
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pan Asia Environmental Protection Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

PROPOSED RE-ELECTION OF RETIRING DIRECTORS
AND
PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Pan Asia Environmental Protection Group Limited to be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 3 June 2021 at 2:30 p.m. is set out on pages 13 to 16 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.paep.com.cn>).

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 2:30 p.m. on Tuesday, 1 June 2021) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

27 April 2021

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	3
2. Proposed Re-election of Retiring Directors	4
3. Proposed Granting of General Mandate to Repurchase Shares	5
4. Proposed Granting of General Mandate to Issue Shares	5
5. Annual General Meeting and Proxy Arrangement	6
6. Recommendation	6
7. Miscellaneous	6
Appendix I – Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting	7
Appendix II – Explanatory Statement on the Share Repurchase Mandate ..	10
Notice of Annual General Meeting	13

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 3 June 2021 at 2:30 p.m. or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Company”	Pan Asia Environmental Protection Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the Annual General Meeting
“Latest Practicable Date”	19 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purposes of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Repurchase Mandate”	a general mandate proposed to be granted to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time

LETTER FROM THE BOARD



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)

Executive Director:

Mr. Jiang Xin (Chairman & Chief Executive Officer)

Non-executive Director:

Mr. Fan Yajun

Independent Non-executive Directors:

Mr. Lai Wing Lee

Mr. Leung Shu Sun, Sunny

Mr. Hu Jianjun

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business
in the PRC:*

Baihe Industrial Park

Xinjie Street

Yixing City

Jiangsu Province

The PRC

*Principal Place of Business
in Hong Kong:*

Room 3702, 37/F

Tower One

Lippo Centre

No. 89 Queensway

Admiralty

Hong Kong

27 April 2021

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS
AND
PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on 3 June 2021.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 108 of the Articles of Association, Mr. Fan Yajun and Mr. Leung Shu Sun, Sunny shall retire from the office as Non-executive Director and Independent Non-executive Director respectively at the Annual General Meeting. In accordance with Article 112 of the Articles of Association, Mr. Hu Jianjun, who was appointed as an Independent Non-executive Director on 1 April 2021 shall hold office until the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Mr. Leung Shu Sun, Sunny, who has been serving as Independent Non-executive Director for more than 9 years, has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules.

Mr. Leung Shu Sun, Sunny attended all of the meetings of the Board and the Board committees held in the past years and the current financial year. Details of the attendance records are set out in the Corporate Governance Report. The relevant Board papers and materials were provided to the Directors for review and consider prior to the meetings. Mr. Leung has remained responsible for his performance functions and discharged his duties to the Company through active participation on the Board and by bringing balance of views as well as knowledge, experience and expertise.

Mr. Leung has confirmed that he will continue to devote sufficient time for the discharge of his functions and responsibilities as an Independent Non-executive Director. With his background and experience as set out in the biographical information, Mr. Leung is fully aware of the responsibilities and expected time involvements in the Company. Based on the foregoing, the Board believes that Mr. Leung's position outside the Company will not affect him in maintaining his current role in, and his functions and responsibilities for, the Company.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy, the Company's corporate strategy, and the independence of all Independent Non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors including the aforesaid Non-executive Director and Independent Non-executive Directors who are due to retire at the Annual General Meeting. The Company considers that Mr. Leung Shu Sun, Sunny and Mr. Hu Jianjun are still independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 23 June 2020, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Repurchase Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting (i.e. a total of 84,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with the requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Repurchase Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 23 June 2020, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the Annual General Meeting (i.e. a total of 168,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

LETTER FROM THE BOARD

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 13 to 16 of this circular.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.paep.com.cn>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 2:30 p.m. on Tuesday, 1 June 2021) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

6. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors and granting of the Share Repurchase Mandate and the Issuance Mandate are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation in case of any inconsistency.

Yours faithfully,
For and on behalf of the Board
Pan Asia Environmental Protection Group Limited
Jiang Xin
Chairman

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. Fan Yajun, aged 53, is a Non-executive Director. He was appointed as an Executive Director in March 2007 and was re-designated as a Non-executive Director on 12 April 2016. Mr. Fan has more than 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth Holdings Limited (“China Rare Earth”) (Stock Code: 769), the shares of which are listed on the Main Board of the Stock Exchange.

Save as aforesaid, Mr. Fan did not hold any other position with the Company or other members of the Group and Mr. Fan did not hold any other directorship in any other public listed company in Hong Kong or overseas in the last three years.

