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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 DISPOSAL OF 51% EQUITY INTEREST IN  
THE TARGET GROUP  
AND CHANGE OF CHIEF EXECUTIVE OFFICER**

**THE DISPOSAL**

On 1 June 2022 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the 51% equity interest in the Target Company at a consideration of HK\$100,000, which shall be satisfied in cash. Upon Completion of the Disposal, the Company will not hold any interest in the Target Company and the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

**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 Disposal is more than 5% but less than 25%, and the Consideration will be satisfied by cash, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements thereunder.

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 1 June 2022  
**Parties:** Winsum Investment Limited,  
*as the Vendor*  
Mr. Tong Yiliang  
*as the Purchaser*

To the best of the Directors' knowledge, information and belief, having made all reasonable enquire, the Purchaser is an independent third party of the Company and its connected persons.

### ***Assets to be disposed***

The Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Vendor, the Disposed Shares, which represent 51% of the equity interest in the Target Company. Any returns (whether positive or negative) generated by the Target Group in the period between 4 January 2022 and the Completion should belong to or be borne by the Purchaser.

Immediately prior to the Disposal, the Company indirectly held 51% equity interest in the Target Company.

### ***Consideration***

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

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser. Considering the net assets value of the Target Group as at 31 December 2021 was approximately HK\$5,000, the Directors are of the view that the Consideration is fair and reasonable.

### ***Completion***

Completion is to take place on the Business Day upon the passing of necessary resolutions by the Vendor and the Company approving the Sale and Purchase Agreement, or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Company will not hold any interest in the Target Company and the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

