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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)

**CONNECTED TRANSACTION
ISSUE OF NEW SHARES UNDER THE SHARE AWARD
SCHEME**

Reference is made to the announcements of China Environmental Technology and Bioenergy Holdings Limited (the “**Company**”, together with its subsidiaries collectively the “**Group**”) dated 14 December 2020 and 18 December 2020 respectively, in relation to the adoption of the Share Award Scheme and grant of Award Shares under the Share Award Scheme (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

DETAILS OF THE AWARD OF THE AWARD SHARES

On 20 April 2021, the board of directors of the Company (the “**Board**”) has resolved to award an aggregate of 66,618,016 Award Shares to 13 Selected Participants under the Share Award Scheme (“**2021 Award**”). The award of Award Shares under the 2021 Award will be settled by way of: (i) issue and allotment of 36,970,000 new Shares pursuant to the general mandate (“**General Mandate**”) granted by the Shareholders to the Directors at the annual general meeting of the Company held on 29 May 2020 to issue, allot and deal with new Shares not exceeding 20% of the total number of Shares in issue as of 29 May 2020 (i.e. 148,240,080 Shares) (the “**New Award Shares**”) and (ii) issue and allotment of 29,648,016 new Shares pursuant to a specific mandate (the “**Specific Mandate**”) to be obtained in the forthcoming extraordinary general meeting (the “**EGM**”) (the “**Connected Award Shares**”).

Under the 2021 Award, out of the 66,618,016 Award Shares granted to the 13 Selected Participants, (i) 36,970,000 New Award Shares were granted to 11 Selected Participants who are mainly senior and middle management of the Group and/or staff who served the Group for a long period of time and (ii) 29,648,016 Connected Award Shares were granted to the following connected persons (“**Connected Participants**”):

	Number of Award Shares
Directors	
Wu Zheyuan (“ Mr. Wu ”)	14,824,008
Xie Qingmei (“ Ms. Xie ”)	14,824,008
Total	<hr/> <hr/> 29,648,016

The number of New Award Shares and Connected Award Shares granted to each of the Selected Participants under the 2021 Award was determined in accordance with their respective contributions to the Group.

Mr. Wu Zheyuan and Ms. Xie Qingmei have abstained from voting on approving the relevant board resolution on the award of the Connected Award Shares to them under the 2021 Award.

The aggregate of 66,618,016 Award Shares to be issued and allotted by the Company to the Selected Participants under the 2021 Award represents approximately 8.50% of the existing total number of issued Shares of the Company as at the date of this announcement and approximately 7.83% of the total number of issued Shares of the Company as enlarged by the issue and allotment of the Award Shares (assuming that there will be no other changes in the total number of issued Shares of the Company between the date of this announcement and the completion date of issue and allotment of the Award Shares).

Based on the closing price of HK\$0.146 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of the 66,618,016 Award Shares awarded under the 2021 Award is HK\$9,726,230.

The Award Shares, when issued and fully paid, shall rank pari passu among themselves and with other Shares in issue, with the right to receive all dividends and other distributions to be declared, made or paid on or after the date of allotment.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 66,618,016 Award Shares.

CONDITIONS

The grant of the 36,970,000 New Award Shares to the 11 Selected Participants under the 2021 Award shall be subject to the grant of the listing approval by the Stock Exchange in respect of the New Award Shares. On the other hand, the grant of 29,648,016 Connected Award Shares to Mr. Wu and Ms. Xie under the 2021 Award shall be subject to the following conditions:

- (a) the grant of the listing approval by the Stock Exchange in respect of the Connected Award Shares; and
- (b) the approval by the independent Shareholders at the EGM in respect of the issue and allotment of the Connected Award Shares and the Specific Mandate.

FURTHER DETAILS OF THE AWARD SHARES

The information in relation to the award of the 66,618,016 Award Shares to the Selected Participants under the 2021 Award is set out below:

Securities to be issued:	36,970,000 New Award Shares and 29,648,016 Connected Award Shares
Funds to be raised:	No funds will be raised by the Company as a result of the issue and allotment of the Award Shares
Identity of the allottees:	(1) 11 Selected Participants who are mainly (i) senior and middle management of the Group and/or (ii) staff who served the Group for a long period of time (2) Mr. Wu (3) Ms. Xie

Market price of the Shares:	The closing price of the Shares on 20 April 2021 as quoted on the Stock Exchange is HK\$0.146 per Share. The average closing price of the Shares for the five consecutive trading days immediately preceding 20 April 2021 as quoted on the Stock Exchange is HK\$0.149 per Share
Vesting:	The Award Shares are not subject to any vesting conditions
Fund raising activities in the past 12 months:	The Company has not engaged in any fund raising activities in the 12 months immediately preceding the date of this announcement

LISTING RULES IMPLICATIONS

Mr. Wu and Ms. Xie are the executive Directors of the Company and are accordingly connected persons (as defined in Chapter 14A of the Listing Rules) of the Company and the award of 29,648,016 Connected Award Shares to Mr. Wu and Ms. Xie under the Share Award Scheme shall constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wu and Ms. Xie and their respective Associates are required to abstain from voting on the resolution(s) to approve the award of the Connected Award Shares and the transactions contemplated thereunder at the EGM. As at the date of this announcement, so far as the Directors were aware and based on available information, Mr. Wu and his Associates are interested in 92,130,070 Shares and Ms. Xie and her Associates are interested in 1,926,676 Shares, respectively representing approximately 11.76% and approximately 0.25% of the total issued share capital of the Company as at the date of this announcement.

Save for the aforesaid and to the best knowledge, information and belief of the Board, no other Shareholder is required to abstain from voting on the resolution(s) to approve the award of the Connected Award Shares and the transactions contemplated thereunder at the EGM.

On the other hand, the allotment and issue of the New Award Shares is pursuant to the General Mandate. As at the date of this announcement, only 42,550,000 Shares have been utilized under the General Mandate and therefore the Company can still allot and issue 105,690,080 Shares under the General Mandate. Accordingly, the issue of 36,970,000 New Award Shares does not require separate approval by the Shareholders.

REASONS FOR THE AWARD OF THE AWARD SHARES

The Board considers that the award of the Award Shares to the Selected Participants provides incentives to the Selected Participants and will allow the Group to attract, retain and motivate talents for the continual operation and development of the Group. The award of the Award Shares to the Selected Participants recognizes their continual support to the Group and their effort will promote the Group's future development.

Furthermore, there will not be any actual cash outflow by the Group under the award of the Award Shares to provide incentives to the Selected Participants. In this regard, the Directors consider that the issue of the Award Shares under 2021 Award is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

An independent financial adviser will be appointed to advise the independent Shareholders in relation to the issue of the Connected Award Shares. A circular including, among others, details of the issue and allotment of the Connected Award Shares with the advice of the independent financial adviser will be despatched to the independent Shareholders as soon as possible on or before 13 May 2021, as additional time is required for preparing and finalizing the circular.

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

Hong Kong, 20 April 2021

As at the date of this announcement, the executive Directors are Ms. Xie Qingmei and Mr. Wu Zheyang, and the independent non-executive Directors are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.