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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

THE ACQUISITION

On 28 April 2017 (after trading hours), the Purchaser, Changzhou Company, Shandong Company and Shanghai Company entered into the Agreement, pursuant to which the Purchaser has agreed to acquire for and Changzhou Company and Shandong Company have agreed to dispose of approximately 52.02% equity interest of the Target Company in aggregate.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that, on 28 April 2017 (after trading hours), the Purchaser, Changzhou Company, Shandong Company and Shanghai Company entered into the Agreement, pursuant to which the Purchaser has agreed to acquire for and Changzhou Company and Shandong Company have agreed to dispose of approximately 52.02% equity interest of the Target Company in aggregate.

THE ACQUISITION

Set out below are the principal terms of the Agreement:

Date

28 April 2017

Parties involved

- (i) the Purchaser;
- (ii) Changzhou Company (as one of the vendors);
- (iii) Shandong Company (as one of the vendors); and
- (iv) Shanghai Company (as a shareholder of the Target Company to provide warranties and undertakings jointly with Changzhou Company and Shandong Company under the Agreement)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Changzhou Company, Shandong Company, Shanghai Company and their respective ultimate beneficial owners and associates are Independent Third Parties and do not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there was no previous transaction or business relationship among the Company, Changzhou Company, Shandong Company, Shanghai Company and/or their respective associates in the previous 12 months which would result in aggregation under Rule 14.22 of the Listing Rules.

Subject matter

As at the date of this announcement, the Target Company is owned as to approximately 46.92% by Changzhou Company, approximately 5.1% by Shandong Company and approximately 47.98% by Shanghai Company.

Pursuant to the Agreement, (i) Changzhou Company has agreed to dispose of approximately 46.92% equity interest of the Target Company; (ii) Shandong Company has agreed to dispose of approximately 5.1% equity interest of the Target Company; and (iii) the Purchaser has agreed to acquire for approximately 52.02% equity interest of the Target Company in aggregate.

Consideration

The registered capital of the Target Company is RMB40,000,000. As at the date of this announcement, (i) Changzhou Company and Shanghai Company have paid-up the registered capital in respect of their shareholding in the Target Company (i.e. RMB18,768,000 and RMB19,192,000 respectively); and (ii) Shandong Company has not paid-up the registered capital in respect of its shareholding in the Target Company (i.e. RMB2,040,000) (the “**Unpaid Capital**”). In addition, Changzhou Company owes a debt of RMB9,941,630 to the Target Company (the “**Debt Obligation**”) as at the date of this announcement.

In light of the above, the consideration for the acquisition of approximately 46.92% equity interest of the Target Company from Changzhou Company is RMB18,768,000, which is payable by the Purchaser in the following manners:

- (i) as to RMB8,826,370 by transfer of cash to a bank account jointly controlled by the Purchaser and Changzhou Company within two days from the signing of the Agreement and documents for the Change in AIC Registration being ready. Within two days from the completion of the Change in AIC Registration, the Purchaser will cease to jointly control the aforesaid bank account and the aforesaid amount can be dominated by Changzhou Company; and
- (ii) as to RMB9,941,630 by assuming the Debt Obligation (i.e. the Purchaser will be obligated to repay the debt of RMB9,941,630 to the Target Company).

Given that the Shandong Company has not paid-up the registered capital in respect of its shareholding in the Target Company, the consideration for the acquisition of approximately 5.1% equity interest of the Target Company from Shandong Company is RMB1. Upon Completion, the Purchaser will be obligated to pay-up the Unpaid Capital of RMB2,040,000.

INFORMATION ON THE PARTIES TO THE AGREEMENT

Changzhou Company is a private equity fund.

Shandong Company is a private equity fund.

Shanghai Company is a group specializing in investment of hospital management, nursing and health for elderly and biomedical and pharmaceutical industry and has been investing and operating several organizations for health management, nursing and health for elderly in the PRC.

INFORMATION ON THE TARGET COMPANY

The Target Company was established on 2 November 2016 in the PRC with limited liability.

The scope of businesses of the Target Company include, amongst others, hospital investment and management, investment in medical project, medical technology development, etc.

