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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)

**PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2020 IN THE
AGGREGATE PRINCIPAL AMOUNT OF US\$7,000,000
UNDER GENERAL MANDATE**

PROPOSED ISSUE OF CONVERTIBLE BONDS

On 29 December 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of US\$7,000,000 (equivalent to HK\$54,600,000).

Completion is subject to the fulfillment or waiver of the Conditions Precedent set out in the Subscription Agreement. Detailed terms of the Subscription Agreement and the Convertible Bonds are set out in the paragraphs headed “Principal terms of the Subscription Agreement” and “Principal terms of the Convertible Bonds”, respectively, below.

As at the date of this announcement, the Company has a total of 3,650,358,761 Shares in issue. Assuming there is no further issue or repurchase of the Shares, based on the initial Conversion Price of HK\$0.206 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 265,048,543 Conversion Shares, representing approximately 7.26% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.77% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with the issue of the Convertible Bonds, are expected to be HK\$54,300,000. The Company intends to use the net proceeds from the issue of the Convertible Bonds (i) for partial repayment of the Group's outstanding bank loans in the principal amount of RMB50,000,000 and the interest thereon; (ii) for potential acquisition when such investment opportunity arises; and (iii) as general working capital of the Group.

Attention: Completion of the Subscription Agreement is subject to the fulfilment or waiver of the Conditions Precedent. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

ISSUE OF THE CONVERTIBLE BONDS

On 29 December 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, on the terms and subject to the fulfilment or waiver of the Conditions Precedent therein, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of US\$7,000,000 (equivalent to HK\$54,600,000). No application will be made for the listing of the Convertible Bonds. Details of the Subscription Agreement and the terms of the Convertible Bonds are described below.

THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are set out below:

- Date : 29 December 2017 (after trading hours)
- Parties : (1) the Company, as the issuer;
- (2) the Subscriber, as the subscriber. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.
- Subscription : Subject to the fulfillment (or waiver) of the Conditions Precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Bonds in the aggregate principal amount of US\$7,000,000 (equivalent to HK\$54,600,000).
- Conditions Precedent : Completion is conditional upon:
- (a) the Subscriber shall and shall procure that its agents shall forthwith upon the signing of the Subscription Agreement conduct such financial, legal or other due diligence review of the assets, liabilities, operations and affairs of the Group as it may consider appropriate; and the Company shall provide and procure the Group and its agents to provide such assistance as the Subscriber or its agents and advisers may reasonably require in connection with such review;
- (b) all necessary consents and approvals, from the relevant authority(ies), if necessary, in relation to the subscription of the Convertible Bonds under the Subscription Agreement having been obtained by the Subscriber;

- (c) the issue of the Convertible Bonds under the Subscription Agreement having complied with the relevant laws and rules (including but not limited to the Listing Rules and the relevant laws of Hong Kong) in all material aspects;
- (d) the passing of the necessary resolutions by the Board, approving amongst other things, the execution of the Subscription Agreement, the issue of the Convertible Bonds to the Subscriber and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights (or otherwise pursuant to the Conditions) in accordance with the Subscription Agreement and the transactions contemplated under the Subscription Agreement;
- (e) at Completion, the warranties under the Subscription Agreement remaining true, accurate and correct and not misleading in all material respects;
- (f) all issued Shares remaining listed on, and not having been withdrawn from, the Stock Exchange and the Stock Exchange not having indicated that it will object to such listing and there being no events or circumstances existing based on which the Stock Exchange could reasonably be expected to raise such objection;
- (g) the listing of, and permission to deal in, all of the Conversion Shares upon conversion of the Convertible Bonds having been granted by the Listing Committee (either unconditionally or if subject to conditions, such conditions being fulfilled or satisfied before Completion) and such listing and permission remaining in full force and effect and not subsequently being revoked;
- (h) the Subscriber being satisfied with the results of the due diligence review;

