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泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 556)

**LAPSE OF ACQUISITION AGREEMENT
IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN
JIANGSU KANGMEI NEW MATERIALS TECHNOLOGY
COMPANY LIMITED*; AND
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

Reference is made to the announcements (the “**Announcements**”) of Pan Asia Environmental Protection Group Limited (the “**Company**”) dated 12 April 2017 and 31 May 2017 in relation to, among others, a very substantial acquisition in relation to the acquisition of 100% equity interest in 江蘇康美新材料科技有限公司 (Jiangsu Kangmei New Materials Technology Company Limited*). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context requires otherwise.

LAPSE OF THE ACQUISITION AGREEMENT

Pursuant to the Acquisition Agreement, closing of the Acquisition is conditional upon the satisfaction, or if applicable, waiver of the conditions precedent set out in the Acquisition Agreement (the “**Conditions Precedent**”) on or before 30 June 2017 or such other date as the parties to the Acquisition Agreement may agree in writing (the “**Long Stop Date**”).

As disclosed in the announcement of the Company dated 12 April 2017, completion is conditional upon the fulfillment or waiver of the conditions precedent. Among the conditions precedent, the legal and financial due diligence results in respect of the Target Company were not reasonably satisfactory to the Company. As the conditions precedent have not been satisfied or waived on or before the Long Stop Date, the Acquisition Agreement had lapsed and no party to the Acquisition Agreement shall have any liability and obligation to the other parties save for any antecedent breaches thereof.

The Board considers that the lapse of the Acquisition Agreement will not have any material adverse impact on the business operation and financial position of the Group as a whole.

By order of the Board
Pan Asia Environmental Protection Group Limited
Jiang Quanlong
Chairman

Hong Kong, 11 July 2017

As at the date of this announcement, the members of the board of directors of the Company are:

Executive Directors:

Mr. JIANG Quanlong
Mr. JIANG Xin
Mr. CHO Yu Chung

Independent non-executive Directors:

Mr. LAI Wing Lee
Mr. LEUNG Shu Sun, Sunny
Professor WANG Guozhen

Non-executive Director:

Mr. FAN Yajun

* *for identification purposes only*