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DENOX ENVIRONMENTAL & TECHNOLOGY HOLDINGS LIMITED
迪諾斯環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1452)

**(1) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION
OF SHARES UNDER SPECIFIC MANDATE**
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) RESUMPTION OF TRADING

**CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES
UNDER SPECIFIC MANDATE**

On 6 November 2023 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 98,807,400 Subscription Shares at the Subscription Price of HK\$0.048 per Subscription Share for a total consideration of HK\$4,742,755.2 in cash.

As at the date of this announcement, there are 494,037,000 Shares in issue. 98,807,400 Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represents:

- (a) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Share Subscription.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber, Ms. Zhao Shu and the parties acting in concert with any of them hold an aggregate of 177,644,086 Shares, representing approximately 35.96% of the issued share capital of the Company. Upon completion of the Share Subscription, assuming that there is no other change in the issue share capital of the Company between the date of this announcement and the date of completion (save and except for the Share Subscription), the shareholding of the Subscriber, Ms. Zhao Shu and the parties acting in concert with any of them will increase to approximately 46.63% of the issued share capital of the Company as enlarged by the Subscription Shares.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber, Ms. Zhao Shu and parties acting in concert with any of them), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issuance of the Subscription Shares to the Subscriber. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM.

The Subscriber, Ms. Zhao Shu, its associates, and any parties acting in concert with the Subscriber or Ms. Zhao Shu, and the Shareholders who are involved in or interested in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

LISTING RULES IMPLICATIONS

The Subscriber directly holds approximately 30.98% of the issued shares of the Company and is a substantial Shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders' approval requirements.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Connected Transaction IBC (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription, namely Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) has been formed to advise the Independent Shareholders as to whether the Share Subscription is fair and reasonable and make recommendation as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Li Xingwu, Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) has also been formed to advise the Independent Shareholders as to whether the Share Subscription and the Whitewash Waiver are fair and reasonable and make recommendation as to voting.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committees as soon as possible to advise the Independent Board Committees and the Independent Shareholders as to whether the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription) and the Whitewash Waiver are fair and reasonable and make recommendation on voting. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 6 November 2023 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 7 November 2023 following the publication of this announcement.

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 6 November 2023 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 98,807,400 Subscription Shares at the Subscription Price of HK\$0.048 per Subscription Share for a total consideration of HK\$4,742,755.2 in cash. The principal terms of the Share Subscription Agreement are set out below.

Principal terms of the Share Subscription Agreement

Date	6 November 2023
Parties	(a) the Company (an issuer) (b) the Subscriber (a subscriber)
Total Share Subscription consideration	HK\$4,742,755.2
Subscription price per Subscription Share	HK\$0.048
Par Value of Subscription Shares	Ordinary shares of the Company with a par value of US\$0.01 each

The Subscription Shares

98,807,400 Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represents:

- (a) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Share Subscription.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Ranking

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue.

The Subscription Price

The Subscription Price of HK\$0.048 per Subscription Share represents:

- (a) a discount of approximately 4.00% to the closing price of HK\$0.0500 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement;
- (b) a premium of approximately 2.56% to the average closing price of HK\$0.0468 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (c) a discount of approximately 10.95% to the average closing price of HK\$0.0539 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (d) a discount of approximately 16.96% to the average closing price of HK\$0.0578 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (e) a discount of approximately 88.77% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$0.4275 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of approximately RMB188,675,000 as at 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 and 494,037,000 Shares then in issue (based on the exchange rate of HK\$1: RMB0.89327 as at 30 December 2022 published by the State Administration of Foreign Exchange for illustration purposes); and
- (f) a discount of approximately 87.91% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.3970 per Share calculated based on the unaudited consolidated net asset of the Group attributable to the Shareholders of approximately RMB180,853,000 as at 30 June 2023 as extracted from the interim results announcement of the Company for the six months ended 30 June 2023 and 494,037,000 Shares then in issue (based on the exchange rate of HK\$1: RMB0.92198 as at 30 June 2023 published by the State Administration of Foreign Exchange for illustration purposes).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber taking into account (i) the recent and historical market prices of the Shares; (ii) the net asset value of the Group; (iii) the business prospects and financial position of the Group; and (iv) the current equity capital market conditions.

Further information on the Share Subscription

The Subscriber undertakes to and covenants with the Company that it shall not, in the period commencing on the Completion Date and ending on the date which is three months from the Completion Date, dispose of, or enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Subscription Shares.

