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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF LAND USE RIGHTS**

#### **THE DISPOSAL**

The Board is pleased to announce that on 7 July 2017, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire the Land Use Rights in relation to two parcels of land at a consideration of RMB30,000,000.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Disposal is above 5% but below 25%, the Disposal constitutes a discloseable transaction for the Company that is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 7 July 2017, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire the Land Use Rights in relation to two parcels of land at a consideration of RMB30,000,000.

Set out below are the details of the Agreement.

## SUMMARY OF TERMS OF THE AGREEMENT

### Date

7 July 2017

### Parties

- (1) Vendor: Fujian Zhangping Kimura Forestry Products Co., Limited\*  
(福建省漳平木村林產有限公司)
- (2) Purchaser: Fujian Wancheng Property Development Limited\*  
(福建萬成房地產開發有限公司)

To the best knowledge of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are independent of the Company and its connected persons.

### Land Use Rights to be disposed of

The Land Use Rights to be disposed of relate to two parcels of land located in Jingdong Village, Jingcheng Street, Zhangping (漳平市菁城街道菁東村) with a total land area of 14,621.6 square metres and buildable building area of 41,628.95 square metres. The Land Use Rights are designated for commercial and residential use with terms of use running from 25 June 2013 to 25 June 2083.

### Consideration and Terms of Payment

The aggregate Consideration for the Disposal is RMB30,000,000, payable by the Purchaser to the Vendor in cash in two instalments in the following manner:

- (1) RMB15,000,000, being 50% of the Consideration, to be paid within 5 days upon the signing of the Agreement (i.e. the Deposit); and
- (2) RMB15,000,000, being 50% of the Consideration, to be paid within 3 months after the titles to the Land Use Rights have been transferred to the Purchaser, failing which the Purchaser shall pay a penalty in respect of the Deposit at the rate of 0.05% per day to the Vendor.

### Other Terms

The Vendor shall assist to complete the approval procedures in respect of the buildable building area under the Land Use Rights in accordance with the original planning design or failing which the Consideration shall be deducted by an amount which is calculated with reference to the difference between the buildable and actual building area in accordance with the terms and conditions of the Agreement.

The Vendor undertakes to remove all its assets on the relevant land parcels within two months from the receipt of the first instalment of the Consideration and deliver the land parcels to the Purchaser on an as-is basis. Any late delivery of the land parcels will attract a penalty at 0.05% of the Deposit on a daily basis payable by the Vendor to the Purchaser.

## **BASIS OF CONSIDERATION**

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation report dated 4 July 2017 prepared by an independent property valuer engaged by the Vendor which indicated that as at 29 June 2017, the market value of the Land Use Rights was RMB29,822,700. The net book value of the Land Use Rights amounted to RMB29,586,000 as at 31 December 2016.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is a leisure wooden product enterprise in the PRC with over 20 years of experience in production and sales of leisure household products and timber houses and their related parts and structures. The Group has established its sales network through distributors as well as its self-operated retail stores network, and has launched a series of leisure wooden products to promote a leisure and natural lifestyle.

### **The Vendor**

The principal activities of the Vendor are manufacturing and sales of outdoor wooden products to both domestic and overseas customers.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated under the laws of PRC. It is principally engaged in the business of property development.

## **REASON FOR AND BENEFITS OF THE DISPOSAL**

Due to change in business strategy, the Vendor did not commence any construction or development on the relevant land parcels. The Disposal would allow the Group to unlock the value of its investment in the Land Use Rights and to realise cash resources in improving the liquidity and strengthening the financial position of the Group.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The estimated indicative net gain arising from the Disposal is expected to be approximately RMB414,000 for the Company, and such gain has been determined by reference to the difference between the Consideration and the net book value of the Land Use Rights as at 31 December 2016.

The net proceeds of the Disposal will be used to repay bank borrowings and replenish the general working capital of the Company.

The Directors are of the view that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal is above 5% but below 25%, the Disposal constitutes a discloseable transaction for the Company that is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agreement”	the land use rights transfer agreement dated 7 July 2017 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	China Environmental Technology and Bioenergy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Consideration”	the consideration for the Disposal
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Deposit”	50% of the Consideration payable by the Purchaser to the Vendor within 5 days of the signing of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Land Use Rights as contemplated under the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Use Rights”	the land use rights in relation to two parcels of lands to be disposed of under the terms of the Agreement, being the land use right (Zhang Guo Yong [2015] No. 003602) in relation to a parcel of land with a total land area of 11,572.3 square metres and the land use right (Zhang Guo Yong [2015] No. 003603) in relation to a parcel of land with a total land area of 3,049.3 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	The People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Fujian Wancheng Property Development Limited* (福建萬成房地產開發有限公司), a company incorporated under the laws of PRC
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fujian Zhangping Kimura Forestry Products Co., Limited* (福建省漳平木村林產有限公司), a company incorporated under the laws of PRC and a wholly owned subsidiary of the Company
“%”	per cent.

By order of the board of  
**China Environmental Technology and Bioenergy Holdings Limited**  
**Xie Qingmei**  
*Chairman*

Hong Kong, 7 July 2017

*As at the date of this announcement, the executive Directors are Ms. Xie Qingmei and Mr. Wu Zheyuan, 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.*

\* *For identification purposes only*