendments”	the proposed amendments of certain terms and conditions of the Convertible Bonds pursuant to the Deed of Amendments
“Redemption Money”	has the meaning as defined in the announcement of the Company dated 29 December 2017
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 March 2019 (as amended by the amendment and supplemental agreement dated 31 May 2019, the second amendment and supplemental deed dated 31 March 2020, the third amendment and supplemental deed dated 16 March 2021 and the fourth amendment and supplemental deed dated 19 July 2021) was entered into by CEIAM International Capital Partners (I) LP (“CEIAM”), the then holder of the Convertible Bonds, the Bondholder and the Company in respect of the sale and purchase of the Convertible Bonds
“Shareholder(s)”	the holder(s) of the Share(s)

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## DEFINITIONS

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“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) (as the case may be)
Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.025 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.5 each
“Share Option(s)”	share option(s) granted under the 2010 Share Option Scheme
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to approve, inter alia, the allotment and issuance of the Conversion Shares upon full conversion
“Subscription Agreement”	the subscription agreement dated 29 December 2017 entered into between the Company and CEIAM in relation to the subscription of the Convertible Bonds in the aggregate principal amount of US\$7,000,000 (equivalent to HK\$54.6 million)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) of the Company
“%”	per cent

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## EXPECTED TIMETABLE

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Set out below is the expected timetable for the implementation of the Share Consolidation:

<b>Event</b>	<b>Time and date</b>
Latest time for lodging share transfer documents in order to qualify for attending and voting at the EGM .....	4:30 p.m. on Friday, 17 September 2021
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive) .....	Monday, 20 September 2021 to Monday, 27 September 2021
Latest time for lodging forms of proxy for the EGM (not less than 48 hours prior to time of the EGM) .....	11:00 a.m. on Saturday, 25 September 2021
Record date for attendance and voting at the EGM .....	Monday, 27 September 2021
Date and time of the EGM .....	11:00 a.m. on Monday, 27 September 2021
Publication of the announcement of poll results of the EGM .....	Monday, 27 September 2021
 <b>The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:</b>	
Effective date of the Share Consolidation .....	Wednesday, 29 September 2021
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Wednesday, 29 September 2021
Dealing in the Consolidated Shares commences .....	9:00 a.m. on Wednesday, 29 September 2021
Original counter for trading in the Existing Shares in board lots of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Wednesday, 29 September 2021

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## EXPECTED TIMETABLE

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Temporary counter for trading in the  
Consolidated Shares in board lots of 400  
Consolidated Shares (in the form of existing  
share certificates) opens ..... 9:00 a.m. on Wednesday, 29 September 2021

Original counter for trading in the  
Consolidated Shares in board lots of 8,000  
Consolidated Shares (in the form of new  
share certificates for the Consolidated  
Shares) re-opens ..... 9:00 a.m. on Friday, 15 October 2021

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for the  
Consolidated Shares and existing share  
certificates) commences ..... 9:00 a.m. on Friday, 15 October 2021

Designated broker starts to stand in the  
market to provide matching services for odd  
lots of the Consolidated Shares ..... 9:00 a.m. on Friday, 15 October 2021

Designated broker ceases to stand in the  
market to provide matching services for odd  
lots of the Consolidated Shares ..... 4:00 p.m. on Thursday, 4 November 2021

Temporary counter for trading in the  
Consolidated Shares in board lots of 400  
Consolidated Shares (in the form of existing  
share certificates) closes ..... 4:10 p.m. on Thursday, 4 November 2021

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for  
the Consolidated Shares and existing share  
certificates) ends ..... 4:10 p.m. on Thursday, 4 November 2021

Last day for free exchange of existing share  
certificates for new share certificates for the  
Consolidated Shares ..... Monday, 8 November 2021



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## EXPECTED TIMETABLE

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*All times and dates in this timetable refer to Hong Kong local times and dates. The Shareholders should note that the dates and deadlines specified in this circular for events in the expected timetable for the Share Consolidation are subject to the satisfaction of all the conditions of the Share Consolidation, including but not limited to the approval of the Share Consolidation by the Shareholders at the EGM, and are therefore for indicative purposes only.*

*In the event that any special circumstances arise, the Board may extend, or make adjustments to, the expected timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Xu Jingping (*Chairman*)  
Mr. Yang Baodong  
Ms. Hu Yueyue

