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**CHINA ENVIRONMENTAL TECHNOLOGY
HOLDINGS LIMITED**

中國環保科技控股有限公司

Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF 51% EQUITY INTEREST IN
THE TARGET COMPANY AND BUSINESS STRATEGY
OF THE GROUP**

THE ACQUISITION

The Board is pleased to announce that on 28 November 2021, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, 51% equity interest in the Target Company at a consideration of HK\$100,000, which shall be satisfied in cash.

Upon Completion of the Acquisition, the Company will hold 51% of the Target Company. The financial results of the Target Company will be consolidated as an indirect non-wholly-owned subsidiary in the accounts of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Acquisition is more than 5% but less than 25%, and the Consideration will be satisfied by cash, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements thereunder.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SALE AND PURCHASE AGREEMENT

Date : 28 November 2021

Parties : Winsum Investment Limited,
as the Purchaser
Zhong Shen Cambodia and Ms. Caiyun Yang
as the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquire, the Target Company, the Vendors and its ultimate beneficial owners as well as all equity and beneficial holders of the subsidiaries of the Target Company are independent third parties of the Company and its connected persons.

Assets to be acquired

The Purchaser has conditionally agreed to acquire from the Vendors, and the Vendors have conditionally agreed to sell to the Purchaser, the Acquired Shares, which represents 51% of the equity interest in the Target Company.

Prior to the Acquisition, the Target Company is equally held by Zhong Shen Cambodia and Ms. Caiyun Yang.

Consideration

The Consideration for the Acquired Shares is HK\$100,000, which shall be satisfied in cash on Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors, having considered (i) the pro forma unaudited equity attributable to the owners of the Target Company as at 31 October 2021 of approximately RMB453,000; (ii) the fair value of the net assets value of the Target Group as at 31 October 2021; and (iii) the prevailing market sentiment. Considering 51% unaudited pro forma equity attributable to the owners of the Target Company as at 31 October 2021 was approximately HK\$281,000, to which the Consideration represents a discount of approximately 64.5%. Having considered the factors taken into account by the parties in arriving at the Consideration, the Directors are of the view that the Consideration is fair and reasonable.

It is expected that the Consideration will be funded by the Group's internal resources.

Conditions Precedent

The Completion is subject to and conditional upon, amongst others:

- (i) the legal and financial due diligence conducted by the Purchaser over Target Company, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Company, being completed with results to the reasonable satisfaction of the Purchaser at its sole discretion;
- (ii) the representations and warranties contained in the Share Purchase Agreement remaining true and accurate in all material respects, including but not limited to the service contracts and business arrangements between the Target Company and its business partners, including but not limited to National Stem Cell Translational Resource Center (國家幹細胞轉化資源庫 or "NSCTRC") and Guangzhou Biomedical and Health Research Center of the Chinese Academy of Sciences* (中國科學院廣州生物醫藥與健康研究院 or "GBHRC"), will not be affected due to the acquisition;
- (iii) Mr. Shengbiao Zhang of the Target Group having entered into an executive service agreement with the Group;
- (iv) the appointment of the executive Directors of the Group to the board of all companies in the Target Group, which the executive Directors of the Group forms majority directors of the board of all companies in the Target Group;
- (v) the Purchaser having reasonably satisfied that there has not been any material adverse change on the Target Group since the date of the Sale and Purchase Agreement;
- (vi) the obtaining of a valuation report from a firm of independent professional valuers appointed by the Purchaser showing the value of the net asset attributable to

the owners of the Target Group as at 31 October 2021 to be not less than HK\$196,000; and

(vii) all regulatory and legal approvals therefore shall have been obtained to reflect all the changes in equity holdings and directorship of all the companies of the Target Group.

All conditions (except condition (vii)) are capable of being waived by the Purchaser. If any of the conditions is not satisfied or waived (as the case may be) on or before the Long Stop Date, the Sale and Purchase Agreement shall lapse and be of no further effect, and neither the Purchaser nor the Vendors shall have any liability and obligation to each other save for any antecedent breaches.

