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**CANVEST ENVIRONMENTAL PROTECTION GROUP  
COMPANY LIMITED**

**粵豐環保電力有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1381)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 45% EQUITY INTERESTS IN ZHANJIANG YUEFENG**

The Company is pleased to announce that on 12 May 2015, Dongguan Kewei Environmental Power Company Limited (東莞市科維環保電力有限公司), a wholly owned subsidiary of the Company, entered into an agreement with a shareholder of Zhanjiang Yuefeng in relation to the acquisition of its 45% equity interests in Zhanjiang Yuefeng.

As at the date of the agreement, Zhanjiang Yuefeng is a 55%-owned subsidiary of the Company. After Completion, Zhanjiang Yuefeng will become a wholly owned subsidiary of the Company. The consideration for the acquisition will be settled in cash pursuant to the terms of the agreement.

The Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the Vendor is the beneficial owner of 45% equity interests in Zhanjiang Yuefeng, the Vendor is a connected person of the Company at the subsidiary level. The Proposed Acquisition will also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Agreement and the transaction contemplated thereunder. The independent non-executive Directors have confirmed that the terms of the Agreement are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Although the acquisition of equity interest is not in the ordinary course of business of the Group, the independent non-executive Directors of the Company believe that the transaction is beneficial to the long-term strategy of the Company. As such, according to Rule 14A.101 of the Listing Rules, the Proposed Acquisition is exempt from the circular, independent financial advice and Shareholders' approval requirements.

The Company is pleased to announce that on 12 May 2015, the Purchaser, a wholly owned subsidiary of the Company, entered into of the Agreement with the Vendor in relation to the Proposed Acquisition. The Proposed Acquisition constitutes a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. The principal terms of the Agreement are set out below.

## **THE AGREEMENT**

### **Date:**

12 May 2015 (after trading hours)

### **Parties:**

- (i) the Purchaser, a wholly owned subsidiary of the Company
- (ii) the Vendor, the beneficial owner of 45% equity interests of Zhanjiang Yuefeng

Zhanjiang Yuefeng is a non-wholly owned subsidiary of the Company immediately prior to the entering into of the Agreement and the Vendor is the beneficial owner of 45% of the equity interests in Zhanjiang Yuefeng. As such, the Vendor is a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the equity interest in Zhanjiang Yuefeng, the Vendor and its ultimate beneficial owner are Independent Third Parties.

The Purchaser, being a wholly owned subsidiary of the Company established in the PRC, is a company mainly engaged in WTE business.

### **Subject Matter:**

Pursuant to the Agreement, it was agreed that the Purchaser shall acquire and the Vendor shall sell the Target Interest. The Target Interest represents 45% of the equity interests in Zhanjiang Yuefeng. After Completion, the Company shall be interested in the entire registered capital of Zhanjiang Yuefeng.

The total consideration for the Proposed Acquisition is RMB220,000,000 (approximately HK\$278,894,000) and shall be settled by the Purchaser by cash in instalments pursuant to the terms of the Agreement which set out the following schedule:

<b>Time</b>	<b>Payment</b>
Within 15 Business Days of the date of the Agreement	20% of the total consideration, being RMB44,000,000
Within 15 Business Days after the Vendor submits all relevant documents to the local administration of industry and commerce for the registration of the Proposed Acquisition	45% of the total consideration, being RMB99,000,000
Within 15 Business Days after the Proposed Acquisition be duly registered with the local administration of industry and commerce	35% of the total consideration, being RMB77,000,000

The consideration for the Target Interest was determined after arm's length negotiations between the Vendor and the Purchaser after considering various factors, including (i) the potential benefits and synergy of the Proposed Acquisition; (ii) the Company's announcement dated 14 April 2015 in relation to simultaneous construction of phase one and phase two of Zhanjiang WTE project and (iii) the reference to total asset value of Zhanjiang Yuefeng as at 31 December 2014.

The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Conditions precedent:**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) all the documents in relation to the Proposed Acquisition have been duly executed;
- (ii) the Purchaser has obtained its shareholder's approval or the approval of its board of directors with respect to the Proposed Acquisition, if required;
- (iii) the Vendor has obtained its shareholder's approval or the approval of its board of directors with respect to the Proposed Acquisition, if required;
- (iv) the other shareholder of Zhanjiang Yuefeng has given up its pre-emptive rights;
- (v) the Vendor and the Purchaser have obtained written approval from Zhanjiang Development and Reform Bureau (湛江市發展和改革局) with respect of the Proposed Acquisition; and
- (vi) the shareholders of Zhanjiang Yuefeng have amended (with written consent of relevant third parties, including but not limited to Zhanjiang Development and Reform Bureau, if applicable) the restriction on transfer of equity interest in Zhanjiang Yuefeng by its shareholders in the articles of association of Zhanjiang Yuefeng.

**Completion:**

The date of Completion will be a date on which the Purchaser has been duly registered as the holder of the Target Interest with the local administration of industry and commerce, and the consideration of the Proposed Acquisition has been fully settled.

**INFORMATION ABOUT ZHANJIANG YUEFENG**

Zhanjiang Yuefeng is a company established in the PRC with limited liability and is a WTE service provider under development. Immediately prior to the entering into of the Agreement, Zhanjiang Yuefeng is owned as to 20% by Eco-Tech, as to 35% by the Purchaser and as to 45% by the Vendor.