*Non-executive Director:*

Mr. Xu Zhongping  
Mr. Ma Tianfu

*Independent non-executive Directors:*

Mr. Tse Chi Wai  
Professor Zhu Nanwen  
Professor Li Jun

*Registered office:*

Tricor Services (Cayman Islands) Limited  
Second Floor, Century Yard, Cricket Square  
P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Unit 901  
New Tech Plaza  
34 Tai Yau Street  
San Po Kong  
Kowloon  
Hong Kong

8 September 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS OF THE TERMS OF  
THE CONVERTIBLE BONDS AND  
GRANT OF SPECIFIC MANDATE TO ISSUE NEW SHARES;  
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(3) PROPOSED SHARE CONSOLIDATION;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the Announcements in relation to, *inter alia*, (i) the issue of the convertible bonds in the aggregate principal amount of US\$7,000,000; (ii) the Sale and Purchase Agreement of the Convertible Bonds; and (iii) the subsequent supplemental agreements to the Sale and Purchase Agreement of the Convertible Bonds.

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## LETTER FROM THE BOARD

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Reference is also made to the announcements of the Company dated 26 July 2021 and 6 August 2021. The purpose of this circular is to provide you, among other things, the proposals in relation to (i) the Deed of Amendments and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; (ii) the Increase in Authorised Share Capital; (iii) the Share Consolidation; and (iv) the notice of the EGM.

### 2. PROPOSED AMENDMENTS OF THE TERMS OF THE CONVERTIBLE BONDS AND GRANT OF SPECIFIC MANDATE

Reference is made to the announcement of the Company dated 26 July 2021. The Board hereby announces that, on 26 July 2021 (after trading hours), the Company and the Bondholder entered into the Deed of Amendments in respect of the Proposed Amendments, pursuant to which the Company agreed with the Bondholder to further amend certain terms and conditions of the Convertible Bonds as follows:—

Maturity Date	:	31 July 2024
Conversion Period	:	any time within the period commencing from the Issue Date up to 4:00 p.m. of 30 July 2024, the day immediately prior to the Maturity Date
Adjusted Conversion Price	:	HK\$0.025 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds.

The Adjusted Conversion Price represents:

- (i) a premium of approximately 13.64% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 26 July 2021, being the date of the Deed of Amendments;
- (ii) a premium of approximately 8.70% to the average closing price of HK\$0.023 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately before the date of the Deed of Amendments; and
- (iii) a premium of approximately 8.70% to the average closing price of HK\$0.023 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the date of the Deed of Amendments.

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## LETTER FROM THE BOARD

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The Adjusted Conversion Price was determined after arm's length negotiations between the Company and the Bondholder with reference to the prevailing market prices of the Shares as shown above. The net issue price is approximately HK\$0.025 per Conversion Share. The Directors consider the Adjusted Conversion Price and the terms and conditions of the Deed of Amendments are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

- Conversion Shares : Based on the Adjusted Conversion Price of HK\$0.025, a maximum number of 2,184,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represent:
- (i) approximately 59.83% of the existing issued share capital of the Company; and
  - (ii) approximately 37.43% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights.

The Conversion Shares shall be allotted and issued pursuant to the Specific Mandate.

- Future Financing : The Company undertakes to the Subscriber and the Bondholder that, unless otherwise consented to by the Subscriber and the Bondholder, during the period commencing from the Completion Date until the Maturity Date or the Early Redemption Date, whichever occurs earlier, it will not (a) alter the nominal value of the Shares as a result of consolidation, subdivision, reclassification or otherwise; or (b) issue any Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves; or (c) make or pay any capital distribution to the Shareholders (in each case, the "**Dilution Event**"); or (d) at a consideration price (the "**New Issue Price**") of less than HK\$0.025 per Share (i) issue Shares by way of rights, or issue or grant to Shareholders by way of rights, options, warrants or other rights to subscribe for or purchase any Shares (other than options granted pursuant to a share option scheme already in force before the date of the Subscription Agreement); or (ii) issue any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion or subscription; or (iii) issue any Share for the acquisition of asset (in each case, the "**New Issue**").

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## LETTER FROM THE BOARD

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The Company acknowledges and agrees that in the event of Dilution Event or in the event that the New Issue Price is less than HK\$0.025 for any New Issue without the consent of the Subscriber during the period commencing from the Completion Date until the Maturity Date or the Early Redemption Date, whichever occurs earlier, it shall be deemed to have delivered an Early Redemption Notice to the Subscriber and shall pay all Redemption Money to the Subscriber within 21 Business Days from the date of the New Issue or at the date of the Dilution Event, as the case may be.