Service Agreement

Upon Completion, the Group and Mr. Shengbiao Zhang, one of the Vendors, shall enter into an executive service agreement, for a term of three years from the Completion Date.

The Company believes that Mr. Shengbiao Zhang's continued involvement in the management team of the Target Group would be highly conducive to the smooth operation and business growth of the Target Group and its integration into the Group following the Completion.

Completion

Completion is to take place on the third Business Day upon satisfaction or waiver (as the case may be) of the conditions under the Sale and Purchase Agreement, or such other date as the Purchaser and the Vendor may agree in writing.

Upon Completion, the Target Company will become an indirect 51% non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group's financial statements. The Vendors will hold the remaining 49% shareholding of the Target Company.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company, which are equally owned by the Vendors. The principal business of the Target Group are biological cell repository services, biological cold chain logistics, biotech consultancy services, sale and exchange and promotion of biotech technologies and sale of medical devices, biotech materials and healthcare products.

The Target Group is the cooperation partner of NSCTRC responsible for market promotion and operation management of the stored cell samples for NSCTRC. At the date of the announcement, the Target Group represents to the Board that they are the only cooperation partner of NSCTRC in this area.

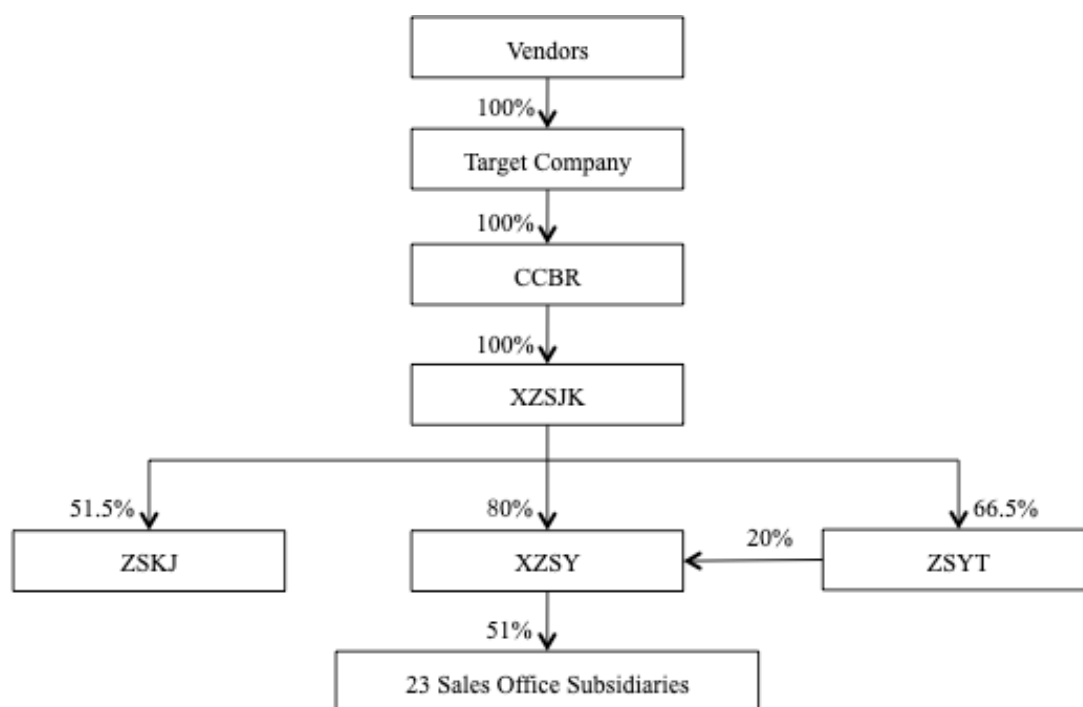
In addition, the Target Group develops its own cold chain logistics system, which includes but not limited to proprietary designed refrigerated trucks specifically for stem cell preparation and transportation and a mobile APP to track the delivery status and repository status of biological cells.

Further, the Target Group had entered into cooperation agreements with GBHRC to operate and promote products developed and solutions provided by GBHRC. The Target Group also co-develops training programs and repository services related to urine stem cell with GBHRC.