Mr. Fan has entered into a service contract with the Company which is renewable from year to year until terminated by either party with three months’ notice in writing served on the other side. He is subject to retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the Articles of Association. Mr. Fan is entitled to a basic salary of HK\$120,000 per annum. Such basic salary is determined by the Board with reference to his responsibilities and duties within the Company as well as the prevailing market conditions. The basic salary is subject to annual review by the Board with an annual increment at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, Mr. Fan is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the Directors for any financial year of the Company shall not exceed 5% of the audited combined or consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. The amount of emoluments paid and payable to Mr. Fan for the year ended 31 December 2020 is set out in note 10 to the consolidated financial statements in the Annual Report of the Company for the year ended 31 December 2020.

As at the Latest Practicable Date, Mr. Fan is deemed to be interested in 2,500,000 underlying Shares in respect of share options granted to him under the share option scheme of the Company within the meaning of Part XV of the SFO. Save as disclosed, Mr. Fan does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information which is discloseable nor is Mr. Fan involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Fan that need to be brought to the attention of the Shareholders.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
 BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

Mr. Leung Shu Sun, Sunny, aged 58, has been appointed as an Independent Non-executive Director since December 2007. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among others, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited (now known as Xiwang Property Holdings Company Limited) (Stock Code: 2088), the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to date, he has been a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key financial position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he worked in international accounting firms handling audit, tax and accounting matters. Mr. Leung has been an independent non-executive director of Xiwang Special Steel Company Limited (Stock Code: 1266), the shares of which are listed on the Main Board of the Stock Exchange since February 2012. He was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572), the shares of which are listed on the Main Board of the Stock Exchange on 14 October 2016.

Save as aforesaid, Mr. Leung did not hold any other position with the Company or other members of the Group, and Mr. Leung did not hold any other directorships in public listed companies in Hong Kong or overseas in the last three years.

Pursuant to a letter of appointment issued by the Company to Mr. Leung, Mr. Leung's term of office is terminable by either party with not less than three months' written notice. Mr. Leung is also subject to retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the Articles of Association. He is entitled to a director's fee of HK\$216,000 per annum which is determined by the Board with reference to his responsibilities and duties within the Company as well as the prevailing market conditions. The amount of emoluments paid and payable to Mr. Leung for the year ended 31 December 2020 is set out in note 10 to the consolidated financial statements in the Annual Report of the Company for the year ended 31 December 2020.

As at the Latest Practicable Date, Mr. Leung is deemed to be interested in 500,000 underlying Shares in respect of share options granted to him under the share option scheme of the Company within the meaning of Part XV of the SFO. Save as disclosed, Mr. Leung does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information which is discloseable nor is Mr. Leung involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Leung that need to be brought to the attention of the Shareholders.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

Mr. Hu Jianjun, aged 57, has been appointed as an Independent Non-executive Director since 1 April 2021. He obtained a master degree of business administration in public sector management by the University of South Australia in September 2003. He gained the accreditation as a senior economist from Industrial and Commercial Bank of China (“ICBC”) in September 1997 and the qualification as certified financial analyst in the PRC in September 2007. Mr. Hu has over 38 years of experience working in the field of financial industry. He started his career in Nanchang Branch of the People’s Bank of China in February 1979. From October 1984 to December 2001, he held various important positions in ICBC. He joined China Huarong Asset Management Co., Ltd. (“Huarong”) (stock code: 2799), the shares of which are listed on the Main Board of the Stock Exchange, previously known as China Huarong Asset Management Corporation, in December 2001. He served successively as deputy general manager of Nanchang Office, deputy general manager of Xi’an Office, general manager of Nanchang Office, general manager of Customer Marketing Department, director of the President Office, director of the Board Office and general manager of Beijing Branch. He was appointed as the company secretary of Huarong in January 2015 and resigned on 14 April 2017. He was also an executive director of International Business Settlement Holdings Limited (stock code: 147), the shares of which are listed on the Main Board of the Stock Exchange for the period from 22 August 2017 to 31 August 2020. He is a director of Shunho Cell Biology Technology (Tianjin) Co., Ltd. (stock code: 833686), the shares of which are listed on the National Equities Exchange and Quotations since 8 February 2021.

Save as aforesaid, Mr. Hu did not hold any other position with the Company or other members of the Group, and Mr. Hu did not hold any other directorships in public listed companies in Hong Kong or overseas in the last three years.