Redemption on maturity : Unless previously converted, redeemed, purchased and cancelled or discharged, the Company shall redeem the Convertible Bonds at 125% of their principal amount together with interest on the Maturity Date.

Save for the Proposed Amendments above, other principal terms of the Convertible Bonds, including the ones set out below, remain unchanged:

Interest : The Convertible Bonds bear an interest rate of 8% per annum from and including the Issue Date to the Maturity Date payable every twelve months from the Issue Date.

Default Interest : If any event of default occurs, default interest (“**Default Interest**”) in addition to the interest payable shall accrue on the overdue sum at the rate of 10% per annum from the date when any event of default occurs and ending on the date on which full payment in respect of such sum is made to the Bondholder(s) in accordance with the Conditions provided that the Bondholder(s) shall not be entitled to any such default interest in respect of a delay in payment as a result of it giving inaccurate or late remittance instructions.

Conversion : Subject to the terms and conditions of the Convertible Bonds, the Bondholder(s) has/have the right to convert the whole or part of the principal amount of the Convertible Bonds of US\$7,000,000 (equivalent to HK\$54,600,000) into duly authorised, validly issued, fully paid and unencumbered Conversion Shares credited as fully paid at any time during the Conversion Period at the Conversion Price. The number of Conversion Shares to which the Bondholder(s) is/are entitled on conversion of the Convertible Bonds shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price.

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## LETTER FROM THE BOARD

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The Conversion Rights shall only be exercisable so long as (i) and to the extent that immediately after such exercise, there will be sufficient public float of the Shares as required under the Listing Rules; or (ii) such Bondholder and parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it immediately after such exercise shall not be required to make a general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers (unless waiver from making a general offer has been obtained from the Securities and Futures Commission of Hong Kong).

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares.

- Ranking of the Convertible:  
Bonds
- The Convertible Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and rateably without any preference or priority among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company.
- Ranking of the Conversion:  
Shares
- The Conversion Shares to be issued upon conversion of the Convertible Bonds shall be credited as fully paid, unencumbered, and shall rank pari passu and carry the same rights and privileges in full respects as any other Shares.
- Purchase :
- The Company and/or any of its subsidiaries may at anytime purchase the Convertible Bonds at any price as agreed between the Company (or its relevant subsidiary) and the relevant Bondholder(s).
- Cancellation :
- All Convertible Bonds which are redeemed, converted or purchased by the Company or any of its subsidiaries, will forthwith be cancelled.

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## LETTER FROM THE BOARD

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### *Conditions Precedent*

The Proposed Amendments shall become effective on the first day after the occurrence of all the following events:

- (a) the Board has granted its approval regarding the Proposed Amendments pursuant to the Deed of Amendments;
- (b) the Stock Exchange has granted its approval for the amendments of the Convertible Bonds in accordance with the Deed of Amendments pursuant to Rule 28.05 of the Listing Rules;
- (c) the Listing Committee of the Stock Exchange has granted its approval regarding the listing of, and a permission to deal in, the Conversion Shares which shall fall to be issued by the Company upon conversion of the Convertible Bonds, if required; and
- (d) the Shareholders have granted their approval regarding the Proposed Amendments pursuant to the Deed of Amendments and the Conversion Shares to be issued by the Company upon conversion of the Convertible Bonds .

The Deed of Amendments did not stipulate a long stop date as the parties agreed that, in the event that the conditions of the Proposed Amendments have not been fulfilled, the Company will be subject to an immediate repayment obligation under the Convertible Bonds. As such and if this happens, the Company will endeavor to renegotiate with the Bondholder and make a new application to re-comply with the requirement to seek for shareholders' approval for a new specific mandate to avoid potential liquidity issues.

### *Background of the Bondholder*

Mr. Zhang Zihong, being the Bondholder, obtained a Bachelor of Laws from Peking University in 1984. Mr. Zhang taught in China University of Political Science and Law for the period from 1984 to 1986. He then worked in a state-owned financial institution from 1987 to 1991. Since 1992, Mr. Zhang started his own businesses, mainly in property development sector. Mr. Zhang was an executive director of Dadi International Group Limited (stock code 08130) (formerly known as Zhi Cheng Holdings Limited), which was listed on GEM of The Stock Exchange of Hong Kong Limited, from 3 April 2018 to 22 March 2019.