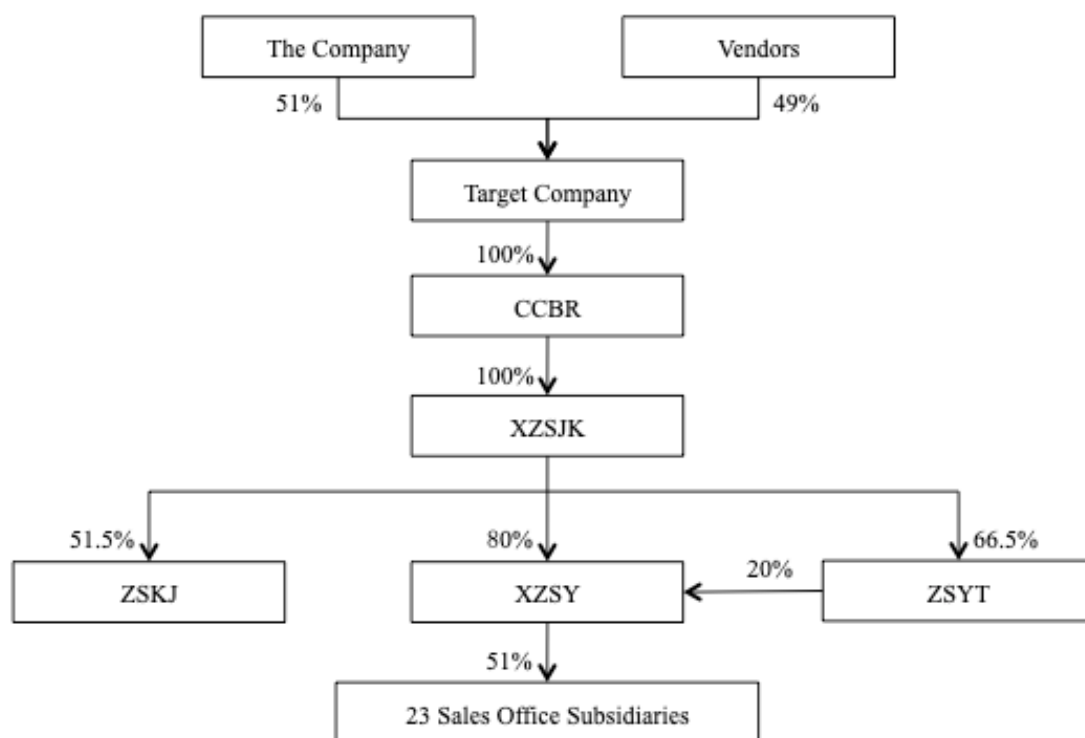
In addition, the Target Group has signed a letter of intention with the government of Wujiang District, Shaoguan City, Guangdong Province, of which the Target Group will cooperate with other partners to invest in the construction of the National Primate Reserve Experimental Center of NSCTRC in Wujiang District, Shaoguan, Guangdong Province.

Corporate structures of the Group and the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the simplified shareholding structure of the Group immediately after the Completion:



Financial information of the Target Group

The Target Company was incorporated on 6 July 2021. All the equity interests in the subsidiaries of the Target Group were transferred either from the Vendors and/or its controlled companies or connected persons at nominal value to the Target Group after the Target Company was incorporated. Set out below is the summary of key unaudited pro forma consolidated financial information of the Target Group for the year ended 31 December 2020 and for the 10 months period ended 31 October 2021 as if the Target Group existed as at 1 January 2020:

	For the year ended 31 December 2020 RMB	For the 10 months period ended 31 October 2021 RMB
Revenue	2,943	864,513
Operating losses	1,378,195	3,083,306

The unaudited pro forma consolidated total assets and net assets attributable to the owners of the Target Company as at 31 October 2021 amounted to approximately RMB8,769,000 and RMB453,000, respectively.

