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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**

**FORMATION OF JV COMPANY**

The Board is pleased to announce that, on 21 August 2019, Canvest Environmental Investment, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with SIIC Environment Tech, pursuant to which the Parties agreed to establish the JV Company, which will be principally engaged in the investment, construction and operation of the WTE project located in the Yangtze River Delta region.

The registered capital of the JV Company shall be HK\$30,000,000. The Company shall contribute HK\$9,000,000 in cash towards the registered capital of the JV Company and hold 30% of the equity interest in the JV Company.

**LISTING RULES IMPLICATIONS**

SIIC Environment Tech is a direct wholly-owned subsidiary of SIIC. SIHL is a controlling shareholder of SIIC and is a substantial shareholder of the Company. Therefore, SIIC Environment Tech 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 higher than 0.1% but 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 21 August 2019, Canvest Environmental Investment, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with SIIC Environment Tech, pursuant to which the Parties agreed to establish the JV Company, which will be principally engaged in the investment, construction and operation of the WTE project located in Yangtze River Delta region.

### **The JV Agreement**

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

#### **Date**

21 August 2019

#### **Parties**

- (1) Canvest Environmental Investment; and
- (2) SIIC Environment Tech.

Canvest Environmental Investment is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

SIIC Environment Tech is an investment holding company. It is a direct wholly-owned subsidiary of SIIC, which is a company listed on the Stock Exchange and the SGX and is principally engaged in wastewater treatment, water supply, solid waste management and other environment-related businesses. SIHL 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 controlling shareholder of SIIC and is a substantial shareholder of the Company, SIIC Environment Tech is a connected person of the Company.

### **Principal Terms**

#### ***Information of the JV Company***

Pursuant to the terms of the JV Agreement, Canvest Environmental Investment and SIIC Environment Tech have agreed to establish the JV Company in Hong Kong with limited liability. The JV Company will be principally engaged in investment, construction and operation of WTE project located in the Yangtze River Delta region.

### ***Capital structure***

The registered capital of the JV Company shall be HK\$30,000,000. Canvest Environmental Investment shall contribute HK\$9,000,000 in cash towards the registered capital of the JV Company and hold 30% of the equity interest in the JV Company; and (ii) SIIC Environment Tech shall contribute HK\$21,000,000 in cash towards the registered capital of the JV Company and hold 70% of the equity interest in the JV Company.

Canvest Environmental Investment's capital contribution in the JV Company shall be funded by the Company through its internal resources.

The distributable profit shall be distributed to the Parties in accordance with their respective shareholding percentages in the JV Company.

### ***Board composition***

The board of directors of the JV Company shall consist of four directors, one of which shall be appointed by Canvest Environmental Investment and the remaining three shall be appointed by SIIC Environment Tech.

Each director shall have one vote and matters before the board shall be decided by a simple majority.

### **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The formation of the JV Company demonstrates the successful strategic partnership between the Company and SIHL and will enable both parties to form a sustainable strategic partnership beneficial to each other. It will also enable the Company to tap into the WTE market in the Yangtze River Delta region. Upon its establishment, the JV Company will be accounted for as an associate company of the Company.

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 terms of the JV Agreement and the Transaction contemplated thereunder 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**

SIIC Environment Tech is a direct wholly-owned subsidiary of SIIC. SIHL is a controlling shareholder of SIIC and is a substantial shareholder of the Company. Therefore, SIIC Environment Tech 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 higher than 0.1% but 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:

“Board”	the board of Directors
“Canvest Environmental Investment”	Canvest Environmental Investment Company Limited (粵豐環境投資有限公司), a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company
“Company”	Canvest Environmental Protection Group Company Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange of Hong Kong Limited
“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
“JV Agreement”	the joint venture agreement dated 21 August 2019 entered into between SIIC Environment Tech and Canvest Environmental Investment in relation to the formation of the JV Company
“JV Company”	SIIC Yangtze Delta Environmental Resources (Hong Kong) Limited (上海實業環境長三角環保資源(香港)有限公司), the joint venture company established in Hong Kong on 21 August 2019 with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Main Board”	the Main Board of the Stock Exchange
“Parties” or “Party”	SIIC Environment Tech and Canvest Environmental Investment, collectively, the “Parties” and each a “Party”
“PRC”	The People’s Republic of China
“SGX”	Singapore Exchange Securities Trading Limited
“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 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 both the Main Board of the Stock Exchange and the SGX
“SIIC Environment Tech”	SIIC Environment Tech (Hong Kong) Limited (上海實業環境科技(香港)有限公司), a company incorporated in the Hong Kong with limited liability and is a direct wholly-owned subsidiary of SIIC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the establishment of the JV Company and transactions as contemplated under the JV Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“WTE”	Waste-to-energy

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

Hong Kong, 21 August 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.*