

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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 100% EQUITY INTEREST IN
XIAMEN KUN YUE ENVIRONMENTAL COMPANY LIMITED**

The Board is pleased to announce that, on 11 December 2017, Kewei, a wholly-owned subsidiary of the Company, entered into an agreement in relation to the acquisition of 100% equity interest in the Target Company from the Vendors at a consideration of RMB173,500,000 (approximately HK\$204,730,000).

The Target Company owns the build-operate-transfer concession right to operate a waste-to-energy plant in Xinfeng county, Jiangxi Province. The total daily municipal solid waste processing capacity of the waste-to-energy plant is 800 tonnes and shall be constructed in two phases, of which the processing capacity of phase I shall be 400 tonnes and phase II shall be 400 tonnes.

Since all applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition does not constitute as a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis for the information of shareholders of the Company and potential investors.

INTRODUCTION

The Board is pleased to announce that, on 11 December 2017, Kewei, a wholly-owned subsidiary of the Company, entered into an agreement in relation to the acquisition of 100% equity interest in the Target Company from the Vendors at a consideration of RMB173,500,000 (approximately HK\$204,730,000).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

11 December 2017

Parties

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

Vendors:

1. Zhang Yashi, a PRC citizen
2. Huang Binbin, a PRC citizen
3. Zheng Weidong, a PRC citizen

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors 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.

Consideration

The Consideration is initially agreed at RMB173,500,000 (approximately HK\$204,730,000) (including an amount of RMB103,000,000 which shall be paid to Xinfeng with reference to the construction progress of the waste-to-energy plant), determined based on the net asset value attributable to the Target Interest as agreed between the parties, adjusted pursuant to the terms of the Agreement. The initial Consideration shall be reduced by the amount of any outstanding liabilities of the Target Company which were not disclosed in the Agreement.

Pursuant to the terms of the Agreement, Kewei shall deduct income tax in the amount of RMB10,500,000 from the Consideration and pay the same to the relevant taxation authority on behalf of the Vendors.

Pursuant to the terms of the Agreement, the Consideration shall be paid in instalments. At the time of each payment, provided that (1) there having been no material adverse change to the business, assets, financial performance and compliance of the Target Company and Xinfeng; (2) there having been no actual or potential material litigations, arbitrations, fines or claims; and (3) there having been no breach of the representation and warranties under the Agreement on the part of the Vendors and the Target Company, the Consideration shall be settled by cash upon certain key conditions having been fulfilled, as follows:

Time	Amount
Settled as of the date of the Agreement	RMB8,400,000
Within 10 business days after conditions 1 to 4 in the paragraph headed “Key Conditions Precedent” below having been fulfilled	RMB18,900,000
Within 10 business days after conditions 5 and 6 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	RMB8,400,000
Within 10 business days after condition 7 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	RMB6,300,000
Within 10 business days after condition 8 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	RMB18,000,000

The remaining balance of the Consideration in the amount of RMB103,000,000 shall be paid to Xinfeng with reference to the construction progress of the waste-to-energy plant.

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

Key Conditions Precedent

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

- (1) the Agreement and ancillary documents having been signed and come into effect;
- (2) due diligence of the Target Company having been completed;
- (3) approval having been granted by the relevant government authorities with respect to the Acquisition;
- (4) the Acquisition and the relevant matters having been duly registered with the administration of industry and commerce;
- (5) approval having been obtained from the government and the Target Company and Xinfeng entered into supplementary concession agreement;
- (6) approval of processing liquid leachate having been obtained and the Target Company and Xinfeng entered into supplementary concession agreement;

- (7) the daily municipal solid waste input for the Xinfeng waste-to-energy plant maintained at 800 tonnes for 3 continuous months; and
- (8) Relevant invoice vouchers have been provided.

Completion

Completion shall take place on the business day after key conditions precedent 3 to 6 having been satisfied pursuant to the Agreement, or any other date to be agreed by the parties in writing.

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

INFORMATION ON THE TARGET COMPANY AND XINFENG

The Target Company currently holds 100% equity interest in Xinfeng and owns the build-operate-transfer concession right to operate a waste-to-energy plant in Xinfeng county, Jiangxi Province. The total daily municipal solid waste processing capacity is 800 tonnes and shall be constructed in two phases of which the processing capacity of phase I shall be 400 tonnes and phase II shall be 400 tonnes. The concession period to operate the waste-to-energy plant shall be 30 years commencing from its operation. The project is currently at the preliminary planning stage.

Set out below is a summary of the financial information of the Target Company for the year ended 31 December 2016 and for the nine months ended 30 September 2017 prepared in accordance with PRC Accounting Standards:

	For the nine months ended 30 September 2017	For the year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net loss after taxation	366	657

	As at 30 September 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Unaudited)
Total asset	118,540	118,997
Net asset value	117,581	117,947

INFORMATION ON THE GROUP AND THE VENDOR

The Group is engaged in the provision of municipal solid waste treatment related services and operation and management of waste-to-energy plants.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board is of the view that the Acquisitions will enable the Company to broaden its income source and strengthen its asset base. Most importantly, the Group can also expand its geographical coverage to Jiangxi 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 all applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition does not constitute as a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis for the information of the shareholders of the Company and potential investors.

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 Vendors in relation to the Acquisition dated 11 December 2017

“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 RMB173,500,000 payable to the Vendors and Xinfeng in respect of the Acquisition
“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” or “Xiamen Kun Yue”	Xiamen Kun Yue Environmental Company Limited (廈門坤躍環保有限公司), a company established in the PRC with limited liability
“Target Interest”	100% equity interest in the Target Company, which is held as to 38%, 33% and 29% by Zhang Yashi, Huang Binbin and Zheng Weidong, respectively, as of the date of Agreement
“Vendors”	Zhang Yashi, Huang Binbin and Zheng Weidong
“Xinfeng”	Jiangxi Xinfeng Kun Yue Environmental Protection Company Limited, a company established in the PRC with limited liability, a wholly-owned subsidiary of the Target Company
“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\$1.18. 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, 11 December 2017

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