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**GRANDBLUE INVESTMENT
HONGKONG LIMITED**

(瀚藍(香港)環境投資有限公司)

(Incorporated in Hong Kong with limited liability)

**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)

JOINT ANNOUNCEMENT

(1) PRE-CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF

**CANVEST ENVIRONMENTAL PROTECTION
GROUP COMPANY LIMITED BY THE OFFEROR BY WAY OF
A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE
COMPANIES ACT OF THE CAYMAN ISLANDS)**

(2) OPTION OFFER

**(3) CONNECTED TRANSACTIONS AND SPECIAL DEALS IN
RELATION TO THE LAND DISPOSAL, SMART PARKING DISPOSAL
AND OFFICE BUILDING DISPOSAL**

(4) SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT

**(5) PROPOSED WITHDRAWAL OF LISTING OF THE COMPANY
AND**

(6) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Exclusive Financial Adviser to the Offeror



Exclusive Financial Adviser to the Company



INTRODUCTION

Reference is made to the Rule 3.7 Announcement by each of the Offeror and the Company dated 7 July 2024, the clarification announcement of the Offeror dated 8 July 2024 and the clarification announcement of the Company dated 9 July 2024. The Offeror and the Company jointly announce that, on 22 July 2024 (after trading hours), the Offeror requested, subject to the satisfaction of the Pre-Conditions, the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme under section 86 of the Companies Act.

TERMS OF THE PRE-CONDITIONAL PROPOSAL

The Scheme

The making of the Proposal is subject to the satisfaction of the Pre-Conditions. The Proposal, if made, and the Scheme will only become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions.

If the Proposal is approved and implemented, under the Scheme, all Scheme Shares will be cancelled on the Effective Date in consideration for which each Scheme Shareholder will receive from the Offeror the Cancellation Price of HK\$4.90 (less the Dividend Adjustment (if any)) in cash for each Scheme Share held as at the Record Date.

Comparison of value

The Cancellation Price of HK\$4.90 per Scheme Share represents:

- (i) a premium of approximately 20.69% over the closing price of HK\$4.06 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- (ii) a premium of approximately 16.95% over the average closing price of approximately HK\$4.19 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (iii) a premium of approximately 20.85% over the average closing price of approximately HK\$4.05 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (iv) a premium of approximately 21.77% over the average closing price of approximately HK\$4.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (v) a premium of approximately 21.78% over the average closing price of approximately HK\$4.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;

- (vi) a premium of approximately 21.27% over the average closing price of approximately HK\$4.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (vii) a premium of approximately 23.50% over the average closing price of approximately HK\$3.97 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (viii) a premium of approximately 11.62% over the closing price of HK\$4.39 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ix) a premium of approximately 13.03% over the average closing price of approximately HK\$4.34 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (x) a premium of approximately 16.90% over the average closing price of approximately HK\$4.19 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (xi) a premium of approximately 19.77% over the average closing price of approximately HK\$4.09 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (xii) a premium of approximately 21.00% over the average closing price of approximately HK\$4.05 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (xiii) a premium of approximately 19.96% over the average closing price of approximately HK\$4.08 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (xiv) a premium of approximately 23.08% over the average closing price of approximately HK\$3.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (xv) a premium of approximately 28.56% over the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$3.81159 as at 31 December 2023, based on the audited consolidated net assets of the Group as stated in the annual report of the Company for the financial year ended 31 December 2023 and 2,439,541,169 Shares in issue as at the date of this Joint Announcement.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the Offeror's view of the Group's business and future prospects, the recent and historical trading prices of the Shares on the Stock Exchange and the financial performance of the Group, with reference to other similar privatisation transactions in Hong Kong in recent years.

The Option Offer

As at the date of this Joint Announcement, there were 2,500,000 outstanding Share Options granted under the Share Option Scheme, each relating to one Share with an exercise price of HK\$4.39, among which (i) 250,000 Share Options are held by Ms. Loretta Lee, an executive Director; and (ii) 250,000 Share Options are held by Mr. Lai Chun Tung, an executive Director and Ms. Loretta Lee's spouse; and (iii) 2,000,000 Share Options are held by individuals who are not members of the Offeror Concert Parties. As at the date of this Joint Announcement, the 250,000 Share Options held by Ms. Loretta Lee and 250,000 Share Options held by Mr. Lai Chun Tung are exercisable.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel every outstanding Share Option, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Pursuant to the Irrevocable Undertaking, Ms. Loretta Lee has irrevocably undertaken to the Offeror, among other things, that she will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of such Share Options held by her.

The exercise of all the outstanding Share Options under the Share Option Scheme in full would result in the issue of 2,500,000 new Shares, representing approximately 0.10% of the total issued share capital of Company as at the date of this Joint Announcement and approximately 0.10% of the total issued share capital of the Company as enlarged by the issue of such new Shares. The Company will not grant any further Share Options under the Share Option Scheme during the offer period (as defined in the Takeovers Code).

Under the Option Offer, the Offeror will offer holders of the outstanding Share Options the "see-through" price (being the Cancellation Price of HK\$4.90 minus the exercise price of HK\$4.39) for each outstanding Share Option they hold for the cancellation of every Share Option in accordance with Rule 13 of the Takeovers Code.

If any of the outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Record Date and the corresponding Shares are issued to such Optionholder(s) on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

Save for the 2,439,541,169 Shares in issue and the 2,500,000 Share Options, the Company has no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in issue.

FINANCIAL RESOURCES

On the assumption that (i) no further Shares will be issued before the Record Date, (ii) all outstanding Share Options (other than the Share Options held by Ms. Loretta Lee) as at the Record Date are exercised and all Optionholders become Scheme Shareholders on or before the Record Date; (iii) no Share Option is granted under the Share Option Scheme before the Record Date; and (iv) taking into account Ms. Loretta Lee will not exercise her Share Options and will accept the Option Offer, the amount of cash required to implement the Proposal and the Option Offer would be approximately HK\$11,100,472,490.10 and HK\$127,500, respectively, and the total amount of cash required is HK\$11,100,599,990.10.

However, it has been agreed among the parties pursuant to the Irrevocable Undertaking that the Offeror may retain the Core Deferred Cancellation Price until no earlier than the date falling five years after the Effective Date and that Best Approach, Ms. Loretta Lee and Mr. KM Lai: (a) shall accept all credit risks associated with any delay in payment of such Core Deferred Cancellation Price; and (b) have agreed that, subject to applicable laws, the Core Deferred Cancellation Price does not need to be covered by the financial resources confirmation of the exclusive financial adviser to the Offeror. Accordingly, the Core Deferred Cancellation Price will not be factored in, and the amount of cash required to implement the Proposal on the Effective Date is HK\$10,884,079,474.78.

As further disclosed in the section headed “4. Pre-Conditions to the making of the Proposal – Capital injection in Grandblue Foshan”, Grandblue Foshan intends to provide all cash raised from the Capital Injection and the Onshore Loan Facilities to the Offeror, and the Offeror intends to use such cash to finance the cancellation of the Scheme Shares and the Option Offer. If the cash raised from the Capital Injection and Onshore Loan Facilities is for any reason insufficient to finance the cash required for the cancellation of the Scheme Shares and the Option Offer (or if for any other reason, the Onshore Loan Facilities do not complete or capital raised through the Capital Injection or the Onshore Loan Facilities could not be applied to finance the cancellation of the Scheme Shares and the Option Offer), the Offeror shall finance the cash required for the cancellation of the Scheme Shares and the Option Offer from drawing down from the Offshore Term Loan Facilities.

CITIC Securities, the exclusive financial adviser to the Offeror, is satisfied that regardless of whether cash from the Capital Injection and Onshore Loan Facilities are applied to finance the cancellation of the Scheme Shares and Option Offer, the Offshore Term Loan Facilities are in aggregate sufficient, and therefore sufficient financial resources are available to the Offeror, for discharging its obligations in respect of the full implementation of the Scheme (save for the above in relation to the Core Deferred Cancellation Price) and the Option Offer in accordance with their respective terms.

PRE-CONDITIONS TO THE MAKING OF THE PROPOSAL

The making of the Proposal and completion of the Scheme is conditional upon the following Pre-Conditions having been satisfied:

- (i) the Yuezhan Environmental Disposal, including (a) the completion of the payment of consideration and the completion of the registration procedures of the equity transfer, having been completed within three months from the date of this Joint Announcement; (b) the Group does not record loss from the Yuezhan Environmental Disposal; and (c) there is no debtor and creditor relationship between the Group and Yuezhan Environment and the Group does not assume any responsibility for the debt of Yuezhan Environment. For the avoidance of doubt, the Yuezhan Environmental Disposal will be disposed of to a person who is not a shareholder (nor an associate of the shareholder) of the Company and hence the Yuezhan Environmental Disposal does not constitute a special deal;

- (ii) all necessary internal decision-making procedures and approval and filing procedures in respect of the transactions contemplated under the Proposal having been completed by Grandblue Environment, including (a) the approval of the board of directors of Grandblue Environment; and (b) the approval at the general meeting of the shareholders of Grandblue Environment;
- (iii) the completion of the Capital Injection in the aggregate amount of RMB4.6 billion into Grandblue Foshan;
- (iv) the Group having signed written agreements and/or obtained written preliminary or in-principle confirmation from the relevant financial institutions, guarantors and other entities (if applicable) to resolve the following guarantee issues:
 - (a) guarantee provided by Loyal Step Limited (步忠有限公司) (an indirect wholly-owned subsidiary of the Company) (“**Loyal Step**”), which exceeds the proportion of its shareholding in Huizhou Zhongzhou Environmental Protection Resources Co., Ltd. * (惠州市中洲環保資源有限公司) (an associate of the Group and is owned as to 40% by Loyal Step and 60% by Independent Third Parties); and
 - (b) guarantee provided by any other member of the Group (if any) which exceeds the proportion of its shareholding as set out in the financial statements of the Company as at 30 June 2024 or any other financial statements to be agreed in writing between the Offeror and the Company,

and such written agreements and/or written preliminary or in-principle confirmation having effectively confirmed that the Group will assume limited guarantee liability for the relevant non-consolidated subsidiaries within the proportion of their respective shareholding;

- (v) with respect to the applicable outbound direct investment laws and regulations, all relevant Approvals, registrations, filings, reports (as the case may be), have been obtained from, completed with and/or made to (as the case may be): (a) the Ministry of Commerce of the PRC; (b) the National Development and Reform Commission of the PRC; and (c) the State Administration of Foreign Exchange of the PRC, or the respective local authorities or delegates or institutions authorised by each of (a) to (c); and
- (vi) the completion of the declaration of the concentration of undertakings in China pursuant to the PRC Anti-monopoly Law (which requires merger filing where (1) a transaction constitutes a concentration of undertakings; and (2) the turnover of the undertakings participating in the concentration meets the threshold set out under the PRC Anti-monopoly Law) and obtaining the approval from the State Administration for Market Regulation of the PRC.

The Pre-Conditions cannot be waived. Further announcement(s) will be made as soon as practicable after all of the Pre-Conditions have been satisfied. If (1) Pre-Condition (i) above is not satisfied within three months from the date of this Joint Announcement; and/or (2) any of the Pre-Conditions is not satisfied on or before the Pre-Conditions Long Stop Date, the Proposal would not be made and the Shareholders will be notified by a further announcement as soon as practicable thereafter.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Upon satisfaction of the Pre-Conditions, the implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of all the Conditions as described in the section headed “5. Conditions of the Proposal and the Scheme” below. All of the Conditions will have to be fulfilled or waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this Joint Announcement,

- (i) the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares, and the Company has 2,439,541,169 Shares in issue;
- (ii) the Offeror does not hold any Shares;
- (iii) Best Approach holds 1,335,615,837 Shares, representing approximately 54.75% of the total issued share capital of the Company, of which 370,668,722 Shares held by Best Approach, representing approximately 15.19% of the total issued share capital of the Company, have been pledged by Best Approach to Shanghai Industrial. 1,159,227,217 of the 1,335,615,837 Shares held by Best Approach, representing approximately 47.52% of the total issued share capital of the Company constitute the Scheme Shares, and the remaining 176,388,620 Shares held by Best Approach, representing approximately 7.23% of the total issued share capital of the Company are Rollover Shares and will not form part of the Scheme Shares. The entire issued share capital of Best Approach is directly or indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members);
- (iv) Ms. Loretta Lee holds 1,376,000 Shares, representing approximately 0.06% of the total issued share capital of the Company, and 250,000 Share Options. Pursuant to the Irrevocable Undertaking, Ms. Loretta Lee has undertaken that she will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of Share Options held by her;
- (v) Mr. KM Lai is deemed to be interested in 10,000,000 Shares held by his spouse, representing approximately 0.41% of the total issued share capital of the Company;
- (vi) Mr. Yuan Guozhen, an executive Director, holds 250,000 Share Options and is deemed to be interested in 357,000 Shares held by his spouse, representing approximately 0.01% of the total issued share capital of the Company;
- (vii) Professor Sha Zhenquan, an independent non-executive Director, holds 100,000 Shares, representing approximately 0.004% of the total issued share capital of the Company;
- (viii) Mr. Chung Kwok Nam, an independent non-executive Director, holds 80,000 Shares, representing approximately 0.003% of the total issued share capital of the Company;
- (ix) True Victor Holdings Limited holds 475,251,000 Shares, representing approximately 19.48% of the total issued share capital of the Company. True Victor Holdings Limited is an indirect wholly-owned subsidiary of Shanghai Industrial. True Victor Holdings Limited does not have any relationship with the Offeror. Other than the issuance of the exchangeable bonds in respect of the Shares by Best Approach to Shanghai Industrial (being the parent company of True Victor Holdings Limited) as set out in the announcement of Shanghai Industrial dated 5 October 2023, there is no relationship between Best Approach and True Victor Holdings Limited;

- (x) AEP Green Power, Limited holds 138,305,678 Shares, representing approximately 5.67% of the total issued share capital of the Company. AEP Green Power, Limited does not have any relationship with the Offeror or Best Approach; and
- (xi) the remaining 478,455,654 Shares together with the 1,159,227,217 Shares held by Best Approach, the 1,376,000 Shares held by Ms. Loretta Lee, the 10,000,000 Shares which Mr. KM Lai is deemed to be interested in, the 357,000 Shares which Mr. Yuan Guozhen is deemed to be interested in, the 100,000 Shares held by Professor Sha Zhenquan, the 80,000 Shares held by Mr. Chung Kwok Nam, the 475,251,000 Shares held by True Victor Holdings Limited and the 138,305,678 Shares held by AEP Green Power, Limited, representing approximately 92.77% of the total issued share capital of the Company, will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT

The Offeror proposes to allow Best Approach to retain the 176,388,620 Rollover Shares, representing approximately 7.23% of the total issued share capital of the Company after the Scheme becomes effective. As at the date of this Joint Announcement, Best Approach holds approximately 54.75% of the total issued share capital of the Company.

