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If you are in any 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 and Bioenergy Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**CHINA ENVIRONMENTAL TECHNOLOGY AND
BIOENERGY HOLDINGS LIMITED**

中科生物控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1237)

**PROPOSED SHARE CONSOLIDATION AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at 20/F, OfficePlus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 18 October 2019 at 2:30 p.m. is set out on pages 11 to 12 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.merrygardenholdings.com>).

If you are unable to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

20 September 2019

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business during their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Environmental Technology and Bioenergy Holdings Limited, a limited company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1237)
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Share Consolidation
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	16 September 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share Consolidation”	the proposed consolidation of every five (5) Shares into one (1) Consolidated Share
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable relating to the Share Consolidation and the associated trading arrangement is as follows:

Event	Time and date
Despatch of circular with notice of the EGM	On or before Friday, 27 September 2019
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM.....	4:30 p.m., Monday, 14 October 2019
Closure of register of members for the entitlement to attend and vote at the EGM.....	from Tuesday, 15 October 2019 to Friday, 18 October 2019 (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM (not less than 48 hours prior to the time of the EGM)	2:30 p.m., Wednesday, 16 October 2019
Date and time of the EGM.....	2:30 p.m., Friday, 18 October 2019
Announcement of poll results of the EGM	Friday, 18 October 2019
The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, which are included in this circular.	
Effective date of the Share Consolidation.....	Tuesday, 22 October 2019
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences....	Tuesday, 22 October 2019
Dealings in the Consolidated Shares commence	9:00 a.m., Tuesday, 22 October 2019
Original counter for trading in the existing Shares (in board lot of 10,000 Shares in the form of existing share certificates) temporarily closes	9:00 a.m., Tuesday, 22 October 2019
Temporary counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m., Tuesday, 22 October 2019

EXPECTED TIMETABLE

Original counter for trading in the Consolidated Shares (in board lot of 10,000 Consolidated Shares in the form of new share certificates) re-opens	9:00 a.m., Tuesday, 5 November 2019
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences.....	9:00 a.m., Tuesday, 5 November 2019
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m., Tuesday, 5 November 2019
Temporary counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) closes.....	4:00 p.m., Monday, 25 November 2019
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) ends	4:00 p.m., Monday, 25 November 2019
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m., Monday, 25 November 2019
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 27 November 2019

All times and dates in this circular refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to changes. Further announcement(s) will be made as and when appropriate.

LETTER FROM THE BOARD



**CHINA ENVIRONMENTAL TECHNOLOGY AND
BIOENERGY HOLDINGS LIMITED**

中科生物控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1237)

Executive Directors:

Ms. Xie Qingmei
Mr. Wu Zheyang

Non-executive Director:

Mr. Wu Dongping

Independent non-executive Directors:

Mr. Lam Hin Chi
Prof. Jin Zhongwei
Prof. Su Wenqiang

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head Office in the PRC:

Fushan Industrial District
Zhangping, Fujian, the PRC

*Principal place of business
in Hong Kong:*

Office No. 5, 15/F
6 Wilmer Street
Sai Ying Pun
Hong Kong

20 September 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 September 2019, in which the Board proposed to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05 each in the share capital of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information in relation to the Share Consolidation together with the notice of the EGM and related form of proxy.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05 each in the share capital of the Company.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 3,088,335,000 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of par value of HK\$0.05 each, of which 617,667,000 Consolidated Shares of par value of HK\$0.05 each will be in issue. As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

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; and
- (ii) the Listing Committee granting approval to the listing of and the permission to deal in the Consolidated Shares.

As at the Latest Practicable Date, none of the conditions above has been fulfilled.

Assuming all the conditions are fulfilled, the Share Consolidation will become effective on 22 October 2019, being the second Business Day following the passing of the ordinary resolution at the EGM, which is expected to be held on Friday, 18 October 2019.

EFFECT OF THE SHARE CONSOLIDATION

Upon the Share Consolidation becoming effective, all Consolidated Shares will rank pari passu in all respects with each other. Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

LETTER FROM THE BOARD

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

LISTING APPLICATION

An application will be made by the Company to the Listing Committee for the listing of and the permission to deal in the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, upon the Share Consolidation being effective, as well as compliance with the stock admission requirements of HKSCC, 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

BOARD LOT SIZE

Currently, the existing Shares are traded on the Stock Exchange in the board lot size of 10,000 existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares. Based on the closing price of HK\$0.056 per existing Share (equivalent to the theoretical closing price of HK\$0.28 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each board lot of the existing Shares is HK\$560 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$2,800.

