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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Denox Environmental & Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 October 2015 (the “**Prospectus**”) and the interim report of the Company for the six months ended 30 June 2020 (the “**Interim Report**”). Unless otherwise defined herein, terms in this announcement shall have the same meaning as defined in the Prospectus and the Interim Report.

CHANGE IN USE OF PROCEEDS

The utilization of the net proceeds and the latest change in use of proceeds and the resulting new allocation for unutilized amount of net proceeds from the Global Offering were summarized as follows:

Purposes	Planned Amount RMB'million	Unutilized amount as at 30 June 2020 RMB'million	Reallocation in	New allocation for unutilized amount of net proceeds RMB'million	Expected timeline for fully utilizing the remaining proceeds (taking into account of the new allocation) (Note)
			use of unutilized net proceeds as at the date of this announcement RMB'million		
Development of DeNOx catalysts for diesel-powered vehicles	78.6	20.6	–	20.6	Fourth quarter of 2024
Acquisition of potential target companies in the Group's industry that can help to expand the Group's market coverage or key raw material suppliers	46.2	24.3	(24.3)	–	N/A
Research and development	17.1	5.1	–	5.1	Fourth quarter of 2024

Purposes	Planned Amount <i>RMB'million</i>	Unutilized amount as at 30 June 2020 <i>RMB'million</i>	Reallocation in	New allocation for unutilized amount of net proceeds <i>RMB'million</i>	Expected timeline for fully utilizing the remaining proceeds (taking into account of the new allocation) <i>(Note)</i>
			use of unutilized net proceeds as at the date of this announcement <i>RMB'million</i>		
Expansion of the Group's sales network and establishment of the Group's regional sales offices in China as well as Europe	6.9	2.1	-	2.1	Fourth quarter of 2024
Replacement of the Group's No. 1 production line	5.1	1.6	(1.6)	-	N/A
Working capital and general corporate purposes	17.1	-	25.9	25.9	Fourth quarter of 2024
Total	<u>171.0</u>	<u>53.7</u>	<u>-</u>	<u>53.7</u>	

Note: The expected timeline for fully utilizing the remaining proceeds was based on the best estimation of the future market conditions made by the Group. It would be subject to change based on the current and future development of market conditions.

Save as disclosed above, the Board confirms that there are no other changes to the use of net proceeds from the Global Offering.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Company has applied part of the net proceeds for acquisition of potential target companies in the Group's industry and replacement of the Group's No. 1 production line. In view of the uncertainties faced by the plate-type catalyst market and the global economy, the Board has resolved that the unutilized net proceeds originally allocated to acquire another potential target companies that can help to expand the Group's market coverage or key raw material suppliers and to add another plate-type production line to its operation are reallocated as working capital and general corporate purpose.

Having considered the above and in view of the outbreak of COVID-19 epidemic in early 2020, the economic outlook and global financial market remain uncertain. The Board has resolved that the re-allocation of the unutilized net proceeds to supplementing working capital and general corporate purposes of the Company would be more in line with the business strategy in order to cope with future economic uncertainty. The Board has considered that the above changes in the use of proceeds will not adversely affect the operation and business of the Group and are in the best interest of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors) confirms that there are no material changes in the nature of business as set out in the Prospectus and the Interim Report and considers that the above changes in the use of proceeds from the Global Offering will facilitate efficient use of the financial resources of the Company and strengthen the future development of the Company and are in the interests of the Company and its Shareholders as a whole.

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

Hong Kong, 28 December 2020

As at the date of this announcement, the Board comprises Ms. Zhao Shu, Mr. Kong Hongjun and Mr. Li Ke as executive Directors; Mr. Li Xingwu and Mr. Teo Yi-Dar as non-executive Directors; and Ms. Chan Yeuk Wa, Mr. Li Min and Mr. Ong Chor Wei as independent non-executive Directors.