- (i) on or before the Completion Date, there having been delivered to the Company each of the Share Charge and the Custodian Agreement, duly executed by each party thereto other than the Subscriber in the form and substance as agreed by the Subscriber;
- (j) save as disclosed to the Subscriber, on the Completion Date, none of the Company or any subsidiaries is in breach of or in default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfillment of any other requirement would result in a default by the Company or any subsidiaries) under the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or to which their respective assets are bound;
- (k) on or before the Completion Date, there having been delivered to the Subscriber opinions, in form and substance satisfactory to the Subscriber, dated the Completion Date, of BVI legal counsel to the Company as to the law of BVI;
- (l) there being no event existing or having occurred and no condition being in existence which would (had any Convertible Bonds already been issued) constitute an Event of Default; and
- (m) there being no injunction, restraining order or order of similar nature by an authority issued as of the Completion Date that could prevent or materially interfere with the consummation of the transactions contemplated under the Subscription Agreement.

In the event that the above Conditions Precedent cannot be fulfilled or waived on or before 15 January 2018 (or such other date as may be mutually agreed by the Company and the Subscriber), the Subscription Agreement shall lapse (save for the provisions relating to interpretation, termination, announcement, limitation of liabilities, confidentiality, notices, general provisions and governing law and jurisdiction) and become null and void and of no effect and no party thereof shall have any claim against the other party under the Subscription Agreement.

- Completion : Completion of the subscription of the Convertible Bonds shall take place at the Completion Date upon the fulfillment or waiver of the Conditions Precedent.
- Termination : The Subscriber may, without liability to the Company, elect not to proceed to Completion by giving notice in writing to the Company at any time prior to 5:00 p.m. (Hong Kong time) on the Completion Date if an event or circumstance that carries a Material Adverse Effect occurs prior to Completion.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal terms of the Convertible Bonds are set out below:

- Issuer : The Company
- Aggregate Principal Amount : US\$7,000,000 (equivalent to HK\$54,600,000)
- Form and denomination of the Convertible Bonds : The Convertible Bonds shall be issued in registered form, in the denomination of US\$100,000 (or integral multiple thereof)
- Maturity Date : Thirty-Six (36) months from the Issue Date
- Issue Price : 100% of the principal amount of the Convertible Bonds

- 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.

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 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.

Number of Conversion Shares to be issued : Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 265,048,543 Conversion Shares, representing approximately 7.26% of the issued share capital of the Company as at the date of this announcement and approximately 6.77% of the issued share capital of the Company as enlarged by the issue of 265,048,543 Conversion Shares.

Conversion Period : Each Convertible Bond shall entitle the Bondholder(s) to convert such Convertible Bonds (in whole or in part) into Conversion Shares at any time within the period of the 12th month after the Issue Date of the Convertible Bonds up to 4:00 pm (Hong Kong time) on the day immediately prior to the Maturity Date.

Conversion Price : Initially HK\$0.206 per Conversion Share, which was determined after arm's length negotiations between the Company and the Subscriber with reference, amongst other things, the prevailing market price of the Shares on the Stock Exchange.

The initial Conversion Price of HK\$0.206 represents:

- (a) a premium of approximately 40.14% over the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;

- (b) a premium of approximately 35.53% over the average closing price of HK\$0.1520 per Share as quoted on the Stock Exchange for the five Trading Days of the Shares up to and including the Last Trading Day; and
- (c) a premium of approximately 35.26% over the average closing price of HK\$0.1523 per Share as quoted on the Stock Exchange for the ten Trading Days of the Shares up to and including the Last Trading Day.

Assuming conversion of the Convertible Bonds into the Conversion Shares in full and after deducting the costs and expenses incurred in connection with the issue of the Convertible Bonds, it is estimated that the net proceeds from the issue of the Convertible Bonds is HK\$54,300,000, representing a net issue price of approximately HK\$0.205 per Conversion Share.

Future Financing : The Company undertakes to the Subscriber and the Bondholders that, unless otherwise consented to by the Subscriber and the Bondholders, 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\$0.206 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**”).

