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**CANVEST ENVIRONMENTAL PROTECTION GROUP
COMPANY LIMITED**

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 17 May 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe, 34,235,294 Subscription Shares at the Subscription Price of HK\$3.4 per Subscription Share.

The Subscription Price of HK\$3.4 per Subscription Share represents:

- (i) a discount of approximately 3.7% to the closing price of HK\$3.53 per Share as quoted on the Stock Exchange on 17 May 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 5.8% to the average closing price of HK\$3.61 per Share in the last five consecutive trading days immediately prior to 17 May 2016, being the date of the Subscription Agreement.

The number of 34,235,294 Subscription Shares represents (i) approximately 1.7% of the existing issued share capital of the Company of 2,000,000,000 Shares as at the date of this announcement; and (ii) approximately 1.7% of the issued share capital of the Company of 2,034,235,294 Shares as enlarged by the allotment and issue of the 34,235,294 Subscription Shares assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription.

The net proceeds from the Subscription will amount to HK\$111.6 million, which the Company intends to use for injection into the paid-in capital of the subsidiaries of the Company and additional working capital of the Group.

Shareholders and potential investors should note that the Subscription is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions of the Subscription” and the Subscriber not having terminated the Subscription Agreement in accordance with the terms thereof. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 17 May 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe, 34,235,294 Subscription Shares at the Subscription Price of HK\$3.4 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date: 17 May 2016

Parties: The Company and the Subscriber

The Subscriber

The Subscriber is Wise Power Investment Limited (“**Wise Power**”). Wise Power is a wholly owned subsidiary of China Infrastructure Partners, L.P., which primarily focuses on investment in renewable and clean energy, utilities and municipal services, logistics, social infrastructure and other fast-growing infrastructure related sectors in China, Hong Kong and Macau.

As at the date of this announcement, the Subscriber is a Shareholder holding 33,058,078 Shares, representing approximately 1.7% of the existing issued share capital of the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

The Subscriber will not become a substantial shareholder of the Company as a result of the Subscription.

Subscription Price

The Subscription Price of HK\$3.4 per Subscription Share represents:

- (i) a discount of approximately 3.7% to the closing price of HK\$3.53 per Share as quoted on the Stock Exchange on 17 May 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 5.8% to the average closing price of HK\$3.61 per Share in the last five consecutive trading days immediately prior to 17 May 2016, being the date of the Subscription Agreement.

The Subscription Price was agreed after arm's length negotiations between the Company and the Subscriber under normal commercial terms and with reference to, among other things, prevailing market conditions. The Directors consider that the Subscription Price is fair and reasonable based on the prevailing market conditions and the Subscription is in the interests of the Company and the Shareholders as a whole.

The net price per Subscription Share will be approximately HK\$3.3.

The Subscription Shares will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Subscription and thereafter.

Number of the Subscription Shares

The number of 34,235,294 Subscription Shares represents (i) approximately 1.7% of the existing issued share capital of the Company of 2,000,000,000 Shares as at the date of this announcement; and (ii) approximately 1.7% of the issued share capital of the Company of 2,034,235,294 Shares as enlarged by the allotment and issue of the 34,235,294 Subscription Shares assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription.

The aggregate nominal value of the Subscription Shares will be HK\$342,352.9.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued upon completion of the Subscription under the general mandate (the “**General Mandate**”) granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 16 June 2015 subject to the limit of not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the said annual general meeting. Under the General Mandate, the Directors are authorized to allot and issue up to a maximum of 400,000,000 new Shares.

On 20 January 2016, the Company entered into a convertible loan agreement with International Finance Corporation (“**IFC**”), pursuant to which IFC agreed to lend and the Company agreed to borrow a convertible loan in the principal amount of HK\$465,012,000. Pursuant to the convertible loan agreement, IFC has the right to convert all or any part of the outstanding principal amount of the convertible loan into Shares at a conversion price of HK\$3.91 per Share. Such conversion shares, being a maximum of 118,928,900 Shares based on the initial conversion price, will be allotted and issued under the General Mandate. As at the date of this announcement, the convertible loan in the principal amount of HK\$465,012,000 was disbursed and accordingly, based on the initial conversion price, 118,928,900 Shares under the General Mandate have been utilised by the Company. No conversion right has been exercised as at the date of this announcement.

Since the Subscription Price represents a discount of approximately 3.7% to the closing price of the Shares on the date of the Subscription Agreement, upon completion of the Subscription, the initial conversion price may be adjusted pursuant to the terms of the convertible loan agreement. The Company will make appropriate announcement as and when the adjustment occurs.

Taking into account the possible adjustment to the conversion price, the General Mandate will be sufficient for the allotment and issue of the Subscription Shares. Accordingly, the allotment and issue of the Subscription Shares is not subject to Shareholders’ approval.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (ii) no representation, warranty or undertaking under the Subscription Agreement having been breached in any material respect by the Company or otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the date of completion of the Subscription; and
- (iii) no suspension in the trading of the Shares of more than five business days for any single consecutive period prior to the date of completion of the Subscription.

Completion of the Subscription

Completion of the Subscription is subject to fulfillment of the conditions as set out above.

