

23 November 2020
National Stock Exchange of Australia Limited
1 Bligh Street
Sydney NSW 2000

Attention: Mr. John Williams, Head of Admissions By email: john.williams@nsx.com.au

We refer to your letter dated 17 November 2020 in relation to the conditional approval for the admission of Aobo Environmental Technology Limited (**Aobo** or **Company**) to the Official List of NSX and provide the following responses.

A) The Company to provide pre-quotation disclosure

1. confirming the status of its business activities, including any impacts or additional risks that have arisen from the evolving COVID-19 pandemic, the political situation in Hong Kong, and trade situation in the jurisdictions that the Company operates.

Aobo's principal business activities include manufacturing and selling of air treatment solutions for industrial applications, and battery energy storage systems in both the People's Republic of China (PRC) and international markets such as Australia and Europe. There have been no significant changes in the nature of the activities of the Company in 2020.

The construction of a new manufacturing facility in Wuxi China is nearing completion and construction has not been materially affected by COVID-19. Construction is proceeding according to the plan. Main buildings are now completed, and road construction, in and out of the manufacturing facility, is in progress. It is expected that the new manufacturing facility will commence operations in the first quarter of 2021.

Impact of COVID-19

After the COVID-19 outbreak in 2020, the Group is paying close attention to the development of, and the disruption to business and economic activities caused by the outbreak and its potential impact on the Company's financial position, cash flows and operating results.

The global economy has been adversely affected by COVID-19 and as a result is either slowing down or in recession in 2020. As uncertainty increases, the Company may experience reduce market demand and therefore a reduced growth rate. It is therefore possible Aobo will see adverse impacts on its revenues and operating performance in the short term.

Due to COVID-19, customers are being more cautious about new projects or new investments which drive their demand for the Company's products. The epidemic has also interrupted international travel. Therefore, some projects or orders, which Aobo had negotiated or obtained before the epidemic, are being postponed or cancelled. That has adversely affected Aobo's business performance in the first half of 2020.

Aobo participates in industry related trade fairs to promote its products and to attract new customers. Due to COVID-19, many of those events have been postponed or cancelled, which negatively impacted Aobo's market development plan.

Other than the COVID19 impact outlined above, Aobo's main risk factors have not changed significantly. With the effective control of COVID-19 in China improved, the Company's operations are returning to a more normal pre COVID-19 status.

Political impact

The Hong Kong National Security Law legislation was passed on 30 June 2020 (**Law**). The Law imposes strict measures and prohibits acts of secession, subversion, terrorism and collusion with foreign forces with heavy penalties. Any future impacts of the passing of the Law are unclear. The Company does not expect any significant impact arising from the political situation in Hong Kong on its business operation.

Trade situation

There have been some disruptions to the bilateral trade relationship between Australia and China in 2020. The Company closely monitors the development of trade situation and assesses its impact on the Company's energy storage business in Australia. On 15 November 2020, Australia has joined the Regional Comprehensive Economic Partnership (RCEP) which includes China and Japan.

Australia remains a main market for the Company's battery energy storage systems. Aobo has established close relationship with its distributors or customers in Australia and maintained regular communication with them. The Company has been able to secure further sales orders from Australia and to ship energy storage products to Australia despite COVID-19 and trade tensions.

2. The relationships between the Company and its suppliers

The Company has a stable and long-term relationship with its suppliers.

There are some Customers-Suppliers cross relationships. For example, customers that are principally engaged in manufacturing and sale of lithium-ion batteries purchase Aobo's air treatment products for industrial application in their manufacturing process, and in turn Aobo purchases lithium batteries from these customers for the production of the Company's battery energy storage systems. Such close business relationship enables the Company to procure high quality lithium batteries from those Customers-Suppliers at a price below that of the wholesale market price and at a quantity below the standard minimum order quantities required by suppliers.

3. Current status of bank loans

The Company has reduced its total amount of bank loans from RMB 33 million to RMB 28 million. The details of current bank loans are outlined below

Lender	Loan type	Amount of loan(RMB)	Expiry of loan	Interest rate	Security
Agricultural Bank of China, Wuxi Huishan Branch	Current loan	3,000,000	21 October 2021	4.350%	Joint personal liability guarantee provided by Zhang Jiangang & Mu Xianhong
Jiangsu Bank, Wuxi Helie Branch	Current loan	15,000,000	15 April 2021	4.785%	1. Joint liability guarantee provided by Zhang Jiangang & Mu Xianhong 2. Mortgage over land owned by the Company
Jiangsu Bank, Wuxi Helie Branch	Current loan	5,000,000	26 July 2021	4.785%	1. Joint liability guarantee provided by Zhang Jiangang & Mu Xianhong 2. Mortgage over land owned by the Company
Ningbo Bank, Wuxi Huishan Branch	Current loan	5,000,000	14 January 2021	4.785%	Joint personal liability guarantee provided by Zhang Jiangang & Mu Xianhong

4. Clarifying that the Wuxi manufacturing facility will not be financed out of the current capital raising.

The Company confirms that the proceeds raised under the Offer will not be used for construction of the new manufacturing facility in Wuxi. The Company seeks to finance construction costs through cash receipts from its business operation and, if required, external financing.

B) Confirmation that the offer has been closed and the shares offered under the offer have been allotted

The Company confirms that the offer has been closed and the shares under the offer have been allotted.

C) Confirmation of the spread of shareholders with at least 25% of shares being held in public hands as outlined in Listing Rule 3.9, and

The Company confirms approximately 29.0% of the Company's shares are in public hands, based on the below calculation:

	Shares	%
Total in Non-Public Hands	137,256,000	71.0%
Total in Public Hands	55,976,000	29.0%

D) Finalisation of the share register and share registry reports including confirmation of holding locks being in place being provided.

The Company confirms that share registry and reports are finalised and holding locks will be in place commencing on the date on which quotation of securities commences.



Andrew Smith
Chairman
Aobo Environmental Technology Limited