

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
QIANXINANZHOU XINGYI CITY HONGDA ENVIRONMENTAL POWER
COMPANY LIMITED**

The Board is pleased to announce that, on 26 January 2016, Dongguan Kewei Environmental Power Company Limited (東莞科維環保投資有限公司), a wholly-owned subsidiary of the Company, entered into an agreement in relation to the acquisition of 100% equity interest in the Target Company, Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited (黔西南州興義市鴻大環保電力有限公司), from the Vendors at a consideration of RMB110,000,000 (approximately HK\$130,900,000).

The Target Company currently operates a waste-to-energy (WTE) plant under a build-operate-transfer concession right in Xingyi City, Guizhou Province. As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company made on 18 November 2015. The Board is pleased to announce that, on 26 January 2016, Dongguan Kewei Environmental Power Company Limited (東莞科維環保投資有限公司), a wholly-owned subsidiary of the Company, entered into an agreement in relation to the acquisition of 100% equity interest in the Target Company, Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited (黔西南州興義市鴻大環保電力有限公司), from the Vendor at a consideration of RMB110,000,000 (approximately HK\$130,900,000).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

26 January 2016

Parties

Purchaser: Kewei, a wholly-owned subsidiary of the Company

- Vendors:
1. Fujian Hongda Environmental Technology Group Limited (福建省鴻大環保科技集團有限公司)
 2. Li Jianyun, a PRC citizen

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors and Fujian Hongda's ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Acquisition

Pursuant to the Agreement, the Vendors have conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Target Interest in the Target Company. Kewei will acquire the Target Interest from the Vendors and settle the Consideration pursuant to the terms of the Agreement on its behalf.

Consideration

The Consideration is initially agreed at RMB110,000,000 (approximately HK\$130,900,000), determined based on the total asset value attributable to the Target Interest as agreed between the parties, adjusted by the amount of outstanding liabilities of the Target Company as at the date of the Agreement. The initial Consideration shall be reduced by:

- (a) the amount of any liabilities of the Target Company which are not disclosed in the Agreement; and
- (b) the amount of any construction expenses payable by the Target Company over and above the agreed amount set out in the Agreement.

The Consideration shall be settled by cash in instalments pursuant to the terms of the Agreement according to the following schedule:

Time	Amount
Settled as of the date of the Agreement	RMB42,000,000
Within 10 business days after the fulfilment of conditions 1 to 7 and conditions 17 to 19 in the paragraph headed “Conditions” below	RMB30,000,000
Within 5 business days after the fulfilment of conditions 1 to 9 and conditions 17 to 19 in the paragraph headed “Conditions” below	RMB15,000,000
Within 5 business days after the fulfilment of conditions 1 to 13 and conditions 17 to 19 in the paragraph headed “Conditions” below	RMB20,000,000
Within 5 business days after the fulfilment of conditions 1 to 19 in the paragraph headed “Conditions” below	The balance of the Consideration outstanding

The Consideration will be funded by internal resources of the Group.

Conditions

Completion and payment of the Consideration are conditional upon the satisfaction of, among others, the following conditions:

- (1) the Agreement and ancillary documents having been signed and come into effect;
- (2) the amendments to the constitutional document of the Target Company in relation to the Acquisition having been approved, and the Vendors having waived their respective rights of first refusal with respect to the Target Interest;
- (3) each of the Vendors having entered into a guarantee in favour of Kewei with respect to the other Vendor’s liabilities under the Agreement;
- (4) the existing executive director(s), supervisor(s), general manager, deputy general manager and financial controller of the Target Company having resigned from their respective positions and the nominees of Kewei having been appointed to these positions;
- (5) approval having been granted by the people’s government of Qianxinan Buyei and Miao Autonomous Prefecture (黔西南布依族苗族自治州) with respect to the Acquisition;
- (6) consent having been obtained from the Qianxinan Branch of the China Construction Bank and other relevant third parties with respect to the Acquisition;
- (7) Kewei having received the books and records of the Target Company;
- (8) the Acquisition and the relevant matters having been duly registered with competent administration of industry and commerce;