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\$0.206 for any New Issue without the consent of the Subscriber and the Bondholders 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 (as defined below) to the Subscriber and shall pay all Redemption Money (as defined below) 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.

- 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.

Early Redemption : Unless previously redeemed, converted or purchased and cancelled as provided in the terms of the Conditions, the Company shall be entitled to redeem, in whole or in part, the Convertible Bonds at any time prior to the Maturity Date, provided that in the event of early redemption, the Company shall notify the Subscriber in writing (“**Early Redemption Notice**”) of the date of redemption (“**Early Redemption Date**”) not less than three Business Days before the Early Redemption Date, and pay to the Subscriber on the Early Redemption Date (without any deduction or withholding) the principal amount outstanding, plus (i) any interest payable but not paid; and (ii) a premium (the “**Premium**”) that would allow the Bondholder to earn an internal rate of return of 25% per annum (calculated on a 365-day year basis) (“**25% IRR**”) on the principal amount outstanding of such Bondholder’s Convertible Bonds since the Completion Date to the Early Redemption Date. For the avoidance of doubt, the 25% IRR to be earned by the Bondholder shall be inclusive of the Interest (at the rate of 8% per annum on the outstanding principal amount thereof); therefore, when calculating the 25% IRR that the Bondholder is allowed to earn in the event of early redemption, all interest already paid on such Convertible Bonds (if any) shall be fully deducted from the 25% IRR, and the residual amount payable to the Bondholder by the Company, together with the outstanding principal (collectively, the “**Redemption Money**”) shall be paid by the Company to the Bondholder in the manner specified by the Bondholder. Upon receipt by the Bondholder of the Redemption Money, the Bondholder shall surrender the certificate(s) of the Convertible Bond(s) redeemed to the Company immediately for cancellation.

Redemption on maturity : Unless previously converted, redeemed, purchased and cancelled or discharged, the Company shall redeem the Convertible Bonds at 112% of their principal amount together with interest on the Maturity Date.

Transferability : No Convertible Bonds may be transferred to any person who is a connected person of the Company unless with: (i) prior notification to the Company; (ii) the consent of the Company; (iii) full compliance with the Listing Rules; (iv) full compliance with the requirements (if any) that the Stock Exchange may impose from time to time; and (v) the consent (if applicable) of the Stock Exchange.

Collateral : The controlling shareholder of the Company (“**Controlling Shareholder**”), being Gentle International Holdings Limited, agrees to pledge 588,000,000 Shares that it lawfully owns for the Bonds, respectively. The payment obligations and the performance of all of the obligations of the Company under the Convertible Bonds are secured by the Share Charge.

The Company undertakes that it shall obtain all requisite consents (if required) in respect of the Share Charge and procure the Controlling Shareholder to file/register the same with the appropriate authorities (if required).

Listing : No application will be made for the listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

ADJUSTMENT OF THE CONVERSION PRICE

While there may be change in the number of Conversion Shares if any of the adjustment events including, among others, stock split, consolidation or reclassification of the Shares, is triggered, the Company will try to ensure that the number of Conversion Shares would not exceed the number allowed under the General Mandate upon occurrence of the adjustment events.

GENERAL MANDATE

By a resolution of the Shareholders passed at the adjourned annual general meeting of the Company held on 29 May 2017, the Company granted the General Mandate to the Directors to allot and issue not more than 730,071,752 Shares.

As at the date of this announcement, the Company is entitled to issue up to 730,071,752 Shares under the General Mandate. The Conversion Shares will be allotted and issued under the General Mandate and no Shareholders' approval is therefore required.