In January 2019, when the Company was in shortage of cash due to the Misappropriation Incident (as defined below), Mr. Xu Jingping, the Chairman of the Company, introduced his former classmate, Mr. Zhang Zihong (i.e. the Bondholder), to the Company, in the hope that he would offer the Company with immediate cash to continue its operations and avoid liquidation.

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## LETTER FROM THE BOARD

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At the relevant time, Leon Li was the sole director of Pacific Fertility Institutes (HK) Holdings Company Limited (a then indirect non-wholly owned subsidiary of the Company) and Xu Xiao Yang was the chief executive officer and director of the Company. Both of whom were removed from their respective roles in the Group due to their involvement in the suspected misappropriation of the Group's funds (the "**Misappropriation Incident**"). Please refer to the announcements of the Company dated 17 January 2019, 5 March 2019, 23 June 2019 and 2 July 2019 for further details.

As at 30 June 2021, the outstanding loans (which consist mainly of certain revolving loans and unpaid interests due under the Convertible Bonds) owed by the Group to the Bondholders were approximately HK\$47.2 million.

### *Effect of the Proposed Amendments on the Convertible Bonds*

Set out below are the details of the Convertible Bonds upon full conversion in different scenarios:

Shareholder	Before Proposed Amendments and assuming the Share Consolidation does not take effect		Before Proposed Amendments and assuming the Share Consolidation takes effect		After Proposed Amendments and assuming the Share Consolidation does not take effect		After Proposed Amendments and assuming the Share Consolidation takes effect	
	No. of Existing Shares	Conversion Price (HK\$)	No. of Consolidated Shares	Conversion Price (HK\$)	No. of Existing Shares	Adjusted Conversion Price (HK\$)	No. of Consolidated Shares	Adjusted Conversion Price (HK\$)
The Bondholder	265,048,543	0.206	13,252,427	4.12	2,184,000,000	0.025	109,200,000	0.5

### *Equity fund raising activities of the Company during the past 12 months*

There has not been any other equity fund raising exercise made by the Company in the twelve (12) months immediately preceding the Latest Practicable Date.



## LETTER FROM THE BOARD

### *Effect on shareholding structure of the Company*

Set out below are the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full conversion of the Convertible Bonds in different scenarios:

Shareholders	Capacity/ Nature of Interest	Upon full conversion of the Convertible Bonds									
		As at the date of Latest Practicable Date		Before Proposed Amendments and assuming the Share Consolidation does not take effect		Before Proposed Amendments and assuming the Share Consolidation takes effect		After Proposed Amendments and assuming the Share Consolidation does not take effect		After Proposed Amendments and assuming the Share Consolidation takes effect	
		Number of Existing Shares	approximate %	Number of Existing Shares	approximate %	Number of Consolidated Shares	approximate %	Number of Existing Shares	approximate %	Number of Consolidated Shares	approximate %
Xu Zhongping (Note 1)	Interest held by a controlled corporation	1,014,500,000	27.79	1,014,500,000	25.91	50,725,000	25.91	1,014,500,000	17.39	50,725,000	17.39
	Beneficial owner	44,098,431	1.21	44,098,431	1.13	2,204,921	1.13	44,098,431	0.76	2,204,921	0.76
Yang Baodong (Note 2)	Beneficial owner	792,000	0.02	792,000	0.02	39,600	0.02	792,000	0.01	39,600	0.01
Hu Yueyue (Note 3)	Beneficial owner	8,000,000	0.22	8,000,000	0.20	400,000	0.20	8,000,000	0.14	400,000	0.14
Other public Shareholders		2,582,968,330	70.76	2,582,968,330	65.97	129,148,416	65.97	2,582,968,330	44.27	129,148,416	44.27
The Bondholder		—	—	265,048,543	6.77	13,252,427	6.77	2,184,000,000	37.43	109,200,000	37.43
Total		<u>3,650,358,761</u>	<u>100.00</u>	<u>3,915,407,304</u>	<u>100.00</u>	<u>195,770,365</u>	<u>100.00</u>	<u>5,834,358,761</u>	<u>100.00</u>	<u>291,717,938</u>	<u>100.00</u>

#### *Notes:*

- These 1,014,500,000 Existing 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, a non-executive Director, is the sole shareholder of Classy Jade Limited. Mr. Xu was therefore deemed to be interested in the said 1,014,500,000 Existing Shares held by Gentle under Part XV of the SFO.
- Mr. Yang Baodong is an executive Director.
- Ms. Hu Yueyue is an executive Director.
- Certain figures may not add up due to rounding.