- (9) the Target Company having received confirmations or waivers from the relevant suppliers, contractors and other third parties with respect to outstanding liabilities of the Target Company;
- (10) the designated senior management staff of the Target Company having entered into confidentiality agreements with the Target Company;
- (11) the Target Company having entered into agreements with contractors designated by Kewei to Kewei's satisfaction;
- (12) Kewei having been provided with the audited financial statements of the Target Company and the tax audit report for the year ended 31 December 2015;
- (13) Kewei having been provided with a list of outstanding liabilities of the Target Company agreed by the Vendors and Kewei;
- (14) Kewei having been provided with complete invoices with respect to the construction expenses of the Target Company;
- (15) the quality inspection of the construction work of the WTE plant of the Target Company having been complete and accepted by the competent authorities;
- (16) Final accounts of the construction work and investment of the WTE plant of the Target Company having been completed and audited;
- (17) there having been no material adverse change to the business, assets, financial performance and compliance of the Target Company in the opinion of Kewei;
- (18) there having been no actual or potential material litigations, arbitrations, fines or claims; and
- (19) there having been no breach of the representation and warranties under the Agreement on the part of the Vendors and the Target Company.

The above conditions shall be satisfied on or before 31 December 2016, failing which Kewei shall be entitled to terminate the Agreement.

Completion

The Completion will take place on the 10th business day after the conditions to the Completion being satisfied pursuant to the Agreement, or any other date to be agreed by the parties in writing.

After the Acquisition, the Target Company will be an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the results of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company currently operates a waste-to-energy power plant under a build-operate-transfer concession right in Xingyi City, Guizhou Province. The build-operate-transfer concession right is for a term of 30 years commencing from the date of formal commissioning. The WTE plant of the Target Company is in the stage of trial production.

Set out below is a summary of the financial position of the Target Company for two years ended 31 December 2015 and 2014 based on the unaudited management account for the year ended 31 December 2015 and audited accounts for the year ended 31 December 2014 prepared in accordance with PRC Accounting Standards:

	For the year ended 31 December 2015 <i>RMB'000</i> (Unaudited)	For the year ended 31 December 2014 <i>RMB'000</i> (Audited)
Results		
Revenue	26,535	—
Net loss before taxation	4,338	—
Net loss after taxation	4,338	—
	As at 31 December 2015 <i>RMB'000</i> (Unaudited)	As at 31 December 2014 <i>RMB'000</i> (Audited)
Assets		
Total asset	429,123	409,587
Net asset value	177,362	161,700

INFORMATION ON THE GROUP AND THE VENDOR

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.

Fujian Hongda is principally engaged in investment in environmental protection industry, research and development in environmental protection equipment and sales and distribution.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board is of the view that the Acquisitions will enable the Company to broaden the income source and strengthen its asset base. Most importantly, the Group can also extend the geographical coverage to Guizhou 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 Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios 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 the reporting and announcement requirements but is exempt from independent shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company pursuant to the terms of the Agreement
“Agreement”	the Equity Acquisition Agreement entered into between the Company and the Vendor in relation to the Acquisition dated 26 January 2016
“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”	the completion of the Acquisition in accordance with the terms of the Agreement
“Consideration”	the consideration of RMB110,000,000 payable to the Vendors in respect of the Acquisition
“Director(s)”	the director(s) of the Company
“Fujian Hongda”	Fujian Hongda Environmental Technology Group Limited (福建省鴻大環保科技集團有限公司), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Kewei”	Dongguan Kewei Environmental Power Company Limited (東莞科維環保投資有限公司) (formerly known as 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”	Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited (黔西南州興義市鴻大環保電力有限公司), a company established in the PRC with limited liability
“Target Interest”	100% equity interest in the Target Company, which is held by Fujian Hongda (as to 73.58%) and Li Jianyun (as to 26.42%) as at the date of the Agreement
“Vendors”	Fujian Hongda and Li Jianyun
“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.

The translations between RMB and HK\$ in this announcement were made at the rate of RMB1.00 to HK\$1.19. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on the date hereof or any other date.

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

Hong Kong, 26 January 2016

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.