If the above conditions are not satisfied and/or waived in whole or in part by the Subscriber within 30 days after the date of the Subscription Agreement (the “**Long Stop Date**”) or such later date to be agreed between the Company and the Subscriber, the Subscription will be terminated and the Subscription will not proceed and all obligations and liabilities of the parties to the Subscription Agreement will forthwith cease and determine and no party will have any claim against the others, save for any antecedent breaches of the Subscription Agreement.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

Termination of the Subscription

If at any time prior to 8.00 a.m. (Hong Kong time) on the date of completion of the Subscription, any breach of any of the representations, warranties and undertakings by the Company set out in the Subscription Agreement comes to the knowledge of the Subscriber or any event occurs or any matter arises on or after the date of the Subscription Agreement and prior to the date of completion of the Subscription which if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue, incorrect or misleading in any respect and any such breach or failure is material or is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole, or there has been a breach of, or failure to perform, any other provision of the Subscription Agreement on the part of the Company, then and in any such case, the Subscriber may terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8.00 a.m. (Hong Kong time) on the date of completion of the Subscription.

UNDERTAKINGS

The Subscriber has undertaken to the Company that, for a period of 90 days from the date of completion of the Subscription, it will not transfer any of the Subscription Shares without the prior written consent of the Company.

The Company has undertaken to the Subscriber that, for a period of 12 months from the date of completion of the Subscription, the Company will not, except for the Subscription Shares and save pursuant to: (1) the terms of any employee share option scheme of the Company; (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or (3) the terms of the convertible loan pursuant to the convertible loan agreement entered into between the Company and IFC on 20 January 2016: (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for

(either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares, in each case at a price of less than HK\$3.20 per Share (subject to adjustment in connection with any alteration to the capital structure of the Company, whether by way of capitalisation of profits or reserves, open offer, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of the Company, which adjustment shall be agreed between the Company and the Subscriber in writing); (ii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transaction described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Subscriber, which shall not be unreasonably withheld.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the development, management and operation of waste-to-energy plants.

The net proceeds from the Subscription will amount to HK\$111.6 million which the Company intends to use for injection into the paid-in capital of the subsidiaries of the Company, acquisition of new waste-to-energy projects, and additional working capital of the Group.

The Directors are of the view that the Subscription will provide an opportunity to raise additional funds to further strengthen the financial position and capital base of the Group to facilitate its future growth and development. The Subscription can further strengthen the business relationship between the Company and the Subscriber through its increase of shareholdings in the Company.

Accordingly, the Board considers that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

On 20 January 2016, the Company entered into a convertible loan agreement with IFC, pursuant to which IFC agreed to lend and the Company agreed to borrow a convertible loan in the principal amount of HK\$465,012,000. Pursuant to the convertible loan agreement, IFC has the right to convert all or any part of the outstanding principal amount of the convertible loan into Shares at a conversion price of HK\$3.91 per Share. The proceeds of the convertible loan are intended to be used to finance the Company's acquisition, construction and development of waste-to-energy projects and general working capital requirements. As at the date of this announcement, the convertible loan in the principal amount of HK\$465,012,000 was disbursed and HK\$41,752,000 was utilized for the purchase of plant and equipment. The remaining amount of the convertible loan will be used in accordance with the aforementioned intention.

For further information on the convertible loan, please refer to the announcement of the Company dated 20 January 2016.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon completion of the Subscription (assuming (i) there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription; and (ii) all 34,235,294 Subscription Shares are issued) are set out below:

	At the date of this announcement		Immediately after completion of the Subscription		Immediately after completion of the Subscription and assuming full conversion of the convertible loan at the conversion price of HK\$3.91 per Share	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders						
Best Approach	1,301,652,837	65.1	1,301,652,837	64.0	1,301,652,837	60.5
Developments Limited	(Note 1)					
AEP Green Power, Limited	116,305,678	5.8	116,305,678	5.7	116,305,678	5.4
IFC	-	-	-	-	118,928,900	5.5
					(Note 2)	
The Subscriber and its associates	33,058,078	1.7	67,293,372	3.3	67,293,372	3.1
	(Note 3)					
Other Shareholders	548,983,407	27.4	548,983,407	27.0	548,983,407	25.5
Total	2,000,000,000	100	2,034,235,294	100	2,153,164,194	100

Notes:

- The entire issued share capital of Best Approach Developments Limited is directly and indirectly held by Harvest Vista Company Limited, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. Lai Kin Man and Ms. Lee Wing Yee, Loretta as founders and established in accordance with the laws of the British Virgin Islands. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. Lai Kin Man, Ms. Lee Wing Yee, Loretta and the personal trust of Ms. Lee Wing Yee, Loretta (the beneficiaries of which are Ms. Lee Wing Yee, Loretta and her immediate family members).
- As at the date of this announcement, the convertible loan in the principal amount of HK\$465,012,000 was disbursed.
- As at the date of this announcement, the Subscriber is a Shareholder holding 33,058,078 Shares.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Subscription is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions of the Subscription” and the Subscriber not having terminated the Subscription Agreement in accordance with the terms thereof. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealings in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“associate”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Wise Power Investment Limited, a private company limited by shares incorporated under the laws of the Cayman Islands with limited liability and is a wholly owned subsidiary of China Infrastructure Partners, L.P.
“Subscription”	the subscription of 34,235,294 Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 May 2016 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$3.4 per Subscription Share
“Subscription Shares”	34,235,294 new Shares to be issued by the Company pursuant to the terms of the Subscription Agreement
“substantial shareholder”	has the same meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 May 2016

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