As at the Latest Practicable Date, none of the Convertible Bonds were converted. In light of the fact that the Bondholder will become the Company’s controlling shareholder upon full conversion of the Convertible Bonds, the Company confirms that (i) the Proposed Amendments will have no impact on its existing business; and (ii) it has no plan to dispose of and/or downsize its existing businesses and introduce new businesses.

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## LETTER FROM THE BOARD

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### *Specific Mandate*

Due to the Adjusted Conversion Price of the Convertible Bonds, the Conversion Shares will be allotted and issued under the Specific Mandate to be sought at the EGM upon exercise of the conversion rights under the Convertible Bonds. The Specific Mandate, if granted, shall be valid until 31 July 2024, being the Maturity Date of the Convertible Bonds.

### *Application of Listing*

An application has been made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made of the listing of, and the permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### *Use of Proceeds*

The Company has already applied the proceeds from the issue of the Convertible Bonds in the principal amount of US\$7,000,000 (equivalent to HK\$54.6 million) for the intended use as disclosed in the announcement of the Company dated 29 December 2017. The detailed breakdown and descriptions are as follows:

<b>Date</b>	<b>Descriptions</b>	<b>Amount (HK\$)</b>
January 2018	Expenses in connection with the issue of the Convertible Bonds ( <i>Note 1</i> )	300,000
March 2018 to October 2020	Repayment of bank loans	24,803,000
January 2018 to December 2018	Operation expenses for the Hong Kong office (including Directors' and employees' salaries and rental payments)	10,180,000
January 2018 to December 2018	Rental payments for the Company's then subsidiary, Beijing INNOMED Women's and Children's Hospital Company Limited ( <i>Note 2</i> )	15,400,000
February 2018	Setting up of an IVF clinic in Singapore ( <i>Note 3</i> )	<u>3,917,000</u>
	<b>Total</b>	<b><u>54,600,000</u></b>

#### *Notes:*

1. Please refer to the announcement of the Company dated 29 December 2018 for further details.
2. Please refer to the announcement of the Company dated 1 February 2018 for further details on the establishment of the Beijing INNOMED Hospital. In November 2019, the interest in the Beijing INNOMED Hospital was disposed of to an Independent Third Party. Please refer to the announcement of the Company dated 2 November 2019 for further details.
3. Please refer to the announcement of the Company dated 1 February 2018 for further details.

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## LETTER FROM THE BOARD

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### *Reasons for the Proposed Amendments*

The Convertible Bonds will have, but for the Proposed Amendments, matured on 31 July 2021 upon which the Company would be required to deploy its cash reserves to redeem the Convertible Bonds. As of today, the Company does not have adequate cash to repay this Convertible Bonds. The Proposed Amendments in effect allows the Company to refinance its debts under the Convertible Bonds. It will provide flexibility to the Company's working capital management and avoid potential liquidity issue. The Proposed Amendments was arrived at after arm's length negotiations between the Company and the Bondholder. Accordingly, the Board considered that the Proposed Amendments is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Implications under the Listing Rules*

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities. The Company has applied to the Stock Exchange for approval in respect of the Proposed Amendments contemplated by the Deed of Amendments pursuant to Rule 28.05 of the Listing Rules, including the granting approval for the listing of and permission to deal in the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds (as amended by the Deed of Amendments). No application will be made of the listing of, and the permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### **3. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the Latest Practicable Date, 3,650,358,761 Existing Shares were in issue and 4,349,641,239 Existing Shares were authorised but unissued, which was close to the aggregate of (i) the maximum of 221,760,000 Existing Shares may be allotted and issued upon the exercise of Share Options issued by the Company; and (ii) the maximum of 2,184,000,000 Conversion Shares (after the Proposed Amendments becoming effective) that may be allotted and issued upon conversion of the Convertible Bonds in full. The Increase in Authorised Share Capital will provide the Company with greater flexibility to accommodate future expansion and growth of the Group going forward.

The Company proposes to increase its authorised share capital from HK\$200,000,000 divided into 8,000,000,000 Existing Shares of HK\$0.025 each to HK\$500,000,000 divided into 20,000,000,000 Existing Shares of HK\$0.025 each (or 1,000,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective) by the creation of an additional 12,000,000,000 unissued Existing Shares of HK\$0.025 each (or 600,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective), which upon issue shall rank *pari passu* in all respects with the Existing Shares.