The Offeror is of the view that it is important for the Company to retain Best Approach as a Shareholder after the completion of the Scheme so that the Offeror can draw upon the experience and long-term involvement of Best Approach and its beneficial owners in the business and operations of the Company to ensure that the benefits of synergies and collaboration between the Offeror and the Company continue to be realised, which will enhance the competitiveness of the Offeror and the Company in the market and benefit the long-term sustainable development and growth of the Offeror and the Company.

The Rollover Arrangement will be terminated if (i) the Yuezhan Environmental Disposal is not completed within three months from the date of this Joint Announcement and/or any of the Pre-Conditions (other than the Yuezhan Environmental Disposal) is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) the Proposal and the Scheme do not become effective by the Long Stop Date; (iii) the Scheme is not sanctioned by the Grand Court; (iv) the requisite resolutions necessary to implement the Proposal are, or any transaction disclosed in this Joint Announcement that requires approval of the Shareholders is, not approved at the EGM; (v) Best Approach and the Offeror mutually agree to terminate the Irrevocable Undertaking in writing; or (vi) the Proposal or Share Option Offer is withdrawn or lapses.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will make an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the independent financial adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (5), the Proposal and the Scheme are subject to (i) the receipt by the Company of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the consent from the Executive in respect of the Rollover Arrangement.

CONNECTED TRANSACTIONS AND SPECIAL DEALS IN RELATION TO THE LAND DISPOSAL, SMART PARKING DISPOSAL AND OFFICE BUILDING DISPOSAL

(1) The Land Disposal

On 22 July 2024 (after trading hours), Canvest Kewei Environmental Protection Investment (Guangdong) Company Limited (粵豐科維環保投資(廣東)有限公司) (an indirect wholly-owned subsidiary of the Company) (“**Canvest Kewei**”) entered into a sale and purchase agreement with Best Approach, pursuant to which Canvest Kewei conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in a company to be incorporated in the PRC (that will become a direct wholly-owned subsidiary of Canvest Kewei (the “**Canvest Kewei Subsidiary**”)), which will hold the land use rights and structures on the Land for a total consideration of approximately RMB135.0 million.

As at the date of this Joint Announcement, the land use rights and structures on the Land is currently held by Canvest Kewei. It is expected that immediately prior to the completion of the Land Disposal, the Land will be transferred to the Canvest Kewei Subsidiary. Upon completion of the Land Disposal, Canvest Kewei will cease to own any direct or indirect interest in the Canvest Kewei Subsidiary and the land use rights and structures on the Land.

(2) The Smart Parking Disposal

On 22 July 2024 (after trading hours), the Company entered into a sale and purchase agreement with Best Approach, pursuant to which the Company conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in Canvest Technology Company Limited (a direct wholly-owned subsidiary of the Company) for a total consideration of approximately HK\$30.0 million. Upon completion, the Company will cease to own any direct or indirect interest in Canvest Technology Company Limited.

Canvest Technology Company Limited, through its subsidiaries, is principally engaged in the business of providing smart car parking solutions in the PRC.

(3) The Office Building Disposal

On 22 July 2024 (after trading hours), Yi Feng Development Limited (a direct wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Best Approach, pursuant to which Yi Feng Development Limited conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests and shareholders’ loan in each of KK VII (BVI) Limited and KK VIII (BVI) Limited (being indirect wholly-owned subsidiaries of the Company) for a total consideration of approximately HK\$165.0 million. Upon completion, both Yi Feng Development Limited and the Company will cease to own any direct or indirect interest in each of KK VII (BVI) Limited and KK VIII (BVI) Limited.

Each of KK VII (BVI) Limited and KK VIII (BVI) Limited are investment holding companies, whereby (i) KK VII (BVI) Limited holds a commercial property and a car park space in Hong Kong; and (ii) KK VIII (BVI) Limited holds a commercial property, a car park space and rooftop in Hong Kong.

As at the date of this Joint Announcement, Best Approach owns approximately 54.75% of the total issued share capital of the Company and is a connected person of the Company under the Listing Rules. Accordingly, each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal exceeds 0.1% but is less than 5%, each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

For details of the connected transactions in relation to the Land Disposal, the Smart Parking Disposal and the Office Building Disposal, please refer to the announcement of the Company dated 22 July 2024.

As the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are not capable of being extended to all Shareholders, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal constitute special deals and require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code. The Offeror will make an application for consent from the Executive in relation to the Land Disposal, the Smart Parking Disposal and the Office Building Disposal conditional on: (i) the independent financial adviser to the Independent Board Committee confirming that the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Land Disposal, the Smart Parking Disposal and the Office Building Disposal.

IRREVOCABLE UNDERTAKING

As at the date of this Joint Announcement, (i) Best Approach holds 1,335,615,837 Shares, representing approximately 54.75% of the total issued share capital of the Company, of which 370,668,722 Shares held by Best Approach, representing approximately 15.19% of the total issued share capital of the Company, have been pledged by Best Approach to Shanghai Industrial; (ii) Ms. Loretta Lee holds 1,376,000 Shares, representing approximately 0.06% of the total issued share capital of the Company; and (iii) Ms. Loretta Lee owns 250,000 Share Options. The aggregate number of Shares and Share Options owned by Best Approach and/or Ms. Loretta Lee that are subject to the Irrevocable Undertaking is 1,336,991,837 Shares, representing approximately 54.81% of the total issued share capital of the Company as at the date of this Joint Announcement, and 250,000 Share Options, respectively.

On 22 July 2024, Best Approach (as the covenanter), Mr. KM Lai and Ms. Loretta Lee (as Best Approach's guarantors) and the Offeror entered into the Irrevocable Undertaking, pursuant to which each of Best Approach, Mr. KM Lai and Ms. Loretta Lee irrevocably and unconditionally undertook to the Offeror, among other things, that it/he/she will, and will procure and ensure that during the term of the Irrevocable Undertaking, (i) Best Approach and Ms. Loretta Lee will, so far as permitted under the relevant laws and regulations (including the Takeovers Code), exercise all voting rights attached to the IU Shares in favour of all the resolutions necessary to implement the Proposal and any such other matters in connection therewith at the EGM to be convened for the purposes of passing the necessary resolutions for, among others, the implementation of the Proposal and not to (a) encourage, solicit or promote offers by any person other than the Offeror to acquire any Shares (whether by way of an offer, scheme of arrangement or otherwise), accept any other offers involving the IU Shares; (b) sell, transfer or otherwise dispose of or pledge the IU Shares (save for the Pledged Shares); (c) purchase or acquire any other Shares without the prior written consent of Offeror; or (d) take any actions which may adversely affect or impede giving effect to the Scheme; and (ii) Ms. Loretta Lee will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of Share Options held by her.

Due to the Rollover Arrangement and the special deals in relation to the Land Disposal, Smart Parking Disposal and Office Building Disposal, in accordance with the requirements of the relevant laws and regulations (including the Takeovers Code), Best Approach, Mr. KM Lai and Ms. Loretta Lee will abstain from voting (i) on the Scheme at the Court Meeting; and (ii) on the special deals in relation to the Rollover Arrangement, the Land Disposal, Smart Parking Disposal and Office Building Disposal at the EGM. Each of Best Approach, Mr. KM Lai and Ms. Loretta Lee will provide an undertaking to the Grand Court (a) not to vote on the Scheme at the Court Meeting; and (b) to agree to and be bound by the terms of the Scheme.

Best Approach has also given, among others, customary representations and warranties in relation to, among others, the business operation, financial conditions, liabilities/contingent liabilities of the Group. For details of the undertakings to the Offeror, please refer to the section headed "9. Irrevocable Undertaking".

Mr. KM Lai and Ms. Loretta Lee have agreed to guarantee the due performance of the obligations and undertakings of Best Approach under the Irrevocable Undertaking jointly and severally. As security for the fulfilment of obligations and undertakings of Best Approach under the Irrevocable Undertaking regarding matters including defects, contingent losses and accounts receivables, the Best Approach Cancellation Price payable to Best Approach will be paid by the Offeror to Best Approach by various instalments. The Deferred Cancellation Price (representing approximately 16.96% of the Best Approach Cancellation Price) will be retained by the Offeror and the Deferred Cancellation Price will only be paid to Best Approach by installments after the relevant obligations, undertakings and warranties under the Irrevocable Undertaking have been satisfied in full or after the payment of the Deferred Cancellation Price is otherwise agreed by the Offeror, Best Approach, Mr. KM Lai and Ms. Loretta Lee in writing, whichever is earlier. The remaining Best Approach Cancellation Price (other than the Deferred Cancellation Price) will be paid to Best Approach directly within seven business days after the Proposal becomes effective. Pursuant to the Irrevocable Undertaking, it has been agreed among the parties pursuant to the Irrevocable Undertaking that the Offeror may retain the Core Deferred Cancellation Price until no earlier than the date falling five years after the Effective Date and that Best Approach, Ms. Loretta Lee and Mr. KM Lai: (a) shall accept all credit risks associated with any delay in payment of such Core Deferred Cancellation Price; and (b) have agreed that, subject to applicable laws, the Core Deferred Cancellation Price does not need to be covered by the financial resources confirmation of the exclusive financial adviser to the Offeror.

The Irrevocable Undertaking will be terminated if (i) the Yuezhan Environmental Disposal is not completed within three months from the date of this Joint Announcement and/or any of the Pre-Conditions (other than the Yuezhan Environmental Disposal) is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) the Proposal and the Scheme do not become effective by the Long Stop Date; (iii) the Scheme is not sanctioned by the Grand Court; (iv) the requisite resolutions necessary to implement the Proposal are or any transaction disclosed in this Joint Announcement that requires approval of the Shareholders is not approved at the EGM; (v) Best Approach and the Offeror mutually agree to terminate the Irrevocable Undertaking in writing; or (vi) the Proposal or Share Option Offer is withdrawn or lapses.

Pursuant to the Irrevocable Undertaking,

- (i) Best Approach, Mr. KM Lai and Ms. Loretta Lee have undertaken that:
 - (a) the Yuezhan Environmental Disposal will be completed within three months after the date of this Joint Announcement and the Group will not record loss from the Yuezhan Environmental Disposal;
 - (b) the registration procedures in respect of the Land Disposal will be completed before the Effective Date and the payment of consideration in respect of the Land Disposal will be completed within 30 days from the date of payment of the Best Approach Cancellation Price (other than the Deferred Cancellation Price) by the Offeror to Best Approach in accordance with the Takeovers Code and the Group does not record loss from the Land Disposal;
 - (c) the registration procedures in respect of the Smart Parking Disposal and Office Building Disposal will be completed before the Effective Date and the payment of consideration in respect of the Smart Parking Disposal and Office Building Disposal will be completed within 30 days from the date of payment of the Best Approach Cancellation Price (other than the Deferred Cancellation Price) by the Offeror to Best Approach in accordance with the Takeovers Code;
 - (d) all tax expenses related to the Land Disposal, Smart Parking Disposal and Office Building Disposal shall be borne by Best Approach solely and no tax expense shall be borne by the Group in relation to the Land Disposal, Smart Parking Disposal and Office Building Disposal;
- (ii) Each of Best Approach, Mr. KM Lai and Ms. Loretta Lee jointly and severally agreed to pay the Offeror RMB300 million as compensation within 60 days after the Company publishes an announcement on the lapse of the Proposal should any one or more of the following have resulted in the lapse of the Proposal:
 - (a) if the Yuezhan Environmental Disposal is not completed within three months from the date of this Joint Announcement and has resulted in the lapse of the Proposal;

(b) the Group has failed to obtain signed written agreements and/or written preliminary or in-principle confirmation from the relevant financial institutions, guarantors and other entities (if applicable) to resolve the following guarantee issues prior to the Pre-Conditions Long Stop Date:

- (1) guarantee provided by Loyal Step (an indirect wholly-owned subsidiary of the Company), which exceeds the proportion of its shareholding in Huizhou Zhongzhou Environmental Protection Resources Co., Ltd.* (惠州市中洲環保資源有限公司) (an associate of the Group and is owned as to 40% by Loyal Step and 60% by Independent Third Parties); and
- (2) guarantee provided by any other member of the Group (if any) which exceeds the proportion of its shareholding as set out in the financial statements of the Company as at 30 June 2024 or any other financial statements to be agreed in writing between the Offeror and the Company,

and failed to obtain such written agreements and/or written preliminary or in-principle confirmation effectively confirming that the Group will assume limited guarantee liability for the relevant non-consolidated subsidiaries within the proportion of their respective shareholding;

- (c) if the Land Disposal is not completed due to reason(s) caused by Best Approach, Mr. KM Lai or Ms. Loretta Lee (other than objective reasons such as laws, regulations and regulatory policy restrictions) and Condition (6) is not waived by the Offeror;
- (d) if the Smart Parking Disposal and/or the Office Building Disposal are not completed due to reason(s) caused by Best Approach, Mr. KM Lai or Ms. Loretta Lee (other than objective reasons such as laws, regulations and regulatory policy restrictions) and Condition (6) is not waived by the Offeror;
- (e) the Pledged Shares which have been pledged by Best Approach to Shanghai Industrial have affected the implementation of the Proposal which resulted in the lapse of the Proposal; or
- (f) prior to the termination of the Irrevocable Undertaking, Best Approach, Mr. KM Lai or Ms. Loretta Lee has encouraged, solicited or promoted any other offer by any person other than the Offeror (or person(s) approved by the Offeror) to acquire any Shares (whether by way of an offer, scheme of arrangement or otherwise), or accepted any other offer by any person other than the Offeror (or person(s) approved by the Offeror), which resulted in the lapse of the Proposal.