Conditions precedent

Completion of the Share Subscription is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares and such approval and permission remaining in full force and effect;
- (b) the approval by (i) more than 50% of the votes cast by the Independent Shareholders at the EGM in respect of the Share Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate and (ii) at least 75% of the votes cast by the Independent Shareholders at the EGM in respect of the Whitewash Waiver;
- (c) the granting of the Whitewash Waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a mandatory general offer for all the Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and its concert parties) as a result of the allotment and issue of Shares pursuant to the Share Subscription, and the Whitewash Waiver remaining in full force and effect;
- (d) the representations and warranties given by the Company under the Share Subscription Agreement remaining true, complete and accurate in all material respects and not misleading as at the Completion Date;
- (e) the representations and warranties given by the Subscriber under the Share Subscription Agreement remaining true, complete and accurate in all material respects and not misleading as at the Completion Date;
- (f) no regulatory authority having implemented or enacted any legislation, regulations or decrees to prohibit the Share Subscription, and no courts with competent jurisdiction having issued any order or injunction prohibiting or preventing the Share Subscription; and
- (g) the compliance of any other requirements imposed by the Stock Exchange and/or the SFC in relation to the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription) and the allotment and issue of the Subscription Shares, whether under the Listing Rules, the Takeovers Code or otherwise.

As at the date of this announcement, the Company is not aware of such requirement under condition (g) above. As at the date of this announcement, the Company does not intend to declare, pay and/or make any dividend or other distribution between the date of this announcement up to the Completion Date. As at the date of this announcement, the Company does not have any declared but unpaid dividend or other distribution.

The Subscriber shall be entitled to waive any of the conditions as set out in paragraph (d) above. The Company shall be entitled to waive any of the condition as set out in paragraph (e) above. The conditions as set out in paragraphs (a) to (c), (f) and (g) are non-waivable. As at the date of this announcement, none of the conditions as set out above has been satisfied or (if applicable) waived.

In the event Completion does not take place on or before the date which is six months after the date of the Share Subscription Agreement i.e. 5 May 2024 (or such other time and date as may be agreed by the Company and the Subscriber in writing), the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription) shall terminate and lapse, and the Company and the Subscriber shall be released from all obligations thereunder and neither party shall have claim against the other, save for any rights and obligations accrued prior to such termination.

Completion of the Share Subscription

Completion of the Share Subscription shall take place within 10 Business Days (or such other date and time as may be agreed by the Company and the Subscriber) upon the satisfaction or (if applicable) waiver of the conditions under the Share Subscription Agreement, upon which the Company shall allot and issue the Subscription Shares to the Subscriber and the Subscriber shall pay to the Company the total consideration for the Subscription Shares.

Termination of the Share Subscription Agreement

The Share Subscription Agreement may be terminated:

- (a) by the non-defaulting party, if a party failed to satisfy the completion deliverables on or before the date which is six months after the date of the Share Subscription Agreement (i.e. 5 May 2024);
- (b) in the manner as described in the paragraph “Conditions Precedent” in this announcement; and
- (c) upon agreement in writing between the parties.

Information of the Group

The Group is principally engaged in design, development, manufacture and sales of plate-type and honey-comb coating and DeNOx catalysts in the PRC.

Information of the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in investment holding of shares of the Company. As at the date of this announcement, the Subscriber directly holds approximately 30.98% of the issued shares of the Company and is a substantial Shareholder of the Company, and is therefore a connected person of the Company. As at the date of this announcement, the Subscriber, Ms. Zhao Shu and the parties acting in concert with any of them directly and indirectly holds an aggregate of 177,644,086 Shares, representing approximately 35.96% of the issued share capital of the Company. As at the date of this announcement, the Subscriber is wholly-owned by Ms. Zhao.

Information of Ms. Zhao Shu

Ms. Zhao Shu is an executive Director of the Company. She is primarily responsible for the overall management of the Group. Ms. Zhao is the chairlady of the Board, the chief executive officer and authorised representative of the Company, the chairlady of the nomination committee and a member of the remuneration committee. Ms. Zhao is also the general manager of Beijing Denox Environmental & Technology Co., Ltd and Gu'an Denox Environmental Equipment Manufacturing Co., Ltd., both of which are wholly-owned subsidiaries of the Company.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Subscriber confirms that:

- (a) save for the Share Subscription Agreement, none of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of this announcement;
- (b) other than the Share Subscription, none of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the Completion;
- (c) save as disclosed in the section headed "Effects on Shareholding Structure of the Company" in this announcement, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them;
- (d) none of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them holds any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;

- (e) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them;
- (f) save for the Share Subscription Agreement, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Share Subscription Agreement and/or the Whitewash Waiver;
- (g) none of the Subscriber, Ms Zhao Shu or parties acting in concert with any of them has received any irrevocable commitment from any person as to whether they will vote for or against the resolution approving the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and/or the Whitewash Waiver;
- (h) save for the Share Subscription Agreement, there are no agreements or arrangements to which the Subscriber is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Subscription or the Whitewash Waiver;
- (i) none of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (j) save for the Subscription Price for the Subscription Shares payable under the Share Subscription Agreement, none of the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Share Subscription;
- (k) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between, the Subscriber, Ms. Zhao Shu or parties acting in concert with any of them on the one hand and any of the Shareholders on the other hand; and
- (l) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber, Ms. Zhao Shu or parties acting in concert with them on the one hand and the Company, its subsidiaries or associated companies on the other hand.

