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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)**

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF SUBSIDIARIES**

The Board announces that on 1 December 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 100% equity interest in the Target Company at the Consideration in accordance with the terms and conditions of the Disposal Agreement.

As certain of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transaction exceed 5% but are less than 25%, the Disposal Transaction constitutes a discloseable transaction of the Company, and is therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

**THE DISPOSAL AGREEMENT**

**Date**

1 December 2015

**Parties**

- (1) Vendor; and
- (2) Purchaser.

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

**Subject Matter**

Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase 100% equity interest in the Target Company at the Consideration subject to the terms and conditions of the Disposal Agreement.

The Target Company is a company established in the PRC and a wholly owned subsidiary of the Vendor. Its principal activity was investment holding. For further information of the Target Group, please refer to the paragraph headed “Information on the Vendor and the Target Group” of this announcement.

### **Conditions**

The Completion shall be conditional upon the satisfaction (or, where applicable, waiver) of the following Conditions on or before the Long Stop Date:

1. the Purchaser being satisfied with the results of legal and financial due diligence on the Target Group in relation to its legality, assets, finance, operations and affairs;
2. the Vendor, the Purchaser, the Target Company and the Company having obtained all necessary consents or approvals (including but not limited to the approvals from the Stock Exchange, relevant government departments or regulatory authorities (if required)), and such consents or approvals have not been cancelled or revoked before Completion of the Disposal Transaction; and
3. the Disposal Transaction having complied with the applicable Listing Rules (including publishing announcements and/or obtaining the approvals of the shareholders of the Company (if required)), and any other applicable laws, rules and regulations.

Conditions (2) and (3) may not be waived by either parties to the Disposal Agreement, whereas Condition (1) may be waived by the Purchaser.

### **Consideration**

The Consideration is RMB\$800,000. The Consideration was determined taking into account the financial performance and business prospects of the Target Group and by reference to the fair value of the assets of the Target Group attributable to the Company as at 31 October 2015 determined by the valuation performed by a professional valuer agreed by both the Vendor and the Purchaser.

### **Completion**

Completion shall take place on the third business day (or such later date as may be mutually agreed between the parties to the Disposal Agreement) after the satisfaction of the Conditions. On Completion Date, the Vendor shall deliver all relevant documents to the original industrial and commercial registration authority (工商登記機關) for the purpose of completing the relevant industrial and commercial registration procedures in relation to the Disposal Transaction. The Purchaser shall pay the full amount of Consideration to the Vendor on the Completion Date.

## **Other arrangements**

The Purchaser shall, within three years from the Completion Date, when the Company or any of its subsidiaries intends to cooperate with the Target Company in submitting tender for EP engineering projects, cause SEEDRI to:

1. provide engineering design services to the Company or any of its subsidiaries and assume responsibilities in relation to such services (the relevant service fee shall be negotiated between Company or any of its subsidiaries and SEEDEI, and such service fee shall not be higher than the then prevailing market price); and
2. cooperate with the Company or any of its subsidiaries in participating in and submitting tender for EP engineering projects related to such engineering design services.

## **INFORMATION OF THE COMPANY AND THE GROUP**

The Company is an integrated EP services provider in the PRC.

The Group is principally engaged in designing and manufacturing water and flue gas treatment products and equipment, as well as undertaking EP construction engineering projects, providing EP related professional services and manufacturing EP construction materials in the PRC.

## **INFORMATION ON THE VENDOR AND THE TARGET GROUP**

The Vendor is a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Its principal activity is undertaking EP projects and manufacturing EP construction materials and investment holding.

The Target Company is a company incorporated in the PRC and a wholly owned subsidiary of the Vendor. Its principal activity is investment holding.

The Target Company currently holds 70.05% of the shareholdings in SEEDRI, a company incorporated in the PRC with its principal activities being engineering research, design on energy-saving and environment protection facilities and infrastructures. SEEDRI holds 70% of the shareholdings in Liaoning Pan Asia, a company incorporated in the PRC, which was a project company of SEEDRI, with its principal activity being undertaking EP projects.

According to the unaudited consolidated accounts of the Target Group, the net loss before tax for the two years ended 31 December 2013 and 2014 was approximately RMB1.3 million and RMB16.2 million respectively and the net loss after tax for the two years ended 31 December 2013 and 2014 was approximately RMB1.4 million and RMB16.2 million respectively. As at 31 December 2014, the unaudited consolidated net liability of the Target Group was approximately RMB34.0 million.