(iii) For the avoidance of doubt, if Best Approach, Mr. KM Lai and Ms. Loretta Lee are required to pay compensation of RMB300 million to the Offeror due to one or more of the matters in paragraph (ii) above, the total amount of compensation that Best Approach, Mr. KM Lai and Ms. Loretta Lee are required to pay to the Offeror pursuant to paragraph (ii) above is RMB300 million and Best Approach, Mr. KM Lai and Ms. Loretta Lee do not need to provide other compensation to the Offeror other than RMB300 million in relation to paragraph (ii) above.

- (iv) The Offeror agreed to pay the Company RMB300 million as compensation (a) within 60 days after the Company publishes an announcement on the lapse of the Proposal if all the Pre-Conditions (other than Pre-Condition (iii)) have been fulfilled, and Nanhai Hengjian Fund has made capital injection in the aggregate amount of RMB2 billion into Grandblue Foshan, on or before the Pre-Conditions Long Stop Date however Grandblue Environment or its subsidiary fails to make an aggregate capital injection in the amount of RMB2.6 billion to Grandblue Foshan on or before the Pre-Conditions Long Stop Date; or (b) within 60 days after the Company publishes an announcement on the Effective Date of the Proposal, should the Offeror fail to pay the Best Approach Cancellation Price (other than the Deferred Cancellation Price) within seven business days after the Scheme becomes effective in accordance with the Takeovers Code due to reasons of the Offeror other than objective reasons such as laws, regulations and regulatory policy restrictions.
- (v) For the avoidance of doubt, if the Offeror is required to pay compensation of RMB300 million to the Company due to one or more of the matters in paragraph (iv) above, the total amount of compensation that the Offeror is required to pay to the Company pursuant to paragraph (iv) above is RMB300 million, and the Offeror does not need to provide other compensation to the Company other than RMB300 million in relation to paragraph (iv) above.
- (vi) The obligations in paragraphs (ii) to (v) above shall survive the termination of the Irrevocable Undertaking.

UNDERTAKING IN RELATION TO THE PLEDGED SHARES

Best Approach has executed the Undertaking in favour of the Offeror in relation to the Pledged Shares. Pursuant to the Undertaking, Best Approach has undertaken that prior to the date of the Scheme Document, Best Approach shall obtain the written consent from Shanghai Industrial to release the Pledged Shares, which have been pledged by Best Approach to Shanghai Industrial, before the Effective Date.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately after the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises Mr. Feng Jun, being the non-executive Director who does not have any relationship with the Offeror or Best Approach, and Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, being the independent non-executive Directors, has been established by the Board to make a recommendation (i) to the Independent Shareholders as to whether the terms of the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are, or are not, fair and reasonable and as to how to vote at the Court Meeting and the EGM; and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal. The Independent Board Committee has reserved its opinion pending the advice of the independent financial adviser.

FINANCIAL ADVISERS AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed CITIC Securities as its exclusive financial adviser in connection with the Proposal.

The Company has appointed ABCI Capital as its exclusive financial adviser in connection with the Proposal.

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal and the Option Offer.

A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Cayman Islands Grand Court Rules, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal and the Option Offer, the letter of advice from the independent financial adviser, a notice of the Court Meeting and a notice of the EGM, together with forms of proxy in relation thereto, will be despatched to the Shareholders and the Optionholders as soon as practicable after the satisfaction of the Pre-Conditions and in compliance with the requirements of the Takeovers Code, the Companies Act, the Grand Court and other applicable laws and regulations.

WARNINGS

The making of the Proposal is subject to the satisfaction of the Pre-Conditions. Shareholders, Optionholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This Joint Announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law or regulation. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour or against of the Proposal. This Joint Announcement is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.

1. INTRODUCTION

Reference is made to the Rule 3.7 Announcement by each of the Offeror and the Company dated 7 July 2024, the clarification announcement of the Offeror dated 8 July 2024 and the clarification announcement of the Company dated 9 July 2024. The Offeror and the Company jointly announce that, on 22 July 2024 (after trading hours), the Offeror requested, subject to the satisfaction of the Pre-Conditions, the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme under section 86 of the Companies Act.

If the Proposal is approved and implemented, under the Scheme,

- (i) on the Effective Date, all the Scheme Shares will be cancelled in consideration for the Cancellation Price (less the Dividend Adjustment (if any)) payable in cash by the Offeror;
- (ii) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror;
- (iii) an application will be made to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange with effect immediately after the Effective Date pursuant to Rule 6.15 of the Listing Rules; and
- (iv) the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place forthwith following the Effective Date.

2. TERMS OF THE PRE-CONDITIONAL PROPOSAL

Subject to the satisfaction of the Pre-Conditions, the Proposal will be implemented by way of the Scheme.

The Scheme

Under the Scheme, as consideration for the cancellation of the Scheme Shares, the Offeror shall pay the Cancellation Price of HK\$4.90 (less the Dividend Adjustment (if any)) in cash to the Scheme Shareholders for each Scheme Share held as at the Record Date.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

Comparison of value

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the Offeror's view of the Group's business and future prospects, the recent and historical trading prices of the Shares on the Stock Exchange and the financial performance of the Group, with reference to other similar privatisation transactions in Hong Kong in recent years. The Cancellation Price of HK\$4.90 per Scheme Share represents:

- a premium of approximately 20.69% over the closing price of HK\$4.06 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 16.95% over the average closing price of approximately HK\$4.19 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;

- a premium of approximately 20.85% over the average closing price of approximately HK\$4.05 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 21.77% over the average closing price of approximately HK\$4.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 21.78% over the average closing price of approximately HK\$4.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 21.27% over the average closing price of approximately HK\$4.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 23.50% over the average closing price of approximately HK\$3.97 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- a premium of approximately 11.62% over the closing price of HK\$4.39 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 13.03% over the average closing price of approximately HK\$4.34 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 16.90% over the average closing price of approximately HK\$4.19 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 19.77% over the average closing price of approximately HK\$4.09 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 21.00% over the average closing price of approximately HK\$4.05 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 19.96% over the average closing price of approximately HK\$4.08 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 23.08% over the average closing price of approximately HK\$3.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

- a premium of approximately 28.56% over the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$3.81159 as at 31 December 2023, based on the audited consolidated net assets of the Group as stated in the annual report of the Company for the financial year ended 31 December 2023 and 2,439,541,169 Shares in issue as at the date of this Joint Announcement.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$4.50 on 16 February 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$3.81 on 22 January 2024.

Dividend payment by the Company

On 26 March 2024, the Board proposed the payment of a final dividend of HK3.2 cents per Share for the year ended 31 December 2023. The Shareholders approved the final dividend for the year ended 31 December 2023 at the annual general meeting of the Company held on 21 June 2024. It is expected that the dividend will be paid on 31 July 2024 to Shareholders whose names appear on the register of members of the Company on 28 June 2024.

As at the date of this Joint Announcement, save for the final dividend of the Company for the year ended 31 December 2023, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

Save for the final dividend of the Company of HK3.2 cents per Share for the year ended 31 December 2023, if, after the date of this Joint Announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive (“**Dividend Adjustment**”), in which case any reference in this Joint Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Share Award Scheme

As at the date of this Joint Announcement, (i) there were an aggregate of 10,100,000 Trustee Held Pool Shares held by the Share Award Trustee, which are unutilised under the Share Award Scheme; and (ii) no Share Award was granted or vested under the Share Award Scheme.

All of the Trustee Held Pool Shares which are still held by the Share Award Trustee as of the Record Date shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay to the Share Award Trustee an amount equivalent to the Cancellation Price multiplied by the number of the Trustee Held Pool Shares, which shall be paid by the Share Award Trustee to the Company after the Share Award Trustee receives such amount from the Offeror under the Scheme and upon the termination of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Share Award Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust. Accordingly, all of the Trustee Held Pool Shares will not be voted at the Court Meeting and the EGM notwithstanding that such Shares form part of the Scheme Shares.

During the offer period (as defined in the Takeovers Code), the Company does not intend to and will not grant any Share Awards and therefore the Share Award Trustee will not further acquire Shares on market for the purpose of making grants under the Share Award Scheme.

The Option Offer

As at the date of this Joint Announcement, there were 2,500,000 outstanding Share Options granted under the Share Option Scheme, each relating to one Share with an exercise price of HK\$4.39, among which (i) 250,000 Share Options are held by Ms. Loretta Lee, an executive Director; and (ii) 250,000 Share Options are held by Mr. Lai Chun Tung, an executive Director and Ms. Loretta Lee's spouse; and (iii) 2,000,000 Share Options are held by individuals who are not members of the Offeror Concert Parties. As at the date of this Joint Announcement, the 250,000 Share Options held by Ms. Loretta Lee and 250,000 Share Options held by Mr. Lai Chun Tung are exercisable.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel every outstanding Share Option, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Pursuant to the Irrevocable Undertaking, Ms. Loretta Lee has irrevocably undertaken to the Offeror, among other things, that she will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of such Share Options held by her.

The exercise of all the outstanding Share Options under the Share Option Scheme in full would result in the issue of 2,500,000 new Shares, representing approximately 0.10% of the total issued share capital of Company as at the date of this Joint Announcement) and approximately 0.10% of the total issued share capital of the Company as enlarged by the issue of such new Shares. The Company will not grant any further Share Options under the Share Option Scheme during the offer period (as defined in the Takeovers Code).

Under the Option Offer, the Offeror will offer holders of the outstanding Share Options the "see-through" price (being the Cancellation Price of HK\$4.90 minus the exercise price of HK\$4.39) for each outstanding Share Option they hold for the cancellation of every Share Option in accordance with Rule 13 of the Takeovers Code.

Further information on the Option Offer will be set out in a letter to the Optionholders, which will be despatched at the same time as the despatch of the Scheme Document. If any of the outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Record Date and the corresponding Shares are issued to such Optionholder(s) on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made. The holders of the Share Options shall be entitled to exercise the Share Option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the Scheme becomes or is declared unconditional. Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse one month after the Scheme becomes effective.

Save for the 2,439,541,169 Shares in issue and the 2,500,000 Share Options, the Company has no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in issue.

3. FINANCIAL RESOURCES

On the assumption that (i) no further Shares will be issued before the Record Date, (ii) all outstanding Share Options (other than the Share Options held by Ms. Loretta Lee) as at the Record Date are exercised and all Optionholders become Scheme Shareholders on or before the Record Date; (iii) no Share Option is granted under the Share Option Scheme before the Record Date; and (iv) taking into account Ms. Loretta Lee will not exercise her Share Options and will accept the Option Offer, the amount of cash required to implement the Proposal and the Option Offer would be approximately HK\$11,100,472,490.10 and HK\$127,500, respectively, and the total amount of cash required is HK\$11,100,599,990.10.

However, it has been agreed among the parties pursuant to the Irrevocable Undertaking that the Offeror may retain the Core Deferred Cancellation Price until no earlier than the date falling five years after the Effective Date and that Best Approach, Ms. Loretta Lee and Mr. KM Lai: (a) shall accept all credit risks associated with any delay in payment of such Core Deferred Cancellation Price; and (b) have agreed that, subject to applicable laws, the Core Deferred Cancellation Price does not need to be covered by the financial resources confirmation of the exclusive financial adviser to the Offeror. Accordingly, the Core Deferred Cancellation Price will not be factored in, and the amount of cash required to implement the Proposal on the Effective Date is HK\$10,884,079,474.78.

As further disclosed in the section headed “4. Pre-Conditions to the making of the Proposal – Capital injection in Grandblue Foshan”, Grandblue Foshan intends to provide all cash raised during the Capital Injection and the Onshore Loan Facilities to the Offeror, and the Offeror intends to use such cash to finance the cancellation of the Scheme Shares and the Option Offer. If the cash raised from the Capital Injection and the Onshore Loan Facilities is for any reason insufficient to finance the cash required for the cancellation of the Scheme Shares and the Option Offer (or if for any other reason, the Onshore Loan Facilities do not complete or capital raised through the Capital Injection or the Onshore Loan Facilities could not be applied to finance the cancellation of the Scheme Shares and the Option Offer), the Offeror shall finance the cash required for the cancellation of the Scheme Shares and the Option Offer from drawing down from term loan facilities of an amount up to HK\$4,700,000,000 and HK\$6,300,000,000 provided by China Merchants Bank Co., LTD., (London Branch) and China CITIC Bank International Limited, respectively (the “**Offshore Term Loan Facilities**”).

CITIC Securities, the exclusive financial adviser to the Offeror, is satisfied that regardless of whether cash from the Capital Injection and Onshore Loan Facilities are applied to finance the cancellation of the Scheme Shares and Option Offer, the Offshore Term Loan Facilities are in aggregate sufficient, and therefore sufficient financial resources are available, to the Offeror for discharging its obligations in respect of the full implementation of the Scheme (save for the above in relation to the Core Deferred Cancellation Price) and the Option Offer in accordance with their respective terms.

