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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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 100% EQUITY INTEREST IN HANGZHOU LANGNENG
ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED**

The Board is pleased to announce that, on 27 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 Vendor at a consideration of RMB87,045,500 (approximately HK\$103,584,145).

The Target Company indirectly holds 50% equity interest in Project Company. The Project Company owns the build-operate-transfer concession right to operate a waste-to-energy plant in Jianyang City, Sichuan Province. The total daily municipal solid waste processing capacity of the waste-to-energy plant is 3,000 tonnes and shall be constructed in two phases, of which the processing capacity of phase I shall be 1,500 tonnes and phase II shall be 1,500 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 27 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 Vendor at a consideration of RMB87,045,500 (approximately HK\$103,584,145).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

27 December 2017

Parties

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

Vendor : Xu Zhongping, a PRC citizen

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is third party independent of the Company and its connected persons (as defined in the Listing Rules).

The Acquisition

Pursuant to the Agreement, the Vendor has 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 Vendor and settle the Consideration pursuant to the terms of the Agreement.

Consideration

The Consideration is initially agreed at RMB87,045,500 (approximately HK\$103,584,145), 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, 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, Jianyang Lubao and Project Company; (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 Vendor, Target Company and Jianyang Lubao, 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	RMB46,000,000
Within 10 business days after conditions 1 to 4 in the paragraph headed “Key Conditions Precedent” below having been fulfilled	RMB15,000,000
Within 10 business days after condition 5 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	RMB8,000,000
Within 10 business days after condition 6 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	RMB7,000,000
Within 10 business days after condition 7 in the paragraph headed “Key Conditions Precedent” below also having been fulfilled	Remaining balance

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) The concession agreement between the Project Company and The People’s Government of Jianyang having been obtained;
- (4) Approval of the Jianyang waste-to-energy project having been obtained by the Project Company;
- (5) Approval from the relevant government authorities for the transfer of 100% equity interest in Jianyang Lubao having been obtained and the business registration procedures having been completed;
- (6) The shareholders’ agreement among the shareholders of the Project Company having been executed; and
- (7) Tax clearance certificate having been provided by the Vendor.

Completion

Completion shall take place on the 10th business day after all conditions precedent 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 Jianyang Lubao will become an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated with the results of the Group. The Project Company will become a joint venture of the Company and its financial results will be accounted for using equity method of accounting in the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANY, JIANYANG LUBAO, AND THE PROJECT COMPANY

The Target Company currently holds 100% equity interest in Jianyang Lubao. Jianyang Lubao holds 50% equity interest in Project Company. The Project Company owns the build-operate-transfer concession right to operate a waste-to-energy plant in Jianyang City, Sichuan Province. The total daily municipal solid waste processing capacity of the waste-to-energy plant is 3,000 tonnes and shall be constructed in two phases, of which the processing capacity of phase I shall be 1,500 tonnes and phase II shall be 1,500 tonnes.

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 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>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	-	485
Net loss after taxation	(99)	(5)
	As at 30 September 2017	As at 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total asset	1,369	2,028
Net asset value	1,095	1,194

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 Vendor is natural person. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is third party 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 Sichuan 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 Vendor in relation to the Acquisition dated 27 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 RMB87,045,500 payable 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
“Jianyang Lubao”	Jianyang City Lubao Technological Development Company Limited (簡陽市綠保科技開發有限公司), a company established in the PRC with limited liability
“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
“Project Company”	Jianyang Yuefeng Environmental Power Company Limited (簡陽粵豐環保電力有限公司), a company established in the PRC with limited liability
“Target Company”	Hangzhou Langneng Environmental Company Limited (杭州朗能環保科技有限公司), a company established in the PRC with limited liability
“Target Interest”	100% equity interest in the Target Company, which is held by Xu Zhongping
“Vendor”	Xu Zhongping
“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, 28 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.