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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)**

## **(1) TERMINATION OF THE NEW SHARE SALE AND PURCHASE AGREEMENT**

### **AND**

## **(2) ACQUISITION OF 51% OF THE ISSUED SHARES OF THE TARGET COMPANY**

References are made to the announcements of Pan Asia Environmental Protection Group Limited (the “**Company**”) dated 12 July 2018 (the “**First Announcement**”) and 20 July 2018 (the “**Second Announcement**”) in relation to the New Acquisition. Capitalised terms used herein shall have the same meanings as those defined in the First Announcement unless otherwise specified.

### **TERMINATION OF THE NEW SHARE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that, on 31 August 2018 (after trading hours), the Company entered into a termination agreement with the Vendor, pursuant to which the Company and the Vendor agreed to (i) terminate the New Share Sale and Purchase Agreement; and (ii) cancel the New Acquisition based on the New Share Sale and Purchase Agreement.

### **THE ACQUISITION**

The Board is also pleased to announce that, on 31 August 2018 (after trading hours), the Company entered into the revised share sale and purchase agreement (the “**Revised Share Sale and Purchase Agreement**”) with the Vendor and the Target Company, pursuant to which the Company agreed to purchase, and the Vendor agreed to sell the Sale Shares, representing 51% of the entire issued share capital of the Target Company, at the cash consideration of HK\$24,500,000 payable on or before 31 December 2018.

For further information in relation to the Target Group, please refer to the First Announcement and the Second Announcement.

### **THE NEW JOINT CAPITAL INJECTION AGREEMENT**

Pursuant to the new joint capital injection agreement to be entered into between the Company, the Target Company, Mr. Tsoi, Mr. Zeng and Mr. Chan (the “**New Joint Capital Injection Agreement**”), it is agreed between the Company, the Target Company, Mr. Tsoi, Mr. Zeng and Mr. Chan (the “**Target Company Shareholders**”) that both the Company and the Target Company Shareholders, in accordance with the consideration being paid into the Target Company, are obliged to make a contribution of capital to the Target Company on a pro-rata basis. It is expected that the Company will contribute HK\$25,500,000, and the Target Company Shareholders will contribute HK\$24,500,000 to the Target Company on or before 31 December 2018.

## **REASONS FOR THE TERMINATION OF THE NEW SHARE SALE AND PURCHASE AGREEMENT AND REASONS FOR AND BENEFITS OF THE ACQUISITION**

As a result of the delay in the progress of acquiring the Sale Shares and capital injection, Shandong Huawen was unable to fulfil certain purchase orders which adjusted its financial performance. Hence, through further negotiation, the Company and the Vendor mutually agreed to terminate the New Share Sale and Purchase Agreement and entered into the Revised Share Sale and Purchase Agreement which was amended to better reflect the adjusted financial information of the Target Group.

Pursuant to the Revised Share Sale and Purchase Agreement, the Vendor undertook to the Company that the net profit after tax of the Target Company for each of the five financial years ending 31 December 2023 shall not be less than HK\$30,000,000, HK\$34,500,000, HK\$39,675,000, HK\$45,626,250 and HK\$52,470,187.50, respectively.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Revised Share Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

As none of the applicable percentage ratio(s) (as calculated in accordance with Rule 14.07 of the Listing Rules) for the acquisition exceeds 5%, the acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Board wishes to make this voluntary disclosure to keep shareholders and potential investors of the Company informed of the Group's latest business development.

By Order of the Board  
**Pan Asia Environmental Protection Group Limited**  
**Jiang Xin**  
*Chairman*

Hong Kong, 31 August 2018

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

*Executive Director:*

Mr. JIANG Xin

*Non-Executive Director:*

Mr. FAN Yajun

*Independent Non-Executive Directors:*

Mr. LAI Wing Lee

Mr. LEUNG Shu Sun, Sunny

Professor WANG Guozhen