BUSINESS STRATEGY OF THE GROUP

As mentioned in the Group's interim report to the shareholders, the Group focuses on sorting out the business priorities in the biotechnology field and the relevance of supporting services, especially in the storage, testing, and training of biotechnology supporting services. In view of the current financial position of the Group, the Board has decided to change its current health related business from performing researches in stem cell for developing new drugs and servicing cell related researches to focus in expanding its capabilities in servicing the cell and other biomedical industry sector. The change in such focus would allow the Group to generate health related products and services revenue in near future while significantly reduce cash outflows in performing researches as well as reduce significant business risks to the Group. The Board believes that such change in focus would increase the overall revenue and bring better cash flows to the Group, which allows the Group to turn around into profit making in a very near future.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board is of the view that by entering into the Sale and Purchase Agreement, the Acquisition will expand the Group's capabilities in servicing the cell biotech industry. Since there are only few players in cell biotech service industry, all of which are not sizeable at this moment, the Board believes that the Acquisition can bring the Group to be one of the lead players in this industry sector and enable the Group to capture a significant portion of the market share. The Board considers this is a good business outlook and prospect for the Group, which can also potentially increase the Group's revenue base and strengthen the Group's position in the biomedical sector.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“23 Sales Office Subsidiaries”	means the following 23 subsidiaries, all registered in the PRC and majority directly or indirectly hold by XZSY: Shaanxi Zhongshen Cold Chain Logistics Co., Ltd* (陝西中深冷鏈物流有限公司) Hainan Zhongshen Cold Chain Logistics Co., Ltd* (海南中深冷鏈物流有限公司) Guangxi Zhongshen Cold Chain Logistics Co., Ltd* (廣西中深冷鏈物流有限公司) Changsha Zhongshen Cold Chain Logistics Co., Ltd* (長沙中深冷鏈物流有限公司) Hunan Zongshenyin Cold Chain Logistics Co., Ltd* (湖南中深冷鏈物流有限公司) Guangzhou Zhongshen Cold Chain Logistics Co., Ltd* (廣州中深冷鏈物流有限公司) Yunnan Zhongshen Cold Chain Logistics Co., Ltd* (雲南中深冷鏈物流有限公司) Shanxi Zhongshen Cold Chain Logistics Co., Ltd* (山西中深冷鏈物流有限公司) Shandong Zhongshen Cold Chain Logistics Co., Ltd* (山東中深冷鏈物流有限公司) Hubei Zhongshen Cold Chain Logistics Co., Ltd* (湖北中深冷鏈物流有限公司) Tianjin Zhongshen Cold Chain Logistics Co., Ltd* (天津中深冷鏈物流有限公司) Anhui Zongshenyin Cold Chain Logistics Co., Ltd* (安徽縱深垠冷鏈物流有限公司) Guizhou Zongshenyin Cold Chain Logistics Co., Ltd* (貴州縱深垠冷鏈物流有限公司) Xiamen Zongshenyin Cold Chain Logistics Co., Ltd* (廈門縱深垠冷鏈物流有限公司) Sichuan Xinzongshenyin Technology Co., Ltd* (四川欣縱深垠科技有限公司) Chongqing Xinzongshenyin Technology Co., Ltd* (重慶欣縱深垠科技有限公司) Nanchang Xinzongshenyin Technology Co., Ltd* (南昌欣縱深垠科技有限公司) Shanghai Xinzongshenyin Technology Co., Ltd* (上海欣縱深垠科技有限公司) Xinjiang Xinzongshenyin Technology Co., Ltd* (新疆欣縱深垠科技有限公司) Beijing Xinzongshenyin Technology Co., Ltd* (北京欣縱深垠科技有限公司) Xinzongshenyin (Jiaxing) Technology Co., Ltd* (欣縱深垠(嘉興)科技有限公司) Xinzongshenyin (Nanjing) Technology Co., Ltd* (欣縱深垠(南京)科技有限公司) Hangzhou Xinmeizhao Biotechnology Co., Ltd* (杭州欣美兆生物科技有限公司)
“Acquired Shares”	means 5,100 shares of the Target Company, which represents 51% equity interest of the Target Company. Such 5,100 shares are equally shared between the Vendors.
“Acquisition”	means the acquisition of the Acquired Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement.
"Board"	means board of Directors.
“BVI”	means British Virgin Islands