In January 2017, the Target Company entered into a co-operation agreement with Hainan Hospital, pursuant to which,

- (i) the Target Company will establish a hospital (the “**New Hospital**”) in Haikou City, Hainan Province, the PRC, which will be specialized in reproduction and maternity services; and
- (ii) Hainan Hospital will provide technology, skills, brand injection, business management and professional teams to support the operation of the New Hospital and share the results of the New Hospital by way of charging technical services fee.

As at the date of this announcement, the Target Company has leased a 16-storey building in Haikou City with gross floor area of approximately 21,000 square metres for the establishment of the New Hospital.

The Target Company will redecorate the aforesaid building for the operation as hospital and such redecoration is expected to take approximately six months.

Financial information of the Target Company

Set out below is the unaudited consolidated financial information of the Target Company for the period from 2 November 2016 (being its date of incorporation) to 31 December 2016 prepared in accordance with the Generally Accepted Accounting Principles of the PRC:

| | For the period from 2 November 2016 (being its date of incorporation) to 31 December 2016 |
|-----------------|--|
| | <i>RMB</i> |
| Loss before tax | 71.00 |
| Loss after tax | 71.00 |

The net assets value of the Target Company was approximately RMB30.61 million as at 31 March 2017.

Upon Completion, the Group will hold approximately 52.02% equity interest of the Target Company, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the Group's financial information.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the environmental related business in the PRC including the provision of environmental technologies, products, equipments and system integration relating to water treatment, conservation, purification, recycling and management, and wastewater treatment.

In March 2017, the Group completed the acquisition of 50% equity interest in Pacific Fertility Institutes Holding Company Limited which, together with its subsidiaries, is principally engaged in the provision of high-quality in-vitro fertilization medical treatment services to patients, targeting primarily at patients from the United States, the Asia-Pacific region and the PRC. The medical institution is located in Saipan.

The Board considers that the Acquisition would enable the Group to further expand its medical business into the PRC market and expand the Group's source of revenue. Accordingly, the Directors are of the view that the Acquisition would be in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable and on normal commercial terms.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|------------------------------|--|
| “Acquisition” | the acquisition of the approximately 52.02% equity interest in the Target Company pursuant to the Agreement |
| “Agreement” | the equity transfer agreement dated 28 April 2017 entered into between the the Purchaser, Changzhou Company, Shandong Company and Shanghai Company in relation to the Acquisition |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Change of AIC Registration” | the Target Company’s change of company registration records with the competent Industry and Commerce Administration Bureau in the PRC in connection with the Acquisition according to the PRC laws |
| “Changzhou Company” | 常州市華升健康投資合夥企業（有限合夥）（Changzhou Huasheng Health Investment Partnership (Limited Partnership)*), a company incorporated in the PRC with limited liability by partnership |
| “Company” | China Environmental Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange |
| “Completion” | completion of the Acquisition |
| “connected persons” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |

| | |
|--------------------------------|--|
| “Hainan Hospital” | 海南醫學院附屬醫院 (Hainan Medical School Affiliated Hospital*) |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of and not connected with the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of the Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Purchaser” | 深圳中環科資產管理有限公司 (Shenzhen Zhong Huan Ke Asset Management Company Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shandong Company” | 山東新華健康產業有限公司 (Shandong Xinhua Health Business Company Limited*), a company incorporated in the PRC with limited liability |
| “Shanghai Company” | 上海銀康健康發展(集團)有限公司 (Shanghai Yinkang Health Development (Group) Company Limited*), a company incorporated in the PRC with limited liability |
| “Share(s)” | issued shares of nominal value of HK\$0.025 in the Company |
| “Shareholder(s)” | the holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

“Target Company” 海南銀開醫療投資有限公司 (Hainan Yinkai Medical Investment Company Limited*), a company incorporated in the PRC with limited liability

“%” or “per cent.” percentage or per centum

By Order of the Board
China Environmental Technology Holdings Limited
Li Wang Hing, Nelson
Company Secretary

Hong Kong, 28 April 2017

As at the date of this announcement, the executive directors are Mr. Xu Zhong Ping, Mr. Xu Xiao Yang and Mr. Zhang Fang Hong; the non-executive directors are Mr. Cao Guoxian and Mr. Ma Tianfu; and the independent non-executive directors are Mr. Tse Chi Wai, Professor Zhu Nan Wen and Professor Li Jun

* *For identification purposes only*