As Zhanjiang Yuefeng was jointly established by the Vendor and the Group, there is no original purchase cost of the Target Interest to the Vendor.

## FINANCIAL INFORMATION OF ZHANJIANG YUEFENG

The financial information of Zhanjiang Yuefeng for the financial years ended 31 December 2013 and 2014, which was disclosed in the annual report 2014 of the Company, are as follows:

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Results</b>		
Revenue	—	252,021
Profit before income tax	—	48,123
Post-tax profit	—	38,490
	<b>As at 31 December 2013</b>	<b>As at 31 December 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
Total assets	190,786	390,855
Net assets	190,786	228,828

As at the date of this announcement, Zhanjiang Yuefeng is a non-wholly owned subsidiary of the Company. After completion of the Proposed Acquisition, Zhanjiang Yuefeng will become a wholly owned subsidiary of the Company and its results will continue being consolidated in the consolidated financial statements of the Group. According to the concession right agreement entered into between Zhanjiang Development and Reform Bureau and Zhanjiang Yuefeng dated 18 April 2013, the shareholders of Zhanjiang Yuefeng (i) shall not transfer their respective equity interest therein within five years of the date of the concession right agreement and (ii) may transfer their respective equity interest therein with prior written consent of Zhanjiang Development and Reform Bureau after five years of the date of the concession right agreement.

## REASONS FOR THE PROPOSED ACQUISITION

The Company is a leading pure play WTE provider focused on the development, management and operation of WTE plants. The Company's WTE plants had a total daily MSW processing capacity of 3,600 tonnes in December 2014. According to the "Waste to Energy Market in Mainland China" issued by Euromonitor International Limited (which was commissioned by the Company), in terms of daily municipal processing capacity for commercial operating WTE plants in 2013: (i) the Company was the second largest WTE provider in Guangdong Province and the 11th largest WTE provider in the PRC respectively; and (ii) among all non-State-owned background enterprises, the Company was the largest WTE provider in Guangdong Province and the fourth largest WTE provider in the PRC. Zhanjiang Yuefeng holds a WTE plant which is under construction. The Company was of the view that with the Proposed Acquisition, the Group will hold 100% equity interests in Zhanjiang Yuefeng which will enhance the Company's management of Zhanjiang Yuefeng, with a view to receiving stable revenue from its WTE plant once it commenced trial operation in the second half of 2015.

The Vendor is principally engaged in industrial investment, enterprise investment consultancy service as well as trading business.

Taking into consideration of the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Proposed Acquisition are fair and reasonable on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

The Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the Vendor is the beneficial owner of 45% equity interests in Zhanjiang Yuefeng, the Vendor is a connected person of the Company at the subsidiary level. The Proposed Acquisition will also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Agreement and the transaction contemplated thereunder. The independent non-executive Directors have confirmed that the terms of the Agreement are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Although the acquisition of equity interest is not in the ordinary course of business of the Group, the independent non-executive Directors of the Company believe that the transaction is beneficial to the long-term strategy of the Company. As such, according to Rule 14A.101 of the Listing Rules, the Proposed Acquisition is exempt from the circular, independent financial advice and Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Directors have a material interest in the Agreement and the transaction contemplated thereunder and no Directors are required to abstain from voting in the board resolutions approving the Agreement and the transaction contemplated thereunder.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning when used herein:

“Agreement”	the sale and purchase agreement for the Proposed Acquisition dated 12 May 2015 entered into between the Purchaser and the Vendor
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than Saturdays, Sundays or any other day on which banks in the PRC and Hong Kong are authorised or required not open for business
“Company”	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014

“Completion”	completion of the Proposed Acquisition pursuant to the terms and conditions of the Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Eco-Tech”	Dongguan Eco-Tech Environmental Power Company Limited (東莞市科偉環保電力有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the acquisition of the Target Interest and the transaction contemplated thereunder
“Purchaser”	Dongguan Kewei Environmental Power Company Limited (東莞市科維環保電力有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Interest”	45% equity interests in Zhanjiang Yuefeng which is held by the Vendor as at the date of the Agreement
“Vendor”	High Point Investment Group Limited (漢邦投資集團有限公司), a company established under the laws of the PRC with limited liability and holds 45% equity interests in Zhanjiang Yuefeng as at the date of the Agreement
“WTE”	Waste-to-energy

“Zhanjiang Yuefeng” Zhanjiang Yuefeng Environmental Power Company Limited (湛江市粤丰环保电力有限公司), a company established under the laws of the PRC on 3 April 2013 with limited liability

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

# *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By Order of the Board  
**Canvest Environmental Protection  
Group Company Limited**  
**Lee Wing Yee Loretta**  
*Chairlady*

Hong Kong, 12 May 2015

*As at the date of this announcement, the Board comprises Lee Wing Yee Loretta, Lai Kin Man, Yuan Guozhen and Lai Chun Tung, as executive Directors; Lui Ting Cheong Alexander and Lai Yui, as non-executive Directors; Sha Zhenquan, Chan Kam Kwan Jason and Chung Wing Yin, as independent non-executive Directors.*