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## LETTER FROM THE BOARD

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Immediately upon the Increase in Authorised Share Capital becoming effective and assuming no Shares are issued or repurchased from the Latest Practicable Date up to the EGM, the authorised share capital of the Company will be HK\$500,000,000 divided into 20,000,000,000 Existing Shares (or 1,000,000,000 Consolidated Shares if the Share Consolidation has become effective), with 3,650,358,761 Existing Shares (or 182,517,938 Consolidated Shares if the Share Consolidation has become effective) in issue and 16,349,641,239 Existing Shares (or 817,482,062 Consolidated Shares if the Share Consolidation has become effective) remaining unissued.

The Board considers that the increase in authorised share capital will provide the Company with flexibility for fund raising by allotting and issuing new Shares in the future as and when appropriate for future investment opportunities and other corporate purposes. The Board believes that the proposed Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole. The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM approving the same.

#### **4. PROPOSED SHARE CONSOLIDATION**

Reference is made to the announcement of the Company dated 6 August 2021. The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.025 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.50 each in the share capital of the Company.

#### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon:

- (i) the passing of the ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee granting approval to the listing of and permission to deal in the Consolidated Shares.

As at the Latest Practicable Date, all the above conditions remained unfulfilled. The Share Consolidation will become effective on Wednesday, 29 September 2021, being the second Business Day immediately following the fulfilment of the above conditions.

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## LETTER FROM THE BOARD

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### **Effect of the Share Consolidation**

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$200,000,000 divided into 8,000,000,000 Existing Shares of par value of HK\$0.025 each, of which 3,650,358,761 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased from the Latest Practicable Date up to the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$200,000,000 divided into 400,000,000 Consolidated Shares of HK\$0.50 each (or HK\$500,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.50 each if the Increase in Authorised Share Capital has also become effective), of which 182,517,938 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. The Share Consolidation will not result in any change in the rights of the Shareholders. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

### **Listing application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated 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 Consolidated 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange, and at the time when the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any other stock exchange other than the Stock Exchange. No such aforesaid listing or permission to deal is being or is proposed to be sought.

### **No change in Board Lot Size**

As at the Latest Practicable Date, the Shares were traded on the Stock Exchange in the board lot size of 8,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will continue to be 8,000 Consolidated Shares.

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## LETTER FROM THE BOARD

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Based on the closing price of HK\$0.018 per Existing Share (equivalent to the theoretical closing price of HK\$0.36 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of each board lot of the Existing Shares was HK\$144 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,880.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

### **Arrangement in relation to odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Joy Rich Securities Investment Limited to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Mr. Joseph Ho of Joy Rich Securities Investment Limited at Unit 16, 22/F, Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong or by phone at (852) 3701 3900 during office hours from 9:00 a.m. on Friday, 15 October 2021 to 4:00 p.m. on Thursday, 4 November 2021.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

### **Free exchange of certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 29 September 2021, being the second Business Day immediately after the date of the EGM, Shareholders may on or after Wednesday, 29 September 2021 and until Monday, 8 November 2021 (both days inclusive), submit their existing share certificates for the Shares in the colour of green to the Company's Hong Kong branch share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the Consolidated Shares in the colour of red at the expense of the Company.

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## LETTER FROM THE BOARD

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It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 Business Days after submission of the existing share certificates to the Company's Hong Kong branch share registrar and transfer office for exchange. Thereafter, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each new share certificate for the Consolidated Shares issued or each existing share certificate for the Shares submitted for cancellation, whichever is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 4 November 2021 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Existing Shares for one (1) Consolidated Share.

### **Adjustments in relation to other securities of the Company**

#### *Share Options*

As at the Latest Practicable Date, the Company had outstanding Share Options entitling the holders thereof to subscribe for a total of 221,760,000 Existing Shares. There was no unutilised scheme limit of the 2010 Share Option Scheme which expired on 10 September 2020. Under the terms and conditions of the 2010 Share Option Scheme, the Share Consolidation may lead to adjustments to the exercise price and/or the number of shares of the Company falling to be issued upon the exercise of the 2010 Share Options outstanding. Assuming there is no other adjustment event under the relevant share option scheme other than the Share Consolidation becoming effective, the Share Options will entitle the holders thereof to subscribe for up to 11,088,000 Consolidated Shares in aggregate. Further announcement(s) will be made by the Company in respect of such adjustment(s) as and when appropriate.