“CCBR”	menas Cambodia-CHN Biological Research Co., Ltd., a company incorporated in Hong Kong, and 100% directly owned by the Target Company.
“Company”	means China Environmental Technology Holdings Limited, a company incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 00646).
“Completion”	means completion of the acquisition of the Acquired Shares in accordance with the terms of the Sale and Purchase Agreement.
“connected person”	has the meaning ascribed to it under the Listing Rules.
“Consideration”	means HK\$100,000 payable by the Purchaser to the Vendors for the Acquired Shares pursuant to the terms of the Sale and Purchase Agreement.
“Director(s)”	means director(s) of the Company.
“GBHRC”	means Guangzhou Biomedical and Health Research Center of the Chinese Academy of Sciences* (中國科學院廣州生物醫藥與健康研究院)
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	means 31 January 2022;
“Ms. Caiyun Yang”	means Ms. Caiyun Yang, a holder of PRC passport.
“PRC”	the People’s Republic of China;
“Purchaser”	means Winsum Investment Limited, a company incorporated under the laws of British Virgin Islands which is a wholly-owned subsidiary of the Company.
“NSCTRC”	means National Stem Cell Translational Resource Center (國家幹細胞轉化資源庫), a stem cell repository managed by Shanghai Oriental Hospital (上海東方醫院).

“Sale and Purchase Agreement”	means the Sale and Purchase Agreement dated 28 November 2021 entered into between the Purchaser and the Vendor.
“Share(s)”	means the issued share(s) of the Company.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“Target Company”	means Cambodia-CHN Biological Research Holdings Co., Limited, a company incorporated under the laws of the British Virgin Islands and is equally held by Zhong Shen Cambodia and Ms. Caiyun Yang before the Completion.
“Target Group”	means the Target Company, CCBR, XZSJK, XZSY, ZSKJ, ZSYT and 23 Sales Offices Subsidiaries.
“Vendors”	means Zhong Shen Cambodia and Ms. Caiyun Yang.
“XZSJK”	Xinzhongshen (Shenzhen) Healthcare Technology Service Co., Ltd.* (欣中深(深圳)健康技術服務有限公司), a company registered in the PRC and is 100% directly owned by CCBR.
“XZSY”	means Shenzhen Xinzongshenyin Technology Co., Ltd.* (深圳市欣縱深垠科技有限公司), a company registered in the PRC and is 80% owned by XZSJK and 20% owned by ZSYT.
“Zhong Shen Cambodia”	means Zhong Shen Mei Zhao Sheng Wu Ke Ji Jian Kang Tou Zi Guan Li Co., Ltd., a company incorporated in the Kingdom of Cambodia and is 95% owned by Mr. Shengbiao Zhang. Mr. Shengbiao Zhang is a holder of Kingdom of Cambodia passport.
“ZSKJ”	means Zhongshen Kangjian Biotechnology (Shenzhen) Co., Ltd.*(中深康健生物科技(深圳)有限公司), a company registered in the PRC, and is owned by XZSJK, Guangzhou Zhongke Saiensi Technology Development Co., Ltd.* (廣州中科賽恩斯科技發展有限公司) and Mr. Sanguo Chen with 51.5%, 25% and 23.5% shareholding, respectively. Guangzhou Zhongke Saiensi Technology Development Co., Ltd.* (廣州中科賽恩斯科技發展有限公司) is a wholly owned subsidiary of GBHRC.

“ZSYT” means Shenzhen Zongshenyin Technology Co., Ltd.* (深圳縱深垠科技有限公司), a company registered in the PRC, and is 66.5% owned by XZSJK and 33.5% owned by Mr. Sanguo Chen.

“%” means per cent.

** For identification purposes only.*

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
China Environmental Technology Holdings Limited
Xu Jingping
Chairman

Hong Kong, 28 November 2021

As at the date of this announcement, the executive directors are Mr. Xu Jingping, Mr. Xu Zhongping, Mr. Yang Baodong and Ms. Hu Yueyue; the non-executive director is Mr. Ma Tianfu; and the independent non-executive directors are Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun.