

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the content of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 TRANSACTION  
ACQUISITION OF 100% EQUITY INTEREST IN LAIBIN ZHONGKE  
ENVIRONMENTAL POWER COMPANY LIMITED**

The Board is pleased to announce that, on 26 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 two agreements in relation to the acquisitions of 80% equity interest and 20% equity interest in the Target Company, Laibin Zhongke Environmental Power Company Limited (來賓中科環保電力有限公司), from Vendor 1 and Vendor 2 at a consideration of RMB58,640,000 (approximately HK\$74,312,508) and RMB14,660,000 (approximately HK\$18,578,127) respectively, both under similar terms and conditions. The Target Company currently operates a waste-to-energy (WTE) plant under a build-operate-transfer concession right in Laibin City, Guangxi Province.

In accordance with Rule 14.22 of the Listing Rules, the acquisitions of the respective equity interests from Vendor 1 and Vendor 2 shall be aggregated in calculating the percentage ratios. As one or more of the applicable percentage ratios in respect of the aggregate of the Acquisitions is more than 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 4 May 2015. The Board is pleased to announce that, on 26 May 2015, Kewei, a wholly-owned subsidiary of the Company, entered into two agreements in relation to the acquisitions of 80% equity interest and 20% equity interest in the Target Company from Vendor 1 and Vendor 2 at a consideration of RMB58,640,000 (approximately HK\$74,312,508) and RMB14,660,000 (approximately HK\$18,578,127) respectively, both under similar terms and conditions.

## **THE AGREEMENTS**

The principal terms of the Agreements are set out below:

### **Date of the Agreements**

26 May 2015

### **Parties**

#### *Parties to Agreement 1*

Purchaser: Kewei

Vendor 1: Fujian Zhongan Tongyong Energy Environmental Protection Company Limited  
(福建中安通用能源環保股份有限公司)

#### *Parties to Agreement 2*

Purchaser: Kewei

Vendor 2: Beijing China Sciences General Energy & Environment Co., Ltd. (北京中科通用能源環保有限責任公司)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Vendor 1 and Vendor 2 and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **The Acquisitions**

Pursuant to the Agreements, Vendor 1 and Vendor 2 have conditionally agreed to sell, and Kewei has conditionally agreed to purchase, Target Interest 1 and Target Interest 2 in the Target Company.

## **Consideration 1 and Consideration 2**

Consideration 1 for Acquisition 1 is RMB58,640,000 (approximately HK\$74,312,508) and Consideration 2 for Acquisition 2 is RMB14,660,000 (approximately HK\$18,578,127). Both Consideration 1 and Consideration 2 shall be settled by cash in instalments pursuant to the terms of the Agreements according to the following payment schedule:

| <b>Time</b>   | <b>Payment</b>   |
|---|--|
| Within 5 business days after the respective date of fulfilment of the conditions to the Agreements  | 50% of the Consideration 1/<br>Consideration 2         |
| Within 5 business days after the respective date of completion as agreed between the parties of the Agreements upon the fulfilment of the pre-completion obligations pursuant to the Agreements | The balance of the Consideration 1/<br>Consideration 2 |

Consideration 1 and Consideration 2 will be funded by internal resources of the Group.

Consideration 1 and Consideration 2 were agreed between the parties taken reference to the net asset value of the Target Company as at 31 December 2014 of RMB58,476,000 (approximately HK\$74,104,676) and the paid up registered capital of the Target Company. Upon completion of the Agreements, Kewei shall be responsible for repayment of shareholders' loan and an amount payable to a related party of Vendor 1 in total amount of RMB113,410,000 (approximately HK\$143,720,694).

### **Conditions to the Agreements and the payment of 50% of Consideration 1/ Consideration 2**

The Acquisitions are conditional upon the satisfaction of the following conditions by Vendor 1 and Kewei pursuant to Agreement 1 and Vendor 2 and Kewei pursuant to Agreement 2 (as the case may be), respectively:

- (1) all internal approvals in relation to the Acquisitions and the amendment of the articles of association of the Target Company pursuant to the Agreements have been duly obtained (including but not limited to the approvals from the board of directors/ shareholders of the Target Company) and the other shareholder of the Target Company consenting to waive its right of first refusal);
- (2) Vendor 1 and/or Vendor 2 has made application(s) to the Municipal Administration of Laibin City (來賓市市政管理局) with respect to the Acquisitions, and the Municipal Administration of Laibin City has not rejected or disapproved the application(s);
- (3) in respect of Vendor 1 pursuant to Agreement 1 only, the four designated senior management staff of the Target Company have entered into confidentiality agreements with the Target Company.

The above conditions shall be satisfied within 60 days after the date of the Agreements.

## **Completion of the Agreements and the payment of balance of Consideration 1/ Consideration 2**

Completion 1 and Completion 2 will take place upon the fulfilment of the following pre-completion obligations within 180 days after the date of the Agreements:

- (1) Acquisition 1 and Acquisition 2 have been duly registered with the competent administration of industry and commerce;
- (2) Vendor 1 and/or Vendor 2 has obtained the consents to the Acquisitions from the relevant banks;
- (3) the Target Company has obtained the approval in relation to the Acquisitions from the Municipal Administration of Laibin City;
- (4) the business license, seals, materials and books, etc., of the Target Company are in order;
- (5) Vendor 1 and/or Vendor 2 has delivered to Kewei the signed resolutions of the board of directors/shareholders of the Target Company approving the Acquisitions;
- (6) Vendor 1 and/or Vendor 2 has delivered to Kewei the signed resolutions of the board of directors/shareholders of the Target Company approving the resignation/removal of the director(s), the legal representative, the supervisor(s), the general manager, the deputy general manager and the head of finance of the Target Company;
- (7) Vendor 1 and/or Vendor 2 has delivered to Kewei the signed resignations of the director(s), the supervisor(s), the general manager, the deputy general manager and the head of finance of the Target Company, and such resignations shall not incur any compensation payable by the Target Company to such persons;
- (8) Vendor 1 and/or Vendor 2 has obtained the consents to the Acquisitions from the relevant security company.

Vendor 1 and Vendor 2 shall fulfil the above pre-completion obligations within 180 days after the date of the Agreements and the completion date will be determined by the Company, Vendor 1 and Vendor 2. Completion 1 is not conditional upon Completion 2 and vice versa.

## **CONSOLIDATION OF ACCOUNTS AND NON-COMPETITION**

Immediately upon completion of Acquisition 1 and Acquisition 2, the Target Company will be a wholly owned subsidiary of Kewei (with the Company holding 100% effective interest in the Target Company) and the financial results of the Target Company will be consolidated with the results of the Group.

Each of Vendor 1 and Vendor 2 has undertaken to the Kewei that each of them shall not engage in any competing business in the territory of Laibin of Guangxi Province with the Target Company within 5 years of Completion 1 and Completion 2, respectively, or invest in any entity which engages in such competing business.

## INFORMATION ON THE TARGET COMPANY

The Target Company currently operates a waste-to-energy plant under a build-operate-transfer concession right in Laibin City, Guangxi Province. The build-operate-transfer concession right is for a term ending in April 2034.

The subsequent transfer of the equity interest in the Target Company is subject to the approval from the Municipal Administration of Laibin City.

Set out below is a summary of the financial position of the Target Company for the two years ended 31 December 2014 and 2013 based on its audited accounts prepared in accordance with PRC Accounting Standards:

|                            | <b>For the<br/>year ended<br/>31 December<br/>2014<br/>RMB'000<br/>(Audited)</b> | <b>For the<br/>year ended<br/>31 December<br/>2013<br/>RMB'000<br/>(Audited)</b> |
|----------------------------|--|--|
| Results                    |  |  |
| Revenue                    | 38,721   | 44,066   |
| Net profit before taxation | 2,858  | 2,298  |
| Net profit after taxation  | 2,858  | 2,298  |
|                            |  |  |
|                            | <b>As at<br/>31 December<br/>2014<br/>RMB'000<br/>(Audited)</b>                  | <b>As at<br/>31 December<br/>2013<br/>RMB'000<br/>(Audited)</b>                  |
| Assets                     |  |  |
| Total asset                | 173,886  | 189,904  |
| Net asset value            | 58,476   | 49,262   |

## INFORMATION ON THE GROUP, VENDOR 1 AND VENDOR 2

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.