As at the date of this announcement, the Company confirms that:

- (a) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other hand; and

- (b) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber, Ms. Zhao Shu or parties acting in concert with them on the one hand and the Company, its subsidiaries or associated companies on the other hand.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

The Share Subscription demonstrates the Subscriber's confidence in, and commitment to, the Company's long-term development and growth prospect, and will further strengthen the Company's capital base by raising additional funds for the Group.

The maximum gross proceeds from the Share Subscription will be approximately HK\$4,742,755.2. The maximum net proceeds (after deducting placing commission and other relevant costs and expenses) from the Share Subscription will be approximately HK\$3,362,755.2 and the net subscription price of each Subscription Share will be approximately HK\$0.034.

The net proceeds from the Share Subscription are intended to be used as to (i) approximately 30% of the net proceeds (being approximately HK\$1,008,826.6) for the development of coated products; (ii) approximately 50% of the net proceeds (being approximately HK\$1,681,377.6) for the expansion of overseas markets and (iii) approximately 20% of the net proceeds (being approximately HK\$672,551.0 for general working capital.

Based on the aforesaid, the Directors (other than the Independent Board Committees who will express their views after receiving advice from the Independent Financial Adviser), are of the view that the Share Subscription is fair and reasonable, on normal commercial terms and is in the interests of the Company and its Shareholders (including the Independent Shareholders) as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities involving the issue of its equity securities in the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Share Subscription, assuming that there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date, are set out below:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Subscriber, Ms. Zhao Shu and parties acting, or presumed to be acting, in concert with any of them				
The Subscriber (<i>Note 1</i>)	153,031,609	30.98%	251,839,009	42.48%
Ms. Zhao Shu	<u>24,612,477</u>	<u>4.98%</u>	<u>24,612,477</u>	<u>4.15%</u>
Subtotal	<u>177,644,086</u>	<u>35.96%</u>	<u>276,451,486</u>	<u>46.63%</u>
Other Non-public Shareholders (<i>Note 4</i>)				
EEC Technology Limited (<i>Note 2</i>)	51,075,015	10.34%	51,075,015	8.62%
Fine Treasure Asia Holdings Limited (<i>Note 3</i>)	<u>2,962,474</u>	<u>0.60%</u>	<u>2,962,474</u>	<u>0.50%</u>
Subtotal	54,037,489	10.94%	54,037,489	9.12%
Public Shareholders	<u>262,355,425</u>	<u>53.10%</u>	<u>262,355,425</u>	<u>44.25%</u>
Total	<u>494,037,000</u>	<u>100.00%</u>	<u>592,844,400</u>	<u>100.00%</u>

Notes:

- (1) The Subscriber is wholly owned by Ms. Zhao Shu.
- (2) EEC Technology Limited is wholly owned by Mr. Li Xingwu.
- (3) Fine Treasure Asia Holdings Limited is wholly owned by Mr. Li Ke.
- (4) Save as disclosed, none of the Directors hold shares in the Company.
- (5) The percentage figures as set out above are subject to rounding adjustments.

As at the date of this announcement, other than the 494,037,000 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

APPLICATION FOR LISTING

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber, Ms. Zhao Shu and the parties acting in concert with any of them hold 177,644,086 Shares, representing approximately 35.96% of the issued share capital of the Company. Upon completion of the Share Subscription, the shareholding of the Subscriber, Ms. Zhao Shu and the parties acting in concert with any of them will increase to approximately 46.63% of the issued share capital of the Company.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber, Ms. Zhao Shu and parties acting in concert with any of them), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber, Ms. Zhao Shu and parties acting in concert with any of them) under Rule 26.1 of the Takeovers Code as a result of the allotment and issuance of the Subscription Shares to the Subscriber. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of

the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM. Save for Ms. Zhao Shu, none of the other Directors are involved in the discussion or negotiation of the Subscription.

The Subscriber, Ms. Zhao Shu, its associates, and any parties acting in concert with the Subscriber or Ms. Zhao Shu, and the Shareholders who are involved in or interested in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the date of this announcement, the Company does not believe that the Share Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Share Subscription does not comply with other applicable rules and regulations.