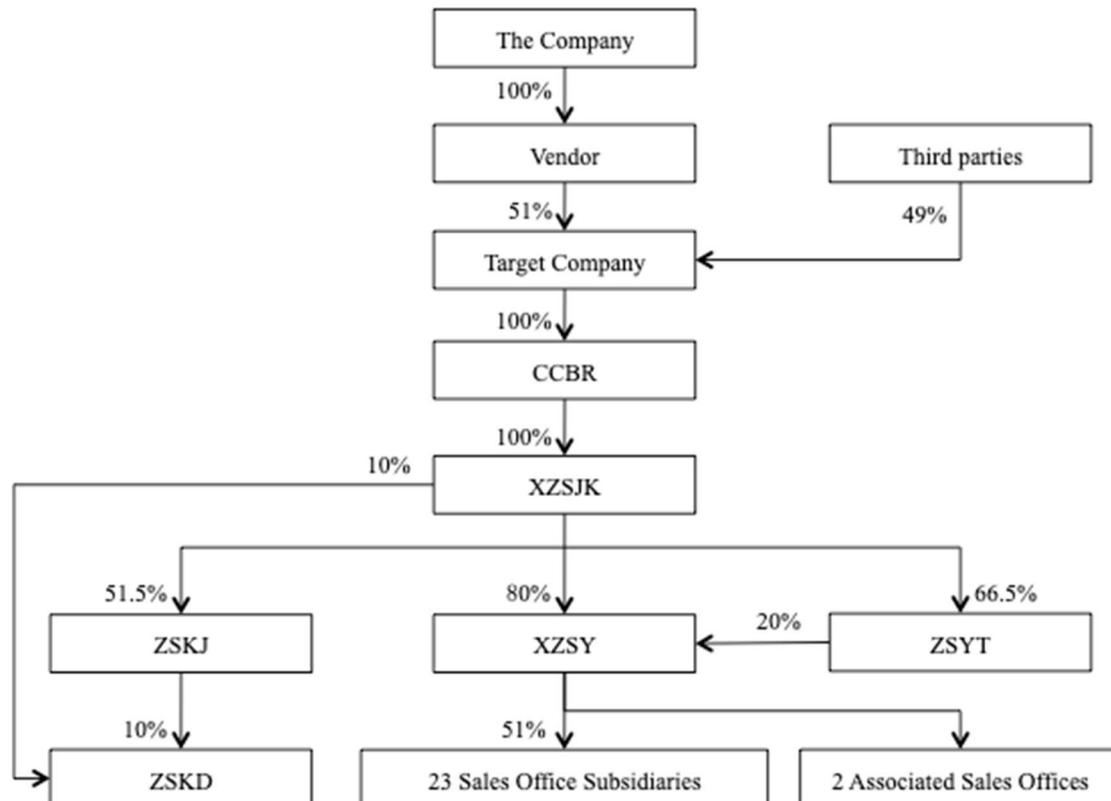
## **INFORMATION ON THE TARGET GROUP**

The Target Company is an investment holding company incorporated under the laws of the British Virgin Islands. As at the date of this announcement, the Company

indirectly owns 51% equity interest in the Target Company. The principal businesses 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.

**Corporate structures of the Group and the Target Group**

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



**Financial information of the Target Group**

Set out below is the summary of the key unaudited consolidated financial information of the Target Group for the year ended 31 December 2021 and key unaudited pro forma consolidated financial information of the Target Group for the year ended 31 December 2020 as if the Target Group existed as at 1 January 2020:

	For the year ended 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>
Revenue	1,174	3
Operating losses	4,039	1,378

The unaudited consolidated total assets and net assets of the Target Group as at 31 December 2021 amounted to approximately RMB 9,076,000 and RMB 6,000, respectively.

Since the Target Group was acquired by the Group in early 2022, the above unaudited consolidated financial information of the Target Group was not consolidated in the audited consolidated financial statements of the Group for the year ended 31 December 2020 and 2021.

## **INFORMATION ON THE GROUP AND THE REMAINING GROUP**

The principal activity of the Company is investment holding and the Group is principally engaged in the business of wastewater treatment and health related products and services in the PRC. Upon Completion, the Remaining Group will cease all its operations in health related products and services and will concentrate all the Group's resources in the business of wastewater treatment and other environmental protection businesses. As disclosed in the Company's annual reports of 2020 and 2021, the wastewater treatment segment contributed revenue of approximately HK\$53,500,000 and HK\$44,611,000 for the years ended 31 December 2020 and 2021 respectively, which represented approximately 100% of the Group's revenue for the years ended 31 December 2020 and 2021. Although the Group's revenue from wastewater treatment decreased in 2021 due to the epidemic, the Group is still optimistic about the future of the wastewater treatment business based on the proposal of the national 3060 carbon peaking and carbon neutrality goals and the continuous in-depth development of the environmental protection industry. The Group will continue to make efforts in brand building, market channel build-up and business synergy to expand the scale and competitiveness of the Group's environmental protection business, and strive to achieve breakthroughs in the development and application of the synergistic combination technology of magnetic coagulation technology and the application of comprehensive sewage treatment technology, and develop into a comprehensive environmental protection technology provider.

### ***Financial effect of the Disposal***

Based on the Consideration of HK\$100,000 and the unaudited net assets of the Target Group of approximately HK\$5,000 as at 31 December 2021, it is expected that the net proceeds from the Disposal shall be less than HK\$100,000.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group acquired the Target Group earlier this year with the expectation that the Target Group can generate revenue in the near future and bring better cash flows to the Group. However, the Target Group failed to meet the Group's expectation and therefore, the Board decided to dispose the Target Group to avoid further losses or cash outflows of the Group.

Further, after few years of trial in healthcare business without success, the Board decided not to proceed with further investments in healthcare business and will concentrate all the Group resources in its environmental protection businesses.

## **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 Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **CHANGE OF CHIEF EXECUTIVE OFFICER**

The Board hereby announced that, as the Group exited entirely from the Healthcare sector, to make working adjustment according to the working requirements at the senior management level, Mr. Shengbiao Zhang has ceased to serve as the Chief Executive Officer of the Company and the Group with effect from 1 June 2022, and as a transitional work arrangement, Mr. Xu Zhongping, the executive Director of the Company, has been appointed as the Chief Executive Officer of the Company.