Vendor 1 is principally engaged in investment in municipal environmental protection industry and consultation on related technical services and information, as well as wholesale, purchase and sale of equipment and materials.

Vendor 2 is principally engaged in development, provision of technical services and sales of waste-to-energy and integrated treatment equipment, flue gas treatment equipment, sewage treatment equipment, circulating fluidized bed incineration technology and equipment, industrial energy saving equipment and power equipment, industrial automation control engineering technology; engineering contracting business; import and export of commodities and acting as import and export agency.

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

The Board is of the view that the Acquisitions will enable the Company to broaden the income source and strengthen its asset base after the technological upgrade. Most importantly, the Group can also extend the geographical coverage to Guangxi Province which is an important step to develop the local market in the future.

The Directors are of the view that the terms of the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with Rule 14.22 of the Listing Rules, the acquisitions of the respective equity interests from Vendor 1 and Vendor 2 shall be aggregated in calculating the percentage ratios. Since one or more of the applicable percentage ratios in respect of the aggregate of the Acquisitions is more than 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

|                 |   |
|-----------------|---|
| “Acquisitions”  | Acquisition 1 and Acquisitions 2  |
| “Acquisition 1” | the acquisition of 80% equity interest in the Target Company pursuant to the terms of Agreement 1                       |
| “Acquisition 2” | the acquisition of 20% equity interest in the Target Company pursuant to the terms of Agreement 2                       |
| “Agreements”    | Agreement 1 and Agreement 2   |
| “Agreement 1”   | the Equity Acquisition Agreement entered into between Kewei and Vendor 1 dated 26 May 2015 in relation to Acquisition 1 |

|                     |   |
|---------------------|---|
| “Agreement 2”       | the Equity Acquisition Agreement entered into between Kewei and Vendor 2 dated 26 May 2015 in relation to Acquisition 2   |
| “Board”             | the board of Directors  |
| “Company”           | Canvest Environmental Protection Group Company Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange of Hong Kong Limited |
| “Completion 1”      | the completion of Acquisition 1 in accordance with the terms of the Agreement 1   |
| “Completion 2”      | the completion of Acquisition 2 in accordance with the terms of the Agreement 2   |
| “Consideration 1”   | the consideration of RMB58,640,000 in cash payable to Vendor 1 in respect of Acquisition 1  |
| “Consideration 2”   | the consideration of RMB14,660,000 in cash payable to Vendor 2 in respect of Acquisition 2  |
| “Director(s)”       | the director(s) of the Company  |
| “Group”             | the Company and its subsidiaries  |
| “Hong Kong”         | the Hong Kong Special Administrative Region of the PRC  |
| “Kewei”             | 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 |
| “Listing Rules”     | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited  |
| “PRC”               | People’s Republic of China  |
| “Target Company”    | Laibin Zhongke Environmental Power Company Limited (來賓中科環保電力有限公司), a company established in the PRC with limited liability  |
| “Target Interest 1” | 80% equity interest in the Target Company which is held by Vendor 1 as at the date of Agreement 1   |
| “Target Interest 2” | 20% equity interest in the Target Company which is held by Vendor 2 as at the date of Agreement 2   |

|            |   |
|------------|---|
| “Vendor 1” | Fujian Zhongan Tongyong Energy Environmental Protection Company Limited (福建中安通用能源環保股份有限公司), a company established in the PRC with limited liability |
| “Vendor 2” | Beijing China Sciences General Energy & Environment Co., Ltd. (北京中科通用能源環保有限責任公司), a company established in the PRC 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, 26 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.*