APPLICATION FOR LISTING

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR ISSUING THE CONVERTIBLE BONDS

The Board has considered various ways of raising funds to develop the businesses of the Group and considers that the issuance of the Convertible Bonds represents a suitable opportunity to raise funds having considered the recent market conditions which represent an opportunity for the Company to enhance its working capital, strengthen its capital base and financial position and broaden the shareholders' base.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with the issue of the Convertible Bonds, are expected to be HK\$54,300,000. The Company intends to use the net proceeds from the issue of the Convertible Bonds (i) for partial repayment of the Group's outstanding bank loans in the principal amount of RMB50,000,000 and the interest thereon; (ii) for potential acquisition when such investment opportunity arises; and (iii) as general working capital of the Group.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

Information on the Company

The Company is an investment holding company. The principal activities of the Group are environmental protection including the provision of technology, products, equipment and system integration related to wastewater treatment.

Information on the Subscriber

The Subscriber is an Exempted Limited Partnership incorporated under the laws of the Cayman Islands and whose principal business is investment.

CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has conducted the following fund-raising activities in the past twelve (12) months prior and up to the date of this announcement.

Date of announcement	Event	Net Proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
5 December 2016	Placing of 444,448,000 new Shares at HK\$0.19 per placing Share (completed on 22 December 2016)	HK\$83.44 million	As general working capital for existing business and for development of new business if opportunities arise	Used as intended
1 November 2017	Conditional agreement to issue convertible bonds due 2020 in the aggregate amount of US\$10,000,000 under the general mandate (lapsed on 15 December 2017)	HK\$77.8 million	For the repayment of the Group's outstanding bank loans in the principal amount of RMB50,000,000 and the interest thereon, for potential acquisition when such investment opportunity arises and general working capital of the Group.	Not applicable

Date of announcement	Event	Net Proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
1 November 2017	Conditional agreement to issue convertible bonds due 2020 in the aggregate amount of US\$9,000,000 under the general mandate (lapsed on 15 December 2017)	HK\$70 million	As general working capital and for potential acquisition when such investment opportunity arises	Not applicable

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of this announcement up to Completion, the shareholding structure of the Company (a) as at the date of this announcement and (b) as a result of full conversion of the Convertible Bonds at the initial Conversion Price are as follows:

Name of Shareholder	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Conversion Shares at the initial Conversion Price	
	Shares	%	Shares	%
Shareholders				
Xu Zhong Ping (<i>Note</i>)	1,264,098,431	34.63	1,264,098,431	32.29
Xu Xiao Yang	20,000,000	0.55	20,000,000	0.51
Pacific Fertility Institutes Holding Company Limited	718,608,000	19.69	718,608,000	18.35
Subscriber	—	—	265,048,543	6.77
Public Shareholders	<u>1,647,652,330</u>	<u>45.13</u>	<u>1,647,652,330</u>	<u>42.08</u>
	<u>3,650,358,761</u>	<u>100.00</u>	<u>3,915,407,304</u>	<u>100.00</u>

Note:

1,200,000,000 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 Zhong Ping is the sole shareholder of Classy Jade Limited. Mr. Xu Zhong Ping was therefore deemed to be interested in the said 1,200,000,000 Shares held by Gentle under Part XV of the SFO. Mr. Xu Zhong Ping is the beneficial owner of the remaining 64,098,431 Shares.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the Convertible Bonds.

GENERAL

Completion of the Subscription Agreement is subject to the fulfillment or waiver of the Conditions Precedent. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

- “Board” means the board of Directors
- “Bondholder(s)” means holder(s) of the Convertible Bonds whose names are registered in the Register of Bondholders and Bondholder means any of them
- “Business Day(s)” means a day (other than a Saturday, Sunday or public Holiday and any day on which a tropical cyclone warning 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 generally open for business in Hong Kong throughout their normal business hours and “Business Days” shall be construed accordingly
- “Certificate” means the certificate, substantially in the form set out in the Subscription Agreement, to be issued in respect of the Convertible Bonds, together with the Conditions

