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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)

**ANNOUNCEMENT
SUBSCRIPTION OF SUBSCRIPTION SHARES BY SUBSCRIBERS
UNDER GENERAL MANDATE**

SUBSCRIPTION

The Board is pleased to announce that on 24 January 2017, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 514,500,000 Subscription Shares at the Subscription Price of HK\$0.13 per Subscription Share.

The Subscription Shares represents approximately 19.99% of the total issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price of HK\$0.13 per Subscription Share represents (i) a discount of approximately 9.72% to the closing price of HK\$0.144 per Share as quoted on the Stock Exchange on 23 January 2017, being the last trading day immediately prior to the date of the Subscription Agreement; (ii) a discount of approximately 7.80% to the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 2.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Subscription Agreement.

The aggregate gross and net proceeds from the Subscription will be approximately HK\$66,885,000 and approximately HK\$66,695,000 respectively. The Company intends to retain the net proceeds of the Subscription for research and development expenditure to enhance research and product competitiveness of the Group and as general working capital of the Group. The net Subscription Price will be approximately HK\$0.1296 per Subscription Share.

The Subscription Shares will be conditionally allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM of the Company held on 26 May 2016. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate, and the issue of the Subscription Shares are not subject to any additional Shareholders' approval.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each, of which 2,573,835,000 Shares have been issued and are fully paid up and are listed on the Stock Exchange.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Subscription Shares. The Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. If such condition is not fulfilled, the Subscription will not proceed.

As Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential Subscribers are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 24 January 2017, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 514,500,000 Subscription Shares at the Subscription Price of HK\$0.13 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date

24 January 2017

Parties

- (i) The Company; and
- (ii) the Subscribers.

Subscribers

There are not less than six and not more than 10 Subscribers in number subscribing for the Subscription Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all the Subscribers (including the ultimate beneficial owner of the Subscriber which is a corporation) are Independent Third Parties as at the date of this announcement and upon the Completion, save that one of the Subscribers, namely Hong Kong Run De Holdings Limited, will at Completion hold 13.92% of the enlarged issued share capital of the Company and hence become a substantial shareholder and connected person of the Company upon Completion.

Subscription

Subscription Shares

514,500,000 Subscription Shares will be conditionally allotted and issued by the Company pursuant to the terms and subject to the conditions set out in the Subscription Agreement. The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the Completion including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

The 514,500,000 Subscription Shares, represents approximately 19.99% and 16.66%, respectively, of the existing issued shares and the issued shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued shares of the Company from the date of this announcement to the Completion save for the issue of the Subscription Shares) pursuant to the terms and subject to the conditions set out in the Subscription Agreement, which is summarized and set out under the paragraph headed "Conditions Precedent of the Subscription" below. The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$5,145,000.

The Subscription Monies will be HK\$66,885,000, which shall be payable in cash and in HK\$ by the Subscribers to the Company as follows:

- (a) 10% of the Subscription Monies, being HK\$6,688,500 (the "**Deposit**"), shall be payable upon the signing of the Subscription Agreement; and
- (b) 90% of the Subscription Monies, being HK\$60,196,500 (the "**Balance**"), shall be payable to the Company at Completion.

The Deposit shall not be refunded under any circumstances.

Subscription Price

The Subscription Price of HK\$0.13 per Subscription Share represents (i) a discount of approximately 9.72% to the closing price of HK\$0.144 per Share as quoted on the Stock Exchange on 23 January 2017, being the last trading day immediately prior to the date of the Subscription Agreement; (ii) a discount of approximately 7.80% to the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;

and (iii) a discount of approximately 2.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Subscription Agreement.

The Subscription Price has been negotiated and arrived at on an arm's length basis and by reference to the market conditions. The Directors are of the opinion that the Subscription Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

The net Subscription Price will be approximately HK\$0.1296 per Subscription Share.

Conditions Precedent of the Subscription

Completion is conditional upon the fulfilment of the following:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the allotment and issue of the Subscription Shares according to the Subscription Agreement); and
2. there being no breach of any of the Subscriber Warranties or Warranties which is material in the context of the Subscription.

The Company shall, as soon as reasonably practicable, apply to the Stock Exchange for the granting of listing of, and permission to deal in, the Subscription Shares after the signing of the Subscription Agreement and the Company shall use all reasonable endeavours to obtain the granting of such listing and permission from the Listing Committee of the Stock Exchange as soon as reasonably practicable.