The Board has confirmed that there is no disagreement with Mr. Shengbiao Zhang and there is no matter relating to his re-designation that needs to be brought to the attention of the Shareholders and the Stock Exchange. The Company would like to take this opportunity to express its appreciation for the valuable contribution of Mr. Shengbiao Zhang towards the Company during his tenure of service as the Chief Executive Officer. Mr. Shengbiao Zhang will continue to serve as a director of the Target Group.

The biographical details of Mr. Xu Zhongping are set out below:

Mr. Xu Zhongping, aged 59, brother of Mr. Xu Jingping (Chairman and executive Director of the Company), graduated from Nanjing University of Finance and Economics with a bachelor's degree. Mr. Xu Zhongping has over 30 years of experience in corporate management, business investment and international economic strategic cooperation.

He independently created the famous domestic fashion brand Yinmeng Fashion in the 1990s, and cooperated with China New Technology Venture Capital Corporation (中

國新技術創業投資公司) to establish the most famous department store Beijing Scitech Plaza after the reform and opening-up, serving as its first managing director. He led the introduction of the largest supermarket chain, Carrefour, in France into China, serving as vice chairman and vice president on behalf of the Chinese side, and set up nearly 100 Carrefour supermarkets in Beijing, Shanghai and other major capital cities. He served as an executive director of the China International Economic and

Cultural Promotion Association in Hong Kong, promoting hundreds of economic and cultural exchanges between Hong Kong and the Mainland.

## 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 Xinzongshenyin Technology Co., Ltd\*  
(湖南欣縱深垠科技有限公司)
- 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 Technology (Nanjing) Co., Ltd\*  
(欣縱深垠科技(南京)有限公司)
- Henan Xinzongshenyin Biotechnology Co., Ltd\*  
(河南欣縱深垠生物科技有限公司)

“2 Associated Sales Offices”	means the following 2 companies: Hangzhou Xinzongshenyin Technology Co., Ltd* (杭州欣縱深垠科技有限公司), a company registered in the PRC, and is owned by Hainan Shuming Investment Company Limited* (an independent third party of the Company) and XZSY with 51% and 49% shareholding, respectively; and Hunan Aibeikang Healthy Technology Co., Ltd (湖南愛備康健康科技有限公司), a company jointly established by XZSY and five other companies, which are all independent third parties of the Company, in the PRC, in which XZSY holds 22% equity interest.
"Board"	means board of Directors.
“BVI”	means British Virgin Islands
“CCBR”	means 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 disposal of the Disposed 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 Disposed Shares pursuant to the terms of the Sale and Purchase Agreement.
“Director(s)”	means director(s) of the Company.
“Disposal”	means the disposal of the Disposed Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.
“Disposed Shares”	means 5,100 shares of the Target Company, which represents 51% equity interest of the Target Company.
“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 30 June 2022.
“PRC”	the People’s Republic of China.
“Purchaser”	Mr. Tong Yiliang, a PRC resident.
“Remaining Group”	means the Group immediately after Completion.

“Sale and Purchase Agreement”	means the Sale and Purchase Agreement dated 1 June 2022 entered into between the Vendor and the Purchaser.
“Share(s)”	means the issued share(s) of the Company.
“Shareholders”	means the shareholders 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 in which the Company indirectly holds 51% equity interests before the Completion.
“Target Group”	means the Target Company, CCBR, XZSJK, XZSY, ZSKJ, ZSYT and 23 Sales Offices Subsidiaries.
“Vendor”	means Winsum Investment Limited, a company incorporated under the laws of British Virgin Islands which is a wholly-owned subsidiary of the Company.
“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.
“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.
“ZSKD”	means Zhongshen Kangde (Guandong) Biotechnology Company Limited.*(中深康德(广东)生物科技有限公司), a company registered in the PRC, and is owned by Lixing Zhongtian Investment Company Limited*, XZSJK, ZSKJ and Shenzhen Zhengtian Corporate Development Company Limited* with 76%, 10%, 10% and 4% shareholding, respectively.
	Lixing Zhongtian Investment Company Limited* is a company majority owned by Mr. Zhang Zihong, a substantial shareholder of the Company.
“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 Jinping**  
*Chairman*

Hong Kong, 1 June 2022

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