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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 TRANSACTION
ACQUISITION OF 41% OF THE ISSUED SHARE CAPITAL OF
JOHNSON CLEANING SERVICES COMPANY LIMITED**

The Board is pleased to announce that, on 23 March 2018 (after trading hours), Canvest (China), an indirect wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Vendor and the Warrantors, pursuant to which Canvest (China) agreed to acquire, and the Vendor agreed to sell, 41% of the issued share capital of the Target Company at a consideration of HK\$184,500,000.

The Board is of the view that the Acquisition can enable the Group to explore huge potentials in the environmental and hygiene market in China (including Guangdong-Hong Kong-Macao Bay Area) by leveraging on the extensive cleaning and waste management experience of the Target Company. In addition, the major shareholder of the Target Company is the subsidiary of Huafa Group. Huafa Group is the Group's strategic partner. The Group can cooperate with Huafa Group to carry out business development in all aspects, including but not limited to the cleaning and management services of the properties under Huafa Group. In addition, the Group can leverage on this opportunity to quickly enter into the waste collection service market, create synergistic effect with the Group's business, diversify the Group's business and broaden the revenue stream.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Acquisition exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempted from the circular, Shareholder's approval and accountant's report requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 23 March 2018 (after trading hours), Canvest (China), an indirect wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Vendor and the Warrantors, pursuant to which Canvest (China) agreed to acquire, and the Vendor agreed to sell, 41% equity interest of the Target Company at a consideration of HK\$184,500,000.

THE SHARE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Share Sale and Purchase Agreement are set out below:

Date

23 March 2018

Parties

Purchaser:	Canvest (China)
Vendor:	Johnson Investments
Warrantor A:	Smarteam Investment
Warrantor B:	Hong Kong 26

As at the date of this announcement and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners including the Warrantors are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Acquisition

Pursuant to the Share Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and Canvest (China) has conditionally agreed to purchase 4,182,000 ordinary shares of the Target Company, which represents 41% of the equity interest of the Target Company, subject to and upon the terms and conditions of the Share Sale and Purchase Agreement.

As at the date of this announcement, the Target Company is owned as to 56%, 3% and 41% by Shareholder A, Shareholder B and the Vendor, respectively. Upon Completion, the Target Company will be owned as to 56%, 3% and 41% by Shareholder A, Shareholder B and Canvest (China), respectively.

Consideration

The Consideration was determined after arm's length negotiations between Canvest (China) and the Vendor with reference to (a) unaudited financial information of the Target Company as at 31 December 2017; (b) the valuation report on the Target Company to be prepared by an independent professional valuer primarily based on market comparable approach; and (c) the synergistic effect that can be created among the Group and the Target Company.

Upon Completion, the Consideration will be settled in cash by Canvest (China) and will be funded by its internal resources.

Key conditions precedent

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

- (1) all necessary board resolutions of the Vendor to approve the sale and transfer of the subject shares having been passed and a certified copy of the said board minutes and/or written resolutions be passed to Canvest (China);
- (2) all necessary board and/or shareholders resolutions of the Target Company to approve the sale and transfer of the subject shares having been passed and a certified copy of the said board minutes and/or written resolutions be passed to Canvest (China);
- (3) the representations and warranties made by the Vendor and the Warrantors in the Share Sale and Purchase Agreement are true, accurate and complete in all material respects;
- (4) the Vendor and the Warrantors have not breached any warranties under the Share Sale and Purchase Agreement;
- (5) there had been no material adverse change to the Target Company since the signing of the Share Sale and Purchase Agreement;
- (6) all consents, authorizations and approvals of all governmental or regulatory authorities, agencies, or bodies of the Target Company in respect of the sale and transfer of the subject shares having been obtained;
- (7) all consents of the existing Shareholder in relation to the sale and transfer of the subject shares having been obtained; and
- (8) Canvest (China) has completed its due diligence review of the financial, legal and operational aspects of the Target Company to its satisfaction and is absolutely satisfied with the results of such due diligence review;

The conditions precedent as set out above may be waived in writing by Canvest (China). If any of the conditions precedent set out above are not fulfilled or waived at or before the Long Stop Date, Canvest (China) and/or the Vendor may terminate its obligations under the Share Sale and Purchase Agreement by providing written notification to the other party. The Share Sale and Purchase Agreement shall then lapse and be of no further effect and no party to the Share Sale and Purchase Agreement shall have liability and obligation to any other party, save in respect of any antecedent breaches of the Share Sale and Purchase Agreement.

Completion

Completion is to take place on the third Business Day (or such later date as may be mutually agreed between the parties) after the above conditions precedent are fulfilled or waived (as the case may be). At the time of Completion, each of Canvest (China), the Vendor and the Warrantors shall deliver their closing deliverables to the respective parties in accordance with the terms of the Share Sale and Purchase Agreement.

Immediately after the Completion, Canvest (China) will own 41% equity interest in the Target Company.

Shareholders' Agreement

A Shareholders' Agreement was entered into between Canvest (China), Shareholder A (Hong Kong Huafa Investment Holdings Limited), Shareholder B (HJ Capital (International) Holdings Company Limited) and the Target Company upon Completion. The major terms of the Shareholders' Agreement are as follows:

Board composition: The board of directors of the Target Company shall comprise nine directors, of whom six shall be appointed by Shareholder A and three shall be appointed by Canvest (China). Each of the directors shall be entitled to one vote at board meetings of the Target Company.