If the above-mentioned conditions precedent are not fulfilled within 28 days after the date of the Subscription Agreement (i.e. on or before 21 February 2017) or such later date as may be agreed between the Company and the Subscribers, the Subscription Agreement shall terminate and neither the Company nor the Subscribers shall have any claim against the other for costs, damages, compensation or otherwise, save for claims arising out of any antecedent breach of the Subscription Agreement.

Completion

Subject to the fulfilment of the above-mentioned conditions precedent, the Completion of the Subscription shall take place at principal place of business of the Company in Hong Kong at 9:00 a.m. Hong Kong time on the Completion Date.

As the Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential Subscribers are advised to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued pursuant to the General Mandate and not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 514,767,000 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. No separate approval of Shareholders is required for the Subscription. The 514,500,000 Subscription Shares constitute 99.95% of the General Mandate.

LISTING APPLICATION

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENT

The gross proceeds of the Subscription is approximately HK\$66,885,000. The Company intends to retain the net proceeds of the Subscription of approximately HK\$66,695,000 for research and development expenditure to enhance research and product competitiveness of the Group and as general working capital of the Group.

The Directors consider that the Subscription represents opportunities to raise additional funding for the Group's business operation and it will also strengthen the financial position for the Group's business developments and broaden the Shareholders base of the Company. In addition, the Directors consider that the Subscription is preferred method of fund raising as compared with other equity fund raising exercises based on the time and costs involved.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECT OF ISSUE ON SHAREHOLDING

The existing and enlarged shareholding structure of the Company immediately before and after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion other than as a result of the allotment and issue of the Subscription Shares) is set out below:

Shareholders	As at the date of the Subscription Agreement		Immediately upon Completion	
	Number of Shares	%	Number of Shares	%
Green Seas Capital Limited (Note 1)	449,647,412	17.47	449,647,412	14.56
Mr. Wu Zheyang (Note 2)	11,002,940	0.43	11,002,940	0.36
Ms. Xie Qingmei (Note 3)	9,633,380	0.37	9,633,380	0.31
Subscribers (Note 4)	—	—	514,500,000	16.66
Public	<u>2,103,551,268</u>	<u>81.73</u>	<u>2,103,551,268</u>	<u>68.11</u>
	<u>2,573,835,000</u>	<u>100.00</u>	<u>3,088,335,000</u>	<u>100.00</u>

Notes:

1. The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyang, who is deemed to be interested in the shares held by Green Seas Capital Limited.
2. Mr. Wu Zheyang is the chief executive officer and an executive Director. The Shares are held directly by Mr. Wu Zheyang as beneficial owner.
3. Ms. Xie Qingmei is an executive Director.
4. There are not less than six and not more than 10 Subscribers. One of the Subscriber, namely Hong Kong Run De Holdings Limited, will at Completion hold 13.92% of the enlarged issued share capital of the Company and hence become a substantial shareholder and connected person of the Company upon Completion.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company
“Board”	the board of Directors
“Business Day”	means any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“CCASS”	Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	China Environmental Technology and Bioenergy Holdings Limited (中科生物控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription of the Subscription Shares in accordance with the Subscription Agreement
“Completion Date”	being the third business day following the date on which the last in time of the conditions precedent shall have been satisfied or waived in accordance with the Subscription Agreement, or such other place, time or date as the parties may agree in writing
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% at the total number of Shares of the Company in issue as at the date of the AGM held on 26 May 2016
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	third parties who are independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“SFC”	the Hong Kong Securities and Futures Commission
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber Warranties”	the warranties and representations given by each Subscriber in the Subscription Agreement
“Subscribers”	Independent Third Parties who entered into the Subscription Agreement respectively, collectively refer to the Subscribers
“Subscription”	the subscription by the Subscribers for the Subscription Shares on and subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	The subscription agreement dated 24 January 2017 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Monies”	means such sum as is the aggregate of the Subscription Price multiplied by the number of the Subscription Shares
“Subscription Price”	the price of HK\$0.13 per Subscription Share
“Subscription Share(s)”	new Shares to be conditionally allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreement
“Substantial shareholder”	has the meaning ascribed to it in the Listing Rules

“Warranties” the warranties and representations given by the Company in the Subscription Agreement

“%” per cent.

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

Hong Kong, 24 January 2017

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