#### *Convertible Bonds*

As at the Latest Practicable Date, there were outstanding Convertible Bonds with a principal amount of US\$7,000,000 (equivalent to approximately HK\$54.6 million) which are convertible into 265,048,543 Existing Shares at the prevailing conversion price of HK\$0.206 per Existing Share (or convertible into 2,184,000,000 Existing Shares at the Adjusted Conversion Price of HK\$0.025 per Existing Share subject to approval and completion of the Deed of Amendments and the Specific Mandate at the EGM). The Share Consolidation may lead to adjustment(s) to the conversion price and the number of shares of the Company falling to be issued upon the exercise of the conversion right attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds.

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## LETTER FROM THE BOARD

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Further details of full conversion of the Convertible Bonds are set out below:

Shareholder	Before Proposed Amendments and assuming the Share Consolidation does not take effect		Before Proposed Amendments and assuming the Share Consolidation takes effect		After Proposed Amendments and assuming the Share Consolidation does not take effect		After Proposed Amendments and assuming the Share Consolidation takes effect	
	No. of Existing Shares	Conversion Price (HK\$)	No. of Consolidated Shares	Conversion Price (HK\$)	No. of Existing Shares	Adjusted Conversion Price (HK\$)	No. of Consolidated Shares	Adjusted Conversion Price (HK\$)
The Bondholder	265,048,543	0.206	13,252,427	4.12	2,184,000,000	0.025	109,200,000	0.5

Save for the aforesaid, the Company had no other outstanding options, warrants or securities in issue which were convertible or exchangeable into Shares as at the Latest Practicable Date.

### Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading prices of the Shares at a level less than HK\$0.1 and the existing board lot value being less than HK\$2,000, the proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, it would (i) enable the Company to comply with the trading requirements under the Listing Rules; and (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Company does not have any intention, negotiation, agreement, arrangement or understanding for any fundraising activities, acquisitions and/or disposals in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

In view of the above reasons, the Company considers the proposed Share Consolidation is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

### GENERAL

The EGM will be convened to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the proposals in relation to (i) the Deed of Amendments and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; (ii) the Increase in Authorised Share Capital; and (iii) the Share Consolidation.

### EGM

The notice convening the EGM to be convened at Room 2709, Block A, Pengrun Building, 26 Xiaoyun Road, Chaoyang District, Beijing on Monday, 27 September 2021 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. At the EGM, ordinary resolutions in respect of the proposals of (i) the Deed of Amendments and the transactions contemplated thereunder, including the Proposed Amendments and the grant of the Specific Mandate; (ii) the Increase in Authorised Share Capital; and (iii) the Share Consolidation will be proposed to the Shareholders.

To the best knowledge, information and belief of the Directors, none of the Shareholders have a material interest in the above proposals and accordingly, no Shareholder will have to abstain from voting at the EGM.

Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM (i.e. 11:00 a.m. on Saturday, 25 September 2021 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, the resolution put to the vote at the EGM will be taken by way of poll. After the conclusion of the EGM, the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 September 2021 to Monday, 27 September 2021 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares and/or the conversion of the outstanding convertible bonds will be registered during this period. Shareholders whose name appear on the register of members of the Company on Monday, 27 September 2021 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 September 2021.

### RECOMMENDATION

The Directors consider that the proposed resolutions in relation to (i) the Deed of Amendments and the transactions contemplated thereunder, including the Proposed Amendments and the grant of the Specific Mandate; (ii) the Increase in Authorised Share Capital; and (iii) the Share Consolidation to be put forward at the EGM are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By Order of the Board  
**CHINA ENVIRONMENTAL  
TECHNOLOGY HOLDINGS LIMITED**  
**XU Jingping**  
*Chairman*

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## NOTICE OF EGM

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of China Environmental Technology Holdings Limited (the “**Company**”) will be held at Room 2709, Block A, Pengrun Building, 26 Xiaoyun Road, Chaoyang District, Beijing on Monday, 27 September 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 8 September 2021.