4. PRE-CONDITIONS TO THE MAKING OF THE PROPOSAL

Capital injection in Grandblue Foshan

As at the date of this Joint Announcement, the Offeror is wholly owned by Grandblue Foshan. Grandblue Foshan is indirectly wholly owned by Grandblue Environment, a company the shares of which are listed on the Shanghai stock exchange (Shanghai stock code: 600323). It is expected that (i) Nanhai Hengjian Fund will make capital injection in the aggregate amount of RMB2 billion into Grandblue Foshan and (ii) Grandblue Environment (via its subsidiary) will make an aggregate capital injection in the amount of RMB2.6 billion into Grandblue Foshan (the “**Capital Injection**”). As Grandblue Environment is a company listed on the Shanghai Stock Exchange, the Capital Injection is subject to the approval by the shareholders of Grandblue Environment in accordance with the relevant laws and regulations in the PRC and the articles of association of Grandblue Environment. Upon completion of the Capital Injection, it is expected that Grandblue Environment (through its wholly owned subsidiaries) and Nanhai Hengjian Fund will own approximately 56.52%, and 43.48% of Grandblue Foshan, respectively.

Upon completion of the Capital Injection, Grandblue Foshan intends to provide all capital raised during the Capital Injection to the Offeror (by way of capital injection or shareholder loan). The Offeror intends to apply such cash to finance the cancellation of the Scheme Shares and the Option Offer. In addition, Grandblue Foshan intends to obtain onshore loan facilities in the PRC (the “**Onshore Loan Facilities**”) after the publication of this Joint Announcement, which will also be provided to the Offeror (by way of capital injection or shareholder loan) and the Offeror intends to apply such cash to finance the cancellation of the Scheme Shares and the Option Offer. If the cash provided by Grandblue Foshan to the Offeror from the capital raised during the Capital Injection and the Onshore Loan Facilities is sufficient to cover the total amount of cash required to finance the cancellation of the Scheme Shares and the Option Offer, the Offeror will not need to draw down any loan from the Offshore Term Loan Facilities. However, if the capital raised during the Capital Injection and the Onshore Loan Facilities are insufficient to cover the total amount of cash required to finance the cancellation of the Scheme Shares and the Option Offer (or if for any other reason, the Onshore Loan Facilities do not complete or capital raised through the Capital Injection or the Onshore Loan Facilities could not be applied to finance the cancellation of the Scheme Shares and the Option Offer), the Offeror will draw down from the Offshore Term Loan Facilities to finance the cash required for the cancellation of the Scheme Shares and the Option Offer.

Nanhai Hengjian Fund is held as to 50%, 49.95% and 0.05% by Nanhai Holding, Guangdong Advanced Manufacturing Industry and Hengjian Asset Management, respectively. As at the date of this Joint Announcement, the general partner of Nanhai Hengjian Fund is Hengjian Asset Management and the limited partners of Nanhai Hengjian Fund are (i) Nanhai Holding and (ii) Guangdong Advanced Manufacturing Industry. Hengjian Asset Management is wholly owned by Hengjian Holding. Hengjian Holding is wholly owned by the Guangdong Province SASAC. Nanhai Holding is 90% and 10% owned by Foshan Nanhai State-owned Assets Supervision and Administration Bureau and Department of Finance of Guangdong Province, respectively. Guangdong Advanced Manufacturing Industry is an indirect wholly-owned fund of Hengjian Holding.

The making of the Proposal and completion of the Scheme is conditional upon the following Pre-Conditions having been satisfied:

- (i) the Yuezhao Environmental Disposal, including (a) the completion of the payment of consideration and the completion of the registration procedures of the equity transfer, having been completed within three months from the date of this Joint Announcement; (b) the Group does not record loss from the Yuezhao Environmental Disposal; and (c) there is no debtor and creditor relationship between the Group and Yuezhao Environment and the Group does not assume any responsibility for the debt of Yuezhao Environment. For the avoidance of doubt, the Yuezhao Environmental Disposal will be disposed of to a person who is not a shareholder (nor an associate of the shareholder) of the Company and hence the Yuezhao Environmental Disposal does not constitute a special deal;
- (ii) all necessary internal decision-making procedures and approval and filing procedures in respect of the transactions contemplated under the Proposal having been completed by Grandblue Environment, including (a) the approval of the board of directors of Grandblue Environment; and (b) the approval at the general meeting of the shareholders of Grandblue Environment;

- (iii) the completion of the Capital Injection in the aggregate amount of RMB4.6 billion into Grandblue Foshan;
- (iv) the Group having signed written agreements and/or obtained written preliminary or in-principle confirmation from the relevant financial institutions, guarantors and other entities (if applicable) to resolve the following guarantee issues:
 - (a) guarantee provided by Loyal Step (an indirect wholly-owned subsidiary of the Company), which exceeds the proportion of its shareholding in Huizhou Zhongzhou Environmental Protection Resources Co., Ltd. * (惠州市中洲環保資源有限公司) (an associate of the Group and is owned as to 40% by Loyal Step and 60% by Independent Third Parties); and
 - (b) guarantee provided by any other member of the Group (if any) which exceeds the proportion of its shareholding as set out in the financial statements of the Company as at 30 June 2024 or any other financial statements to be agreed in writing between the Offeror and the Company,

and such written agreements and/or written preliminary or in-principle confirmation having effectively confirmed that the Group will assume limited guarantee liability for the relevant non-consolidated subsidiaries within the proportion of their respective shareholding;

- (v) with respect to the applicable outbound direct investment laws and regulations, all relevant Approvals, registrations, filings, reports (as the case may be), have been obtained from, completed with and/or made to (as the case may be): (a) the Ministry of Commerce of the PRC; (b) the National Development and Reform Commission of the PRC; and (c) the State Administration of Foreign Exchange of the PRC, or the respective local authorities or delegates or institutions authorised by each of (a) to (c); and
- (vi) the completion of the declaration of the concentration of undertakings in China pursuant to the PRC Anti-monopoly Law (which requires merger filing where (1) a transaction constitutes a concentration of undertakings; and (2) the turnover of the undertakings participating in the concentration meets the threshold set out under the PRC Anti-monopoly Law) and obtaining the approval from the State Administration for Market Regulation of the PRC.

The Pre-Conditions cannot be waived. Further announcement(s) will be made as soon as practicable after all of the Pre-Conditions have been satisfied. If (1) Pre-Condition (i) above is not satisfied within three months from the date of this Joint Announcement; and/or (2) any of the Pre-Conditions is not satisfied on or before the Pre-Conditions Long Stop Date, the Proposal would not be made and the Shareholders will be notified by a further announcement as soon as practicable thereafter.

As at the date of this Joint Announcement, none of the Pre-Conditions has been satisfied.

5. CONDITIONS OF THE PROPOSAL AND THE SCHEME

Upon satisfaction of the Pre-Conditions, the implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following:

- (1)
 - (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting; and
 - (b) the approval of the Scheme (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (2) the passing of:
 - (a) a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares; and
 - (b) an ordinary resolution by a simple majority of the votes casts by the Shareholders present and voting in person or by proxy at the EGM to contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the credit arising in the Company's books of accounts as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares for issuance to the Offeror;
- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with, including all necessary internal decision-making procedures and approval and filing procedures with the competent governmental and/or regulatory authorities in respect of the transactions contemplated under the Proposal having been completed by Best Approach and the Offeror, including (i) the approval of the board of directors of Best Approach; (ii) the approval of the board of directors of the Offeror; and (iii) the approval of the shareholder of the Offeror, and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;

- (5) (i) the receipt by the Company of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;
- (6) (i) the receipt by the Company of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Land Disposal, Smart Parking Disposal and Office Building Disposal are fair and reasonable as far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Land Disposal, Smart Parking Disposal and Office Building Disposal; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Land Disposal, Smart Parking Disposal and Office Building Disposal;
- (7) all necessary consents in connection with the Proposal and the Scheme which may be required under any existing contractual obligations of any member of the Group being obtained or waived by the relevant party(ies) and remaining in effect (if applicable), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (8) all necessary consents in connection with the Proposal and the Scheme which may be required under any existing contractual obligations of any member of the Group, including all necessary consents of the Relevant Authorities on the change of shareholders from the project companies of the Company, being obtained and remained in effect or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (9) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), or adverse change in the government policies which may have a material adverse effect on the Group's business, from the date of this Joint Announcement up to the date when all the Conditions are satisfied or validly waived (as applicable), other than such actions, proceedings, suits or investigations as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;

- (10) from the date of this Joint Announcement up to the date when all the Conditions are satisfied or validly waived (as applicable), there being no adverse change in the business, assets, financial or trading positions or profits of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal or the Scheme) as a consequence of the implementation of the Proposal or the Scheme could or might reasonably result in;
- (11) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed in the relevant jurisdictions in respect of the whole or any substantial part of the assets and undertakings of any member of the Group up to the date immediately preceding the Effective Date, in each case which is material and adverse in the context of the Group taken as a whole;
- (12) save as publicly announced prior to the date of this Joint Announcement, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be instituted or remain outstanding by, against or in respect of any such member, in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (13) all warranties and representations provided by Best Approach under the Irrevocable Undertaking remaining true, accurate and not misleading in all material respects to the extent that it would not cause material and adverse in the context of the Group taken as a whole or in the context of the Proposal and there having been no material breach of any undertakings, terms and conditions therein which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

The Offeror reserves the right to waive Conditions (6) to (13) either in whole or in part, either generally or in respect of any particular matter. Conditions (1) to (5) cannot be waived in any event. The Company does not have the right to waive any of the Conditions.

For the avoidance of doubt, if Condition (6) is not fulfilled, the Land Disposal, Smart Parking Disposal and Office Building Disposal will not proceed.

In respect of Condition (4), the Company and/or the Offeror is not aware of any necessary statutory or regulatory obligations as well as internal decision making procedure other than (i) the approval of the board of directors of Best Approach; (ii) the approval of the board of directors of the Offeror; and (iii) the approval of the shareholder of the Offeror as disclosed above.

In respect of Condition (7), the Company and/or the Offeror is not aware of any such consents other than those from certain facility agreements entered into by the Group as at the date of this Joint Announcement.

In respect of Condition (8) above, save for the necessary internal decision-making procedures and approval and filing procedures with the competent governmental and/or regulatory authorities and consents of the Relevant Authorities on the change of shareholders from the project companies of the Company as disclosed above, the Company and/or the Offeror is not aware of any other consents required under any existing contractual obligations of any member of the Group as at the date of this Joint Announcement.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of a material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

As at the date of this Joint Announcement, other than Condition 4, none of the Conditions has been satisfied.

WARNINGS

The making of the Proposal is subject to the satisfaction of the Pre-Conditions. Shareholders, Optionholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

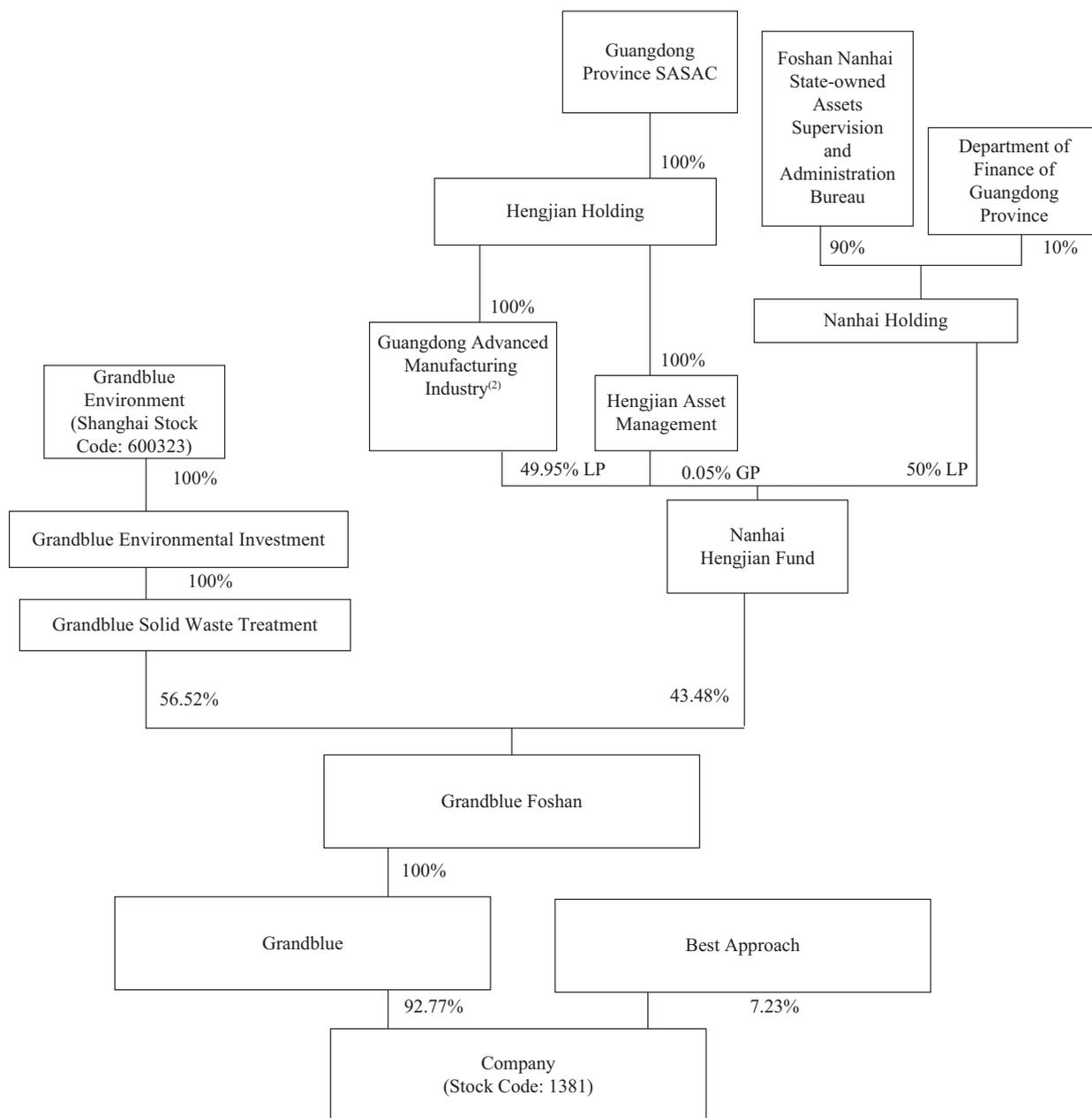
As at the date of this Joint Announcement,