LISTING RULES IMPLICATIONS

As described in the section headed “Information of the Subscriber” in this announcement, the Subscriber directly holds approximately 30.98% of the issued shares of the Company and is a substantial Shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Connected Transaction IBC (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription, namely Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) has been formed to advise the Independent Shareholders as to whether the Share Subscription is fair and reasonable and make recommendation as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Li Xingwu, Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) has also been formed to advise the Independent Shareholders as to whether the Share Subscription and the Whitewash Waiver are fair and reasonable and make recommendation as to voting.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committees as soon as possible to advise the Independent Board Committees and the Independent Shareholders as to whether the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation on voting. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM to be approved by the Independent Shareholders. The Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75%, and the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) will be proposed by way of resolution(s) to be passed by more than 50%, of the votes cast by the Independent Shareholders that are cast either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate); (ii) the Whitewash Waiver; (iii) a letter of advice from the Connected Transaction IBC on the Share Subscription (including the Specific Mandate and the Share Subscription Agreement); (iv) a letter of advice from the Whitewash Waiver IBC on the Share Subscription and the Whitewash Waiver; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders on the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver; and (vi) a notice of EGM together with the form of proxy, is expected to be despatched to Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

The Company will seek the Executive's consent (which may or may not be granted) if it becomes clear that the circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the circular. Further announcement(s) will be made by the Company as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 6 November 2023 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 7 November 2023 following the publication of this announcement.

Since the Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Share Subscription Agreement, the Share Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM. Completion of the Share Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or the PRC) on which licensed banks in Hong Kong and PRC are generally open for business throughout their normal business hours and the Stock Exchange is open for the transaction of business;

“Company”	Denox Environmental & Technology Holdings Limited (迪諾斯環保科技控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the shares of which are listed on the Stock Exchange;
“Completion”	the completion of the Share Subscription pursuant to the terms and conditions of the Share Subscription Agreement;
“Completion Date”	the date on which the Completion takes place pursuant to the terms and conditions of the Share Subscription Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Connected Transaction IBC”	an independent committee of the Board comprising all the independent non-executive Directors who do not have a material interest in the Share Subscription (namely Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) and established pursuant to the requirements of the Listing Rules to advise the Independent Shareholders on the Share Subscription (including the grant of the Specific Mandate);
“Director”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s);
“Group”	the Company and its subsidiaries;
“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 Board Committees”	collectively, the Connected Transaction IBC and the Whitewash Waiver IBC;

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting;
“Independent Shareholders”	Shareholders other than (i) the Subscriber, Ms. Zhao Shu, its associates, and any parties acting in concert with the Subscriber or Ms. Zhao Shu; and (ii) all other Shareholders who are interested or involved in the Share Subscription and/or the Whitewash Waiver (if any);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ms. Zhao Shu”	Ms. Zhao Shu, executive Director of the Company;
“NO _x ”	a generic term for mono-nitrogen oxides (nitric oxide and nitrogen dioxide);
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	Securities and Futures Commission of Hong Kong;
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company;
“Shareholders”	holder(s) of the Share(s);
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Share Subscription Agreement;
“Share Subscription Agreement”	the conditional subscription agreement dated 6 November 2023 and entered into between the Company and the Subscriber in relation to the Share Subscription;

“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Advant Performance Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Zhao Shu. As at the date of this announcement, the Subscriber directly holds approximately 30.98% of the issued shares of the Company and is a substantial Shareholder of the Company, hence a connected person of the Company;
“Subscription Shares”	98,807,400 new Shares to be issued by the Company to the Subscriber pursuant to the Share Subscription Agreement;
“Subscription Price”	HK\$0.048 per Subscription Share;
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time);
“Whitewash Waiver”	the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber, Ms. Zhao Shu and parties acting in concert with any of them) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Share Subscription Agreement; and
“Whitewash Waiver IBC”	an independent committee of the Board comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver (namely Mr. Li Xingwu, Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Mr. Li Min) and established pursuant to the requirements of the Takeovers Code to provide recommendations to the Independent Shareholders on the Share Subscription (including the grant of the Specific Mandate) and the Whitewash Waiver; and

“%”

per cent.

By Order of the Board
Denox Environmental & Technology Holdings Limited
Zhao Shu
Chairlady

Hong Kong, 6 November 2023

As at the date of this notice of meeting, the Board comprises Ms. Zhao Shu and Mr. Li Ke as executive Directors; Mr. Li Xingwu as non-executive Director; and Ms. Chan Yeuk Wa, Mr. Li Min and Mr. Ong Chor Wei as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.