The following resolutions will be considered and, if thought fit, approved by the Shareholders, with or without amendments, at the EGM:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the deed of amendments (the “**Deed of Amendments**”) dated 26 July 2021 and entered into between the Company and the Bondholder in relation to the proposed amendment (the “**Proposed Amendments**”) to the terms of the convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of US\$7,000,000 issued by the Company on 16 January 2018 pursuant to the Subscription Agreement (a copy of the Deed of Amendments has been produced to this meeting marked “**A**” and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new shares (the “**Conversion Shares**”) of the Company to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds (as amended), the directors (the “**Directors**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds (as amended) provided that the Specific Mandate is in addition to, and shall not prejudice nor revoke any existing or such other general or special mandates which may from time to time be granted to the Directors prior to passing of this resolution; and

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## NOTICE OF EGM

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- (c) any one Director be and is hereby authorised to do all such acts and things and execute all such documents (including under seal) which he/she considers necessary or expedient to give effect to the Deed of Amendments and the transactions contemplated thereunder, including but not limited to the Proposed Amendment and the allotment and issue of the Conversion Shares.”

2. **“THAT**

- (a) the authorised share capital of the Company be increased from HK\$200,000,000 divided into 8,000,000,000 ordinary shares of HK\$0.025 each (the “**Shares**”) to HK\$500,000,000 divided into 20,000,000,000 Shares of HK\$0.025 each (or 1,000,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective after passing of the resolution no. 3 below) by the creation of an additional 12,000,000,000 unissued Shares of HK\$0.025 each (or 600,000,000 Consolidated Shares of HK\$0.5 each if the Share Consolidation has become effective after passing of the resolution no. 3 below) and that each such new Share, upon issue and fully paid, shall rank *pari passu* with all existing issued Shares of the Company and have the rights and privileges and be subject to provisions contained in the memorandum and articles of association of the Company (the “**Increase in Authorised Share Capital**”); and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

3. **“THAT**

subject to and conditional upon the granting of approval by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the issued and unissued shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below (the “**Share Consolidation**”):

- (a) with effect from the second business day immediately following the date on which this resolution is passed:
- (i) every twenty (20) issued and unissued Shares of HK\$0.025 each in the share capital of the Company be consolidated into one (1) share of HK\$0.5 each in the share capital of the Company (each a “**Consolidated Share**”);

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## NOTICE OF EGM

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- (ii) the Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares as contained in the memorandum and articles of association of the Company; and
- (iii) all fractional Consolidated Shares will be disregarded and will not be issued to the shareholders of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit for the Company in such manner and on such terms as the Directors of the Company may think fit; and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as he/she shall, in his/her absolute discretion, consider necessary, desirable or expedient to give effect to the foregoing arrangement for the Share Consolidation.”

By Order of the Board  
**CHINA ENVIRONMENTAL  
TECHNOLOGY HOLDINGS LIMITED**  
**Xu Jinping**  
*Chairman*

Hong Kong, 8 September 2021

***Registered office:***

Tricor Services (Cayman Islands) Limited  
Second Floor, Century Yard, Cricket Square  
P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

***Head office and principal place of business  
in Hong Kong:***

Unit 901  
New Tech Plaza  
34 Tai Yau Street  
San Po Kong  
Kowloon  
Hong Kong

***Notes:***

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar, Tricor Standard Limited at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
3. The transfer books and register of members of the Company will be closed from Monday, 20 September 2021 to Monday, 27 September 2021, both days inclusive, for the purpose of determining shareholders' entitlements to attend and vote at the EGM. In order to qualify for the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 17 September 2021.

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## NOTICE OF EGM

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4. In the case of joint holders of a share, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

*As at the date of this notice, 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 Nanwen and Professor Li Jun.*

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## PRECAUTIONARY MEASURES FOR THE EGM

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The health of our shareholders, staff and stakeholders is one of our top concerns. In view of the ongoing development of COVID-19 pandemic, the Company will implement the following precautionary measures at the EGM:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee will have to submit a completed health declaration form prior to entry into the meeting venue. Based on the declaration provided, the attendee may be denied entry into the meeting venue or be required to leave the meeting venue.
- (iii) Each attendee will be required to wear a surgical face mask throughout the meeting and inside the meeting venue.
- (iv) Seating at the AGM will be arranged so as to maintain a safe distance between attendees.
- (v) No refreshment will be served, and there will be no corporate gift available for distribution.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong or to our email at [nelson@cethl.com](mailto:nelson@cethl.com).

If any shareholder has any question relating to the meeting, please contact Customer Service Hotline of Tricor Standard Limited, the Company's Hong Kong branch share registrar at (852) 2980 1333 from 9:00 a.m. to 6:00 p.m., Monday to Friday (excluding Hong Kong public holidays).