- (i) the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares, and the Company has 2,439,541,169 Shares in issue;
- (ii) the Offeror does not hold any Shares;
- (iii) Best Approach holds 1,335,615,837 Shares, representing approximately 54.75% of the total issued share capital of the Company, of which 370,668,722 Shares held by Best Approach, representing approximately 15.19% of the total issued share capital of the Company, have been pledged by Best Approach to Shanghai Industrial. 1,159,227,217 of the 1,335,615,837 Shares held by Best Approach, representing approximately 47.52% of the total issued share capital of the Company constitute the Scheme Shares, and the remaining 176,388,620 Shares held by Best Approach, representing approximately 7.23% of the total issued share capital of the Company are Rollover Shares and will not form part of the Scheme Shares. The entire issued share capital of Best Approach is directly or indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members);
- (iv) Ms. Loretta Lee holds 1,376,000 Shares, representing approximately 0.06% of the total issued share capital of the Company, and 250,000 Share Options. Pursuant to the Irrevocable Undertaking, Ms. Loretta Lee has undertaken that she will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of Share Options held by her;
- (v) Mr. KM Lai is deemed to be interested in 10,000,000 Shares held by his spouse, representing approximately 0.41% of the total issued share capital of the Company;
- (vi) Mr. Yuan Guozhen, an executive Director, holds 250,000 Share Options and is deemed to be interested in 357,000 Shares held by his spouse, representing approximately 0.01% of the total issued share capital of the Company;

- (vii) Professor Sha Zhenquan, an independent non-executive Director, holds 100,000 Shares, representing approximately 0.004% of the total issued share capital of the Company;
- (viii) Mr. Chung Kwok Nam, an independent non-executive Director, holds 80,000 Shares, representing approximately 0.003% of the total issued share capital of the Company;
- (ix) True Victor Holdings Limited holds 475,251,000 Shares, representing approximately 19.48% of the total issued share capital of the Company. True Victor Holdings Limited is an indirect wholly-owned subsidiary of Shanghai Industrial. True Victor Holdings Limited does not have any relationship with the Offeror. Other than the issuance of the exchangeable bonds in respect of the Shares by Best Approach to Shanghai Industrial (being the parent company of True Victor Holdings Limited) as set out in the announcement of Shanghai Industrial dated 5 October 2023, there is no relationship between Best Approach and True Victor Holdings Limited;
- (x) AEP Green Power, Limited holds 138,305,678 Shares, representing approximately 5.67% of the total issued share capital of the Company. AEP Green Power, Limited does not have any relationship with the Offeror or Best Approach; and
- (xi) the remaining 478,455,654 Shares together with the 1,159,227,217 Shares held by Best Approach, the 1,376,000 Shares held by Ms. Loretta Lee, the 10,000,000 Shares which Mr. KM Lai is deemed to be interested in, the 357,000 Shares which Mr. Yuan Guozhen is deemed to be interested in, the 100,000 Shares held by Professor Sha Zhenquan, the 80,000 Shares held by Mr. Chung Kwok Nam, the 475,251,000 Shares held by True Victor Holdings Limited and the 138,305,678 Shares held by AEP Green Power, Limited, representing approximately 92.77% of the total issued share capital of the Company, will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Shareholding structure of the Company upon completion of the Proposal

On the assumption that (i) no outstanding Share Options are exercised before the Record Date; (ii) no Share Option is granted under the Share Option Scheme before the Record Date; and (iii) there is no other change in shareholding of the Company before completion of the Proposal, the chart below shows a simplified shareholding structure of the Company immediately upon the Scheme becoming effective.



Notes:

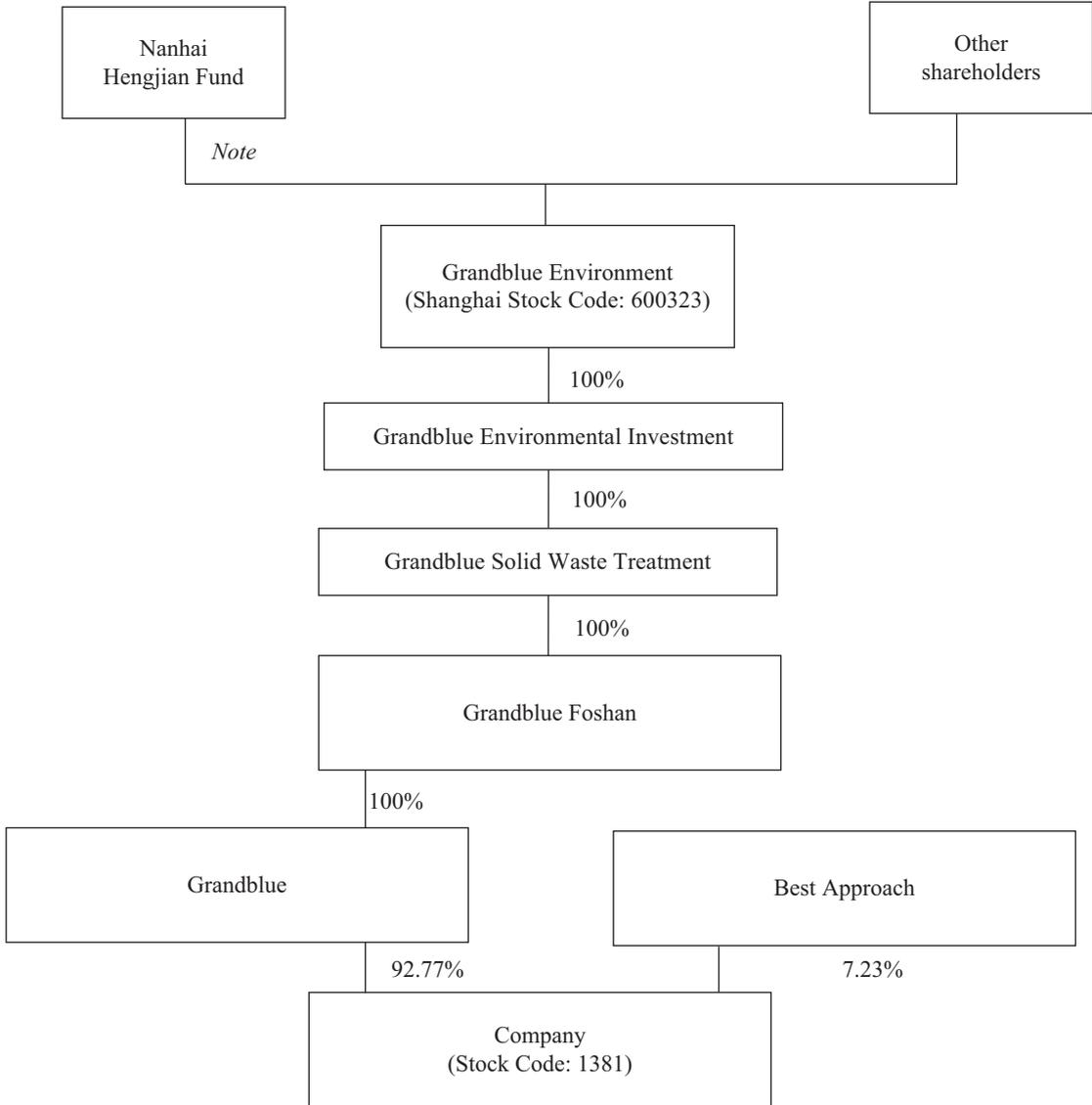
- (1) The percentage figures included in the shareholding structure have been subject to rounding adjustments.
- (2) Guangdong Advanced Manufacturing Industry is an indirect wholly-owned fund of Hengjian Holding.

Issue of Grandblue Environment Shares

After the completion of the Proposal, subject to the fulfilment of the requirements under the PRC laws and regulations and the obtaining of the necessary approvals from the Relevant Authorities in the PRC and Grandblue Environment Shareholders, it is expected that Grandblue Environment / Grandblue Solid Waste Treatment, an indirect wholly-owned subsidiary of Grandblue Environment, will acquire all the equity interest that Nanhai Hengjian Fund holds in Grandblue Foshan at the consideration of (a) Grandblue Environment Shares to be issued by Grandblue Environment to Nanhai Hengjian Fund (“**Issue of Grandblue Environment Shares**”); (b) cash; or (c) any other manner to be agreed by Nanhai Hengjian Fund and Grandblue Environment, at the option of Nanhai Hengjian Fund.

Shareholding structure of the Company upon completion of the Proposal and Issue of Grandblue Environment Shares

On the assumption that (i) no outstanding Share Options are exercised before the Record Date; (ii) no Share Option is granted under the Share Option Scheme before the Record Date; and (iii) there is no other change in shareholding of the Company before completion of the Proposal, the chart below shows a simplified shareholding structure of the Company immediately upon the Scheme becoming effective and the completion of the Issue of Grandblue Environment Shares:



Notes:

- (1) The percentage of shareholding in Grandblue Environment to be held by Nanhai Hengjian Fund will be subject to the approval by the Relevant Authorities in the PRC and the shareholders of Grandblue Environment.
- (2) The percentage figures included in the shareholding structure have been subject to rounding adjustments.

On the assumption that (i) no outstanding Share Options are exercised before the Record Date; (ii) no Share Option is granted under the Share Option Scheme before the Record Date; and (iii) there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the date of this Joint Announcement and immediately upon the Scheme becoming effective.

Shareholders	As at the date of this Joint Announcement		Upon the Scheme becoming effective	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror and Offeror Concert Parties				
Offeror				
Grandblue	–	–	2,263,152,549	92.77
Offeror Concert Parties				
<i>Shares held not subject to the Scheme</i>				
Best Approach ⁽¹⁾	176,388,620	7.23	176,388,620	7.23
<i>Shares held subject to the Scheme</i>				
Best Approach ⁽¹⁾	1,159,227,217	47.52	–	–
Ms. Loretta Lee ^(1,2)	1,376,000	0.06	–	–
Mr. KM Lai ⁽³⁾	10,000,000	0.41	–	–
Subtotal	1,346,991,837	55.22	2,439,541,169	100.00
Other Directors				
Mr. Yuan Guozhen ^(4,5)	357,000	0.01	–	–
Professor Sha Zhenquan ⁽⁵⁾	100,000	0.004	–	–
Mr. Chung Kwok Nam ⁽⁵⁾	80,000	0.003	–	–
True Victor Holdings Limited ⁽⁶⁾	475,251,000	19.48	–	–
AEP Green Power, Limited ⁽⁷⁾	138,305,678	5.67	–	–
Other Scheme Shareholders	478,455,654	19.61	–	–
Total number of Shares	2,439,541,169	100.00	2,439,541,169	100.00

Notes:

- (1) As at the date of this Joint Announcement, Best Approach holds 1,335,615,837 Shares, of which 370,668,722 Shares, representing approximately 15.19% of the total issued share capital of the Company, have been pledged by Best Approach to Shanghai Industrial. The entire issued share capital of Best Approach is directly or indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

Best Approach is an Offeror Concert Party. As at the date of this Joint Announcement, Best Approach holds 1,335,615,837 Shares, among which, 1,159,227,217 Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, and the remaining 176,388,620 Shares are Rollover Shares which will not form part of the Scheme Shares.

- (2) Ms. Loretta Lee, an executive Director, is an Offeror Concert Party. As at the date of this Joint Announcement, Ms. Loretta Lee and Mr. Lai Chun Tung hold 250,000 Share Options and 250,000 Share Options, respectively. Mr. Lai Chun Tung is an executive Director and the spouse of Ms. Loretta Lee. Under the SFO, Ms. Loretta Lee is deemed to be interested in the same number of Shares and Share Options in which Mr. Lai Chun Tung is interested. Pursuant to the Irrevocable Undertaking, Ms. Loretta Lee has undertaken that she will refrain from exercising the 250,000 Share Options held by her and will accept the Option Offer in respect of Share Options held by her.
- (3) Mr. KM Lai, an executive Director, is an Offeror Concert Party. Mr. KM Lai is deemed to be interested in 10,000,000 Shares held by his spouse, representing approximately 0.41% of the total issued share capital of the Company.
- (4) Mr. Yuan Guozhen, an executive Director, holds 250,000 Share Options and is deemed to be interested in 357,000 Shares held by his spouse, representing approximately 0.01% of the total issued share capital of the Company.
- (5) None of these Directors is acting in concert with the Offeror.
- (6) True Victor Holdings Limited is an indirect wholly-owned subsidiary of Shanghai Industrial. True Victor Holdings Limited does not have any relationship with the Offeror. Other than the issuance of the exchangeable bonds in respect of the Shares by Best Approach to Shanghai Industrial (being the parent company of True Victor Holdings Limited) as set out in the announcement of Shanghai Industrial dated 5 October 2023, there is no relationship between Best Approach and True Victor Holdings Limited.
- (7) AEP Green Power, Limited does not have any relationship with the Offeror or Best Approach.
- (8) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures.

By reason of being the financial adviser to the Offeror, CITIC Securities and persons controlling, controlled by or under the same control as CITIC Securities are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of “acting in concert” in the Takeovers Code (except for members of the CITIC Securities group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). As at the date of this Joint Announcement, members of the CITIC Securities group do not legally or beneficially own, control or have direction over any Shares (except in respect of the Shares held by members of the CITIC Securities group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients).

7. SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT

The Offeror proposes to allow Best Approach to retain the 176,388,620 Rollover Shares, representing approximately 7.23% of the total issued share capital of the Company after the Scheme becomes effective. As at the date of this Joint Announcement, Best Approach holds approximately 54.75% of the total issued share capital of the Company.

The Offeror is of the view that it is important for the Company to retain Best Approach as a Shareholder after the completion of the Scheme so that the Offeror can draw upon the experience and long-term involvement of Best Approach and its beneficial owners in the business and operations of the Company to ensure that the benefits of synergies and collaboration between the Offeror and the Company continue to be realised, which will enhance the competitiveness of the Offeror and the Company in the market and benefit the long-term sustainable development and growth of the Offeror and the Company.

The Rollover Arrangement will be terminated if (i) the Yuezhao Environmental Disposal is not completed within three months from the date of this Joint Announcement and/or any of the Pre-Conditions (other than the Yuezhao Environmental Disposal) is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) the Proposal and the Scheme do not become effective by the Long Stop Date; (iii) the Scheme is not sanctioned by the Grand Court; (iv) the requisite resolutions necessary to implement the Proposal are or any transaction disclosed in this Joint Announcement that requires approval of the Shareholders is not approved at the EGM; (v) Best Approach and the Offeror mutually agree to terminate the Irrevocable Undertaking in writing; or (vi) the Proposal or Share Option Offer is withdrawn or lapses.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will make an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the independent financial adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (5), the Proposal and the Scheme are subject to (i) the receipt by the Company of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the consent from the Executive in respect of the Rollover Arrangement.

Best Approach is considered to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement. Best Approach, Mr. KM Lai and Ms. Loretta Lee and those who are interested in or involved in the Rollover Arrangement will abstain from voting on the resolution to approve the Rollover Arrangement at the EGM.

8. CONNECTED TRANSACTIONS AND SPECIAL DEALS IN RELATION TO THE LAND DISPOSAL, SMART PARKING DISPOSAL AND OFFICE BUILDING DISPOSAL

(1) The Land Disposal

On 22 July 2024 (after trading hours), Canvest Kewei Environmental Protection Investment (Guangdong) Company Limited (粵豐科維環保投資(廣東)有限公司) (an indirect wholly-owned subsidiary of the Company) (“**Canvest Kewei**”) entered into a sale and purchase agreement with Best Approach, pursuant to which Canvest Kewei conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in a company to be incorporated in the PRC (that will become a direct wholly-owned subsidiary of Canvest Kewei (the “**Canvest Kewei Subsidiary**”)), which will hold the land use rights and structures on the Land for a total consideration of approximately RMB135.0 million.

As at the date of this Joint Announcement, the land use rights and structures on the Land is currently held by Canvest Kewei. It is expected that immediately prior to the completion of the Land Disposal, the Land will be transferred to the Canvest Kewei Subsidiary. Upon completion of the Land Disposal, Canvest Kewei will cease to own any direct or indirect interest in the Canvest Kewei Subsidiary and the land use rights and structures on the Land.

(2) The Smart Parking Disposal

On 22 July 2024 (after trading hours), the Company entered into a sale and purchase agreement with Best Approach, pursuant to which the Company conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in Canvest Technology Company Limited (a direct wholly-owned subsidiary of the Company) for a total consideration of approximately HK\$30.0 million. Upon completion, the Company will cease to own any direct or indirect interest in Canvest Technology Company Limited.

Canvest Technology Company Limited, through its subsidiaries, is principally engaged in the business of providing smart car parking solutions in the PRC.

(3) The Office Building Disposal

On 22 July 2024 (after trading hours), Yi Feng Development Limited (a direct wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Best Approach, pursuant to which Yi Feng Development Limited conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests and shareholders' loan in each of KK VII (BVI) Limited and KK VIII (BVI) Limited (being indirect wholly-owned subsidiaries of the Company) for a total consideration of approximately HK\$165.0 million. Upon completion, both Yi Feng Development Limited and the Company will cease to own any direct or indirect interest in each of KK VII (BVI) Limited and KK VIII (BVI) Limited.

Each of KK VII (BVI) Limited and KK VIII (BVI) Limited are investment holding companies, whereby (i) KK VII (BVI) Limited holds a commercial property and a car park space in Hong Kong; and KK VIII (BVI) Limited holds a commercial property, a car park space and rooftop in Hong Kong.

As at the date of this Joint Announcement, Best Approach owns approximately 54.75% of the total issued share capital of the Company and is a connected person of the Company under the Listing Rules. Accordingly, each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal exceeds 0.1% but is less than 5%, each of the Land Disposal, the Smart Parking Disposal and the Office Building Disposal is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

For details of the connected transactions in relation to the Land Disposal, the Smart Parking Disposal and the Office Building Disposal, please refer to the announcement of the Company dated 22 July 2024.

As the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are not capable of being extended to all Shareholders, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal constitute special deals and require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code. The Offeror will make an application for consent from the Executive in relation to the Land Disposal, the Smart Parking Disposal and the Office Building Disposal conditional on: (i) the independent financial adviser to the Independent Board Committee confirming that the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Land Disposal, the Smart Parking Disposal and the Office Building Disposal.

Best Approach, Mr. KM Lai and Ms. Loretta Lee and those who are interested in or involved in the Land Disposal, the Smart Parking Disposal and the Office Building Disposal will abstain from voting on the resolution to approve the Land Disposal, the Smart Parking Disposal and the Office Building Disposal at the EGM.

9. IRREVOCABLE UNDERTAKING

As at the date of this Joint Announcement, (i) Best Approach holds 1,335,615,837 Shares, representing approximately 54.75% of the total issued share capital of the Company, of which 370,668,722 Shares held by Best Approach, representing approximately 15.19% of the total issued share capital of the Company, have been pledged by Best Approach to Shanghai Industrial; (ii) Ms. Loretta Lee holds 1,376,000 Shares, representing approximately 0.06% of the total issued share capital of the Company; and (iii) Ms. Loretta Lee owns 250,000 Share Options. The aggregate number of Shares and Share Options owned by Best Approach and/or Ms. Loretta Lee that are subject to the Irrevocable Undertaking is 1,336,991,837 Shares, representing approximately 54.81% of the total issued share capital of the Company as at the date of this Joint Announcement, and 250,000 Share Options, respectively.

On 22 July 2024, Best Approach (as the covenanter), Mr. KM Lai and Ms. Loretta Lee (as Best Approach's guarantors) and the Offeror entered into the Irrevocable Undertaking, pursuant to which each of Best Approach, Mr. KM Lai and Ms. Loretta Lee irrevocably and unconditionally undertook to the Offeror, among other things, that it/he/she will, and will procure and ensure that during the term of the Irrevocable Undertaking:

- (i) Best Approach and Ms. Loretta Lee will, so far as permitted under the relevant laws and regulations (including the Takeovers Code), exercise all voting rights attached to the IU Shares in favour of all the resolutions necessary to implement the Proposal and any such other matters in connection therewith at the EGM to be convened for the purposes of passing the necessary resolutions for, among others, the implementation of the Proposal, and not to (a) encourage, solicit or promote offers by any person other than the Offeror to acquire any Shares (whether by way of an offer, scheme of arrangement or otherwise), accept any other offers involving the IU Shares; (b) sell, transfer or otherwise dispose of or pledge the IU Shares (save for the Pledged Shares); (c) purchase or acquire any other Shares without the prior written consent of Offeror; or (d) take any actions which may adversely affect or impede giving effect to the Scheme; and
- (ii) Ms. Loretta Lee will refrain from exercising the 250,000 Share Options held by her will and accept the Option Offer in respect of Share Options held by her.

Due to the Rollover Arrangement and the special deals in relation to the Land Disposal, Smart Parking Disposal and Office Building Disposal, in accordance with the requirements of the relevant laws and regulations (including the Takeovers Code), Best Approach, Mr. KM Lai and Ms. Loretta Lee will abstain from voting (i) on the Scheme at the Court Meeting; and (ii) on the special deals in relation to the Rollover Arrangement, the Land Disposal, Smart Parking Disposal and Office Building Disposal at the EGM. Each of Best Approach, Mr. KM Lai and Ms. Loretta Lee will provide an undertaking to the Grand Court (a) not to vote on the Scheme at the Court Meeting; and (b) to agree to and be bound by the terms of the Scheme.

Best Approach has also given, among others, customary representations and warranties in relation to, among others, the business operation, financial conditions, liabilities/contingent liabilities of the Group. Mr. KM Lai and Ms. Loretta Lee have agreed to guarantee the due performance of the obligations and undertakings of Best Approach under the Irrevocable Undertaking jointly and severally. As security for the fulfilment of obligations and undertakings of Best Approach under the Irrevocable Undertaking regarding matters including defects, contingent losses and accounts receivables, the Best Approach Cancellation Price payable to Best Approach will be paid by the Offeror to Best Approach by various instalments. The Deferred Cancellation Price (representing approximately 16.96% of the Best Approach Cancellation Price) will be retained by the Offeror and the Deferred Cancellation Price will only be paid to Best Approach by installments after the relevant obligations, undertakings and warranties under the Irrevocable Undertaking have been satisfied in full or the payment of the Deferred Cancellation Price is otherwise agreed by the Offeror, Best Approach, Mr. KM Lai and Ms. Loretta Lee in writing, whichever is earlier. The remaining Best Approach Cancellation Price (other than the Deferred Cancellation Price) will be paid to Best Approach directly within seven business days after the Proposal becomes effective. Pursuant to the Irrevocable Undertaking, it has been agreed among the parties pursuant to the Irrevocable Undertaking that the Offeror may retain the Core Deferred Cancellation Price until no earlier than the date falling five years after the Effective Date and that Best Approach, Ms. Loretta Lee and Mr. KM Lai: (a) shall accept all credit risks associated with any delay in payment of such Core Deferred Cancellation Price; and (b) have agreed that, subject to applicable laws, the Core Deferred Cancellation Price does not need to be covered by the financial resources confirmation of the exclusive financial adviser to the Offeror.

The Irrevocable Undertaking will be terminated if (i) the Yuezhan Environmental Disposal is not completed within three months from the date of this Joint Announcement Joint Announcement and/or any of the Pre-Conditions (other than the Yuezhan Environmental Disposal) is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) the Proposal and the Scheme do not become effective by the Long Stop Date; (iii) the Scheme is not sanctioned by the Grand Court; (iv) the requisite resolutions necessary to implement the Proposal are or any transaction disclosed in this Joint Announcement that requires approval of the Shareholders is not approved at the EGM; (v) Best Approach and the Offeror mutually agree to terminate the Irrevocable Undertaking in writing; or (vi) the Proposal or Share Option Offer is withdrawn or lapses.

Pursuant to the Irrevocable Undertaking,

- (i) Best Approach, Mr. KM Lai and Ms. Loretta Lee have undertaken that:
 - (a) the Yuezhan Environmental Disposal will be completed within three months after the date of this Joint Announcement and the Group will not record loss from the Yuezhan Environmental Disposal;
 - (b) the registration procedures in respect of the Land Disposal will be completed before the Effective Date and the payment of consideration in respect of the Land Disposal will be completed within 30 days from the date of payment of the Best Approach Cancellation Price (other than the Deferred Cancellation Price) by the Offeror to Best Approach in accordance with the Takeovers Code and the Group does not record loss from the Land Disposal;

- (c) the registration procedures in respect of the Smart Parking Disposal and Office Building Disposal will be completed before the Effective Date and the payment of consideration in respect of the Smart Parking Disposal and Office Building Disposal will be completed within 30 days from the date of payment of the Best Approach Cancellation Price (other than the Deferred Cancellation Price) by the Offeror to Best Approach in accordance with the Takeovers Code;
 - (d) all tax expenses related to the Land Disposal, Smart Parking Disposal and Office Building Disposal shall be borne by Best Approach solely and no tax expense shall be borne by the Group in relation to the Land Disposal, Smart Parking Disposal and Office Building Disposal;
- (ii) Each of Best Approach, Mr. KM Lai and Ms. Loretta Lee jointly and severally agreed to pay the Offeror RMB300 million as compensation within 60 days after the Company publishes an announcement on the lapse of the Proposal should any one or more of the following have resulted in the lapse of the Proposal:
- (a) if the Yuezhan Environmental Disposal is not completed within three months from the date of this Joint Announcement and has resulted in the lapse of the Proposal;
 - (b) the Group has failed to obtain signed written agreements and/or written preliminary or in-principle confirmation from the relevant financial institutions, guarantors and other entities (if applicable) to resolve the following guarantee issues prior to the Pre-Conditions Long Stop Date:
 - (1) guarantee provided by Loyal Step (an indirect wholly-owned subsidiary of the Company) which exceeds the proportion of its shareholding in Huizhou Zhongzhou Environmental Protection Resources Co., Ltd. * (惠州市中洲環保資源有限公司) (an associate of the Group and is owned as to 40% by Loyal Step and 60% by Independent Third Parties); and
 - (2) guarantee provided by any other member of the Group (if any) which exceeds the proportion of its shareholding as set out in the financial statements of the Company as at 30 June 2024 or any other financial statements to be agreed in writing between the Offeror and the Company,

and failed to obtain such written agreements and/or written preliminary or in-principle confirmation effectively confirming that the Group will assume limited guarantee liability for the relevant non-consolidated subsidiaries within the proportion of their respective shareholding;

- (c) if the Land Disposal is not completed due to reason(s) caused by Best Approach, Mr. KM Lai or Ms. Loretta Lee (other than objective reasons such as laws, regulations and regulatory policy restrictions) and Condition (6) is not waived by the Offeror;
 - (d) if the Smart Parking Disposal and/or the Office Building Disposal is/are not completed due to reason(s) caused by Best Approach, Mr. KM Lai or Ms. Loretta Lee (other than objective reasons such as laws, regulations and regulatory policy restrictions) and Condition (6) is not waived by the Offeror;
 - (e) the Pledged Shares which have been pledged by Best Approach to Shanghai Industrial have affected the implementation of the Proposal which resulted in the lapse of the Proposal; or
 - (f) prior to the termination of the Irrevocable Undertaking, Best Approach, Mr. KM Lai or Ms. Loretta Lee has encouraged, solicited or promoted any other offer by any person other than the Offeror (or person(s) approved by the Offeror) to acquire any Shares (whether by way of an offer, scheme of arrangement or otherwise), or accepted any other offer by any person other than the Offeror (or person(s) approved by the Offeror), which resulted in the lapse of the Proposal.
- (iii) For the avoidance of doubt, if Best Approach, Mr. KM Lai and Ms. Loretta Lee are required to pay compensation of RMB300 million to the Offeror due to one or more of the matters in paragraph (ii) above, the total amount of compensation that Best Approach, Mr. KM Lai and Ms. Loretta Lee are required to pay to the Offeror pursuant to paragraph (ii) above is RMB300 million and Best Approach, Mr. KM Lai and Ms. Loretta Lee do not need to provide other compensation to the Offeror other than RMB300 million in relation to paragraph (ii) above.
- (iv) The Offeror agreed to pay the Company RMB300 million as compensation (a) within 60 days after the Company publishes an announcement on the lapse of the Proposal if all the Pre-Conditions (other than Pre-Condition (iii)) have been fulfilled, and Nanhai Hengjian Fund has made capital injection in the aggregate amount of RMB2 billion into Grandblue Foshan, on or before the Pre-Conditions Long Stop Date however Grandblue Environment or its subsidiary fails to make an aggregate capital injection in the amount of RMB2.6 billion to Grandblue Foshan on or before the Pre-Conditions Long Stop Date; or (b) within 60 days after the Company publishes an announcement on the Effective Date of the Proposal, should the Offeror fail to pay the Best Approach Cancellation Price (other than the Deferred Cancellation Price) within seven business days after the Scheme becomes effective in accordance with the Takeovers Code due to reasons of the Offeror other than objective reasons such as laws, regulations and regulatory policy restrictions.