Share transfer restrictions: Shareholders may not transfer their shares unless (i) written consent has been obtained from other shareholders; (ii) the shares are transferred to the shareholders' parent company or its subsidiaries; or (iii) the share transfer is conducted with reference to the right of first refusal (as stated below) and tag along rights. For the avoidance of doubt, these restriction clauses are not applicable to Shareholder B.

Right of first refusal: If any of the shareholders of the Target Company wishes to sell, transfer or otherwise dispose of any or all of its shares in the Target Company, the other shareholder(s) of the Target Company shall have a right of first refusal to buy such shares.

Tag along rights: If Shareholder A transfers 30% or more of its shares in the Target Company to a third party, China (Canvest) shall have the right to sell its shares on the same terms.

Veto rights: Shareholders of the Target Company may have veto rights over certain corporate actions.

INFORMATION ON THE TARGET COMPANY

The Target Company was founded in Hong Kong in 1979 and is principally engaged in the provision of cleaning and waste management services for government, commercial, and industrial markets in Hong Kong. It offers cleaning services for, including but not limited to, government office buildings, commercial and industrial buildings, roads, shopping malls, and educational institutions.

Set out below is the financial information extracted from the audited financial statements of the Target Company for the years ended 31 March 2016 and 2017 as well as the unaudited management accounts of the Target Company for the nine months ended 31 December 2017:

	For the year ended 31 March		For the nine months ended
	2016	2017	31 December 2017
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Profit before taxation	38,935	48,904	27,006
Profit after taxation	31,250	40,523	22,550

As at 31 December 2017, the net asset value of the Target Company was approximately HK\$130,101,000 (unaudited). The above financial information are compiled under Hong Kong Financial Reporting Standards.

INFORMATION ON THE VENDOR AND THE WARRANTORS

As at the date of this announcement and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners including the Warrantors are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Canvest (China), an investment holding company, was incorporated under the laws of the British Virgin Island with limited liability and is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the provision of municipal solid waste treatment related services and operation and management of waste-to-energy plants.

The Board is of the view that the Acquisition can enable the Group to explore huge potentials in the environmental and hygiene market in China (including Guangdong-Hong Kong-Macao Bay Area) by leveraging on the extensive cleaning and waste management experience of the Target Company. In addition, the major shareholder of

the Target Company is the subsidiary of Huafa Group. Huafa Group is the Group's strategic partner. The Group can cooperate with Huafa Group to carry out business development in all aspects, including but not limited to the cleaning and management services of the properties under Huafa Group. In addition, the Group can leverage on this opportunity to quickly enter into the waste collection service market, create synergistic effect with the Group's business, diversify the Group's business and broaden the revenue stream.

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

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Acquisition exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempted from the circular, Shareholder's approval and accountant's report requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 41% of the issued share capital of the Target Company pursuant to the terms of the Share Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day, excluding public holidays, Saturdays and Sundays on which banks in Hong Kong are open for business throughout their normal business hours
“Canvest (China)” or “Purchaser”	Canvest Environmental (China) Company Limited (粵豐環保(中國)有限公司), a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company and the purchaser of the Target Company
“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 Share Sale and Purchase Agreement

“Consideration”	the consideration of HK\$184,500,000 payable by Canvest (China) to the Vendor 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
“Huafa Group”	the Zhuhai Huafa Group Company Limited*, a company incorporated in the PRC and is the controlling shareholder of Shareholder A and single largest shareholder of Shareholder B
“Independent Third Party(ies)”	third party who is independent of the Company and connected persons of the Company and their respective associates
“Johnson Investments” or “Vendor”	Hong Kong Johnson Investments (BVI) Company Limited*, a company incorporated in the British Virgin Islands and is owned as to 63.41% by Warrantor A and 36.59% by Warrantor B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Long Stop Date”	29 March 2018 or such later date as the parties to the Share Sale & Purchase Agreement may agree in writing
“PRC”	People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreement”	the agreement in relation to the Target Company to be entered into among Canvest (China), Shareholder A, Shareholder B and the Target Company upon Completion
“Shareholder A”	Hong Kong Huafa Investment Holdings Limited* (香港華發投資控股有限公司), a company incorporated in Hong Kong and holds 56% of the issued share capital of the Target Company and is an Independent Third Party
“Shareholder B”	HJ Capital (International) Holdings Company Limited* (華金國際資本控股有限公司), a company incorporated in Bermuda whose shares are listed on the Stock Exchange of Hong Kong Limited (Stock code: 0982) and holds 3% of the issued share capital of the Target Company and is an Independent Third Party

“Share Sale and Purchase Agreement”	the formal share sale and purchase agreement dated 23 March 2018 entered into between the Vendor, the Purchaser and the Warrantors in relation to the Acquisition
“Target Company”	Johnson Cleaning Services Company Limited* (莊臣有限公司), a company incorporated in Hong Kong and is owned as to 56% by Shareholder A, 3% by Shareholder B and 41% by the Vendor
“Warrantor(s)”	Warrantor A and Warrantor B, each of them a “Warrantor” and collectively referred to as the “Warrantors”
“Warrantor A”	Smarteam Investment Limited, a company incorporated in Hong Kong, and holds 63.41% of the issued share capital of Johnson Investments
“Warrantor B”	Hong Kong 26 Company Limited, a company incorporated in British Virgin Islands and holds 36.59% of the issued share capital of Johnson Investments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 23 March 2018

* *For identification purpose only*

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.