Each member of the Target Group will cease to be a subsidiary of the Company upon Completion.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL TRANSACTION**

The Board is of the view that it is in the interests of the Company and the Shareholders as a whole to withdraw its investment in the Target Group in view of its loss-making position. The Disposal Transaction can improve the Group's performance as the Company no longer has to bear the loss from the operations of the Target Group. It can also increase the cash resources of the Group for the further development and expansion of its core business and for other better investment opportunities as and when they arise.

The Directors consider that the terms of the Disposal Agreement are fair and reasonable and are on normal commercial terms, and the Disposal Transaction is in the interests of the Company and the Shareholders as a whole.

Assuming the Disposal Transaction be completed on 30 June 2015, based on the Consideration and unaudited consolidated net liability value of the Target Group as at 30 June 2015, the Group is expected to record an unaudited gain on disposal before tax of approximately RMB27.8 million. The actual amount of gain or loss to be recognised would be subject to the actual amount of the unaudited consolidated net liability of the Target Company as at Completion, and will be reviewed by the Company's auditors.

## **USE OF PROCEEDS**

It is expected that the proceeds from the Disposal Transaction will be used as general working capital of the Company.

## **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transaction exceed 5% but are less than 25%, the Disposal Transaction constitutes a discloseable transaction of the Company, and is therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	泛亞環保集團有限公司 (Pan Asia Environmental Protection Group Limited), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
<b>“Completion”</b>	completion of the transfer of equity interest in the Target Company as contemplated under the Disposal Agreement;
<b>“Completion Date”</b>	the date on which the performance of the obligations under the Disposal Agreement is completed and the Completion takes place;
<b>“Conditions”</b>	conditions precedents as set out in the Disposal Agreement;
<b>“Consideration”</b>	the consideration for the Disposal Agreement of RMB\$800,000;

<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Disposal Agreement”</b>	the share transfer agreement dated entered into entered into between the Vendor and the Purchaser on 1 December 2015;
<b>“Disposal Transaction”</b>	the transaction contemplated under the Disposal Agreement;
<b>“EP”</b>	Environmental Protection
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Liaoning Pan Asia”</b>	遼寧泛亞環境設計工程有限公司 (Liaoning Pan Asia Environmental Design Engineering Company Limited*), a limited liability company established in the PRC and is owned as to 70% by SEEDRI. It is a non-wholly owned subsidiary of the Company as at the date of this announcement;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Long Stop Date”</b>	31 December 2015 (or such later date as may be mutually agreed in writing between the Vendor and the Purchaser);
<b>“PRC”</b>	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
<b>“Purchaser”</b>	Mr. Chu Zhenchao (儲振潮);
<b>“RMB\$”</b>	Renminbi, the lawful currency of the PRC;
<b>“SEEDRI”</b>	上海環境工程設計研究院有限公司 (Shanghai Environmental Engineering Design & Research Institute Limited*), a limited liability company established in the PRC and held as to approximately 70.05% by the Target Company. It is a non-wholly owned subsidiary of the Company as at the date of this announcement;
<b>“Shares”</b>	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
<b>“Shareholder(s)”</b>	holder(s) of the Share(s);
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;

<b>“Target Company”</b>	無錫市中電空冷技術有限公司 (Wuxi Zhong Dian Kong Leng Technology Limited*), a limited liability company established in the PRC and a wholly owned subsidiary of the Vendor as at the date of this announcement;
<b>“Target Group”</b>	collectively, the Target Company, SEEDRI and Liaoning Pan Asia;
<b>“Vendor”</b>	無錫泛亞環保科技有限公司 (Wuxi Pan-Asia Environmental Protection Technologies Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company; and
<b>“%”</b>	per cent.

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

Hong Kong, 1 December 2015

\* *For identification purpose only*

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

*Executive Directors:*  
Mr. JIANG Quanlong  
Mr. JIANG Lei  
Mr. FAN Yajun

*Independent Non-Executive Directors:*  
Mr. LAI Wing Lee  
Mr. LEUNG Shu Sun, Sunny  
Professor WANG Guozhen