- (v) For the avoidance of doubt, if the Offeror is required to pay compensation of RMB300 million to the Company due to one or more of the matters in paragraph (iv) above, the total amount of compensation that the Offeror is required to pay to the Company pursuant to paragraph (iv) above is RMB300 million, and the Offeror does not need to provide other compensation to the Company other than RMB300 million in relation to paragraph (iv) above.
- (vi) The obligations in paragraphs (ii) to (v) above shall survive the termination of the Irrevocable Undertaking.

10. UNDERTAKING IN RELATION TO THE PLEDGED SHARES

Best Approach has executed an Undertaking in favour of the Offeror in relation to the Pledged Shares. Pursuant to the Undertaking, Best Approach has undertaken that prior to the date of the Scheme Document, Best Approach shall obtain the written consent from Shanghai Industrial to release the Pledged Shares, which have been pledged by Best Approach to Shanghai Industrial, before the Effective Date.

11. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

(i) The Proposal will create synergy and enhance competitive strengths of the Company

Grandblue Environment is a listed company in the PRC focused on the environmental service industry. Its business scope covers solid waste treatment, energy, water supply and drainage. Grandblue Environment is one of the top 10 waste incineration power generation enterprises in terms of grid-connection installed capacity, waste disposal capacity and power generation capacity in the PRC and one of the top 10 influential enterprises in solid waste treatment in the PRC.

The Group is a leading provider of integrated urban environmental protection and sanitation solutions, principally engaged in the operation and management of waste-to-energy (“WTE”) plants, provision of environmental hygiene and related services and integrated smart city management services. As at 31 December 2023, the Group had secured 36 WTE projects with a total daily municipal solid waste processing capacity of approximately 54,540 tonnes and the operating daily municipal solid waste processing capacity reached approximately 43,690 tonnes.

As the Company and Grandblue Environment are engaging in the environmental protection related business with a high degree of synergy in business area, business model, operation management and control capabilities, the Offeror believes that the Proposal will be able to create synergy and enhance competitive strengths and facilitate the Offeror to become a leading enterprise in solid waste treatment and WTE business through horizontal industrial integration after the completion of the Proposal.

(ii) The Proposal will allow the Company more flexibility in implementing its long-term growth strategy

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints from the perspective of managing a publicly listed company, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company.

(iii) An opportunity for Scheme Shareholders to realise their investment at a premium

During the six-month period immediately up to and including the Last Trading Day, the lowest and highest closing prices per Share on the Stock Exchange were HK\$3.81 and HK\$4.50, respectively, with a simple average closing price of approximately HK\$4.08. The Offeror believe that the Cancellation Price of HK\$4.90 per Share represents a premium to the prices at which the market had valued the Company and the consolidated net asset value attributable to Shareholders per Share as of 31 December 2023, and therefore, the Proposal provides the Scheme Shareholders an attractive exit premium and opportunity to realise their investment in return for cash, and redeploy into other investment opportunities that they may be considered more attractive.

The Proposal is intended to provide the Scheme Shareholders with an attractive opportunity to realise their investments in the Company for cash at a premium. The Cancellation Price represents a premium of approximately (i) 20.69% over the closing price of the Shares on the last trading day prior to the publication of the Rule 3.7 Announcement; (ii) 16.95% over the average closing price of the Shares for the 10 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (iii) 20.85% over the average closing price of the Shares for the 30 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (iv) 21.77% over the average closing price of the Shares for the 60 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (v) 21.78% over the average closing price of the Shares for the 90 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (vi) 21.27% over the average closing price of the Shares for the 120 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (vii) 23.50% over the average closing price of the Shares for the 180 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement; (viii) 11.62% over the closing price of the Shares on the Last Trading Day; (ix) 13.03% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (x) 16.90% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (xi) 19.77% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; (xii) 21.00% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; (xiii) 19.96% over the average closing price of the Shares for the 120 trading days up to and including the Last Trading Day; (xiv) 23.08% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day; and (xv) 28.56% over the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$3.81159 as at 31 December 2023, based on the audited consolidated net assets of the Group as stated in the annual report of the Company for the financial year ended 31 December 2023 and 2,439,541,169 Shares in issue as at the date of this Joint Announcement.

12. INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

It is the intention of the Offeror that the Group will continue to carry on its current business. The Offeror does not have plans to make any major changes to the current business or operations of the Group (including any redeployment of fixed assets of the Group). The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group, except for staff movements which are part of normal conduct of business. The Offeror will continue to monitor all business opportunities in relation to the Group as they arise from time to time.

13. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 1381). The principal activity of the Company is investment holding. The principal activities of the Group are the operation and management of waste-to-energy plants, provision of environmental hygiene and related services and integrated smart city management services across several regions in the PRC.

The Offeror

Information of Grandblue

Grandblue is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this Joint Announcement, save for the Proposal, Grandblue has not engaged in any business activities. Grandblue is an indirect wholly owned subsidiary of Grandblue Environment, a joint stock limited company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Shanghai stock code: 600323).

Grandblue Environment is focused on the environmental service industry. Its business scope covers solid waste treatment, energy, water supply and drainage. As at the date of this Joint Announcement, Grandblue Environment does not have any controlling shareholder (as defined in the Listing Rules). As at 31 December 2023, based on the public information available to Grandblue, the five largest shareholders of Grandblue Environment are Foshan Nanhai Water Supply Group Co., Ltd.* (佛山市南海供水集團有限公司), Nanhai Holding, SDIC Power Holdings Co., Ltd.* (國投電力控股股份有限公司), Foshan Nanhai Urban Construction Investment Co., Ltd.* (佛山市南海城市建設投資有限公司) and Three Gorges Capital Holdings Co., Ltd.* (三峽資本控股有限責任公司), holding approximately 17.15%, 15.44%, 8.10%, 4.96% and 2.21% of the equity interest in Grandblue Environment, respectively.

Information of Nanhai Hengjian Fund

Nanhai Hengjian Fund is a limited partnership enterprise established in the PRC. Nanhai Hengjian Fund is held as to 50%, 49.95% and 0.05% by Nanhai Holding, Guangdong Advanced Manufacturing Industry and Hengjian Asset Management, respectively.

As at the date of this Joint Announcement, the general partner of Nanhai Hengjian Fund is Hengjian Asset Management. Hengjian Asset Management is wholly owned by Hengjian Holding. Hengjian Holding is wholly owned by the Guangdong Province SASAC.

As at the date of this Joint Announcement, the limited partners of Nanhai Hengjian Fund are (i) Nanhai Holding and (ii) Guangdong Advanced Manufacturing Industry. Nanhai Holding is 90% and 10% owned by Foshan Nanhai State-owned Assets Supervision and Administration Bureau and Department of Finance of Guangdong Province, respectively. Guangdong Advanced Manufacturing Industry is an indirect wholly-owned fund of Hengjian Holding. The principal business of Nanhai Hengjian Fund is investment management.

As at the date of this Joint Announcement, the Offeror, Nanhai Hengjian Fund and their respective ultimate beneficial owners do not hold any Shares or other securities of the Company and are third parties independent of the Company and its connected persons (other than that Best Approach, Ms. Loretta Lee and Mr. KM Lai are Offeror Concert Parties).

14. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately after the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions (6) to (13) has not been fulfilled or waived by the Offeror or any of the Conditions (1) to (5) has not been fulfilled, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the independent financial adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

16. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions in which such Scheme Shareholders are located. Such overseas Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders, wishing to take an action in relation to the Proposal, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction. Any acceptance by such overseas Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the date of this Joint Announcement, there is no Shareholder whose address as shown in the register of members of the Company was outside Hong Kong. In the event that the despatch of the Scheme Document to overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome or otherwise not in the best interests of the Company or its Shareholders, the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company and CITIC Securities or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

17. SCHEME SHARES, COURT MEETING AND EGM

As at the date of this Joint Announcement, the Offeror does not own any Shares and the Offeror Concert Parties hold 1,346,991,837 Shares, representing approximately 55.22% of the issued share capital of the Company. 1,159,227,217 Shares held by Best Approach will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, while 176,388,620 Shares held by Best Approach (being the Rollover Shares subject to the Rollover Arrangement) will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. All of the Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting. Each of Best Approach, Mr. KM Lai and Ms. Loretta Lee will provide an undertaking to the Grand Court (a) not to vote on the Scheme at the Court Meeting; and (b) to agree to and be bound by the terms of the Scheme.

As such, as at the date of this Joint Announcement, save for Best Approach, Ms. Loretta Lee and Mr. KM Lai (who will provide an undertaking to the Grand Court not to vote on the Scheme at the Court Meeting), all Scheme Shareholders are Independent Shareholders and are entitled to vote on the Scheme at the Court Meeting.

All Shareholders will be entitled to attend the EGM and vote on (i) the special resolution to approve and give effect to any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares; and (ii) the ordinary resolution to contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the credit arising in the Company's books of accounts as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares for issuance to the Offeror. Only the Independent Shareholders and those who are not interested in or involved in the Rollover Arrangement, the Smart Parking Disposal, the Office Building Disposal and the Land Disposal may vote on the ordinary resolutions in connection with the special deal in relation to the Rollover Arrangement, the Smart Parking Disposal, the Office Building Disposal and the Land Disposal in accordance with the Takeovers Code.

The Offeror and Offeror Concert Parties will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

18. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises Mr. Feng Jun, being the non-executive Director who does not have any relationship with the Offeror or Best Approach, and Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, being the independent non-executive Directors, has been established by the Board to make a recommendation (i) to the Independent Shareholders as to whether the terms of the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal are, or are not, fair and reasonable and as to how to vote at the Court Meeting and the EGM; and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, and the Office Building Disposal. The Independent Board Committee has reserved its opinion pending the advice of the independent financial adviser.

19. FINANCIAL ADVISERS AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed CITIC Securities as its exclusive financial adviser in connection with the Proposal.

The Company has appointed ABCI Capital as its exclusive financial adviser in connection with the Proposal.

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal and the Option Offer.

A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

20. DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Cayman Islands Grand Court Rules, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme, the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal and the Option Offer, the letter of advice from the independent financial adviser, a notice of the Court Meeting and a notice of the EGM, together with forms of proxy in relation thereto, will be despatched to the Shareholders and the Optionholders as soon as practicable after the satisfaction of the Pre-Conditions and in compliance with the requirements of the Takeovers Code, the Companies Act, the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information, and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

21. DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period.

Neither the Offeror nor any of the Offeror Concert Parties had any dealings for value in any relevant securities (including Shares, convertible securities, warrants, options and derivatives in respect of such securities) of the Company during the period commencing six months prior to and including the date of this Joint Announcement.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

22. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Joint Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Joint Announcement include statements about the expected effects on the Company of the Proposal, the expected timing and scope of the Proposal, and all other statements in this Joint Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intend”, “expect”, “estimate”, “believe”, “strategy” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Pre-Conditions to the making of the Proposal and the Conditions to the implementation of the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the date of this Joint Announcement and each of the Offeror and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.

