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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)

**CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE COMPANY**

JV AGREEMENT

The Board is pleased to announce that, on 18 March 2019, World Prosperous, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with Shanghai Fudan, Shanghai Nanyi Environmental and Shandong Sanding to establish the JV Company which will be principally engaged in the investment, construction and operation of WTE project located in Circular Economy Industrial Park in Shen County, Shandong Province. The total daily municipal solid waste processing capacity of the WTE project shall be 1,200 tonnes. The project shall be constructed in two phases, of which the processing capacity of phase I shall be 700 tonnes and phase II shall be 500 tonnes.

The registered capital of the JV Company shall be RMB105,000,000. The total investment of the JV Company shall be RMB350,000,000. The Company shall contribute RMB21,000,000 in cash towards the registered capital of the JV Company and hold 20% of the equity interest in the JV Company.

LISTING RULES IMPLICATIONS

Shanghai Fudan is a subsidiary of SIIC. SIIC is an associate of SIHL, which is a substantial shareholder of the Company. Therefore, Shanghai Fudan is a connected person of the Company and hence the Transaction constitutes a connected transaction for the Company. Since the relevant percentage ratios under the Listing Rules are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 18 March 2019, World Prosperous, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with Shanghai Fudan, Shanghai Nanyi Environmental and Shandong Sanding to establish the JV Company which will be principally engaged in the investment, construction and operation of WTE project located in Circular Economy Industrial Park in Shen County, Shandong Province. The total daily municipal solid waste processing capacity of the WTE project shall be 1,200 tonnes. The project shall be constructed in two phases, of which the processing capacity of phase I shall be 700 tonnes and phase II shall be 500 tonnes.

THE JV AGREEMENT

The principal terms of the JV Agreement are set out below:

Date

18 March 2019

Parties

- (1) Shanghai Fudan;
- (2) World Prosperous;
- (3) Shanghai Nanyi Environmental; and
- (4) Shandong Sanding.

World Prosperous is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

Shanghai Fudan is principally engaged in water treatment engineering, restoration of water-related ecosystem, innocuous treatment of municipal waste, food waste and sludge. Shanghai Fudan is an indirect non-wholly owned subsidiary of SIIC, which is a company listed on the Stock Exchange and SGX and is principally engaged in wastewater treatment, water supply, solid waste management and other environment-related businesses. SIIC is an associate of SIHL, which is a company listed on the Stock Exchange and is principally engaged in the investment of infrastructure facilities, real estate and consumer products. Since SIHL is a substantial shareholder of the Company, Shanghai Fudan is a connected person of the Company.

Shanghai Nanyi Environmental is principally engaged in research and development of environmental protection, energy and automation technology. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Shanghai Nanyi Environmental and its ultimate beneficial owners are Independent Third Party.

Shandong Sanding is principally engaged in development and sales of residential and commercial office. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Shandong Sanding and its ultimate beneficial owners are Independent Third Party.

Principal Terms

Business of the JV Company

Pursuant to the JV Agreement, World Prosperous, Shanghai Fudan, Shanghai Nanyi Environmental, and Shandong Sanding have agreed to set up the JV Company in the PRC. The JV Company will be principally engaged in investment, construction and operation of the WTE project located in Circular Economy Industrial Park in Shen County, Shangdong Province.

Capital structure

The registered capital of the JV Company shall be RMB105,000,000. The total investment of the JV Company shall be RMB350,000,000, which will be contributed by the parties as follows: (i) World Prosperous shall contribute RMB21,000,000 in cash towards the registered capital of the JV Company and hold 20% of the equity interest in the JV Company; (ii) Shanghai Fudan shall contribute RMB53,550,000 in cash towards the registered capital of the JV Company and hold 51% of the equity interest in the JV Company; (iii) Shanghai Nanyi Environmental shall contribute RMB25,200,000 in cash towards the registered capital of the JV Company and hold 24% of the equity interest in the JV Company; and (iv) Shandong Sanding shall contribute RMB5,250,000 in cash towards the registered capital of the JV Company and hold 5% of the equity interest in the JV Company.

Timing of capital contribution

The parties shall make 5% of their respective capital contributions within 30 days after issue of the business license of the JV Company, make 10% of their respective capital contributions within 120 days after issue of the business license of the JV Company and shall make the remaining 85% of their respective capital contributions (i) within 30 days after the issuance of the commencement order; or (ii) within 360 days after the receipt of the business license of the JV Company, whichever is earlier.

Board composition

The board of directors of the JV Company shall consist of seven directors, four of which shall be appointed by Shanghai Fudan and the remaining three shall be appointed by each of World Prosperous, Shanghai Nanyi Environmental and Shandong Sanding, respectively. The chairman of the board shall be appointed by Shanghai Fudan, who will also be the legal representative of the JV Company.

Each director shall have one vote and matters before the board shall be decided by a simple majority other than certain important matters expressly set out in the JV Agreement requiring unanimous approval of all directors.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The formation of the JV Company demonstrated the successful strategic partnership between the Company and SIHL. It can facilitate the growth, through the synergy with SIHL, to further solidify our project portfolios in Shandong Province. The JV Company will be accounted for as an associate of the Company in the consolidated financial statements of the Group.

Save for Mr. Feng Jun, who is a director of both the Company and SIIC and has therefore abstained from voting, the Directors (including the independent-non-executive Directors) are of the view that the Transaction is on normal commercial terms, is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole and that the business operations of the JV Company is in the ordinary or usual course of business of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Shanghai Fudan is the subsidiary of SIIC. SIIC is an associate of SIHL, which is a substantial shareholder of the Company. Therefore, Shanghai Fudan is connected person of the Company and hence the Transaction constitutes a connected transaction for the Company. Since the relevant percentage ratios under the Listing Rules are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Canvest Environmental Protection Group Company Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of and not connected with the Company or its connected persons
“JV Agreement”	the joint venture agreement entered into among World Prosperous, Shanghai Fudan, Shanghai Nanyi Environmental and Shandong Sanding in relation to the formation of the JV Company

“JV Company”	Shen County SIIC Environmental Energy Co., Ltd.* (莘縣上實環保能源有限公司), the joint venture company with limited liability to be incorporated pursuant to the JV Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China
“SGX”	Singapore Exchange Securities Trading Limited
“Shandong Sanding”	Shandong Sanding Company Limited* (山東三鼎置業有限公司), a company incorporated in the PRC with limited liability
“Shanghai Fudan”	Shanghai Fudan Water Engineering Technology Co., Ltd.* (上海復旦水務工程技術有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of SIIC
“Shanghai Nanyi Environmental”	Shanghai Nanyi Environmental Technology Company Limited* (上海南一環保科技有限公司), a company incorporated in the PRC with limited liability
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SIHL”	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 363) and is a substantial shareholder of the Company
“SIIC”	SIIC Environment Holdings Ltd. (上海實業環境控股有限公司), a company incorporated in the Republic of Singapore with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 807) and SGX (stock code: BHK) and is an associate of SIHL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the formation of the JV Company under the JV Agreement

“World Prosperous”	World Prosperous Investments Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company
“WTE”	Waste-to-energy
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purposes only, and should not be regarded as the official English translation of such Chinese names or words*

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

Hong Kong, 19 March 2019

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