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\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. In view of the recent trading price of the Shares, the Board on its initiative proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules. 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. Accordingly, the Board is of the view that the Share Consolidation are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company does not have any plan or intention of future corporate actions including but not limited to fund raising exercises which will further change the trading arrangement of the Company in the next 12 months. However, the Directors consider that they will contemplate fund raising activities whenever they think reasonably necessary.

FRACTIONAL CONSOLIDATED SHARES AND ODD LOTS TRADING ARRANGEMENTS

Fractional Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit 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 share certificates held by such holder.

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint Fortune (HK) Securities Limited as an agent to provide matching services to those Shareholders for the sale and purchase of odd lots of the Consolidated Shares on a best effort basis, during the period from 9:00 a.m. on Tuesday, 5 November 2019 to 4:00 p.m. on Monday, 25 November 2019 (both days inclusive). Shareholders who wish to utilise such matching services may contact the dealing department of Fortune (HK) Securities Limited at 43/F, COSCO Tower, 183 Queen's Road Central, Hong Kong or telephone at (852) 3189 2187 during office hours of such period.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

FREE EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Tuesday, 22 October 2019 to Wednesday, 27 November 2019 (both dates inclusive), to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares. It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the share certificates for the existing Shares will cease to be valid for delivery, trading, settlement and registration purpose but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by the Shareholders. The existing share certificates are in yellow colour and the new share certificates will be in red colour.

LETTER FROM THE BOARD

Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time at the expense of the Shareholders in question but are not accepted for delivery, trading, settlement and registration upon completion of the Share Consolidation.

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 Company. 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.

EGM AND PROXY ARRANGEMENT

Set out on pages 11 to 12 of this circular is a notice convening the EGM to be held at 20/F, OfficePlus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 18 October 2019 at 2:30 p.m. for the Shareholders to consider, if thought fit, passing resolution to approve the Share Consolidation. To the best of the knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Share Consolidation and therefore, none of the Shareholders is required to be abstained from voting at the EGM in respect of the resolution(s) relating to the Share Consolidation.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 2:30 p.m. on Wednesday, 16 October 2019 or not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF BOOKS

The register of members of the Company will be closed from Tuesday, 15 October 2019 to Friday, 18 October 2019 (both days inclusive) during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the above meeting, all properly completed transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 14 October 2019.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolution to approve the Share Consolidation at the EGM.

By Order of the Board
China Environmental Technology and Bioenergy Holdings Limited
Xie Qingmei
Chairlady

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED

中科生物控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1237)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China Environmental Technology and Bioenergy Holdings Limited (the “**Company**”) will be held at 20/F, OfficePlus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 18 October 2019 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon, among other things, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval to the listing of, and the permission to deal in, the Consolidated Shares (as defined below) upon the Share Consolidation (as defined below) becoming effective:

- (a) with effect from the second day of trading of the Stock Exchange immediately following the date on which this resolution is passed, being a day on which shares of the Company are traded on the Stock Exchange, every five (5) issued and unissued ordinary share(s) of HK\$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share of HK\$0.05 each (the “**Consolidated Shares**” and each a “**Consolidated Share**”), such Consolidated Shares shall rank pari passu in all respects with each other (the “**Share Consolidation**”);
- (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Consolidation.”

By Order of the Board
China Environmental Technology and Bioenergy Holdings Limited
Xie Qingmei
Chairlady

Hong Kong, 20 September 2019

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy (or more than one proxy if he is the holder of two or more shares) to attend and vote instead of him. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In order to determine the entitlement to attend and vote at the extraordinary general meeting, the register of members of the Company will be closed from 15 October 2019 to 18 October 2019 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending and voting at the extraordinary general meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on 14 October 2019.
5. As at the date of this notice, the executive directors of the Company are Ms. Xie Qingmei and Mr. Wu Zheyang; the non-executive director of the Company is Mr. Wu Dongping; and the independent non-executive directors of the Company are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.