23. GENERAL

The Directors (excluding members of the Independent Board Committee who will express their views in the Scheme Document) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

As at the date of this Joint Announcement:

- (a) save as disclosed in the section headed “6. Shareholding Structure of the Company” and save for the Share Options, none of the Offeror or the Offeror Concert Parties owned, controlled or had direction over any voting rights and rights over Shares;
- (b) save as disclosed in the section headed “6. Shareholding Structure of the Company” and save for the Share Options, none of the Offeror or the Offeror Concert Parties held any convertible securities, warrants or options in respect of voting rights and rights over Shares;
- (c) save for the Irrevocable Undertaking, the Undertaking, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal, the Proposal and the Rollover Arrangement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal and/or the Scheme;
- (d) save for the Pre-Conditions and Conditions, there was no agreement or arrangement to which the Offeror are a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal and/or the Scheme;
- (e) save for the 250,000 Share Options held by Ms. Loretta Lee, an executive Director and 250,000 Share Options held by Mr. Lai Chun Tung, an executive Director and Ms. Loretta Lee’s spouse, none of the Offeror and Offeror Concert Parties had entered into any outstanding derivative in respect of securities in the Company;
- (f) save for the Irrevocable Undertaking, none of the Offeror and Offeror Concert Parties had received an irrevocable commitment to vote for or against the Scheme or accept the Option Offer;
- (g) none of the Offeror and Offeror Concert Parties had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) save for the Cancellation Price and the Option Offer Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any Offeror Concert Party to the Scheme Shareholders or their concert parties in relation to the Proposal;
- (i) save for the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal, the Office Building Disposal, the Irrevocable Undertaking and the Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) the Offeror or any Offeror Concert Party; and (ii) any Scheme Shareholder and their concert parties; and
- (j) save for the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal and the Office Building Disposal, the Irrevocable Undertaking and the Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror and Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

24. NOTICE TO US INVESTORS

The Proposal and the Scheme relate to the cancellation of the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Act. The Option Offer relates to the cancellation of the options of a company pursuant to the Takeovers Code. The Scheme must be approved by the requisite majority of shareholders and sanctioned by the Cayman Islands court. The shares of the Cayman Islands company are listed on the Stock Exchange and are not listed on a US national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the Exchange Act. Accordingly, the Proposal, the Scheme and the Option Offer are subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.

It may be difficult for US holders of Scheme Shares or Share Options to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of Scheme Shares or Share Options may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgment.

The financial information included in this Joint Announcement (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

The receipt of cash pursuant to the Proposal, the Scheme or the Option Offer by a US holder of Scheme Shares or Share Options may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal, the Scheme and the Option Offer applicable to him/her/it.

The Proposal, the Scheme or the Option Offer has not been approved or disapproved by the United States Securities and Exchange Commission or the securities regulatory authority of any state of the US, nor has the United States Securities and Exchange Commission or any such state regulatory authority passed on the adequacy or accuracy of this Joint Announcement. Any representation to the contrary is a criminal offence in the US.

25. DEFINITIONS

In this Joint Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“ABCI Capital”	ABCI Capital Limited, the exclusive financial adviser to the Company in respect of the Proposal. ABCI Capital is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Approvals”	authorisations, registrations, filings, rulings, consents, opinions, permissions, waivers, notices and approvals
“associate”	has the meaning ascribed to it in the Takeovers Code
“Best Approach”	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of the BVI with limited liability, which is directly held as to 55% by VISTA Co and indirectly held as to 45% by VISTA Co through Century Rise Development Limited, and holds 1,335,615,837 Shares, representing approximately 54.75% of the total issued share capital of the Company as at the date of this Joint Announcement
“Best Approach Cancellation Price”	HK\$5,680,213,363.30, the total cancellation price payable by the Offeror to Best Approach under the Proposal
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$4.90 (less the Dividend Adjustment (if any)) per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme. Unless otherwise stated, reference to the Cancellation Price in this Joint Announcement is to the amount of HK\$4.90 per Scheme Share, without taking into account any Dividend Adjustment
“Canvest Technology”	Canvest Technology Company Limited (粵豐科技有限公司), formerly known as Canvest Environmental (Overseas) Company Limited
“Capital Injection”	has the meaning ascribed to it under the section headed “4. Pre-conditions to the making of the Proposal – Capital injection in Grandblue Foshan” in this Joint Announcement

“CITIC Securities”	CITIC Securities (Hong Kong) Limited, the exclusive financial adviser to the Offeror in respect of the Proposal. CITIC Securities is a licensed corporation under the SFO, licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Company”	Canvest Environmental Protection Group Company Limited (Stock Code: 1381), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	the Companies Act (2023 Revision) (As Revised) of the Cayman Islands
“Core Deferred Cancellation Price”	the HK\$216,520,515.32 portion of the Deferred Cancellation Price
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “5. Conditions of the Proposal and the Scheme” of this Joint Announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the directions of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Deferred Cancellation Price”	HK\$963,516,293.17, representing approximately 16.96% of the total cancellation price payable by the Offeror to Best Approach under the Proposal
“Department of Finance of Guangdong Province”	Department of Finance of Guangdong Province (廣東省財政廳)
“Dividend Adjustment”	has the meaning ascribed to it under the section headed “2. Terms of the Pre-conditional Proposal – Dividend payment by the Company” in this Joint Announcement
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“EGM”	the extraordinary general meeting to be convened for the purposes of considering, and if thought fit, approving, among other things, all necessary resolutions for the implementation of the Proposal, or any adjournment thereof

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Foshan Nanhai State-owned Assets Supervision and Administration Bureau”	State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City (佛山市南海區國有資產監督管理局)
“Grandblue” or “the Offeror”	GRANDBLUE INVESTMENT HONGKONG LIMITED (瀚藍(香港)環境投資有限公司), a company incorporated in Hong Kong with limited liability, being the Offeror
“Grandblue Environment”	Grandblue Environment Co., Ltd.* (瀚藍環境股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai stock exchange (Shanghai stock code: 600323)
“Grandblue Environmental Investment”	Foshan Nanhai Grandblue Environmental Investment Company Limited* (佛山市南海瀚藍環保投資有限公司), a company established in the PRC with limited liability
“Grandblue Environment Shares”	ordinary shares of RMB1.00 each in the share capital of Grandblue Environment
“Grandblue Foshan”	Grandblue (Foshan) Investment Company Limited* (瀚藍(佛山)投資有限公司)(formerly known as Grandblue (Guangzhou) Investment Company Limited* (瀚藍(廣州)環境投資有限公司)), a company established in the PRC with limited liability
“Grandblue Solid Waste Treatment”	Foshan Nanhai Grandblue Solid Waste Treatment Investment Co., Ltd.* (佛山市南海瀚藍固廢處理投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of Grandblue Environment
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“Guangdong Advanced Manufacturing Industry”	Guangdong Advanced Manufacturing Industry Investment Fund Partnership (Limited Partnership)* (廣東先進製造產業投資基金合夥企業(有限合夥))
“Guangdong Province SASAC”	State-owned Assets Supervision and Administration Commission, the People’s Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會)

“Harvest VISTA Trust”	the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members)
“Hengjian Asset Management”	Guangdong Hengjian Asset Management Co., Ltd. (廣東恒健資產管理有限公司), a company established in the PRC with limited liability
“Hengjian Holding”	Guangdong Hengjian Investment Holding Co., Ltd.* (廣東恒健投資控股有限公司), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, which comprises Mr. Feng Jun, being the non-executive Director, and Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, being the independent non-executive Directors, established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal, the Scheme, the Rollover Arrangement, the Smart Parking Disposal and the Office Building Disposal, the Land Disposal and the Option Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror, the Offeror Concert Parties and those who are interested in or involved in the Rollover Arrangement, the Land Disposal, the Smart Parking Disposal or the Office Building Disposal
“Independent Third Party”	a person or a company which is a third party, independent of the Company and its connected person(s) ascribed to it in the Listing Rules
“Issue of Grandblue Environment Shares”	has the meaning ascribed to it under the section headed “6. Shareholding Structure of the Company – Issue of Grandblue Environment Shares” in this Joint Announcement
“Irrevocable Undertaking”	the irrevocable undertaking dated 22 July 2024 and given by Best Approach (as the covenantor) and Mr. KM Lai and Ms. Loretta Lee (as Best Approach’s guarantors) in favour of the Offeror

“IU Shares”	collectively, the 1,335,615,837 Shares (including the Pledged Shares) held by Best Approach and the 1,376,000 Shares held by Ms. Loretta Lee and, if the context requires, the 250,000 Share Options which are held by Ms. Loretta Lee
“Joint Announcement”	this announcement jointly issued by the Offeror and the Company
“Land”	the land situated at 1/5 of land and above-ground buildings in the 3 rd neighbourhood of Yuepu Town, Baoshan District, Shanghai, the PRC (中國上海市寶山區月浦鎮 3 街坊 1/5 丘土地及地上建築物)
“Land Disposal”	the disposal of all equity interest in a company to be incorporated in the PRC (that will become a direct wholly-owned subsidiary of Canvest Kewei Environmental Protection Investment (Guangdong) Company Limited (粵豐科維環保投資(廣東)有限公司), which holds the Land, to Best Approach (or its affiliates)
“Last Trading Day”	22 July 2024, being the last trading day of Shares prior to the issuance of this Joint Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	14 November 2025 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. KM Lai”	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), an executive Director and the deputy chairman of the Company
“Ms. Loretta Lee”	Ms. Lee Wing Yee, Loretta (李詠怡), an executive Director and chairlady of the Board
“Nanhai Hengjian Fund”	Guangdong Nanhai Listed Company High-Quality Development Equity Investment Fund Partnership (Limited Partnership* (廣東南海上市公司高質量發展股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Nanhai Holding”	Nanhai Holding Investment Co., Ltd.* (廣東南海控股集團有限公司), a company established in the PRC with limited liability

“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including Best Approach, Ms. Loretta Lee and Mr. KM Lai
“Office Building Disposal”	the disposal of the entire issued share capital of KK VII (BVI) Limited and KK VIII (BVI) Limited to Best Approach (or its affiliates)
“Offshore Term Loan Facilities”	has the meaning ascribed to it under the section headed “3.Financial Resources” in this Joint Announcement
“Onshore Term Loan Facilities”	has the meaning ascribed to it under the section headed “4. Pre-conditions to the making of the Proposal – Capital injection in Grandblue Foshan” in this Joint Announcement
“Optionholder(s)”	the holder(s) of the outstanding Share Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Optionholders
“Option Offer Price”	the price for cancellation of each Option, being HK\$0.51
“Pledged Shares”	the 370,668,722 Shares held by Best Approach, representing approximately 15.19% of the total issued share capital of the Company, which have been pledged by Best Approach to Shanghai Industrial
“PRC”	the People’s Republic of China (for the purpose of this Joint Announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Pre-Conditions”	the pre-conditions to the making of the Proposal, as set out under the section headed “4. Pre-conditions to the making of the Proposal” of this Joint Announcement
“Pre-Conditions Long Stop Date”	17 July 2025, the date that falls on the 360th day after the date of this Joint Announcement, or such later date, if any, as the Offeror and the Company may agree in writing
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option offer and the withdrawal of the listing of the Shares from the Stock Exchange on the terms and subject to the conditions set out in this Joint Announcement
“Record Date”	the record date to be announced for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions

“Rollover Arrangement”	the arrangement between the Offeror and Best Approach under the Irrevocable Undertaking as described in the section headed “7. Special deal in relation to the Rollover Arrangement” of this Joint Announcement
“Rollover Shares”	the 176,388,620 Shares held by Best Approach which is subject to the Rollover Arrangement, representing approximately 7.23% of the total issued share capital of the Company as at the date of this Joint Announcement
“Rule 3.7 Announcement”	the announcement pursuant to Rule 3.7 of the Takeovers Code made by each of the Offeror and the Company dated 7 July 2024
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under section 86 of the Companies Act involving, among other things, the cancellation of all the Scheme Shares in exchange for the Cancellation Price
“Scheme Document”	the scheme document to be jointly issued by the Company and the Offeror to the Shareholders containing, among other things, further details of the Proposal and Scheme together with the additional information specified in the section headed “20. Despatch of the Scheme Document” of this Joint Announcement
“Scheme Share(s)”	all of the Share(s) in issue and such further Share(s) as may be issued prior to the Record Date, other than (i) those which are held or beneficially owned by the Offeror; and (ii) the Rollover Shares
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Industrial”	Shanghai Industrial Holdings Limited (Stock Code: 363), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Award(s)”	the share awards granted or to be granted under the Share Award Scheme from time to time

“Share Award Scheme”	the share award scheme adopted by the Company on 3 May 2019
“Share Award Trustee”	Bank of Communications Trustee Limited, a company incorporated in Hong Kong with limited liability, which holds Shares for the benefit of grantees of the Share Award Scheme
“Share Option(s)”	the vested and unvested, share option(s), each relating to one Share, granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 7 December 2014
“Shareholder(s)”	registered holder(s) of the Shares
“Smart Parking Disposal”	the disposal of all the equity interest of Canvest Technology to Best Approach (or its affiliates)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Trustee Held Pool Shares”	the Shares held by the Trustee that are unutilised under the Share Award Scheme
“Undertaking”	the undertaking dated 22 July 2024 executed by Best Approach in favour of the Offeror in relation to the Pledged Shares
“US”	the United States of America
“VISTA Co”	Harvest Vista Company Limited, a company incorporated in the BVI, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of Harvest VISTA Trust, the discretionary beneficiaries of which include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members)
“Yuezhhan Environmental”	Canvest Yuezhhan Environmental Management (Guangdong) Company Limited* (粵豐粵展環境管理(廣東)有限公司), an indirect wholly-owned subsidiary of the Company

“Yuezhan Environmental Disposal” the transfer of all of the equity interest and debts held by the Group in Yuezhan Environmental to an independent third party who is not a Shareholder

“%” per cent.

By order of the board of directors of
Grandblue Investment Hongkong Limited

Wu Zhiyong
Director

Tang Yuyun
Director

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

Hong Kong, 22 July 2024

As at the date of this Joint Announcement, the directors of Grandblue are Mr. Wu Zhiyong and Ms. Tang Yuyun.

As at the date of this Joint Announcement, the directors of Grandblue Environment are Mr. Zhang Houxiang, Ms. Jin Duo, Mr. Li Zhibin, Mr. Wang Weirong, Mr. Zhou Shaojie, Mr. Chen Yihua; and the independent directors of Grandblue Environment are Mr. Zhang Jun, Mr. Liang Jinqi and Ms. Li Kantong.

The directors of Grandblue and Grandblue Environment jointly and severally accept full responsibility for the accuracy of the information contained in this Joint Announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Joint Announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading.

As at the date of this Joint 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, as non-executive Director; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Joint Announcement (other than that relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Joint Announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading.

* For identification purposes only