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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

References are made to: (1) the prospectus of Denox Environmental & Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 October 2015 (the “**Prospectus**”) in which the original use of the net proceeds at the time of preparing the Prospectus was disclosed; (2) the announcement dated 28 December 2020 in relation to the reallocation of net proceeds (the “**Announcement**”); and (3) the interim report of the Company (the “**Interim Report**”) in which the utilization of the net proceeds up to 30 June 2022 was disclosed. Unless otherwise defined herein, capitalized terms in this announcement shall have the same meaning as defined in the Prospectus, the Announcement and the Interim Report.

CHANGE IN USE OF PROCEEDS

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

Purposes	Original	Re-allocation of net proceeds as at 28 December 2020	Unutilized amount as at 30 June 2022	Utilized net proceed at the date of this announcement	Unutilized net proceeds at the date of this announcement	Reallocation in	New allocation for unutilized amount of net proceeds	Expected timeline for fully utilizing the remaining proceeds (taking into account of the new allocation) <i>(Note)</i>
	allocation of net proceeds as stated in the Prospectus					use of proceeds as at the date of this announcement		
Development of DeNOx catalysts for diesel-powered vehicles	78.6	78.6	3.5	75.1	3.5	(3.5)	-	N/A

Purposes	Original	Re-allocation of net proceeds as at 28 December 2020	Unutilized amount as at 30 June 2022	Utilized net proceed at the date of this announcement	Unutilized net proceeds at the date of this announcement	Reallocation in	New allocation for unutilized amount of net proceeds	Expected timeline for fully utilizing the remaining proceeds (taking into account of the new allocation) <i>(Note)</i>
	allocation of net proceeds as stated in the Prospectus <i>RMB'million</i>					use of proceeds as at the date of this announcement <i>RMB'million</i>		
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	21.9	-	21.9	-	-	-	N/A
Research and development	17.1	17.1	-	17.1	-	-	16.1	Fourth quarter of 2025
Expansion of the Group's sales network and establishment of the Group's regional sales offices in China as well as Europe	6.9	6.9	1	5.9	1	(1)	-	N/A
Replacement of the Group's No. 1 production line	5.1	3.5	-	3.5	-	-	-	N/A
Working capital and general corporate purposes	17.1	43	21.9	21.4	21.6	(11.6)	10	Fourth quarter of 2025
Total	171.0	171.0	26.4	144.9	26.1	16.1	26.1	

Note: The expected timeline for utilising the remaining proceeds has been extended from the fourth quarter of 2024 to the fourth quarter of 2025. It was based on the best estimation of the future market conditions made by the Group. It would be subject to further subsequent changes based on the current and future development of market conditions that will affect the business condition of the Company.

As at the date of this announcement, the Company has utilized approximately RMB144.9 million of the net proceeds. The amount of net proceeds which remain unutilized was approximately RMB26.1 million.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Taking into account of the actual business situation, the Company decided to further strengthen on the new product development, in order to enhance the Company's technological research and development capabilities and future product profitability. The board (the "Board") of directors (the

“**Directors**”) of the Company has decided to further adjust the use of the unutilized proceeds as at the date of this announcement, including: (1) all unutilized proceeds for development of DeNOx catalysts for diesel-powered vehicles; (2) all unutilized proceeds for expansion of the Group’s sales network and establishment of the Group’s regional sales offices in China and Europe; and (3) partial of the unutilized proceeds of working capital and general corporate purposes. The total unutilized proceeds as of the date of this announcement in the total amount of RMB26.1 million are reallocated to: (1) RMB16.1 million for research and development and (2) RMB10.0 million for working capital and general corporate purposes.

Due to the impact to the outbreak of Covid-19 pandemic in China, as well as the economic outlook and global financial market conditions, the Board has decided that, the proposed further reallocation of proceeds is more conducive to the future business development of the Company and enhance the profitability of the Company.

The Board (including the independent non-executive directors) confirmed that there had been no significant changes to the principal business nature of the Company. It is considered that the above changes in the use of the net proceeds will promote the efficient use of the Company’s financial resources and enhance the future development of the Company in the overall interest of the Company and its shareholders.

The Board will continuously assess the plan for the use of the unutilized net proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 28 December 2022

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 Directors; and Ms. Chan Yeuk Wa, Mr. Li Min and Mr. Ong Chor Wei as independent non-executive Directors.