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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)

DISCLOSEABLE TRANSACTION **FINANCE LEASE AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) announces that on 25 October 2023 the Lessee entered into the Finance Lease Agreement with the Lessor, the details of which are set out in this announcement.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Finance Lease Agreement exceed 5% but are all less than 25%, the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

On 25 October 2023, the Lessor and the Lessee entered into the Finance Lease Agreement, pursuant to which (i) the Lessee has agreed to sell the Leased Assets to the Lessor at a consideration of RMB5,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 24 months for a total lease payment of RMB5,362,858.

THE FINANCE LEASE AGREEMENT

Date : 25 October 2023

The seller and the Lessee : (1) Beijing Denox Environmental & Technology Co., Ltd.* (北京迪諾斯環保科技有限公司), an indirect wholly-owned subsidiary of the Company; and

The purchaser and the Lessor : (2) Maxwealth Financial Leasing Co., Ltd* (永贏金融租賃有限公司), an indirect wholly-owned subsidiary of Bank of Ningbo Co., Ltd* (寧波銀行).

Consideration for the sale and purchase of the Leased Assets

The consideration for the sale and purchase of the Leased Assets is RMB5,000,000 (equivalent to approximately HKD5,454,000), which has been agreed after arm's length negotiations between the Lessee and the Lessor with reference to the net book value of the Leased Assets of around RMB9,305,000 (equivalent to approximately HKD10,149,894), and after taking into account various factors, including the age and conditions of the Leased Assets.

The consideration for the purchase of the Leased Assets shall be payable by the Lessor to the Lessee in one lump-sum payment upon the fulfilment of certain conditions under the Finance Lease Agreement, including, among others, (1) the Lessee provides the required guarantees to the satisfaction of the Lessor; (2) the Lessor having received the relevant documentary proof confirming ownership of the Leased Assets; and (3) the Lessee has purchased insurance for the Leased Assets, and the consideration shall be satisfied by internal resources of the Company.

Leaseback arrangement

Pursuant to the Finance Lease Agreement, the Leased Assets will be leased back to the Lessee for a term of 24 months commencing from the day the consideration for the transfer of the Assets has been paid by the Lessor (the "**Lease Period**").

During the Lease Period, the ownership of the Leased Assets shall be vested in the Lessor. Upon the expiry of the Lease Period, the Lessor will transfer the Leased Assets to the Lessee at the consideration of RMB1 in nominal value.

Lease Payment

Under the Finance Lease Agreement, the total lease payment is RMB5,362,858 (equivalent to approximately HKD5,849,806) (the "**Lease Payment**"), including the finance lease principal of RMB5,000,000 (equivalent to approximately HKD5,454,000) and the finance lease interest of RMB362,858 (equivalent to approximately HKD395,806). The finance lease interest rate was calculated at 3.6%, based on the loan prime rate ("**LPR**") announced by the People's Bank of China on the date of execution of the Finance Lease Agreement.

The Lease Payment has been agreed after arm's length negotiations between the parties with reference to the net book value of the Leased Assets and prevailing market prices of the same category of finance lease products in the PRC and shall be payable by 24 equal monthly installments during the Lease Period in which the first installment has already been paid on 14 November 2023.

Guarantee and Security

The guarantee and security arrangements for the Finance Lease Agreement are set out below:

- (1) Each of Gu'an Denox and Ms. Zhao provides joint and several guarantee for the debt of the Lessee under the Finance Lease Agreement.
- (2) The Lessee provides security over the Leased Assets for the debt of the Lessor under the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Group is principally engaged in design, development, manufacture and sales of DeNOx catalysts in the PRC.

The Directors believe that the Group will be able to derive additional liquidity through the financial arrangements under the Finance Lease Agreement and benefit from additional working capital to support its business and finance the operational activities of the Lessee. The proceeds from transactions under the Finance Lease Agreement have been applied towards supplier payment.

The Directors are of the view that the terms and conditions of the Finance Lease Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE FINANCE LEASE AGREEMENT

There will not be any gain or loss accrued to the Company when initially entered into the sale of the Leased Assets under the Finance Lease Agreement, and interest expenses will be incurred over the relevant period.

INFORMATION OF THE PARTIES

The Lessee is an indirect wholly-owned subsidiary of the Company which is principally engaged in design, distribution and sale of the plate-type DeNOx catalysts in the PRC.

The Lessor is a limited liability company established under the laws of the PRC. The Lessor is wholly-owned by Bank of Ningbo Co., Ltd.* (寧波銀行), a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002142). The Lessor is principally engaged in the financial leasing business. The Lessor and its ultimate beneficial owners are Independent Third Parties of the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Finance Lease Agreement exceed 5% but are all less than 25%, the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements set out in Rule 14.33 of the Listing Rules but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company was under the honest but mistaken belief that the entry of the Finance Lease Agreement did not constitute transactions under Chapter 14 of the Listing Rules, and therefore did not make any announcement under Chapter 14 of the Listing Rules at the relevant time.

REMEDIAL ACTIONS

To prevent a recurrence of a similar incident, the Company will adopt the following measures and actions:

1. the Company has published this announcement to inform the Shareholders of the details of the entry of the Finance Lease Agreement;
2. the Company will provide training to the Directors and senior management on, inter alia, compliance with the Listing Rules and other applicable laws and regulations;
3. the Company will further consult external legal advisers, financial advisers and/or the Stock Exchange in case of any doubt on notifiable transactions; and
4. the Company will calculate the size test every time and promptly when any finance and/or finance lease transactions take place.

DEFINITIONS

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

“Board”	the board of Directors;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“DeNOx”	the process of reducing NOx concentration in industrial flue gas emissions;
“Director(s)”	the director(s) of the Company;
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and the Lessee on 25 October 2023
“Group”	the Company and its subsidiaries;
“Gu’An Denox”	Gu’an Denox Environmental Equipment Manufacturing Co., Ltd.* (固安迪諾斯環保設備製造有限公司), a company established under the laws of the PRC with limited liability on 27 August 2010 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any individual(s) who is/are independent of and not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder of the Company and its connected persons;
“Leased Assets”	level 1 or level 2 drying and calcination mesh belt kiln equipment, honey-comb catalyst electric heating mesh belt calcination furnace, electric heating mesh belt hot air drying furnace and single-position feeding quantitative coating machine and supporting system for automated production line
“Lessee”	Beijing Denox Environmental & Technology Co., Ltd.* (北京迪諾斯環保科技有限公司), a company established in the PRC with limited liability on 30 September 2010 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“Lessor”	Maxwealth Financial Leasing Co., Ltd* (永贏金融租賃有限公司), a company established in the PRC with limited liability in May 2015 and is a wholly-owned subsidiary of Bank of Ningbo Co., Ltd* (寧波銀行);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Ms. Zhao”	Ms. Zhao Shu, the chairlady, an executive Director and chief executive officer of our Group and is the controlling Shareholder
“NOx”	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;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
%	per cent.

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.0908 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representation that any amount in RMB or HK\$ have been or may be converted in such rates.

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

Hong Kong, 8 December 2023

As at the date of this announcement, 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.

** For identification purposes only*