Pursuant to a letter of appointment issued by the Company to Mr. Hu, Mr. Hu’s term of office is terminable by either party with not less than three months’ written notice. Mr. Hu is also subject to retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the Articles of Association. He is entitled to a director’s fee of HK\$60,000 per annum which is determined by the Board with reference to his responsibilities and duties within the Company as well as the prevailing market conditions.

As at the Latest Practicable Date, Mr. Hu does not have any interest in any Shares or underlying Shares within the meaning of Part XV of the SFO. Save as disclosed, Mr. Hu does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information which is discloseable nor is Mr. Hu involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Hu that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 840,000,000 Shares.

Subject to the passing of the ordinary resolution set out in item 7 of the notice of the Annual General Meeting in respect of the granting of the Share Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 840,000,000 Shares, the Directors would be authorized under the Share Repurchase Mandate to repurchase, during the period in which the Share Repurchase Mandate remains in force, a total of 84,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders.

Shares repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

The Company may only apply funds legally available for share repurchase in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2020) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
April	0.75	0.60
May	0.75	0.58
June	0.68	0.54
July	0.71	0.49
August	0.52	0.43
September	0.70	0.43
October	0.55	0.49
November	0.63	0.48
December	0.76	0.49
2021		
January	0.60	0.50
February	0.64	0.49
March	0.54	0.45
April (<i>up to the Latest Practicable Date</i>)	0.53	0.48

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, Mr. Jiang Xin, executive Director, Chairman and Chief Executive Officer of the Company, and Ms. Qian Yuanying, both being controlling Shareholders (as defined in the Listing Rules), together were interested in 358,568,000 Shares representing approximately 42.69% of the total issued share capital of the Company. In addition, Caitong International Asset Management Co., Limited, being substantial Shareholder (as defined in the Listing Rules, was interested in 250,000,000 Shares representing approximately 29.76% of the total issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Share Repurchase Mandate, the interests of Mr. Jiang Xin and Ms. Qian Yuanying together in the Company would be increased to approximately 47.43% while the interest of Caitong International Asset Management Co., Limited in the Company would be increased to approximately 33.07% of the total issued share capital of the Company.

The Directors consider that such increase in shareholding would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code and would reduce the issued share capital in the public to less than 25% (or the relevant prescribed minimum percentage required by the Stock Exchange). The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code or would result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. SHARE REPURCHASE MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



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)

Notice is hereby given that the Annual General Meeting of Pan Asia Environmental Protection Group Limited (the “Company”) will be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 3 June 2021 at 2:30 p.m. for the following purposes:

1. To receive the audited consolidated financial statements of the Company and its subsidiaries and the reports of the Directors and auditor for the year ended 31 December 2020.
2. To re-elect Mr. Fan Yajun as Non-executive Director of the Company.
3. To re-elect Mr. Leung Shu Sun, Sunny as Independent Non-executive Director of the Company.
4. To re-elect Mr. Hu Jianjun as Independent Non-executive Director of the Company.
5. To authorize the Board of Directors to fix the respective Directors’ remuneration.
6. To re-appoint Ascenda Cachet CPA Limited as auditor and to authorize the Board of Directors to fix their remuneration.
7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT conditional upon the passing of the resolutions set out in items 7 and 8 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 7 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

By Order of the Board
Pan Asia Environmental Protection Group Limited
Wan San Fai, Vincent
Company Secretary

Hong Kong, 27 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (the “Stock Exchange”) and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 2:30 p.m. on Tuesday, 1 June 2021) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 May 2021.
5.
 - (a) Subject to paragraph (b) below, if a tropical cyclone typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is expected to be in force at any time between 7:00 a.m. and 5:00 p.m. on the date of the Annual General Meeting, the Annual General Meeting will be postponed and the shareholders will be informed of the date, time and venue of the postponed Annual General Meeting by an announcement posted on the respective websites of the Company and the Stock Exchange.
 - (b) If a black rainstorm warning signal is cancelled at or before three hours before the time fixed for holding the Annual General Meeting and where conditions permit, the Annual General Meeting will be held as scheduled.
 - (c) The Annual General Meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.
 - (d) After considering their own situations, the shareholders should decide on their own as to whether they will attend the Annual General Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.
6. Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the shareholders from the risk of infection:
 - (a) Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;
 - (b) Every shareholder or proxy is required to wear surgical facial mask throughout the meeting; and
 - (c) No refreshment will be served.Furthermore, the Company wishes to advise the shareholders, particularly shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Annual General Meeting as a proxy to vote on the relevant resolutions at the Annual General Meeting, instead of attending the Annual General Meeting in person.
7. References to time and dates in this notice are to Hong Kong time and dates.