“Company”	means China Environmental Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 646)
“Completion”	means completion of the transactions contemplated under the Subscription Agreement
“Completion Date”	means the date on which Completion takes place, which is expected to be on or around 15 January 2018 or such other date as may be mutually agreed by the Company and the Subscriber
“Conditions”	means the terms and conditions to the Convertible Bonds to be attached to the Certificate substantially in the form set out in the Subscription Agreement (with such amendments thereto as the parties may mutually agree)
“Conditions Precedent”	means the conditions precedent to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	means any time within the period of the 12th month after the Issue Date of the Convertible Bonds up to 4:00 pm (Hong Kong time) on the day immediately prior to the Maturity Date
“Conversion Price”	means HK\$0.206 per Conversion Share as the initial conversion price or the amount as adjusted according to the terms and conditions of the Convertible Bonds
“Conversion Right”	means the right of each Bondholder to convert any Convertible Bonds held by it into the Conversion Shares
“Conversion Shares(s)”	means the Share(s) falling to be allotted and issued upon the exercise of the Conversion Right

“Convertible Bonds”	means the convertible bonds in the aggregate principal amount of US\$7,000,000 to be issued by the Company pursuant to the Subscription Agreement
“Custodian Agreement”	means the custodian agreement to be entered into among the Company, the Subscriber and Haitong International Securities Company Limited on or before the Completion Date in respect of the Share Charge
“Director(s)”	means the director(s) of the Company
“Event(s) of Default”	means the event(s) of default of the Convertible Bonds as stipulated under the Conditions
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the adjourned annual general meeting of the Company held on 29 May 2017 to allot and issue and deal with up to 730,071,752 Shares, representing 20% of the issued share capital of the Company as at the date of such adjourned annual general meeting
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means party(ies) who is/are independent of and not connected with the Company and its connected persons
“Issue Date”	means the date of issue of the Convertible Bonds
“Last Trading Day”	means 28 December 2017, being the last full trading day immediately preceding the date of this announcement
“Listing Committee”	means the listing committee of the Stock Exchange
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Effect”	<p>means an event or circumstance, occurrence or any combination thereof arising or occurring, the effect of which is reasonably likely to have a material adverse effect on the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group as a whole, or the ability of the Company to perform its obligations under the Subscription Agreement, provided that</p> <ul style="list-style-type: none"> (a) any change that generally affects the industries or markets in which the Group operates, (b) any change in the financial markets or general economic or political conditions, (c) any change in law or any accounting principle applicable to the Group, <p>shall not be taken as a Material Adverse Effect</p>
“Maturity Date”	means thirty-six (36) months from the Issue Date
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Share Charge”	means the share charge to be made by Gentle International Holdings Limited in favour of the Subscriber pursuant to which, amongst other matters, Gentle International Holdings Limited has agreed to create a first fixed charge in favour of the Subscriber over 588,000,000 Shares wholly and beneficially held by it in respect of the Convertible Bonds
“Shareholder(s)”	means holder(s) of the Shares
“Share(s)”	means ordinary share(s) of HK\$0.025 each in the share capital of the Company

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subscriber”	means CEIAM INTERNATIONAL CAPITAL PARTNERS (I) LP and whose information is more particularly described in the paragraph headed “Information on the Subscriber” in this announcement
“Subscription Agreement”	means the subscription agreement dated 29 December 2017 entered into between the Company and the Subscriber in relation to the subscription for, and the issue of, the Convertible Bonds
“Trading Day”	means a day when the Stock Exchange is open for trading in Hong Kong and “Trading Days” shall be construed accordingly
“%”	means percent.
“US\$”	means the United States dollar, the lawful currency of the United States.

By Order of the Board
CHINA ENVIRONMENTAL TECHNOLOGY HOLDINGS LIMITED
Xu Zhong Ping
Chairman

Hong Kong, 29 December 2017

As at the date of this announcement, the executive Directors are Mr. Xu Zhong Ping, Mr. Xu Xiao Yang and Ms. Hu Yueyue; the non-executive Director is Mr. Ma Tianfu; and the independent non-executive Directors are Mr. Tse Chi Wai, Professor Zhu Nan Wen and Professor Li Jun

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.